KELLER

Building the foundations for a sustainable future

Annual Report and Accounts 2023

Building the foundations
for a sustainable future

Keller is the world's largest geotechnical specialist contractor; we prepare ground for construction and excel in tackling geotechnical challenges across the globe. We are equipped to respond swiftly to projects of any scale, delivering innovative, sustainable solutions.

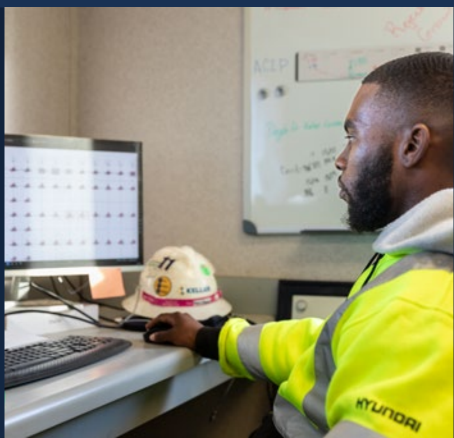
The Keller model empowers us to deliver on our purpose by building the foundations for a sustainable future.

Find out how we do this

Specialist

Driven by our purpose, vision and values, we are a specialist contractor dedicated to designing and delivering sustainable geotechnical solutions with an industry-leading portfolio of techniques.

Read more on
page 02



Resilient

Our unparalleled global strength and local focus, commitment to safety and sustainability, and a systematic approach to value creation set us apart in providing optimal geotechnical solutions worldwide.

Read more on
page 04

Differentiated

We leverage our global workforce, extensive network of branches, leading technology and strong financial foundation to provide geotechnical solutions across diverse market sectors, ensuring long-term value for stakeholders.

Read more on
page 06

Delivering

Creating long-term sustainable value, we offer cost-effective geotechnical solutions for customers, prioritise employee wellbeing, provide stable returns for shareholders, and actively contribute to local communities.

Read more on
page 08

Strategic report
01 Highlights
02 The Keller model
02 Who we are
03 What we do
04 How we do it
06 Competitive strengths
08 The value we create
10 Chairman's statement
14 Our market
16 Chief Executive Officer 's statement
20 Our strategy
22 Divisional reviews
24 North America
26 Europe
28 Asia-Pacific, Middle East and Africa (AMEA)
30 Chief Financial Officer's review
36 Principal risks and uncertainties
48 Task Force on Climate-related Financial Disclosures
59 ESG and sustainability
82 Non-financial and sustainability information statement
84 GRI Index

Governance
86 Chairman's introduction
88 Board of Directors
90 Executive Committee
92 Board leadership
94 Section 172 statement
97 Governance framework
100 Division of responsibilities
101 Board composition, succession and evaluation
105 Sustainability Committee report
109 Nomination and Governance Committee report
111 A conversation with Annette Kelleher
112 Audit and Risk Committee report
120 Annual statement from the Chair of the Remuneration Committee
122 Remuneration in context
124 Remuneration at a glance
126 Remuneration Policy report
135 Annual remuneration report
143 Directors' report
146 Statement of Directors' responsibilities

Financial statements
148 Independent auditor's report
159 Consolidated income statement
160 Consolidated statement of comprehensive income
161 Consolidated balance sheet
162 Consolidated statement of changes in equity
163 Consolidated cash flow statement
164 Notes to the consolidated financial statements
206 Company balance sheet
207 Company statement of changes in equity
208 Notes to the company financial statements

Other information
215 Adjusted performance measures
218 Financial record
219 Contacts
220 Cautionary statement

Highlights

Revenue
£2,966.0m +1%

2023 £2,966.0m
2022 £2,944.6m

Underlying operating profit[1]
£180.9m +67%

2023 £180.9m
2022 £108.6m

Underlying operating margin[1]
6.1% +240bps

2023 6.1%
2022 3.7%

Diluted underlying earnings per share[1]
153.9p +53%

2023 153.9p
2022 100.7p

Statutory operating profit
£153.1m +126%

2023 £153.1m
2022 £67.8m

Statutory profit after tax
£89.8m +100%

2023 £89.8m
2022 £45.0m

Net debt[2]
£146.2m -33%

2023 £146.2m
2022 £218.8m

Dividend
45.2p +20%

2023 45.2p
2022 37.7p

Order book
£1.5bn +6%

2023 £1.5bn
2022 £1.4bn

Underlying ROCE
22.8% +53%

2023 22.8%
2022 14.9%

Free cash flow
£103.2m +405%

2023 £103.2m
2022 £(33.8)m

Net debt/Underlying EBITDA[1]
0.6x -50%

2023 0.6x
2022 1.2x

1 Adjusted performance measure defined on page 215.
2 Net debt is on a covenant basis. Reconciliation to statutory numbers is set out in the adjusted performance measures section on page 212.

For further information visit us online:
keller.com/investors

Navigating this Annual Report
Previous page
Return to previous view
Contents
Next page

The Keller model
Who we are

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.

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 and 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
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.

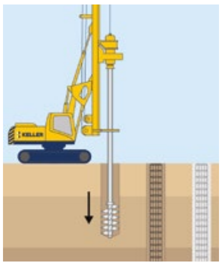
Excellence
In all we do we target excellence; whether it's geotechnical engineering, project management, safety or people development, we strive to deliver to the highest standards.

For more information see pages 60 and 81

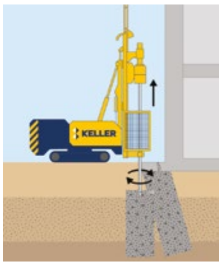
What we do

Specialist contractor

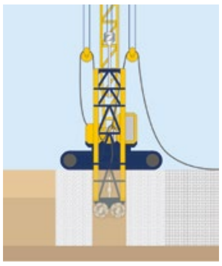
We design and deliver geotechnical solutions for all types of structures that reduce material usage, carbon, cost and time.



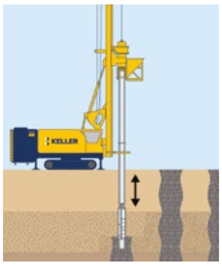
Deep foundations



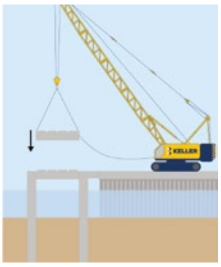
Grouting



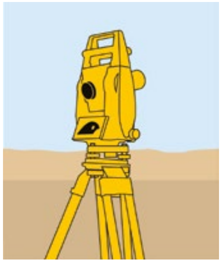
Earth retention



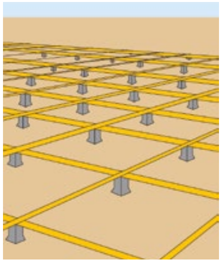
Ground improvement



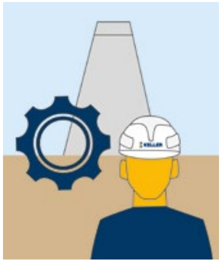
Marine



Instrumentation and monitoring



Post-tension systems



Industrial services

Contracts executed per year
5,500

Design and build
40%

Engineers
1,600

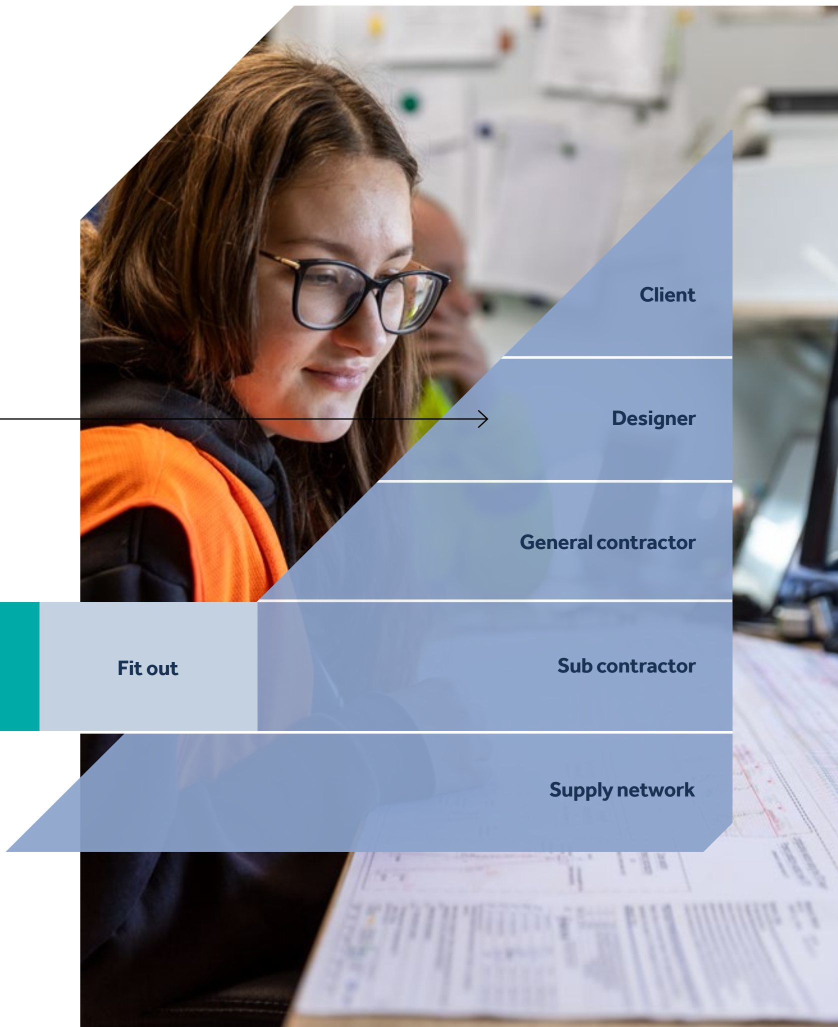
Rigs
1,200

What we do in the project lifecycle

- We are involved at the beginning of the construction cycle.
- We work with designers and we are contracted to deliver groundworks.
- We are one of the first contractors on site.
- We leave site once groundworks are complete.

KELLER

Enabling works	Ground works	Above ground	Fit out



For more information see pages 06 and 07

The Keller model

How we do it

Our business is resilient

- Operating globally in different sectors with a diverse product mix gives us resiliency through national cyclicality.
- Balanced exposure to our chosen markets.
- We operate in markets with relatively low geopolitical risk.

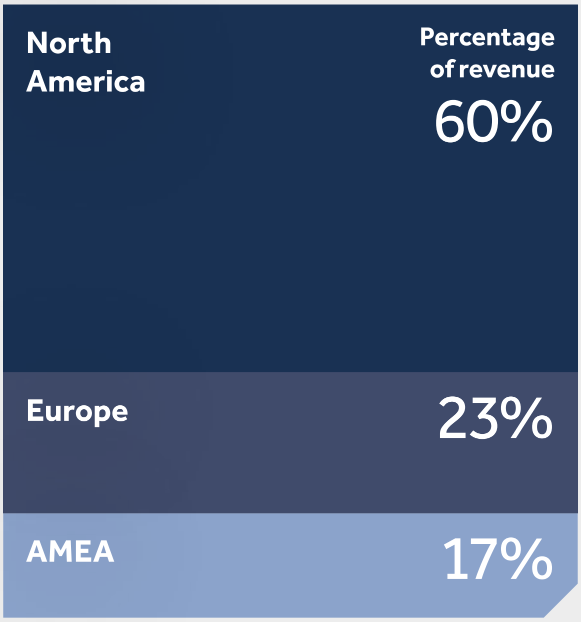
Established

1860

Resilient

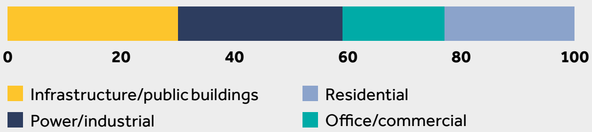
We are diversified

By geography:

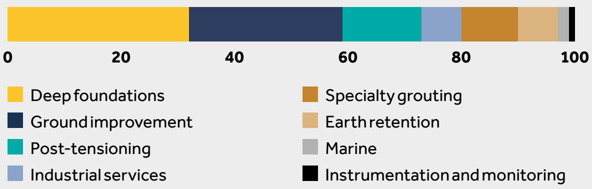


For more information see pages 173 and 174

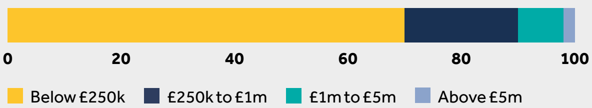
By market sector:



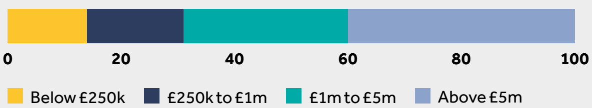
By product:



By contract value:



By the number of contracts (by value):



Our key resources and relationships

What we need to make our business model work

Our people and specialist skills

Our track record of successful projects is only possible because of the passion, commitment and enthusiasm of the 9,500 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.

People

9,500

Engineers

1,600

Employee satisfaction

84%

Our equipment and 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.

Rigs

1,200

Revenue generated from equipment manufactured in-house

16%

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.

Business units

17

Branches

160

For more information see pages 06 and 07

Our market focus

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

Market share

16%

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.

Underlying operating profit growth

67%

Operating cash conversion[1]

93%

Net debt/EBITDA Leverage[2]

0.6x

Total dividend payment

£27.7m

1 10-year underlying cash conversion rate

2 On an IAS 17 covenant basis.

For more information see pages 159 to 215

The Keller model
Competitive strengths

We bring the best of Keller to create value across the project lifecycle.

Differentiated

What differentiates us?

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.

How we create and capture value

1

Opportunity management

- 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).

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.

Safety and sustainability

Our experience of project contracting built over many decades, combined with our Group scale, makes 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.

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.

Assets and specialist skills

We invest in our equipment and people to ensure that we have the capability to respond to all client needs. Our engineering skills and experience combined with our equipment fleet enables us to offer and deliver value engineered solutions to our clients for all projects regardless of complexity.

Our people and assets are mobile which means that we can bring together people and equipment from all parts of Keller to be a single provider of solutions for all groundwork challenges.

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.

3

Contract agreement

- Commercial teams trained in relevant local laws set-up contracts.

4

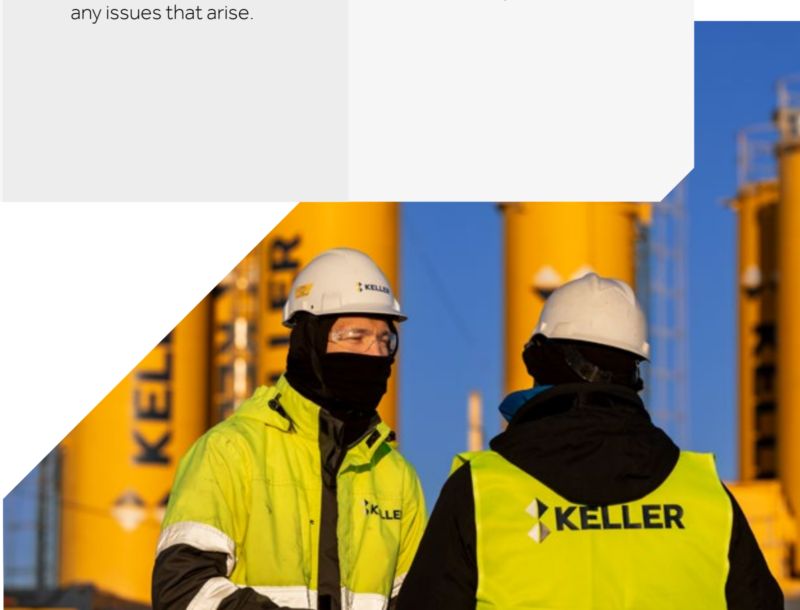
Project execution

- Product-specific operations teams. Often using specialist equipment, deliver efficiently and effectively (to quality and schedule) and respond to any issues that arise.

5

Feedback & learning

- Project leadership secures client sign-off and payment.
- Lessons learnt are retained and transferred to the rest of the Group.



The Keller model
The value we create

We are delivering on our strategy to create long-term sustainable value for all of our stakeholders.

Delivering long-term sustainable value

For our
Customers

For our
Employees

For our
Communities

For our
Shareholders

We continuously engage and build our relationships with customers

- 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.

Contracts

5,500

For more information see pages 06 and 07

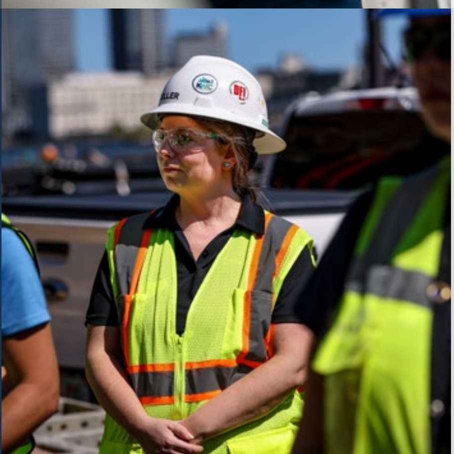
Our people are our most valuable asset and are critical to our success

- 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.

Employee satisfaction*

84%

For more information see pages 69 to 78



Our people come from the communities in which we work

- 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.

CDP score

B

Taking co-ordinated action on climate issues

For more information see pages 62 to 68

Delivering for our stakeholders drives our ongoing success, enabling us to deliver for all stakeholders in the long term

- Stable business with a robust balance sheet.
- Inherently strong cash flow characteristics.
- A quality lender base and substantial facilities.
- A 30-year history of uninterrupted dividends.
- Continued growth opportunities.

Total shareholder return

16.0%

For more information see pages 159 to 215

* Based on the results of employee engagement surveys undertaken in five business units.

Chairman's statement

The efforts of our people around the world are the foundation of our success, and for that, we are profoundly thankful.

Peter Hill CBE

Chairman

We have recorded unprecedented profits, marking a significant milestone in our journey."

Keller has had a truly excellent year, delivering a record performance in terms of revenue and underlying profit, return on capital is the highest it's been in 15 years, along with high levels of cash generation driving a strong, resilient balance sheet, all in a year of continued geopolitical and economic uncertainty.

The underlying operating profit achieved this year surpassed all previous records by a substantial margin, and was c. 80% higher than the average for the last five years; underlying operating profit margin was over 6% for the first time in eight years, furthermore, our return on capital employed reached 23% and stands as the highest in our company's history. These results have lifted Keller to a new level and provide a new foundation for the Group to progress in the future.

The Group benefits from strong customer demand across a cyclical construction industry. Our ability to manage the cycle is enabled by our geographic footprint, selective market sectors and the widest customer product offering in the industry. These important characteristics mean that, as an organisation, we are able to withstand challenging conditions in certain markets at any given time. The Group's excellent performance overall in the year is a clear reflection of this and was achieved despite challenges in some of our businesses.

Our biggest contributor and main growth driver, the North America division, saw underlying operating profit more than double in the year, reflecting a material and sustainable improvement in operational performance in the core foundations business, as well as better than expected resilient pricing in the high-rise sector at Suncoast, together with the contribution from three large projects in the foundations business. Whilst the latter two drivers made a material contribution to performance in the year, they are not expected to repeat at these levels and these gains were partially offset by losses from legacy contracts, legal claims and a reduced performance in Canada.

We saw a disappointing performance in Europe, driven by a challenging market backdrop and some difficult projects in the Nordic region and actions have been taken to improve the business's performance. The performance in AMEA (Asia, Middle East and Africa) was mixed, with excellent results from Keller Australia partially offset by material losses in the first half at Austral on legacy contracts.

Keller has a notable 30-year history of a maintained or growing dividend with a CAGR of just under 9% since flotation in 1994, and is only one of a few FTSE listed companies to have consistently paid a dividend over such a period."

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 2023.

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 on how we deliver for our stakeholders see pages 8 and 9.
Our compliance statements can be found on pages 86 and 94.

Keller continued to make good strategic progress during the year in implementing the Group's strategy of more sharply focusing Keller's geographic footprint to drive a more profitable, resilient and higher quality portfolio of businesses. The Group continues to refine and restructure as well as withdraw from several geographic markets where we are unable to provide sustainable returns.

Our markets benefit from underlying demand for construction and, notwithstanding some specific short-term market conditions, we continue to see good levels of work in our robust order book and are confident that the medium-term to long-term fundamentals of our business remain highly attractive.

Sustainability and ESG (Environmental, Social and Governance)

I am the Director responsible for ESG on the Board and I believe strongly in Keller's commitment to the best achievable standards covering sustainability and ESG and I have a strong desire to make a positive change.

Climate change is the defining issue of our time and against this backdrop both Keller and the wider construction industry must make strides on the journey to net zero. As the world's largest geotechnical specialist contractor, we have the responsibility and opportunity to make a difference to our customers and society and to help drive a low carbon future. We are committed to reducing the carbon intensity of our work and have set out clear targets and action plans for our journey to net zero. We have met our short-term carbon targets and are well on track to achieve our longer-term net zero commitments. You can learn more about our journey to net zero from page 59 onwards.

Our diversity, equity and inclusion (DEI) commitments bring together what we are doing across Keller to build a more inclusive workplace. While gender equality and empowerment remains a priority, we recognise and embrace the broadest definitions 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. You can learn more about our Inclusion Commitments and the progress we made in 2023 on page 70.

Everything we achieve as a business is through our people. Their safety, health and wellbeing is at the heart of everything we do. At Keller we view safety as our bedrock, something on which we do not compromise. We have made good progress in improving the scores in our leading indicators, targeting continuous improvement in our Accident Frequency Rate (AFR) and Total Recordable Incident Rate (TRIR). In 2023, AFR remained at 0.10, and TRIR improved to 0.60. Despite achieving industry-leading figures in this area, we recognise the need to continually improve and we will not be satisfied until we eradicate harm in the workplace.

Our business can only be resilient and achieve sustainable success if built on strong foundations of health and wellbeing. During 2023 we have continued our focus on all aspects of our people's health and wellbeing. You can learn more about Our Foundations of Wellbeing on page 75.

I would like to thank and pay tribute to Keller's people around the globe, often operating under difficult conditions. Their commitment to safety, innovation, quality, sustainability and to the protection of the environment was a result of their collective efforts and has allowed Keller to uphold the highest standards in the industry. On behalf of the Board, I thank them all.

Chairman's statement continued

In recognition of the excellent performance in the year and Keller's future prospects, the Board is recommending a rebasing of the dividend with an increase in the total dividend for 2023 of 20%."

Board composition and development

The Board welcomed Annette Kelleher as a Non-executive Director and Chair Designate of the Remuneration Committee, joining on 1 December 2023. Annette brings a diversity of experience and a fresh perspective, and is already making a valuable contribution. Annette's biography is set out on page 89 as well as a conversation with Annette on page 111.

Eva Lindqvist has announced her intention to retire from the Board and will stand down at the end of this year's Annual General Meeting, having served seven years as an independent Non-executive Director and five years as the Chair of the Remuneration Committee. Eva leaves the Board with our thanks and very best wishes.

We review the Board's composition regularly and are committed to ensuring we have the best balance of skills and experience within the Board. We have made meaningful progress in achieving diversity, with 50% female Board members at year end (2022: 50%). We recognise that there is more to do in the Executive leadership team and below. Further information on the Board and the Executive leadership team can be found from pages 86 onwards.

Growing the dividend

Keller has a notable 30-year history of a maintained or growing dividend with a CAGR of just under 9% since flotation in 1994, and is only one of a few FTSE listed companies to have consistently paid a dividend over such a period.

The Group has a dividend policy to pay a dividend that is sustainable and grows over time which we have managed to do through both the global financial crisis and the COVID-19 pandemic.

In recognition of the excellent performance in the year and Keller's future prospects, the Board is recommending a rebasing of the dividend with an increase in the total dividend for 2023 of 20%. This follows the 5% increase in the interim dividend and would bring the total amount of dividends for the year to 45.2p (2022: 37.7p). If approved, the proposed 2023 final dividend of 31.3p (2022: 24.5p) will be paid on 28 June 2024 to shareholders on the register as at the close of business on 31 May 2024. Following this rebasing, it is expected that there will be a resumption of more typical levels of dividend growth thereafter. with the overall objective of maintaining a progressive dividend over the cycle.

Outlook

While the uncertain macroenvironment is set to continue in 2024, the Board remains confident that Keller's business model and risk management approach will ensure we remain highly resilient. Our strategy will support us in delivering future underlying growth, as we continue to improve on project execution for our customers by way of our technical expertise and secure new customers through our diverse product offering across varied market sectors and into a focused geographic footprint.

Peter Hill CBE
Chairman

Approved by the Board of Directors and authorised for issue on 4 March 2024.

CASE STUDY

Electric rigs show glimpse of a greener future

At Keller, we're committed to reducing our carbon emissions as part of our wider efforts to build a more sustainable future.

For decarbonising our equipment, this means improving efficiency, using alternative fuels and, when rigs come to the end of their life, exploring alternatively powered equipment.

Although the industry is still some years away from a market where electric rigs are the norm, Keller is committed to steering the sector towards greener technology.

In 2023, KGS – Keller's in-house equipment manufacturer – launched the KB0-E drilling rig with an electrical drive.

"We've had electrically driven rigs for the past 30 years, but these have been smaller drilling machines with a niche market," explains Marcel Riedl, Operations (Equipment) Director. "The KB0-E is a new-generation, small-diameter rig that's as powerful as its traditional diesel counterpart and can match it for performance."

The KB0-E has been trialled on a handful of projects in Austria, receiving positive feedback from our site teams. Electric rigs not only produce zero tailpipe emissions, but they're also quiet, have lower running costs, can run in low-emission zones and require less maintenance.

Partnering with leading manufacturers

As well as developing our own rigs, we've also used some of the latest third-party electrical equipment available, such as Liebherr's LB 30 and LRH 200 'unplugged' deep-foundation machines – both of which can be connected to a conventional electric supply or powered by battery. The LB 30 was successfully used by Keller on a secant pile project in Norway in late 2023, while the LRH 200 was impressive on a site in Sweden.

"While the industry moves towards more electric vehicles, we believe that a solely electric option won't necessarily be the only solution," Marcel adds. "For example, we're now looking to develop hybrid machines that have the flexibility to run on battery, but which can also run on fuel cell, hydrogen or diesel fuelled with hydro-treated vegetable oil (HVO). We're exploring all options to reduce our footprint, meet our targets and help shape the market."

Although the industry is still some years away from a market where electric rigs are the norm, Keller is committed to steering the sector towards greener technology."

Marcel Riedl
Operations (Equipment) Director

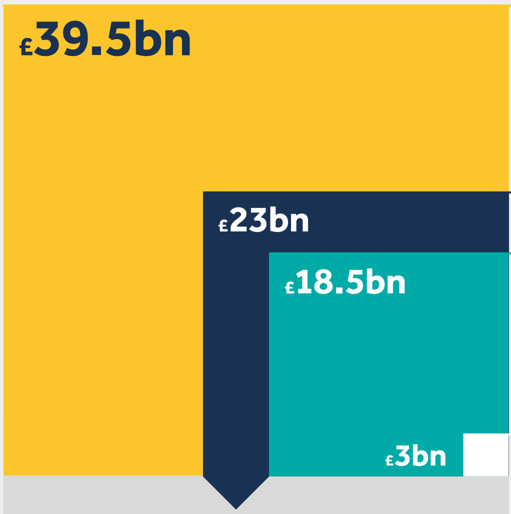
Our market

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.

Market size

A strong position but plenty of room to grow



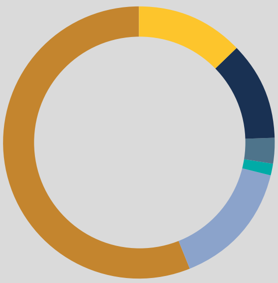
1. Global geotechnical contracting market
2. Addressable markets
3. Core markets where we choose to operate
4. Keller today

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

1 USD = 0.81 GBP
Global construction market £10,000bn 2023.

Market share

Share of addressable market £23bn[1]



- Keller
- Soletanche/Bachy/Menard
- Bauer (contracting)
- Trevi (contracting)
- General contractor owned
- Country/regional specific, small players

1 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.

Market potential

Share of our 2023 revenue

Our sectors

Infrastructure/public buildings	30%
Power/industrial	29%
Office/commercial	18%
Residential	23%

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.

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.

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.

Demand for complete solutions

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.

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.

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.

Projects per year

5,500

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.

Addressable markets

£23bn

Niche subsector

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

Keller's underlying operating margin (2022: 3.7%)

6.1%

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 our largest customer in 2023 represented circa 3% 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.

Revenue from largest customer

3%

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 cyclicality. The geotechnical market is estimated[1] to be around £39.5bn 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 £18.5bn. 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.

Market share in core markets

16%

Chief Executive Officer 's statement

In 2023, the Group's significant improvement in business performance delivered a record set of financial results, fulfilling our purpose of building the foundations for a sustainable future.

Michael Speakman

Chief Executive Officer

We have made considerable progress in recent years, rationalising, restructuring and refining the Group's geographic and service offering to create a more focused and higher quality portfolio of businesses."

Overview

Keller has delivered an outstanding performance in 2023, with consecutive upgrades to market expectations during the year, culminating in significant advancements in key measures of financial performance. Revenue and underlying operating profit set new records for the Group whilst ROCE was the highest in 15 years and all evidence our improved project execution.

The management actions taken in the second half of 2022, to improve project performance in North America generated a significant and sustainable improvement in performance in 2023 and was the main driver of the Group's very strong results. In addition, better than expected pricing resilience at Suncoast and a strong performance on infrastructure projects at Keller Australia more than offset a very disappointing project and business performance in Europe, particularly in the Nordic region.

The increased profitability, on a consistent level of revenue and working capital, generated a strong cashflow performance and a continued reduction in leverage, which is now at the lower end of our target range of 0.5x-1.5x.

In recognition of the excellent performance in the year and the Group's future growth prospects, the Board is recommending a rebasing of the dividend with an increase in the total dividend for 2023 of 20%, which would bring the total dividends for the year to 45.2p (2022: 37.7p).

Financial performance

Group revenue at £2,966.0m (2022: £2,944.6m) was similar to the prior year, while underlying operating profit was up 67%, to £180.9m (2022: £108.6m), some 80% higher than the average underlying operating profit over the last five years. Underlying operating margin increased to 6.1% (2022: 3.7%), the highest for eight years. Cashflow generation also saw a significant improvement, compared to the prior year, as a result of stable working capital performance, generating increased free cashflow of £103.2m and a significant reduction in net debt (IAS 17 lender covenant basis) to £146.2m (2022: £218.8m). This equated to a net debt/EBITDA ratio of 0.6x (2022: 1.2x), at the lower end of our leverage target range of 0.5x–1.5x.

Operational performance

In North America, revenue declined by 6% (on a constant currency basis) largely as a result of the completion of the large LNG project at RECON at the start of the period, and a slow-down in residential housing, impacting volume at Suncoast where revenues were down by c.14%. Our foundations business increased revenues by c.6%, notwithstanding an increase in our bidding discipline. Underlying operating profit in North America more than doubled to £169.6m driven primarily by a material and sustainable improvement in operational performance in the foundations business, following the management actions taken in the second half of 2022. These included the introduction of standard operating procedures, an upgraded project performance review process, a new variation order tracking system and new management across some of the business units. The foundations business experienced higher than normal returns on three large projects, also benefitted profitability. These one-off gains were partially offset by losses from legacy contracts, legal claims and a reduced performance in Canada. The division also benefited from better than expected resilient pricing at Suncoast, which is now unwinding as expected. The increase in profitability saw underlying operating margin increase to 9.6% (2022: 4.3%).

In Europe, although revenue increased modestly by 4.2% on a constant currency basis, this reflected a very mixed backdrop with widespread weak demand in the residential and commercial sectors offset by revenue from larger projects in the infrastructure sector. Underlying operating profit reduced significantly, down 94.0% on a constant currency basis, primarily as a result of poor project performance and cost management in the Nordic region and also an increasingly competitive environment across Europe in a declining market. The adverse mix of contracts in the UK and the increasingly competitive market conditions, particularly in North East Europe, also contributed to the underlying operating margin reducing to 0.3% (2022: 4.5%). The adverse project performance in the Nordics is not expected to continue into 2024 and management actions have been taken to drive improvement there and the region more generally.

In AMEA, revenues increased by 34.1% on a constant currency basis, driven by record volumes in Keller Australia as a result of a strong infrastructure market, delivery of the first works order at the NEOM project in Saudi Arabia and robust trading in India. Underlying operating profit increased significantly to £22.6m driven primarily by the increased volume and much improved operational execution and profitability in Keller Australia. The Middle East, including NEOM, showed a modest uplift compared with prior year. While Austral returned to a sustainable profit in the second half of the year, this was insufficient to offset the significant loss on legacy contracts experienced in the first half of the year. The overall operating margin for the division increased to 4.4% (2022:1.7%).

Strategy

In 2023, we were effective in executing our 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 leverage the Group's scale and expertise to deliver engineered solutions and operational excellence, driving market share leadership in our selected segments.

The benefit of our strategy has been evidenced by our improved performance compared with recent years, with the Group delivering a significant increase in both its operational and financial performance.

Progress on strategic priorities in 2023

We have made considerable progress in recent years, rationalising, restructuring and refining the Group's geographic and service offering to create a more focused and higher quality portfolio of businesses. During 2023 we made the strategic decision to exit Cyntech Tanks, Egypt, South Africa and Kazakhstan, all small non-core, economically uncertain markets which do not align with our strategy. We continue to evaluate our portfolio and potential further incremental rationalisation. In Saudi Arabia we obtained full control over our joint-venture business in the country to enable us to take advantage of future opportunities in the region.

Chief Executive's statement continued

In North America, we restructured three related business units into one; the Central, Southeast and Florida business units were combined to become South Central. This consolidation provided the opportunity to increase both the effectiveness and efficiency of expertise and key resources, and exemplifies the pursuit of operational leverage and economies of scale which is a key aspect of our strategy.

We continued to focus our efforts on our operational execution across all our businesses, as evidenced by recent results, and we made further progress implementing the enterprise resource planning (ERP) system, Project Performance Management (PPM) and several other initiatives that will incrementally improve operational execution in the medium term.

Strategic priorities for 2024

Having established a refreshed and more resilient base for our business, we are looking to grow market share within our existing geographic footprint, through both organic investment and targeted bolt-on M&A. We will be customer focused locally through our branch structure and obtain the benefit of operational leverage by gaining high quality, leading market share in our chosen markets. Organic investment will include initiatives to increase the cross selling of existing services into established branches that don't currently provide those services, and investing in our people to build on our technical expertise and influence. The Group's disciplined approach to M&A activity will be focused on expanding the service offering and building critical mass in key markets, and will be biased towards markets with higher rates of growth.

We will offer our customers alternative designs and engineered solutions that meet their specifications whilst reducing the total cost to the client and, wherever possible, also reducing the environmental impact of project.

We remain committed to investing in key growth areas that align with our long-term strategic objectives to focus on sustainable markets and attractive projects, generating long-term value for our stakeholders."

We will continue evaluating our portfolio of assets to identify opportunities for divestment or consolidation.

We remain committed to investing in key growth areas that align with our long-term strategic objectives to focus on sustainable markets and attractive projects, generating long-term value for our stakeholders.

Sustainability and Environmental, Social and Governance (ESG)

We base our ESG and sustainability approach on the UN Sustainable Development Goals (SDGs). We particularly focus on those SDGs that are most closely aligned to Keller's core business and where we can have the greatest impact. We divide these SDGs into global initiatives, which we target across the Group, and local initiatives that are more relevant to our local business units and markets.

We are progressing well against the carbon reduction targets we set out two years ago 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. The Group reduced emissions by 48% from our 2019 baseline, significantly ahead of our target of 38%.

Scope 1 emissions covers our direct emissions from fuel use. We successfully deployed our new KB0-E electric rig, which together with a number of hired electric third party rigs have enabled us to begin to reduce life cycle emissions in areas where decarbonised electricity grids are available.

Scope 3 emissions, covering all other indirect emissions, mostly arise from our supply chain. In 2023, we trained our engineers to calculate and reduce the emissions from our use of cement and steel and we have started to develop an action plan to decarbonise our cement design mixes.

On climate risks and opportunities, we continue to model and mitigate both our transition and physical risks. In terms of more local environmental initiatives, we led a project to highlight how the geotechnical sector can help contribute to the circular economy and on water reduction at site in our MEA business.

The Group's safety focus remains relentless, and our key safety metric, the accident frequency rate (AFR), was flat year on year, with a small increase in injuries in AMEA offset by an improvement in Europe. There have been a number of important initiatives in the year including a Group-wide assurance programme to ensure safety policies, procedures and culture are truly embedded in operations. The second Global Safety Week was successful and a recently refreshed management safety visit process has been launched with encouraging results. The employee traction and general progress on almost all the safety programmes in the year have been encouraging.

Our Inclusion Commitments serve as the blueprint for setting priorities and fostering alignment and progress across the entire Group. In 2023, these commitments became more deeply ingrained within the fabric of our company. This is crucial as we endeavour to cultivate a workplace that is increasingly diverse, equitable, and inclusive.

Regarding partnerships, we remain committed to collaborating with organisations dedicated to driving positive change and those that align with our focus on the UN SDGs. In pursuit of this objective, we have a three-year partnership with UNICEF UK, providing a funding contribution of £250,000 in 2023 towards its Core Resources for Children initiative. Keller's unrestricted funding enables UNICEF to swiftly respond to emergencies worldwide. Additionally, throughout Europe and across the Group, our employees continue to show support for 'Fundacja KELLER', a charitable foundation established by Keller. This foundation specifically aids our Ukrainian employees and their families who have been impacted by the ongoing conflict.

People

Paul Leonard has been appointed President North America, and will join the Group shortly. Paul, a highly experienced industry professional with a long tenure at Exxon, was most recently at Wood Group PLC in the role of President of Transformation for the Global Consulting business. He is a seasoned expert in energy and construction, with a proven track record in project delivery, and will build on the recent improved performance in the division.

We constantly review the way in which we manage and structure the Group in order to respond most effectively to our evolving markets, and maximise the potential benefits of our strategy. Recently we have made the decision to restructure two of our divisions, Europe and AMEA (Asia-Pacific, Middle East and Africa). The responsibility of the Middle East Business Unit (including NEOM) will transfer to Europe to create the Europe and Middle East Division (EME). Peter Wyton, who has 33 years of industry experience and has most recently and successfully led the AMEA Division, will become the President of EME. The balance of the former AMEA Division will form a newly created Asia-Pacific (APAC) Division and will be led by Deepak Raj. Deepak has been with Keller for 20 years and most recently led the turnaround of the Austral business in Australia. There is no impact of this restructuring on our North America Division.

In our ongoing commitment to excellence and growth, we remain steadfast in developing our most valuable asset, our people. Through structured programmes like the Project Manager Academy, Field Leadership Academy, and several other leadership initiatives, we are dedicated to nurturing and advancing the skills of our people, and have made several internal promotions to important roles within the Group. This focus on in-role development, coupled with the right opportunities for exposure within the organisation, has created many opportunities for internal advancement.

At the core of our operations and achievements lies our diverse and talented team; our people are at the heart of everything we do. This past year, which was both challenging and successful, showcased the tremendous dedication, hard work and expertise of our teams. As we reflect on the year's journey, we extend our gratitude to all our people around the world for their unwavering commitment and exceptional performance.

Outlook

In 2023 the Group delivered a record set of financial results, establishing a new foundation for future long-term growth and supporting a material rebasing of the dividend with a full-year increase of 20%. Whilst political and macro-economic uncertainties will undoubtedly remain and impact our markets in the short term, our current level of trading together with our robust order book mean that we enter the new year with confidence.

The strong momentum of the business is encouraging and whilst inevitably there will be fluctuations across the Group, our diverse revenues and improved operational delivery underpin our expectation that 2024 will be another year of underlying progress.

The significant improvement in business performance and continued disciplined execution of our strategy will provide both resilience in the short term and drive growth in the long term, through both organic and targeted M&A opportunities. Accordingly, we view the Group's prospects with increased confidence.

Michael Speakman
Chief Executive Officer

Approved by the Board of Directors and authorised for issue on 4 March 2024.

Our strategy

Delivering our strategy

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

Strategic lever

A balanced portfolio

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

What we achieved in 2023

- Focused on the quality of our existing portfolio.
- Created South Central Business Unit in North America to simplify governance and improve sharing of knowledge and resources.
- Made the decision to exit Cyntech Tanks, Egypt, Kazakhstan and South Africa. All small, non-core markets.
- Obtained full control over our operating business in Saudi Arabia, to enable us to take full advantage of future opportunities in the region.

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 and to continue to focus on industry sectors with greatest growth.

Performance

Market share in core markets

Share of our core markets

+0%

2023	16.0%
2022	16.0%

Strategic lever

Engineered solutions

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

What we achieved in 2023

- Executed an impressive 5,500 projects around the world.
- Won and delivered high-value and complex projects in multiple markets, including the US, Germany and Australia.
- Developed first fully electric grouting rig in our manufacturing subsidiary KGS. Trialled it on projects in Austria.
- Further developed and deployed our field app InSite to give us greater visibility over productivity at our sites.
- Optimised techniques to deliver a range of products and shared this knowledge across the Group. These have provided a range of benefits, including efficiency and quality improvements, reduced carbon impact, reduced spoils and reduced water waste on our sites.

Outlook

We will

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

Performance

Operating margins[1]

Underlying operating profit expressed as a percentage of revenue

+65%

2023	6.1%
2022	3.7%

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 2023, 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

Operational excellence

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

What we achieved in 2023

- Near completion of our Project Performance Management standard to ensure that our common working practices contain the latest best practice from across the Group.
- Developed and delivered training to our people in all divisions on a range of commercial and technical matters to improve performance and quality standards.
- Consolidated and improved performance in 5S in our yards. Achieved overall score of 70% in North America, 81% in AMEA and 80% in Europe (target: 60%) – first time assessment completed in all yards across Keller.
- Initiated rollout of 5S on site in all divisions.
- Further developed Lean expertise throughout the Group. Certified 18 Local Lean Leaders across the Group; over 2,000 people have been trained to date in Lean. Achieved overall Lean Maturity scores of 76% in North America, 74% in Europe and 69% in AMEA.
- Standardised equipment tooling across all divisions for more efficient sharing of resources between business units and projects.
- Completed the design of the template for our new enterprise resource planning (ERP) system. Development activity near completion.

Outlook

We will

- Make continuous, incremental improvements to remain competitive in our chosen markets.
- Deploy and train our people on our new Project Performance Management standard.
- Deliver the pilot and first stage of deployment of our ERP system.

Performance

Return on capital employed[1]

Underlying operating profit as a net return on capital employed

+53%

2023	22.8%
2022	14.9%

Strategic lever

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 2023

- Developed the focus of and size of our global product teams to improve sharing of best practice knowledge and product delivery techniques.
- Continued to develop our future talent pipeline of people at all levels of the organisation from senior leaders to engineering graduates; upskilling and providing learning opportunities.
- Continued implementation of employee surveys and team action planning in our business units to continually improve employee experience and drive better business performance.
- Developed our diversity, equity and inclusion framework, focusing on strengthening the culture and team cohesion of our site workers.
- Continued our wellbeing training programme focusing on upskilling our leaders across the Group on how to create a work environment that prioritises the wellbeing of our people.
- Continued delivery of our plan to develop our financial controls over financial reporting to ensure complete and accurate reporting and to be able to comply with a future controls attestation regime for UK listed businesses.

Outlook

We will

- Continue to pay relentless attention to safety and the wellbeing of our people as an enabler of performance.
- Continue to share best practice in operations, technical knowledge, governance and compliance.

Performance

Accident frequency rate

Accident frequency per 100,000 hours; lost time injuries are calculated as any incident over one day

+0%

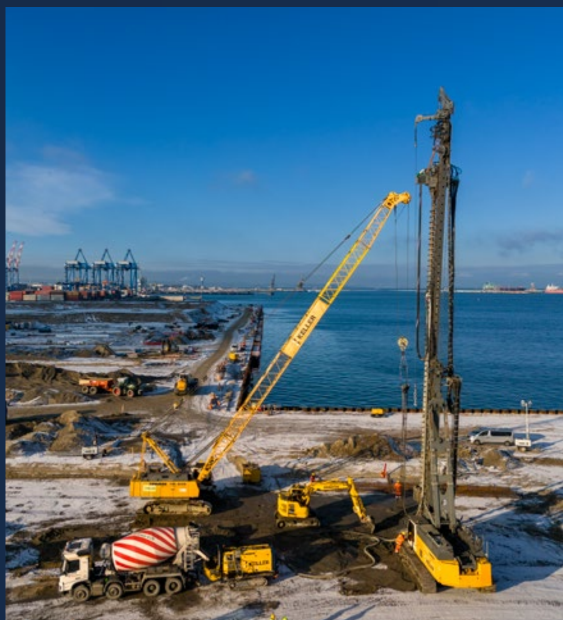
2023	0.10
2022	0.10

1 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 215.

Divisional reviews

Global reach. Local expertise.

With diverse products, sectors and customers across five continents, we are the largest geotechnical specialist contractor in the world. Our unrivalled branch network, and knowledge of local markets and ground conditions, mean we're ideally placed to understand and respond to a particular engineering challenge.



North America

- Northeast
- South Central
- West
- Canada
- Specialty Services
- Moretrench and RECON
- Suncoast

Read more on
page 24

Europe

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

Read more on
page 26

AMEA

(Asia-Pacific, Middle East and Africa)

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

Read more on
page 28

Divisional reviews continued

North America

Management actions taken in the second half of 2022 have resulted in a sustainable improvement in operational performance in the foundations business

Business units

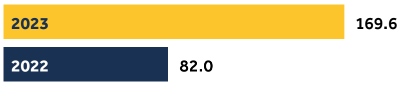
- Northeast
- South Central
- West
- Canada
- Specialty Services
- Moretrench and RECON
- Suncoast

KPIs

Revenue (£m)

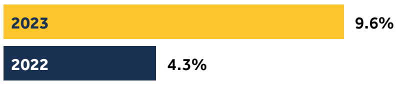
Order book (£m)

Underlying operating profit (£m)



Accident frequency rate

Underlying operating margin (%)



In North America, revenue was down by 6.4% (on a constant currency basis) largely driven by the completion of the large LNG project at RECON at the start of the period, and a slow-down in residential housing affecting Suncoast, where revenues were down by c.14%. Our foundations business increased revenues by c. 6%, with an increase in our bidding discipline. Underlying operating profit more than doubled to £169.6m, driven by a material and sustainable improvement in operational performance in the foundations business, better than expected pricing resilience at Suncoast and the strong contribution from three large projects in the foundations business. However, these one-off gains were partially offset by losses from legacy contracts, legal claims and a reduced performance in Canada. This resulted in underlying operating margin increasing to 9.6%. The accident frequency rate, our key safety metric, remained flat versus the prior period at 0.09.

The foundations business had an outstanding year. Management actions taken in the second half of 2022 have resulted in a sustainable improvement in operational performance. These include the introduction of standard operating procedures, an upgraded project performance review process, a new variation order tracking system and new management across some of the business units. The supply chain disruption that had previously impacted productivity across the market in the prior period abated, also bolstering performance in the year. In addition, the business benefitted from the contribution from three large projects that were particularly well executed, and delivered materially higher than normal levels of contract profitability which are considered one-off in nature and not expected to repeat at these levels in 2024. Overall the foundations business is expected to sustain its improved underlying operational performance in 2024.

	2023 £m	2022 £m	Constant currency
Revenue	**1,770.0**	1,896.1	-6.4%
Underlying operating profit	**169.6**	82.0	+107.8%
Underlying operating margin	**9.6%**	4.3%	+530bps
Order book	**904.6**	761.3	+24.6%

Suncoast had a very strong year, despite the macro headwinds contributing to lower volumes in the residential sector. Whilst revenue was down versus the prior year, profitability increased due to resilient pricing in the high rise sector. This large, non-recurring benefit is unwinding in 2024 as expected.

Moretrench Industrial, our business which operates in the highly regulated industrial, environmental and power segments, delivered revenue and profit in line with expectations and the prior year. At RECON, the geoenvironmental and industrial services company, revenue and profit declined as expected following the completion of the large LNG contract in the Gulf of Mexico.

The order book for North America at the period end was at £904.6m, up 24.6% (on a constant currency basis) from the closing position at the end of 2022. The increase year on year is predominantly driven by several high value contracts.

NA order book up

25%

on a constant currency basis

CASE STUDY

Helping Hyundai accelerate to the future

The continued rise in demand for electric vehicles has led to car manufacturers in the US racing to build new production facilities.

In recent months, Keller has been a trusted partner on several of these critical construction projects, for brands including Ford in Tennessee, Volkswagen in South Carolina and, as Keller Project Executive Ryan Smith explains, Hyundai in Georgia.

Hyundai is looking to get its $7.6 billion, 3,000-acre 'metaplant' built and producing cars in just two years. It's an ambitious target – a project of this size would normally take twice as long to construct.

"We first met with Hyundai in August 2022 when the project was an idea and the site was forest," says Ryan Smith. "By January we were on site and hard at work."

Fast forward a year and Keller has installed over 15,000 rigid inclusions and approximately 8,000 augercast piles (over 1.5 million linear feet of piles) to support eight key buildings, including the site's main plant.

The highest levels of quality

Installing such a large amount of piles in such a short space of time hasn't been easy, but Keller has maintained a relentless production pace while ensuring the highest quality.

"Because of the incredibly fast pace, plans were sometimes changing on an almost daily basis, so our brilliant team has had to be very flexible, reactive and proactive to ensure we can deliver what the client needs within a demanding timeframe." he adds. "And when things do change, you have to make sure that the quality doesn't slip – otherwise problems creep in and it can snowball quickly."

This has been a hugely successful project and we're proud to be involved in a booming sector that will have a positive impact on the economy."

Ryan Smith
Project Executive

Divisional reviews continued

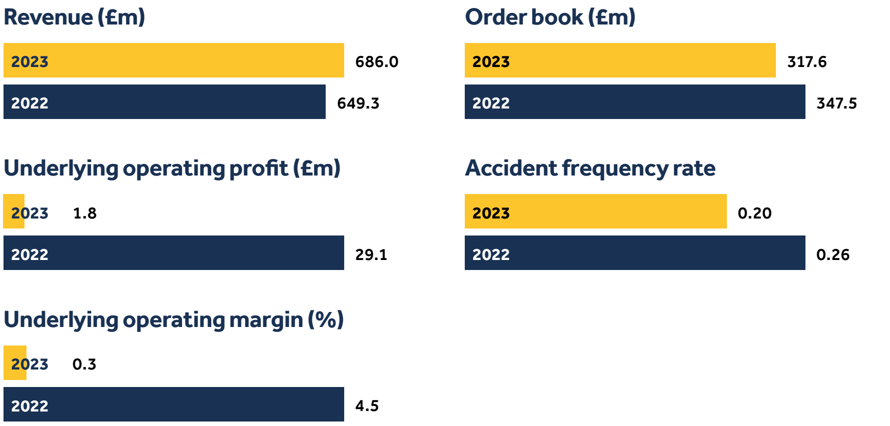
Europe

Across the Europe Division, operations continued to be affected by ongoing weak demand in the residential and commercial sectors

Business units

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

KPIs



In Europe, revenue increased modestly by 4.2% on a constant currency basis, while underlying operating profit reduced significantly, down 94% on a constant currency basis, reflecting tough markets and some challenging projects.

In general, across the division, operations continued to be affected by ongoing weak demand in the residential and commercial sectors which has resulted in lower volumes in these sectors. However, revenue from larger projects in the infrastructure sector has more than offset these shortfalls. Underlying operating margin reduced to 0.3% (2022: 4.5%) as a result of the ongoing competitive market environment and reduced margin performance on some particularly challenging contracts. The accident frequency rate reduced from 0.26 to 0.20.

Our North-East Europe business, which comprises Poland and the Baltic countries, was affected by both economic and political uncertainty impacting investor confidence and project spend in the run up to the Polish election. As a consequence revenue was significantly behind a strong prior year comparable. Profit was down on the prior year on the lower volume and the tightening of margins in the challenging market. Towards the end of the year volumes increased, in part driven by work relating to CPK in Poland, a large government funded project that will include the construction of a new highspeed rail and road network across Poland, and may also include a new airport.

South-East Europe and Nordics delivered further revenue growth in 2023. The largest gains were reported in Norway, Sweden and Switzerland largely from rail and road infrastructure projects, and in Hungary, where a number of industrial sector projects were successfully completed. In the Nordic countries, work has progressed on the two substantial multi-year infrastructure contracts, though both projects encountered challenges which created a drag on margins. Performance in the Nordics region generally was significantly below expectations, impacted by contract performance and cost management issues, and as a result we have made changes to the management team and restructured the cost base.

	2023 £m	2022 £m	Constant currency
Revenue	**686.0**	649.3	+4.2%
Underlying operating profit	**1.8**	29.1	-93.9%
Underlying operating margin	**0.3%**	4.5%	-420bps
Order book	**317.6**	347.5	-7.3%

Our UK business continued to make good progress in the year on the High Speed 2 rail contract with lower levels of project revenue against the prior period reflecting the phasing of work. Increased volumes were achieved in the core UK foundations business, which benefitted from the completion of a large industrial project in the North East of England, albeit business unit margins were affected by the mix of work performed.

In Central Europe, revenue increased in the period, helped by work delivered on a large rail project in Germany that commenced in the fourth quarter. Margins were adversely affected by market pressure in the residential and commercial sector and the associated weighting towards infrastructure work.

South West Europe delivered growth in both revenue and operating profit. The Iberian markets were affected by lower levels of revenue, with the uncertainty of Spanish elections in the year affecting local decision making on project investments. France performed well and the strategic cross selling of products across the South Western Europe markets continues to be a key driver of growth.

As part of our continuing strategic review of our asset portfolio, we took the decision to exit the Kazakhstan market.

Despite various actions taken in response to the prevailing macro-economic conditions, financial performance for the division, as a whole, during 2023 was disappointing. Specifically, we have taken action in the Nordics businesses to address contract performance and cost issues.

The continuing focus on the infrastructure sector provides ongoing project opportunities until we see a recovery in the residential and commercial sectors. In 2024 we expect market conditions to remain challenging, however we anticipate an improvement in operating margin.

The Europe order book at the end of the period was £317.6m, -7.3% lower than the prior year on a constant currency basis, as a result of the completion of work on some large multi-year infrastructure projects.

CASE STUDY

Expanding Poland's largest port

This year saw Keller successfully complete complex works on a new terminal at Poland's largest, fastest-growing shipping container facility.

Baltic Hub in Gdansk is the only deep-water port in the Baltic Sea capable of welcoming ocean vessels from the Far East. Once it becomes operational, the new terminal will expand the Hub's handling capacity by 1.5m containers to 4.5m a year.

Having earned a strong reputation working on the Hub's first two terminals, Keller was selected by the Budimex and DEME Group consortium to design and build a new 18m-deep, 720m-long main terminal quay wall, as well as a 550m-long northern wall, including all steel anchoring elements.

The scope also included compacting part of 36 hectares of reclaimed land using vibroflotation, alongside jet grouting and reinforced CFA piles to support the huge ship-to-shore cranes.

Challenging conditions

"This was an extremely challenging project that involved our teams working night and day for well over a year, often in challenging weather conditions," says Leszek Adamczyk, Project Director.

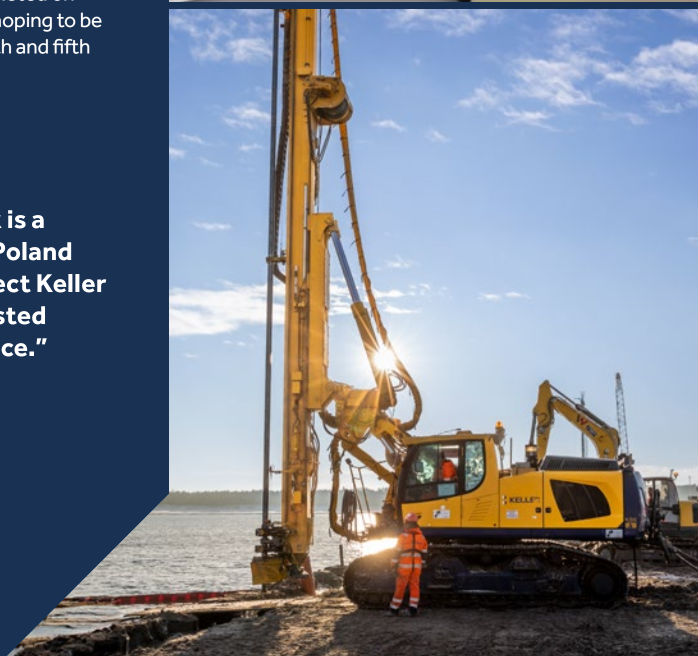
"Although we'd worked on the other terminals, this was the first time we'd designed and executed the steel structures for the quay, so all the responsibility was on us to deliver a high-quality, sustainable solution."

Much of the work had to be carried out from barge-mounted cranes on the sea, and our team placed great emphasis on safety, quality and the environment – making sure no spoils entered the ocean and that marine life was well protected.

With the work successfully completed on this third terminal, Keller is now hoping to be involved in the forthcoming fourth and fifth terminal projects.

Near-shore marine work is a growing market here in Poland and with this latest project Keller has shown we're the trusted strategic partner of choice."

Leszek Adamczyk
Project Director



Divisional reviews continued

AMEA

Underlying operating profit increased significantly to £22.6m driven by higher volumes as well as improved operational execution in Keller Australia, the NEOM project and the return to profit in the second half at Austral

Business units

- **ASEAN**
- **Austral**
- **India**
- **Keller Australia**
- **Middle East and Africa/NEOM**

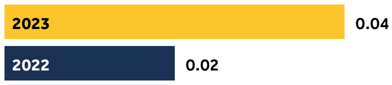
KPIs

Revenue (£m)

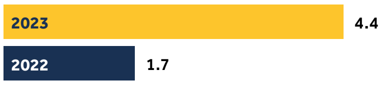
Order book (£m)

Underlying operating profit (£m)

Accident frequency rate



Underlying operating margin (%)



In AMEA (Asia-Pacific, Middle East and Africa), revenues increased by 34.1% on a constant currency basis, driven by record volumes in Keller Australia, delivery of the first works order at NEOM and robust trading in India. Underlying operating profit increased significantly to £22.6m driven by higher volumes as well as improved operational execution in Keller Australia, the NEOM project and the return to profit in the second half at Austral. The accident frequency rate increased slightly to 0.04.

Keller Australia delivered a record performance with high levels of volume driven by federal and state government spending, particularly in the infrastructure sector, combined with improved operational execution. It is expected the federal and state government spending will begin to ease through 2024.

Austral, as anticipated, returned to a sustainable profit in the second half, this was insufficient to offset the significant loss on legacy contracts experienced in the first half of the year. The new management team has done an excellent job in turning the business around and resetting the business for future growth.

The leadership team has been restructured and strengthened. New processes were introduced, increasing the level of scrutiny of project reviews, improving the reliability of forecasts and driving improved profitability. In 2024, a full year profit is expected.

In ASEAN, the market recovery has been slower than expected, with continued market softness and low levels of activity, particularly in Malaysia and Indonesia. Volumes were broadly in line with prior year with lower levels of profitability due to high levels of competition and project mix. It is expected that trading will improve in 2024 as previously delayed projects come on stream.

Keller India performed well, delivering revenue and profit growth in the period. New contract wins in the industrial, manufacturing and commercial sectors supported the business's continued leading position in the petrochemical sector.

	2023 £m	2022 £m	Constant currency
Revenue	**510.0**	399.2	34.1%
Underlying operating profit	**22.6**	6.6	+253.2%
Underlying operating margin	**4.4%**	1.7%	+270bps
Order book	**266.9**	298.4	-5.1%

After a soft first half, our MEA business performed ahead of expectations with a strong end to the period particularly in UAE and Saudi Arabia. At NEOM, following the signing of the overall Framework Agreement in 2022, we completed the first Works Order in relation to The Line, in the first quarter of 2023, worth c.£40m. While we await further work orders in relation to The Line we have redeployed resources elsewhere. At Trojena, the winter resort development at NEOM, we have recently been awarded a work package worth c.US$80m and we have mobilised to site with work expected to be completed by the end of 2024. We continue to take a measured and disciplined approach to the opportunities provided by the project.

We continually review our portfolio and have taken the strategic decision to exit Egypt and our remaining businesses in Sub-Sahara Africa.

The AMEA order book at the end of the period was at £266.9m, down 5.1% (on a constant currency basis) on the prior year. The decrease is predominantly driven by the depletion in the order book at Keller Australia as major projects progressed.

CASE STUDY

Breathing new life into a Sydney landmark

Sydney Fish Market is one of the city's most popular tourist destinations and the lifeblood of Australia's seafood industry.

The landmark is undergoing a massive transformation that will see operations move to a sleek new 35,000m² complex, creating a world-class waterfront destination with restaurants, promenade and public spaces.

Keller was chosen by long-time client Multiplex to design and construct the land-side shoring wall that will support the site's basement car park – a project made more difficult due to a spatially and environmentally challenging site.

While the original proposal called for the wall to be built using cased bored piles, Keller recommended a combination of continuous flight auger (CFA) piles and jet grouting.

"The reason for this was multiple obstructions in the ground, including old concrete structures and steel beams," says Gabriel Miler, Project Manager. "CFA and jet grouting allowed us to work around them rather than spend valuable time trying to dig them out."

Performing to the highest standard

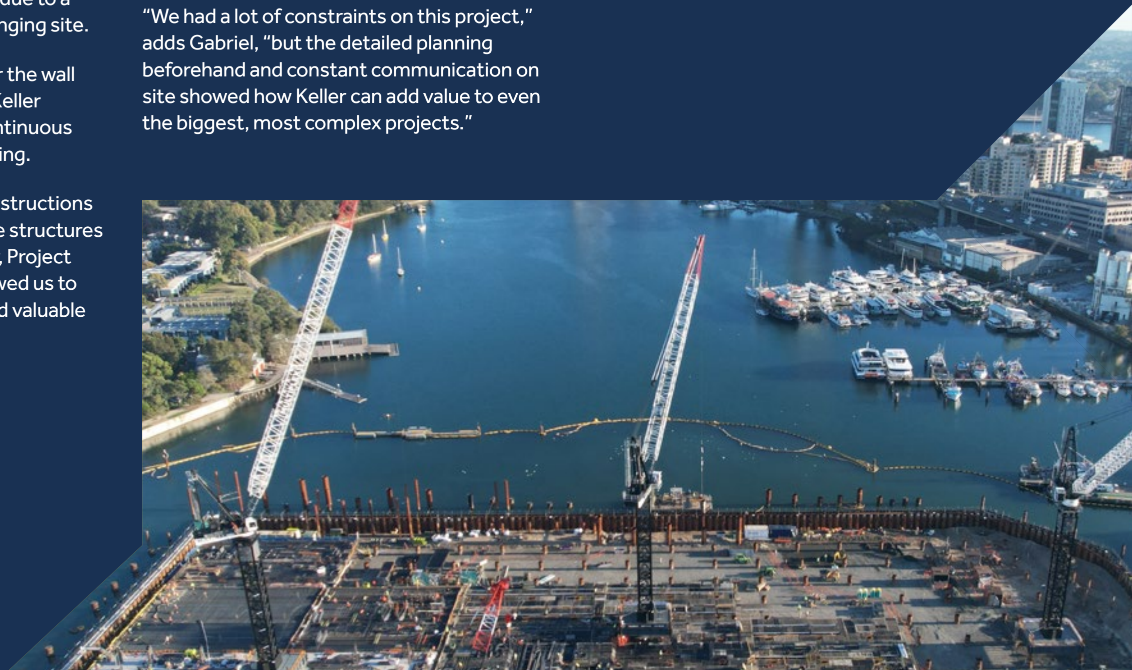
Constructing the wall wasn't just a challenge because of what was in the ground; the site itself is just a small strip of reclaimed land with Blackwattle Bay on one side and a main road on the other. The wall also needed to perform to the highest standard, with a deflection tolerance of less than 30mm and a water ingress of less than 10 litres a second.

Once the preliminary works were completed, the team was able to finish the main task of constructing the retaining wall, installing CFA piles, jet grout columns and ground anchors.

"We had a lot of constraints on this project," adds Gabriel, "but the detailed planning beforehand and constant communication on site showed how Keller can add value to even the biggest, most complex projects."

Detailed planning beforehand and constant communication on site showed how Keller can add value to even the biggest most complex projects."

Gabriel Miler
Project Manager



Chief Financial Officer's review

Underlying ROCE reached 23% and stands as the highest for 15 years.

David Burke

Chief Financial Officer

The top 10 customers represent 15% of the Group's revenue. The Group worked on c.5,500 projects in the year with 51% of contracts having a value between £25,000 and £250,000, demonstrating a low customer concentration and a wide project portfolio.

EPS up 53% to

153.9p

This report comments on the key financial aspects of the Group's 2023 results.

	2023 £m	2022 £m
Revenue	**2,966.0**	2,944.6
Underlying operating profit[1]	**180.9**	108.6
Underlying operating profit %[1]	**6.1%**	3.7%
Non-underlying items in operating profit	**(27.8)**	(40.8)
Statutory operating profit	**153.1**	67.8
Statutory operating profit %	**5.2%**	2.3%

1 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 215.

Revenue and underlying operating profit split by geography

	Revenue £m		Underlying operating profit[1] £m		Underlying operating profit margin[1] %	
Year ended	2023	2022	2023	2022	2023	2022
Division						
North America	**1,770.0**	1,896.1	**169.6**	82.0	**9.6%**	4.3%
Europe	**686.0**	649.3	**1.8**	29.1	**0.3%**	4.5%
AMEA	**510.0**	399.2	**22.6**	6.6	**4.4%**	1.7%
Central	**–**	–	**(13.1)**	(9.1)	**–**	–
Group	**2,966.0**	2,944.6	**180.9**	108.6	**6.1%**	3.7%

1 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 215.

Revenue

Revenue of £2,966.0m (2022: £2,944.6m) was up 1% at actual foreign exchange rates and at constant currency, driven by increased trading volumes in AMEA and to a lesser extent Europe, offset by a reduction in North America. In North America, revenue reduced by 6.4% on a constant currency basis driven by the completion of the large LNG project at RECON at the start of the period. In AMEA, revenues increased by 34.1% on a constant currency basis, driven by record volumes in Keller Australia, delivery of the first works order at NEOM and robust trading in Keller India. In Europe, revenue increased modestly by 4.2%, on a constant currency basis, reflecting widespread weak demand in the residential and commercial sectors offset by revenue from larger projects in the infrastructure sector.

We have a 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 4% of the Group's revenue. The top 10 customers represent 15% of the Group's revenue (2022: 17%). The Group worked on c.5,500 projects in the year with 51% (2022: 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 £180.9m was 67% up on prior year (2022: £108.6m) on an actual and constant currency basis. In North America, underlying operating profit more than doubled to £169.6m (2022: £82.0m), due to a sustainable improvement in the operational performance in the foundations business, better than expected pricing resilience at Suncoast and the contribution from three large projects in the foundations business. In Europe, underlying operating profit reduced significantly to £1.8m (2022: £29.1m) as a result of reduced margin performance on some particularly challenging contracts in the Nordics region and the increasingly competitive environment across Europe in a declining market. In AMEA, underlying operating profit increased significantly to £22.6m (2022: £6.6m), driven by higher volumes as well as improved operational execution and profitability in Keller Australia, uplift in the Middle East (including NEOM) and the return to profit in the second half at Austral.

Share of post-tax results from joint ventures

The Group recognised an underlying post-tax profit of £0.8m in the year (2022: £1.5m) from its share of the post-tax results from joint ventures. The share of the post-tax amortisation charge of £0.6m (2022: £1.2m) arising from the acquisition of NordPile by our joint venture KFS Oy in 2021 is included as a non-underlying item. No dividends (2022: nil) were received from joint ventures in the year.

Statutory operating profit

Statutory operating profit comprising underlying operating profit of £180.9m (2022: £108.6m) and non-underlying items comprising net costs of £27.8m (2022: £40.8m), increased by 126% to £153.1m (2022: £67.8m). The increase in statutory operating profit is a reflection of the increase in underlying operating profit in 2023, combined with a decrease in non-underlying operating costs. The non-underlying costs are set out in further detail overleaf.

Chief Financial Officer's review continued

Net finance costs

Net underlying finance costs increased by 82% to £27.5m (2022: £15.1m). The increase was driven predominantly by the increase in underlying interest rates, despite a decrease in the average net debt levels through the year. In August, the Group received the proceeds from a new $300m private placement of loan notes, which were used to repay existing borrowings. The Group's borrowings are now largely at fixed interest rates. The average net borrowings, excluding IFRS 16 lease liabilities, during the year were £224.8m (2022: £252.1m).

Taxation

The Group's underlying effective tax rate increased to 25% (2022: 22%), largely due to the change in the profit mix of where the Group is subject to tax. Cash tax paid in the year increased from £5.9m to £72.7m. The significant increase in tax paid is driven by the increased profitability in the US, resulting in tax paid of c£46m (2002: £1m). In addition, Keller delayed the payment of its FY22 tax bill (c£24m) to 2023 as it was expecting a law change to materialise before the payment became due. As the law did not change, the tax payable for FY22 was settled in 2023. Further details on tax are set out in note 12 of the consolidated financial statements.

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 non-underlying items in operating profit in the year decreased to £27.8m (2022: £40.8m), due to the reduction in amortisation of acquired intangible assets and the non-repeat of historic contract costs in the year.

Non-underlying items

	2023 £m	2022 £m
ERP implementation costs	**7.5**	6.3
Goodwill impairment	**12.1**	12.5
Exceptional restructuring costs	**2.8**	5.3
Impairment of trade receivables related to restructuring	**0.4**	0.3
Loss on disposal of operations	**0.1**	–
Exceptional historic contract dispute	**–**	3.5
Claims related to closed business	**–**	2.5
Contingent consideration: additional amounts provided	**–**	0.1
Change in fair value of contingent consideration	**–**	(0.7)
Acquisition costs	**–**	0.2
Amortisation of acquired intangible assets	**5.1**	10.3
Amortisation of joint venture acquired intangibles	**0.6**	1.2
Gain on sale of assets held for sale	**(0.8)**	–
Contingent consideration received	**–**	(0.7)
Total non-underlying items in operating profit	**27.8**	40.8
Non-underlying items in finance income	**–**	(3.6)
Total non-underlying items before taxation	**27.8**	37.2
Non-underlying taxation	**(3.0)**	(9.0)
Total non-underlying items	**24.8**	28.2

Non-underlying items in operating profit

The Group is continuing the 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 a total period of five years. Non-underlying ERP costs of £7.5m (2022: £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 £12.1m (2022: £12.5m) relates to the UK business where a downward revision to the medium-term forecast has resulted in the full impairment of the goodwill as the forward projections did not fully support the carrying value of the goodwill. Goodwill impairment in the prior year of £12.5m related to Austral and the Swedish business.

Exceptional restructuring costs of £2.8m (2022: £5.3m) in the year comprises £0.5m (2022: £1.9m) in the Europe Division and £2.3m (2022: credit of £0.6m) in AMEA. In Europe, the costs related to the scheduled exit of the Kazakhstan business and in AMEA, costs arose from the mothballing of the Egypt business. In 2022, we also incurred restructuring costs in North America (£3.4m) and in the centre (£0.6m). In addition, the exit from Kazakhstan resulted in a £0.4m impairment of trade receivables, in 2022 we incurred a £0.3m impairment in respect of trade receivables in Ukraine.

A loss on disposal of £0.1m was realised on the disposal of the Cyntech Tanks business in Canada in October 2023.

The £0.8m gain on disposal of assets held for sale relates primarily to the sale of assets owned by the now closed Waterway business in Australia. Impairment charges for these assets had previously been charged to non-underlying items in prior periods and therefore the corresponding profit on disposal of the assets is also recognised as a non-underlying item.

The classification of costs as non-underlying is a management judgement and is reviewed on a regular basis.

Amortisation of acquired intangibles

The £5.1m (2022: £10.3m) charge for amortisation of acquired intangible assets relates to the RECON, Nordwest Fundamentering, GKM Consultants and Moretrench acquisitions. In addition, we have incurred £0.6m (2022: £1.2m) of amortisation of joint venture intangibles which relates to NordPile, an acquisition by the Group's joint venture interest KFS Finland Oy.

Non-underlying taxation

A non-underlying tax credit of £3.0m (2022: £9.0m) relates entirely to the tax impact of the non-underlying loss for the year. In 2022, £4.7m of the credit related to the tax impact of the non-underlying loss and the £4.3m remainder arose from the reversal of the valuation allowance against deferred tax assets in Canada that was recognised through the non-underlying tax charge in prior years.

Earnings per share

Underlying diluted earnings per share increased by 53% to 153.9p (2022: 100.7p) driven by higher operating profit partially offset by the increase in finance costs and a higher effective tax rate in the year. Statutory diluted earnings per share was 120.5p (2022: 62.4p) which includes the impact of the non-underlying items.

Dividend

The Board has recommended a final dividend of 31.3p per share (2022: 24.5p per share) which, following the interim dividend for 2023 of 13.9p (2022: 13.2p), brings the total dividend for the year to 45.2p (2022: 37.7p), an increase of 20%. The 2023 dividend earnings cover, before non-underlying items, was 3.4x (2022: 2.7x). If approved, the proposed final dividend of 31.3p (2022: 24.5p) will be paid on 28 June 2024 to shareholders on the register as at the close of business on 31 May 2024.

Keller Group plc has distributable reserves of £190.8m at 31 December 2023 (2022: £122.1m) that are available to support the dividend policy, which comfortably covers the proposed final dividend for 2023 of £22.7m. 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 inflow of £103.2m (2022: outflow of £33.8m) and the improvement was driven by the reversal of the increased working capital demands in the prior year. Free cash flow has also been impacted by the timing of US tax payments. The basis of deriving free cash flow is set out overleaf.

Working capital

Net working capital decreased by £2.7m (2022: increase of £110.5m) reflecting a significant reduction in inventory levels at Suncoast, partially offset by a decrease in trade and other payables. The net movement comprises a £26.8m decrease in inventories and a £1.5m decrease in trade and other receivables, offset by a decrease in trade and other payables of £25.6m.

An increase in provisions and retirement benefit liabilities improved the working capital by £12.1m (2022: decrease of £13.4m). This reflects an increase in provisions, as the amounts provided for contract and legal disputes exceeded the amounts settled, with fewer large legal or contract disputes settled in the year. This excludes the cash outflow on restructuring provisions and other items included in non-underlying costs which are 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 £73.6m (2022: £73.5m) was net of proceeds from the sale of equipment of £20.9m (2022: £8.2m). 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% (2022: 115%).

Acquisitions and transactions with non-controlling interests

The Group purchased a 35% interest in the shares of our Saudi Arabian subsidiary, Keller Turki Company Limited, increasing our ownership interest to 100%. An initial cash consideration of £6.4m was paid to the non-controlling shareholders and a contingent consideration has been agreed which is valued at £9.3m at the balance sheet date.

The accounting for the acquisition of Nordwest Fundamentering in 2022 was finalised in the year, giving rise to prior period measurement adjustments which are set out in note 5 to the consolidated financial statements. In 2022, outflows for acquisitions, net of cash and debt acquired, included £3.2m for GKM Consultants Inc and £6.8m for Nordwest Fundamentering. Deferred and contingent consideration in respect of prior period acquisitions of £0.2m (2022: £12.4m) was paid in the year.

Chief Financial Officer's review continued

Free cash flow

	2023 £m	2022 £m
Underlying operating profit	**180.9**	108.6
Depreciation, amortisation and impairment	**112.2**	97.0
Underlying EBITDA	**293.1**	205.6
Non-cash items	**(4.0)**	(1.1)
Decrease/(increase) in working capital	**2.7**	(110.5)
Increase/(decrease) in provisions and retirement benefit liabilities	**12.1**	(13.4)
Net capital expenditure	**(73.6)**	(73.5)
Additions to right-of-use assets	**(33.9)**	(24.8)
Free cash flow before interest and tax	**196.4**	(17.7)
Free cash flow before interest and tax to underlying operating profit	**109%**	(16%)
Net interest paid	**(20.5)**	(10.2)
Cash tax paid	**(72.7)**	(5.9)
Free cash flow	**103.2**	(33.8)
Dividends paid to shareholders	**(27.7)**	(26.4)
Purchase of own shares	**(3.4)**	(1.2)
Acquisitions	**(0.2)**	(22.4)
Business disposals	**1.3**	0.7
Transactions with non-controlling interests	**(6.4)**	–
Non-underlying items	**(12.4)**	(6.2)
Cash flows from derivative instruments	**2.0**	–
Fair value movements in net debt	**–**	2.6
Right-of-use assets/lease liability modifications	**(8.7)**	(1.6)
Foreign exchange movements	**13.9**	(17.3)
Movement in net debt	**61.6**	(105.6)
Opening statutory net debt	**(298.9)**	(193.3)
Closing statutory net debt	**(237.3)**	(298.9)

Financing facilities and net debt

The Group's total net debt of £237.3m (2022: £298.9m) comprises loans and borrowings of £297.1m (2022: £319.0m), lease liabilities of £91.6m (2022: £81.0m) net of cash and cash equivalents of £151.4m (2022: £101.1m). The Group's term debt and committed facilities principally comprises US private placement notes repayable in December 2024 ($75m), in August 2030 ($120m) and in August 2033 ($180m) and a £375m multi-currency syndicated revolving credit facility, which matures in November 2025. At the year end, the Group had undrawn committed and uncommitted borrowing facilities totalling £425.2m (2022: £273.7m).

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 0.6x (2022: 1.2x), 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 0.8x at 31 December 2023 (2022: 1.5x). Underlying EBITDA, excluding the impact of IFRS 16, to net finance charges was 12.3x (2022: 15.7x), 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 46% (2022: 60%).

The average month-end net debt during 2023, excluding IFRS 16 lease liabilities, was £224.8m (2022: £252.1m). 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 have negotiated advance payments on larger projects such as NEOM.

At 31 December 2023, the Group had drawn upon uncommitted overdraft facilities of £2.4m (2022: £6.9m) and had drawn £199.7m of bank guarantee facilities (2022: £190.6m).

Provision for pension

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 2023, which recorded the market value of the scheme's assets at £45.2m and the scheme being 98% funded on an ongoing basis. Given the funding level, contributions will cease from August 2024, with a total of £1.7m to be paid in 2024. Contributions will be reviewed following the next triennial actuarial valuation to be prepared as at 5 April 2026. The 2023 year-end IAS 19 valuation of the UK scheme showed assets of £46.0m, liabilities of £41.8m and a pre-tax surplus of £4.2m before an IFRIC 14 adjustment to reflect the minimum funding requirement for the scheme, which adjusts the closing position to a deficit of £1.5m.

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 £12.6m at 31 December 2023 (2022: £13.2m). 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 £3.6m at 31 December 2023 (2022: £3.5m).

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 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:

	2023		2022	
	Closing	Average	Closing	Average
USD	**1.27**	**1.24**	1.21	1.24
CAD	**1.69**	**1.68**	1.63	1.61
EUR	**1.15**	**1.15**	1.12	1.17
AUD	**1.87**	**1.87**	1.76	1.78

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 US dollars.

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. At 31 December 2023 the majority of borrowings were fixed rate.

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 recognises impairment losses on trade receivables where there is uncertainty over the amount we can recover from customers. The amount recognised in underlying costs of £21.3m (2022:£2.9m) has increased as a result of specific impairments relating to customers in financial difficulty or amounts where cash receipts have been delayed due to customer disputes.

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 2023 was 22.8% (2022: 14.9%).

David Burke
Chief Financial Officer

Approved by the Board of Directors and authorised for issue on 4 March 2024.

Principal risks and uncertainties

Our business is subject to risks and uncertainties and as such we have a risk management governance framework to identify, evaluate, analyse and mitigate significant risks, including climate-related risks and opportunities (CRROs), 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.

Risk management governance framework

The risk management process within Keller follows industry best practice, incorporating many of the applicable principles of the risk management standard ISO 31000:2018 and ways of working from leading risk management organisations. The adoption of a consistent risk management process within a comprehensive framework can help to ensure that risk is managed effectively, efficiently and coherently across Keller.

Effective risk management protects and adds value to Keller and its stakeholders and supports Keller's objectives by:

- providing a framework that enables future risk management activity to take place in a consistent and controlled manner;
- improving decision making, planning and prioritisation by comprehensive and structured understanding of the business activity, volatility and project opportunity/threat;
- contributing to a more efficient use/allocation of capital and resources within the organisation;
- reducing volatility in the non-essential areas of the business;
- protecting and enhancing assets and company image;
- developing and supporting Keller's people and knowledge base; and
- optimising operational efficiency.

Important developments in 2023

The continued strengthening of our risk management framework remained a key priority for 2023, 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 remains 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 both management review and the internal audit programme.
- Following the financial reporting fraud in the Austral Business Unit discovered in December 2022, a controls response plan was developed and executed that covered both the control failings in Austral that enabled this fraud to occur and also a wider review of controls across Keller. Enhancing our assurance capability in the second line of defence will remain a key area of focus in 2024, along with further improvements in project performance management.
- Successfully deployed our new Governance, Risk and Compliance (GRC) tool in Q4 2023, which will further enhance our capability to manage, monitor and report on our internal control and risk management environment.
- 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 2024

- We will continue to focus on deepening the understanding and use of our risk management data consistently across the Group through the use of our new risk management platform, targeted training and business unit level risk workshops.
- We will provide dedicated, targeted training on the use of the new GRC tool in the first half of 2024 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 knowledge sharing across business units and a timely and robust decision-making process.
- We will perform a review of our risk appetite aligned to the key risk categories against which we identify, assess, manage and report on. Any agreed changes will be updated in the new GRC tool.
- We will continue to focus on strengthening our assurance activity, especially in the second line of defence, which will be adequately resourced to ensure our first line internal control environment is operating effectively.
- We will continue to further develop and widen the scope of the CRROs scenario analysis tools, in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

Principal risks and uncertainties continued

Our risk governance framework

Top-down
Oversight, identification, assessment and mitigation of risks at Group level

Board

Sets tone on risk management culture

Approval of Group's risk appetite

Audit and Risk Committee (ARC)

Reviews the effectiveness of our risk management and internal controls systems

Monitors risk exposures against risk appetite

Formal and transparent policies and procedures for risk management and internal controls

Determination of the nature and extent of the company's principal and emerging risks, including climate-related risks and opportunities

Approval of interim and year-end risk disclosures, including climate-related risks and opportunities and viability statement

Robust assessment of the Group's principal and emerging risks, including climate-related risks and opportunities

Recommendation of interim and year-end risk disclosures, including climate-related risks and opportunities and viability statement

Bottom-up
Oversight, identification, assessment and mitigation of risks at operational and business unit level

Executive Committee

Identification, reporting and ongoing management of risks, including climate-related risks and opportunities

Operational executive responsibility for the risk management approach

Implementation of internal controls

Internal Audit (IA)

Provision of assurance on the key risks mitigating controls

Execution of risk-based audit plan

Group Head of Risk and Internal Audit

Supports the ARC in evaluating the effectiveness of risk mitigation strategies and internal controls implemented by management

Management of outsourced IA function

Regular review of divisional risk registers

Divisions, business units and functions

Identification and management of risks, including climate-related risks and opportunities, at a business unit level

Internal controls monitoring

Risk awareness and safety culture in day-to-day operations

Development and execution of appropriate mitigating actions

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 30 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 Audit and Risk Committee and the Board reviewed the Group's principal risks and uncertainties at their meetings in July 2023 and December 2023. Keller's operational and financial performance in a tougher macroeconomic environment during 2023 was very encouraging and our principal risks and uncertainties have not changed materially since the publication of last year's annual report. However, macroeconomic challenges continue to impact our markets, including the continued expectation of increased inflation, higher interests rates and continued political instability in key regions where Keller operates. The following principal risks will continue to be closely monitored throughout 2024:

- supply chain;
- a rapid downturn in our markets; and
- failure to procure new contracts on satisfactory terms.

Information on these and the Group's other principal risks is set out from page 40 onwards.

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 term debt and committed facilities principally comprises US private placement notes repayable in December 2024 ($75m), in August 2030 ($120m) and in August 2033 ($180m).

The Group also has a £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 2025 and 2026 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 25 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 2025. For this reason, they continue to adopt the going concern basis of accounting in preparing the financial statements.

Principal risks and uncertainties continued

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

Financial risk

1 Inability to finance our business

Description and impact	Causes	Mitigation and internal controls	Movement since 2022
Failure to sufficiently and effectively manage the financial strength of the Group could lead it to: • Fail to meet required tests that allow it to continue to use the going concern basis in preparing its financial statements. • Fail to meet financial covenant tests, potentially leading to a default event. • Have a lack of available funds, restricting investment in growth opportunities, whether through acquisition or innovation. • Be unable to meet dividend payment requirements.	• Failure to accurately forecast material exposures and/or manage the financial resources of the Group.	• Centralised Treasury function that is responsible for managing key financial risks, including liquidity and credit capacity. • 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 new US private placement debt of $300m, with $120m maturing in 2030 and $180m maturing in 2033. There is $75m of US private placement maturing in 2024. • The Group maintains significant undrawn facilities within a high-quality RCF bank syndicate, which underpin the liquidity requirements of the Group. • Strong free cash flow profile – flexibility on capital expenditure and ability to reduce dividends. • 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. • Culture focused on actively managing our working capital and monitoring external factors that may affect funding availability.	New $300m US private placement secured, along with strong operational performance throughout 2023, demonstrate clear ability to manage both existing and future risks. Negotiations to refinance the existing revolving credit facility will commence in Q1 2024.

Link to strategy 1 2 3 4 **Link to viability** ✓ **Timeframe**

Market risk

2 A rapid downturn in our markets

Description and impact	Causes	Mitigation and internal controls	Movement since 2022
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.	• Customers postponing or reducing investment in ongoing and new projects. • Impact of increasing inflation, especially in steel, cement and energy. • Political instability leading to disruption in supply chains impacting both availability and price.	• The diverse markets in which the Group operates, both in terms of geography and market segment, provide protection to individual geographic or segment slowdowns. • Leveraging the global scale of the Group, talent and resources can be redeployed to other parts of the company during individual market slowdowns. • Having strong local businesses with in-depth knowledge of the local markets enables early detection and response to market trends. • The diverse customer base, with no single customer accounting for more than 4% of Group revenue, reduces the potential impact of individual customer failure caused by an economic downturn.	The Group continues to maintain a very strong order book across all divisions at near record levels. However, due to increasing inflation, higher interest rates and, geopolitical uncertainty, we are seeing some early signs of customers delaying project starts and investment.

Link to strategy 1 2 3 4 **Link to viability** ✓ **Timeframe**

Link to strategy

1 Balanced portfolio
2 Engineered solutions
3 Operational excellence
4 Expertise and scale

Risk movement since 2022 and link to viability

Increased risk
Constant risk
Reduced risk
Link to viability

Timeframe

Short term
Medium term
Long term

Strategic risks

3 Failure to procure new contracts while maintaining appropriate margins

Description and impact	Causes	Mitigation and internal controls	Movement since 2022
Failure to negotiate satisfactory and appropriate contractual terms may result in: • Delays and disputes during project delivery, negatively impacting our relationships with our customers and the Group's reputation for delivering quality products and solutions. • Adverse impact on the Group's strategy leading to reduced revenue and profitability and negatively impacting the Group's ability to fund its strategic objectives. • Increased cost of insurance and deductible.	• Increased competition especially in tight or contracting markets. • Failure to fully understand and/or ability to meet customer requirements. • Inadequate resources in place (physical assets and people). • Failure to understand and engage with customer on balanced approach to allocation or sharing of risk in the contract.	• A focus on understanding customer requirements and competitor capabilities. • 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. • The Project Lifecycle Management (PLM) Standard has introduced more rigour into how risks are considered during the opportunity, contract approval and project execution phases. • Sales training – focus on contractual and commercial terms. • Continuous monitoring of market trends and their potential impact. • Continuous monitoring of order book wins and losses.	We continue to maintain a strong order book with improving margins during 2023. 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. Significant increase in the cost of insurance along with increased self-insured and deductible limits will require a renewed communication across Keller with a focus on minimising our exposure to unnecessary risk and contractually limiting our liability wherever possible. Work to refresh and refocus the PLM Standard focusing on project performance management, hence renaming it PPM (Project Performance Management), is almost complete.

Link to strategy 1 2 3 4 **Link to viability** **Timeframe**

Principal risks and uncertainties continued

Strategic risks

4 Losing our market share

Description and impact	Causes	Mitigation and internal controls	Movement since 2022
Inability to achieve sustainable growth, whether through acquisition, new products, new geographies or industry-specific solutions, may: • Jeopardise our position as the preferred international geotechnical specialist contractor. • 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. • 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.	• Increased competitor activity especially in tight or contracting markets. • Failure to adjust to changing customer demands or fully understand and meet their requirements. • Inability to identify changes in market demands, including changes to promote sustainability.	• A clear business strategy with defined short, medium and long-term objectives, which is monitored at local, divisional and Group level. • Continued analysis of existing and target markets to ensure opportunities that they offer are understood. • An opportunities pipeline covering all sectors of the construction market. • A wide-ranging local branch network which facilitates customer relationships and helps secure repeat work. • Continually seeking to differentiate our offering through service quality, value for money and innovation. • North American businesses reorganisation delivering on cross-selling opportunities. • 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.	We continued to see very strong improvement across the US in 2023, where we are providing a wider range of our products across more locations following the successful execution of the One Keller project in 2021. This focus is also showing success in the other divisions as they diversify their available product range to maintain and grow our market share.

Link to strategy 1 2 **Link to viability** **Timeframe**

5 Ethical misconduct and non-compliance with regulations

Description and impact	Causes	Mitigation and internal controls	Movement since 2022
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: • Instances of bribery and corruption. • Fraud and deception. • Human rights abuses, such as modern slavery, child labour abuses and human trafficking. • Unfair competition practices. • Unethical treatment within our supply chain. These failures could result in legal investigations, leading to fines and penalties, reputational damage and business losses.	Failure to comply with the Code of Business Conduct or related policies and procedures could stem from: • Failure to establish robust corporate culture. • Failure to adopt a compliance risk approach. • Failure to embed the Group's values and behaviours across the entire organisation, including any joint ventures. • Failure to have a robust training and monitoring programme in place. • Deliberate non-compliance.	• 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. • 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. • Regular workshops across the Group to ensure compliance risks are identified and addressed. • Ethics and compliance updates to the Audit and Risk Committee semi-annually. • 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.	Following on from the financial reporting fraud in the Austral business discovered in late 2022, a specific controls response plan was developed and executed in 2023. This plan covered the specific control failings in Austral and a wider review across Keller. All elements of the plan are either completed or progressing well and owned by a senior leader in the business.

Link to strategy 3 4 **Link to viability** **Timeframe**

Strategic risks

6 Inability to maintain our technological product advantage

Description and impact	Causes	Mitigation and internal controls	Movement since 2022
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: • Impact our position in the market. • Result in us not being selected for key complex, high-value projects that support the Group strategy. • Make it more difficult to attract and retain the best talent. • Result in the loss of reputation for delivering the best engineered solutions.	• Failure to maintain investment in innovation and digitisation. • Increased competitor investment in innovative solutions. • Failure to continue to invest in our people.	• Innovation initiatives developed at both Group and divisional level to ensure a structured approach to innovation is in place across the Group. • Innovation in low carbon materials (cement, concrete, cement-free binders), by carrying out field trials and collaborating with cement suppliers and other companies innovating in this space. • Digitisation initiatives focusing on strategy of facilitating equipment and operational data capture. • 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. • Global product teams set standards, provide guidance and disseminate best practice across the Group. • Continued investment in both external and internal equipment manufacture.	

Link to strategy 1 2 3 4 **Link to viability** **Timeframe**

7 Climate change

Description and impact	Causes	Mitigation and internal controls	Movement since 2022
Climate change is a global threat and failure to manage and mitigate it could lead to: • An 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. • Product offerings becoming obsolete because they are no longer compliant with environmental standards. • Remediation of non-compliant work at our own expense to maintain compliance.	• Failure to update product offerings in line with both legislation and customer demand.	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. • Collaboration with the University of Surrey's Centre for Environment and Sustainability to apply sustainability best practice to all business functions. • Scope 1 and 2 carbon emissions verified by accredited external third party (Carbon Intelligence). • Carbon calculator tool used to identify/improve carbon efficiency. • Project team created to develop and embed processes to meet TCFD requirements.	We are starting to win project opportunities related to climate impact. This is tempered by the introduction of more legislation relating to climate impact, eg proposed new restriction for federal construction projects in the US. We continue to focus on delivering against our sustainability targets and meeting TCFD reporting requirements.

Link to strategy 1 2 3 4 **Link to viability** **Timeframe**

Principal risks and uncertainties continued

Operational risks

8 Service or solutions failure

Description and impact	Causes	Mitigation and internal controls	Movement since 2022
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: • An inability to achieve the required standard. • Failure to meet quality standards, damaging our reputation, giving rise to regulatory action and legal liability, and ultimately impacting financial performance. • 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.	• Misinterpretation of client requirements or miscommunication of requirements by the client may lead to a poorly designed solution and consequently failure.	• Continuing to enhance our technological and operational capabilities through investment in our product teams, project managers and our engineering capabilities. • Employing geotechnical engineers that are focused purely on design. • Disaster Recovery/Business Continuity Plans in place and reviewed across the Group. • The global product teams set standards, provide guidance and disseminate best practice across the organisation for our eight key products. • We seek to agree liability limits in our contracts with customers. • Insurance solutions are in place to limit financial exposure of a potential customer claim.	⊖

Link to strategy 1 2 3 4 Link to viability ✓ Timeframe

9 Ineffective execution of our projects

Description and impact	Causes	Mitigation and internal controls	Movement since 2022
Inability to successfully deliver projects in line with the agreed customer requirements may result in: • Cost overruns, contractual disputes and reputational damage. • Ineffective project delivery may also expose the Group to long-term obligations including legal action and additional costs to remedy solution failure.	• 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. • Lack of comprehensive understanding of contract obligations. • Inadequate resources (people, physical assets and materials).	• Ensuring we understand all of our risks through the bid appraisal process and applying rigorous policies and processes to manage and monitor contract performance. • 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. • Safety Standards for operations (eg platform, cage handling), Equipment Standards and fleet renewal. • The PLM Standard aims to drive a consistent approach to project delivery with robust controls at every project phase. This is currently being updated and will be renamed PPM (project performance management). Alongside the updated standard will be an app to support the efficient and effective execution of projects. • 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.	⊖ The number of projects not executed to expectation in 2022 was above the long-term average, adversely impacted by persistently high inflation across North America and Europe. This trend has improved throughout 2023 along with the work under way to update the PLM Standard focusing on project performance management. This will put in place better controls to ensure continued effective execution of projects across Keller.

Link to strategy 1 2 3 4 Link to viability ✓ Timeframe

Operational risks

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 2022
Failure to manage suppliers effectively could lead to: • Delays to executing projects waiting for materials and ongoing business disruption. • Additional costs to find alternative suppliers. • Becoming involved in legal disputes and potentially fines and penalties. • Damaging our reputation and potentially being barred from bidding on future contracts. • Human rights abuses, such as modern slavery, child labour abuses and human trafficking.	• Failure to embed the Group's expectation within the procurement process. • Inadequate assessment of supply chain partner capabilities during bidding phase. • Lack of supplier resilience due to rising costs of energy as a result of geopolitical uncertainty. • Lack of supply availability due to increased demand from and too little supply. • Inflation driving up prices. • Logistical impact causing delays due to lack of HGV drivers.	• 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. • 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. • Working group established, reporting to the Group Company Secretary and Legal Advisor, to drive minimum standards, both contractually and behaviourally, across key labour suppliers.	Supply chain issues, especially availability of certain materials (steel, cement and energy) continue to show signs of easing. Pricing is still adversely impacted by the persistently high inflation, but this too is beginning to show signs of abating. While pressure remains as a result of the geopolitical uncertainty, it is being better managed as demand cools slightly as interest rate increases take effect on some investment decisions. In 2023 we carried out an independent legal assessment of our human rights and modern slavery standards and processes. Consequently, we have introduced a Human Rights Policy, updated our Supply Chain Code of Business Conduct and supplier contractual clauses and put in place more rigorous due diligence processes across our supply chain.

Link to strategy 1 2 3 4 Link to viability Timeframe

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 2022
Failure to maintain high standards of health and safety, and an increase in serious injuries or fatalities leading to: • An erosion of trust of employees and potential clients. • Damage to staff morale, an increase in employee turnover rates and a decrease in productivity. • Threat of potential criminal prosecutions, fines, disbarring from future contract bidding and reputational damage.	• Inadequate risk identification, assessment and management. • Lack of clear leadership driving the safety culture. • Lack of employee competency. • Poorly designed processes that do not eliminate or mitigate risk. • Lack of focus on the wellbeing and mental health of employees and JV partners.	• Board-led commitment to drive health and safety programmes and performance with a vision of zero harm. • 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. • Ongoing improvement of existing HSEQ systems to identify and control known and emerging HSEQ risks, which conform to internal standards. • 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.	⊖

Link to strategy 1 2 **3** 4 **Link to viability** ✓ **Timeframe**

12 Not having the right skills to deliver

Description and impact	Causes	Mitigation and internal controls	Movement since 2022
Failure to attract and develop excellent people to create a high-quality, vibrant, diverse and flexible workforce could: • Harm the Group's ability to win or execute specific high-value, complex projects. • Fail to meet strategic objectives to grow the business and lose key stakeholder confidence within the market.	• Inability to recruit and retain strong performers. • Lack of a diverse workforce. • Failure to maintain and promote the Keller culture. • Overheating of market causing significant increase in demand or competition for people. • Lack of visibility of long-term pipeline for career progression resulting in existing employees leaving the business. • Post COVID-19 recovery driving increase in attrition or people leaving sector. • Pressure from wage inflation and increased offers from competition.	• Continuing to invest in our people and organisation in line with the four pillars of the Keller People agenda as noted below. • 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. • 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. • 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. • 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	⊖ We are still witnessing inflationary pressure on pay across many locations where Keller operates and thus the pressure on competition for skilled personnel is still an issue in some parts of the Group. However, job markets are just beginning to show signs of a slowdown, which should ease this issue. Focus remains on retaining staff with the right skills to deliver.

Link to strategy 1 **2** **3** **4** **Link to viability** ✓ **Timeframe**

Operational risks

13 Cyber security

Description and impact	Causes	Mitigation and internal controls	Movement since 2022
Risk of potential disruption in the business operations, reputational damage and/or loss or corruption of data could lead to: • Loss of intellectual property and competitive advantage. • Loss of personal data. • Operational impact restricting the ability to carry out business critical activities. • Potential fines and penalties. • Reputational damage leading to loss of market and customer confidence. • Failure to meet client security requirements to win or maintain contracts.	• Failure to maintain appropriate threat prevention, identification and resolution mechanisms either technically or through processes. • Poor internal governance. • Failure to embed preventative culture. • Lack of or inadequate training and awareness leading to mistakes and errors. • Inconsistent approach to data security, especially with JV partners and external third parties. • Cyber attacks. • Failure to obtain or maintain external security certifications that are required by clients.	• 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. • Introduction of technical capabilities and services to further enable prevention, detection, prediction and response services. • Multi-factor authentication for all users prevents unauthorised access to Keller's networks and applications and further controls limit access to only Keller-approved devices. • Advanced threat protection on all IT equipment delivers comprehensive, ongoing and real-time protection against viruses, malware and spyware. • Data protection framework to ensure compliance with the General Data Protection Regulation (GDPR) and other standards of data protection. • Proactive threat hunting throughout the environment.	⊖

Link to strategy 1 2 **3** **4** **Link to viability** ✓ **Timeframe** ▶

Task Force on Climate-related Financial Disclosures

Keller has considered the risks and opportunities posed to the business by climate change, and the impacts it may face over several time horizons. The following statement discloses Keller's climate-related financial information and actions the business is taking to respond to climate change. It is consistent with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in compliance with Listing Rule 9.8.6R, with areas where disclosures are only partially consistent included at the end of the statement on page 58.

Governance

Board oversight of climate-related risks and opportunities

The Board is ultimately responsible for the oversight of climate-related risks and responsibilities, and for ensuring that the Group's approach to sustainability is implemented across the business. The Group's governance framework is structured to provide regular and relevant updates to the Board in order to support informed decisions on climate-related matters. The governance framework is outlined in full on page 36, and the organisational and reporting structure for climate governance is depicted on page 49.

ESG, including the management of climate-related issues, was a listed topic on the agenda at four Board meetings in the last year, corresponding to the ESG Board Report which is delivered to the Board on a quarterly basis. The report is coordinated by the Group Company Secretary and Legal Advisor's team, and ensures a clear reporting line on all ESG matters, including climate risk, to the Board and the Group Chairman, who is the designated Director for ESG and sustainability matters. Additional discussions on sustainability-related matters also take place as required.

The Sustainability Committee, a Main Board Committee, has oversight of the Board's responsibilities in relation to environmental matters, including climate-related matters. In line with its terms of reference, this committee convenes a minimum of three times a year and is comprised of the CEO, the Group Chairman and the independent Non-executive Directors (NEDs). Its report for 2023 can be found on page 105. The Sustainability Committee was formed in May 2023 following the merger of the Environment and the Social and Community Committees. It is chaired by Juan G. Hernández Abrams, an independent NED on the Board.

The Sustainability Steering Committee, the Main Management Committee responsible for climate-related and environmental matters alongside other ESG topics, is composed of representatives from each division – North America, Europe, and AMEA – and the Group's relevant functions, as listed on the organisational and reporting structure for climate governance on page 49. The Committee convenes quarterly and reports to the Sustainability Committee and to the Executive Committee, which is also Main Management Committee. As part of the risk management process for climate risks, the Sustainability Steering Committee is responsible for identifying climate-related risks and reporting these to the Audit and Risk Committee, a Main Board Committee, which in turn reports to the Board. The Sustainability Steering Committee is chaired by the Engineering and Operations Director, who is head of sustainability and responsible for having oversight on sustainability matters. More detail on the risk management process for climate-related risks is given in the Risk Management section of this statement and in the Principal Risks and Uncertainties section (page 36).

As part of the risk management process for climate risks, the Sustainability Steering Committee is responsible for identifying climate-related risks and reporting these to the Audit and Risk Committee, a Main Board Committee, which in turn reports to the Board. The Sustainability Steering Committee is chaired by the Engineering and Operations Director, who is head of sustainability and responsible for having oversight on sustainability matters. More detail on the risk management process is given in the Risk management section of this statement and in the Principal risks and uncertainties section (page 36).

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 continuing to develop 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, during 2023 we adapted our rig procurement and development strategy to protect our equipment from future transition risks. We set aside a £100,000 budget to help business units trial biofuels, including hydrotreated vegetable oil (HVO), so that these fuels can be offered to clients with sustainability requirements. As part of this strategy, we also invested in our first large electric rig as part of our rolling rig development programme. Electric rigs are safeguarded against future air quality legislation, meaning they can continue to be used without risk of becoming stranded assets.

The Board monitors and oversees progress against goals and targets for addressing climate-related issues principally through the Sustainability 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 120.

Governance

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

The Sustainability Steering Committee allows divisions and functions to raise sustainability challenges, including on climate-related topics, to the Executive Committee and to the Board and its committees. It also acts as a forum for different areas of the business to convene and discuss sustainability strategy, and for sharing sustainability best practice between divisions. The Committee is responsible for integrating sustainability targets and measures into the Group business plan, in order to successfully drive changes important to the company.

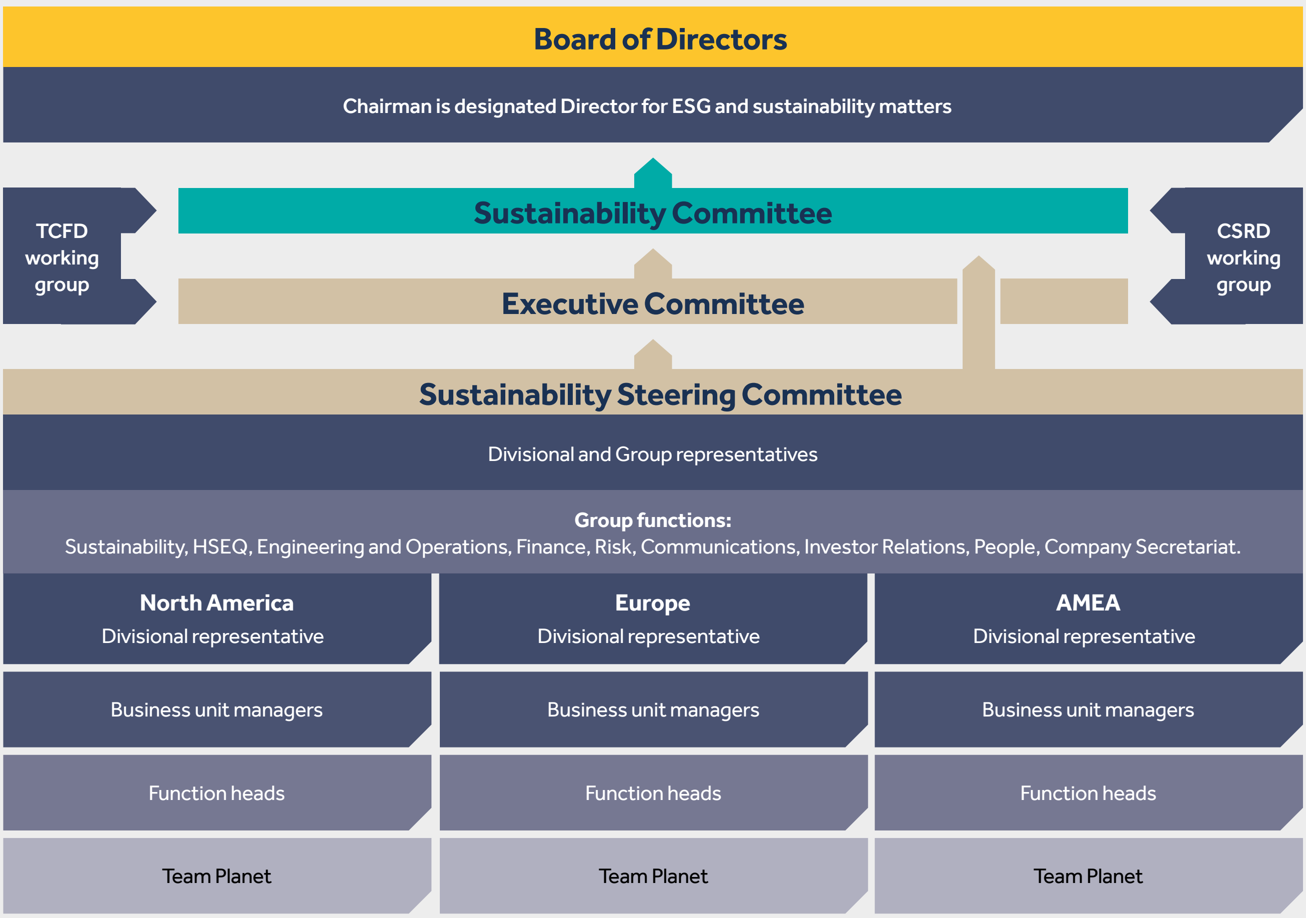
Each division of the business has a 'Team Planet', a group responsible for climate-related issues. These teams are composed of multiple representatives from diverse roles across each division, from design and procurement through to operations, and each includes at least one representative from each business unit.

Each Team Planet works alongside the Group's HSEQ teams and those responsible for local climate risk registers to help bring climate-related risks and opportunities (CRROs) and associated issues to the attention of management so that they can be acted on. For example, Team Planet are critical in grounding our climate scenario modelling in the actual contractual and practical landscape of our projects. We used multiple Team Planet North America members to both create and then sense-check the days' delay from various extreme weather events in our scenario analysis.

Organisational and reporting structure for climate governance

The Sustainability 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 Sustainability Committee and the Board.



TCFD statement continued

Strategy

The long-term success of the Group's business depends on actively assessing, analysing and managing the potential impacts of climate-related risks, and adapting our operations to take advantage of opportunities, in order to create a strong position in the transition to a low-carbon economy.

As a business which provides a wide variety of services across multiple geographies, Keller is exposed to a variety of impacts from climate change across the short, medium and long term. Across different potential climate scenarios, different areas of the business face more pronounced physical risks as a consequence of global temperature rise and extreme weather events, increased transition risks from regulation, and transition opportunities afforded by the requirement for lower-carbon solutions and climate adaptation.

To navigate our CRROs, and to ensure that business units are best equipped to lead and deliver appropriate climate mitigation, we have developed an internal climate-related risk register owned at the business unit level. CRROs are evaluated at the business unit level and fed back to the Group, where a consolidated view on their relative severity is produced. Details on each of these CRROs and Keller's management of them is provided in detail in the table on pages 54 to 56. In 2023, we expanded the scope and depth of our quantitative climate scenario analysis, which produced more advanced insights into the impacts of climate change on our business. Details on how we conducted scenario analysis are provided overleaf.

Based on the outputs of our climate-related risk register, and from scenario analysis, even the climate-related risks which are judged to pose the greatest risk are not deemed material to the business. However, taken together, climate-related risks are judged to represent a significant risk, and climate change is therefore considered a principal risk to the business. In order to reflect this in our financial planning, climate-related risk is built into the viability statement sensitivity analysis, which looks out over a three-year period. The full viability statement can be found on page 39.

Time horizons for the impacts of CRROs have been defined as follows:

- Short term: 1 year
- Medium term: 2–5 years
- 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, which extend to 2050, and which provided the time range for our scenario analysis. These timeframes are also recognised by CDP as consistent with current best practices for TCFD disclosures.

Scenario analysis

In 2023, we advanced our quantitative scenario analysis in order to better evaluate the Group's CRROs. We built on our analysis from 2022, and included new CRROs, a wider geographical scope, and more sophisticated modelling of our risks.

As the impact on the Group from CRROs varies greatly across our different geographies, we have focused analysis on areas where the relevant risks were most severe, as determined by our qualitative assessment. Physical risk was modelled for our North America (NA) and Australian divisions, and transition risk was modelled for our Europe Division.

As we currently face more impacts from weather events in NA and Australia than we do in Europe, we chose to focus our physical analysis initially on these regions. Conversely, since regulations on carbon and emissions are currently at a more advanced stage in Europe than in NA and AMEA, we chose to focus our transition analysis initially on Europe.

Our scenario analysis modelling has been established in a way that is replicable annually, so that the Group can see how impacts are changing on an ongoing basis. As the sophistication of climate science, availability of data, and clarity around regulation all increase, we expect to enhance the completeness and accuracy of our scenario analysis. We also expect future analysis to be able to inform in greater detail our strategies for mitigating risk and capturing opportunity, and to help us know where our efforts should be focused when addressing CRROs.

Strategy

Scenario analysis continued

In 2022, we assessed the risk of the increased cost of raw materials, and the accompanying opportunity for low-carbon solutions, in the pilot location of Austria. This year, a new transition risk has been addressed, regulation of existing products and services, which has been addressed by modelling the risk of stranded rig assets in Europe as a result of incoming regulation. Physical risk modelling was expanded to the entire North America (NA) Division and Australia, with the scope of weather perils expanded from hurricanes to also include precipitation, extreme heat and wildfires.

The table below gives details on the CRROs which have been subject to scenario analysis, including the scenarios used for each.

	Physical risk		**Transition risk**	
Division	NA (US and Canada) Australia		Europe	
Risks and opportunities modelled	Hurricanes, precipitation, extreme heat and wildfires		Low-carbon solutions Cost of raw materials Regulation of existing products and services	
Time period	2022–2050		2022–2050	
Warming scenarios	Physical scenarios informed by the IPCC:		Transition scenarios informed by the IEA. London Electrification Scenario is a scenario created for the modelling, which follows London's Non-Road Mobile Machinery (NRMM) decarbonisation rules.	
	SSP2-4.5	Average 2.7°C rise by 2100	**Net Zero Emissions (NZE)**	Average 1.5°C
	SSP5-8.5	Average 4.4°C rise by 2100	**Announced Pledges Scenario (APS)**	Average 1.7°C
			Stated Policies Scenario (STEPS)	Average 2.5°C
			London Electrification Scenario	Only zero emission machinery is allowed in operation from 2040 onwards.

Financial impacts

	2030		**2050**	
	SSP2-4.5	**SSP5-8.5**	**SSP2-4.5**	**SSP5-8.5**
Impact of physical risk on operations in NA and Australia (% impact to total global revenue)	1.7%	4.3%	2.6%	6.4%
Impact of physical risk on operations in NA (% impact to total global revenue)	1.5%	3.9%	2.4%	6.0%
Impact of physical risk on operations in Australia (% impact to total global revenue)	0.2%	0.3%	0.2%	0.4%

	2030				**2040**			
	London Electrification	**NZE**	**APS**	**STEPS**	**London Electrification**	**NZE**	**APS**	**STEPS**
Total value of rigs which become stranded assets in the year (% of total net book value of the rig fleet in Europe)	10.3%	0%	0%	0%	2.8%	0%	0%	0%

TCFD statement continued

Strategy

Scenario analysis: Physical risk

NA and Australia

Risk: Impact on projects from hurricanes, precipitation, heat and wildfires

Selection

Impact from acute weather risks is identified as a medium risk across our three divisions, with chronic risks being identified as a high risk for our NA and AMEA divisions. The Group already experiences impacts to projects as a result of extreme weather in these locations.

Approach

We are impacted by weather through disruptions to our projects, which cause days of delay and repair costs. We made assumptions around the days of operational disruption and associated costs from each event type, and then used these figures to model revenue impact. For hurricanes, we used existing hurricane models applied to an earth climate model, and then assumed a radius of impact from forecasted hurricanes. For extreme heat, we modelled disrupted days at 35–40°C and 40°C+. For precipitation, 20–50mm days and >50mm days. For wildfire, we modelled high fire weather index (FWI) days as representative of an average likelihood of wildfires.

Climate scenarios were informed by the IPCC's Representative Concentration Pathways (RCPs). Both scenarios were assessed out to 2050.

Assumptions

- Impacts to future projects were modelled using current project locations. This assumes that the general locations of our operations will not change greatly.
- The financial impact from lost workdays was modelled using an average days' delay from each weather event, and average repair costs following events.

Results

The Group faces limited exposure to climate-related physical risk. The total potential financial impact of all combined physical risks is set to be c5% of projected total revenue in 2050, on average between the modelled scenarios. This is an unabated figure, which assumes that the Group takes no action to address these risks. Extreme heat has emerged as the greatest risk of the four modelled, accounting for 46% of the total predicted revenue impact, and Florida stands out as the state facing the greatest impact, given its high revenue generation and its current exposure to climate risks.

Response

In order to better quantify and control our impacts from extreme weather, we will aim to track actual days' delay across operational sites, and improve our systems for collecting costs from delays and mitigating activities. We will be reassessing our health and safety policies for heat, particularly in more highly affected regions such as Florida, in order to set clearer limits on when work can continue and when to delay, and to provide greater understanding of what potential future financial impacts are.

We will reassess our contracting terms in order to implement greater consistency around the liability which the Group takes for weather impacts.

Strategy

Scenario analysis: Transition risk

Europe

Risk: Stranded rig assets as a result of regulations

Selection

As our rigs, which are defined as NRMMs, emit greenhouse gases and particulates, they may in future be subject to regulation which prevents their usage unless they are below a certain requirement for emissions, or are zero emissions (ie electric). The Group already faces some limitations on higher-emissions rigs being used in certain projects in cities in Europe.

Impacts from this risk are identified as medium in Europe and NA, and low in AMEA.

Approach

IEA scenarios were each taken to represent a different speed of phase-out of rigs, which were informed by emissions reduction trajectories from the IEA's World Energy Outlook 2023, using the 'Heavy duty vehicles' pathway as an approximation for NRMMs. The EU has also instated regulation which defines emission limits for NRMM engines which can be sold in the EU. While this does not directly affect rigs which can be used, this regulation informed our approach.

These scenarios (NZE, APS, and STEPS) were used to define when rigs of different emission stages in our fleet would become stranded assets. Assumptions were also applied to each scenario about the rate at which Keller would transition its fleet to lower-emission and electric rigs. The speed of the assumed transition was correlated to the stringency of the scenario, with less rapid fleet transitions assumed for warmer scenarios with less stringent regulation.

However, as the IEA's pathways take a global perspective, they were ultimately less ambitious than what we expect for Europe. We found that no financial impacts were observed for even the most stringent scenario, NZE.

Therefore, a fourth scenario was created, titled 'London Electrification', which was based on London's more stringent rules for NRMMs. London is one of the few cities in Europe with a specific policy around the phasing-out of high-emission NRMMs. In accordance with London policy, this scenario assumed that only zero emission machinery (ie electric rigs) will be allowed by 2040.

Assumptions

- An average lifespan was assumed for rigs, after which they would be replaced with a newly purchased rig. Depending on the scenario, the new rigs purchased were categorised as electric and/or the most efficient engine type.
- The IEA's heavy-duty transport emissions reductions trajectory was used to inform emissions reductions for NRMMs.

Results

The Group is unlikely to face stranded rig assets in Europe in any of the IEA scenarios. In these scenarios, the rate at which older rigs in the fleet are replaced with lower and zero-emissions rigs means that by the time regulations come into force, Keller's fleet is already compliant.

However, in the London Electrification scenario, Keller will have to impair rigs in its fleet equivalent to 2.8% of the net book value of the fleet, by 2040. This is the strictest scenario, and we believe it is unlikely that regulations equivalent to the strictness of London's NRMM regulations will be applied across Europe. We therefore consider the likelihood of the London Electrification scenario to be low, and for the risk of it occurring to therefore be minimal. However, it may be the case that similar restrictions are applied in urban areas in Europe, where many of our projects are located.

Response

We will incorporate emissions and regulation considerations into our capex plan for future rig purchases, informed by potential timelines for regulation. This plan will aim to support the replacement of older rigs with lower and zero-emissions rigs, so that these have been replaced by when regulations come into effect.

Our rig decarbonisation strategy, which involves us trialling and implementing alternative equipment in our projects, helps us to address potential future requirements. In 2023, we trialled electric rigs for the first time, and aim to expand our use of this zero-emission equipment in the future. Already, all the rigs we produced in 2022 were electric, electrohydraulic, or had 'stage 5' engines, the lowest emissions tier. Further information on our actions can be found in the table of our CRROs on page 54. More detail on our decarbonisation strategy can be found on page 63.

Strategy

Keller's CRROs and strategic responses

Austria

Risk: Cost of raw materials

Opportunity: Low-carbon solutions

For details on these CRROs and the approach taken, please refer to Keller's 2022 Annual Report and Accounts.

Results

The risk associated with the cost of raw materials, and the accompanying opportunity of the potential for low carbon solutions, are likely to impact the Group most significantly in the NZE scenario. This is mainly driven by greater stringency of climate regulation, including carbon pricing. Outputs showed that exposure to elevated carbon pricing is not entirely offset by the decarbonisation rate of materials, even in an NZE scenario. However, the direct financial impact arising from this is likely to be minimal, given that the cost of materials is embedded into the contracting process. 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.

Response

We will continue to test where low-carbon product lines are feasible within our service offerings, and continue to test the use of low-carbon materials within existing product lines.

We are training all engineers in the use of the sector standard carbon calculator to enable them to determine and offer low-carbon solutions. This carbon calculator has been embedded into our estimating spreadsheets in key markets, enabling us to demonstrate the carbon savings of different solutions to clients.

In 2023, we held a low-carbon cement workshop with representatives from across the Group. As an outcome, we outlined short, medium and long-term actions needed to help decarbonise our project designs and supply chain emissions. These factored in the need for many different functions to get involved, from tailoring our communication about the embodied carbon of our materials to different stakeholders, through to specific materials for future research and development and the engagement of key suppliers. The short-term initiatives were written in to personal and Group-wide leading targets to achieve in 2024.

Resilience of strategy

The 'Results' and 'Response' parts of the above scenario analysis section provide assessments of the likely impact on our business, and our responses to improve resilience. Overall, we consider the business' strategy to be resilient to the impacts of the CRROs which were subject to scenario analysis, taking into account the availability of activities we can take and are currently taking to respond to risks and capture opportunities, along with the relatively low financial impacts modelled. Ongoing assessment of climate related risks and successive scenario analysis exercises will be used to continually evaluate the resilience of our strategy going forward.

The table below describes the potential impact of the CRROs judged to be most significant for the Group, and our strategic response to these CRROs. This prioritisation has been based on our exposure to the risk or opportunity, which is given by business division, and the time horizon we anticipate impacts to take effect over. It also provides Keller's strategic response to either mitigate risk or capture opportunity.

The strategic responses detailed in the table below intend to build operational and regulatory resilience to climate change, to support the continued resilience of our strategy.

The risk categories (Low/Medium/High) given in this statement for CRROs refer to residual risk rather than raw risk, and factor in mitigations, as described in the table below. As this is a different presentation of risk to last year's TCFD statement, the risk categories for each CRRO have changed and are lower in most instances as they now factor in mitigations.

- L Projected impacts expected to not be significant
- M Impacts judged not to be significant once mitigating actions are considered
- H Impacts judged to be significant even with mitigating actions considered

Low-carbon solutions

CRRO type	TCFD category	Time horizons: Short	Medium	Long
Transition opportunity	**Products and services**	NA M	NA M	NA L
		AMEA M	AMEA M	AMEA L
		EU M	EU M	EU L

Description

Capture and retain market share as carbon intensity of products grows in importance as a market differentiator.

Strategy

Keller's CRROs and strategic responses continued

Strategic response

- Training our employees on the sector standard carbon calculator, to understand the current emissions of our solutions.
- Offering carbon comparisons when tendering large alternative solutions, to upsell the low carbon solution.
- Created a sustainability brochure and various case studies to share with customers, highlighting our lower carbon solutions.

Climate adaptation solutions

CRRO type	TCFD category	Time horizons: Short	Time horizons: Medium	Time horizons: Long
Transition opportunity	Products and services	NA M	NA M	NA L
		AMEA M	AMEA M	AMEA L
		EU M	EU M	EU L

Description

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.

Strategic response

- The breadth of expertise across the Group means we are already well positioned for many existing resilience and retrofit projects.
- The short-term nature of most projects means we can pivot easily to new markets.
- We already have the ability to treat desertification or work on adaptation, resilience and mitigation projects, such as dams and flood defences.

Regulation of existing products and services[1]

CRRO type	TCFD category	Time horizons: Short	Time horizons: Medium	Time horizons: Long
Transition risk	Policy and legal	NA M	NA M	NA M
		AMEA L	AMEA M	AMEA M
		EU M	EU M	EU M

Description

Potential for indirect impact should costs rise for clients to a prohibitive level. Potential capex investment required to meet regulatory requirements, and potential for stranded assets if regulation makes higher-emitting rigs unusable in certain markets.

Strategic response

- Our rig decarbonisation strategy sets out our response to this risk. This has three main steps to decarbonisation: efficiency, alternative fuels and alternative equipment.
- On alternative equipment, 2023 saw us trial electric rigs for the first time. Based on the lessons learnt from these trials, we aim to expand our use of electric equipment in the future. All the rigs we produced in 2022 were electric, electrohydraulic or fitted with the latest anti-idling software and low emission tier 5 engines. For more information, please see page 66.
- On alternative fuels, in 2023 we allocated a £100,000 budget to encourage the use of HVO biofuel from certified waste stocks. After successful trials in multiple business units, we can now offer biofuels to our clients as a way to decarbonise our existing site equipment.
- On efficiency improvements, we have collated case studies from around the group on how to save carbon on site. These range from right-sizing equipment through to site set-up changes. For more information, please see page 66.
- We continue to Collaborate with our trade associations to understand upcoming legislation and support engagement with legislators.

1 This CRRO has been renamed this year from 'carbon or air pollution regulation on fuel for operational projects', but addresses the same risk.

Cost of carbon-intensive materials

CRRO type	TCFD category	Time horizons: Short	Time horizons: Medium	Time horizons: Long
Transition risk	Policy and legal	NA M	NA M	NA M
		AMEA L	AMEA M	AMEA M
		EU M	EU M	EU M

Description

Pricing remains embedded within contracting process; however, there is potential for reduced overall demand because of cost increases.

TCFD statement continued

Strategy

Keller's CRROs and strategic responses continued

Cost of carbon-intensive materials continued

Strategic response

- Upsell our existing low carbon solutions, particularly our cement and steel-free ground improvement solutions.
- 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.
- Short project lead-in times mean we have generally been successful at passing on material price inflation to our customers.

Lack of monitoring/transparency of Scope 3 emissions and enhanced carbon reporting

		Time horizons		
CRRO type	TCFD category	Short	Medium	Long
Transition risk	Reputation	NA M	NA M	NA M
		AMEA L	AMEA M	AMEA M
		EU M	EU M	EU M

Description

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.

Strategic response

- We are working to embed automatic Scope 3 calculations in our ERP programme development.
- We are conducting a business unit trial in Austria to calculate business unit-wide material Scope 3 emissions.
- Collaborate with industry trade associations to request emissions data from suppliers and set minimum carbon reporting standards.

Storms, flooding, wildfire, extreme heat and extreme precipitation delaying operational projects

		Time horizons		
CRRO type	TCFD category	Short	Medium	Long
Physical risk	Physical acute	NA L	NA M	NA M
		AMEA L	AMEA L	AMEA M
		EU L	EU M	EU M

Description

Delays to projects and accompanying impact to revenue from delay costs, opportunity costs, and repair costs for projects.

Strategic response

- Integrate financial contingencies into project planning in areas with a higher risk of being impacted by extreme weather events.
- Continuously improve best practice guidance regarding preparation, shut down, and recovery from storm related events.

Hot weather and heavy precipitation delaying operational projects, and rising sea levels increasing risk of coastal flooding

		Time horizons		
CRRO type	TCFD category	Short	Medium	Long
Physical risk	Physical chronic	NA L	NA M	NA M
		AMEA L	AMEA L	AMEA M
		EU L	EU M	EU M

Description

Delays to projects and accompany impact to revenue from delay costs, opportunity costs, and repair costs for projects. For heat, this includes costs for cooling solutions.

Strategic response

- 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).
- Integrate financial contingencies into project planning.

Risk Management

Our processes for identifying and assessing climate-related risks

CRROs 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. This is all managed within our new Governance, Risk and Compliance (GRC) tool, which was deployed in Q4 2023. 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.

Our process for managing climate-related risks

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 reported to the Group Head of Risk and Internal Audit and the Executive Committee, and in turn to the Board and the Audit and Risk Committee. Business unit leads are then assigned CRROs relevant to their own geography and services which they are made responsible for. CRROs are 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. The CRROs are assessed in consideration of their associated mitigating activities, and the impacts are then determined on a residual risk basis. This is reflected in the CRRO table above. The outputs of the scenario analysis are also used to inform our risk assessment of how CRROs impact our business. As we increase the number of CRROs subject to scenario analysis, this exercise will more closely inform our overall assessment of the impacts of climate risk.

Regular risk reviews are conducted within our business units and functions facilitated by our Group Head of Risk and Internal Audit. The methodology used to identify the materiality of CRROs can be found in the Strategy section of this statement, including a full list of CRROs. Climate change-related risks are assessed as part of the risk governance framework in the same way as other risks, including decisions on how to mitigate, accept, and manage risks. The full risk governance framework, including an overview of our risk management processes, can be found on page 36 in the Principal Risks and Uncertainties section.

Potential impacts from existing and emerging regulatory requirements relating to climate change in our divisions were addressed through our scenario analysis work, which can be found in the Strategy section of this statement.

Metrics and Targets

Our metrics for assessing CRROs

This year, we have expanded the metrics we use to assess our CRROs. Our newly implemented ERP assists us with collecting and reporting these metrics at a Group level. We are aiming to continue to expand the metrics we collect and report on, so that all of our CRROs are tied to cross-industry metrics.

CDP score: B (2022: B)

CDP is a third-party disclosure system which assesses the quality of our TCFD disclosure. This provides overarching metrics to help us consider our progress against the risk of not being able to meet the reporting standards of clients. This score can be compared with the construction sector, and with all other companies reporting through CDP.

Percentage of revenue from water storage and flood control projects, and from non-fossil fuel based power generation: 3% (2022: 2%)

This metric can be used to track the project opportunities arising from climate change and the transition to a low-carbon economy. In terms of opportunities arising from the physical impacts of climate change, this includes flood defence projects and projects that help to secure water supplies. In terms of opportunities arising from a transitioning energy system, this includes renewable energy generation projects.

Investment into sustainability-focused research and development: £0.3m (2022: £0.2m)

This total includes our spend on HVO fuel trials, KGS KB0-E spend, and other university projects in Europe, North America and AMEA.

The Remuneration Committee agreed a Scope 2 reduction target as one of management's corporate objectives linked to remuneration for 2023. More detail on this objective and remuneration outcome is available in the Directors' remuneration report on page 136.

For quantitative disclosures concerning our energy usage, please see our Streamlined Energy and Carbon Reporting (SECR) statement on page 65.

These metrics address some of our most material CRROs. We are working to develop other metrics to address our remaining CRROs. We are also working to develop quantitative metrics to address water and waste management. Qualitative disclosures on water and waste, as well as on other environmental topics, can be found on page 68 of this report.

We do not currently use an internal carbon price.

TCFD statement continued

Metrics and Targets continued

GHG emissions reporting

The Group discloses Scope 1 and Scope 2 carbon emissions to ISO 14064-3 Standard, and are calculated using the GHG protocol standard. Independent verification is provided by Accenture. Our Scope 1 and 2 emissions are provided on page 65 as part of our Streamlined Energy and Carbon Reporting (SECR). These emissions are recorded both in absolute terms, as well as relative to revenue to show the carbon intensity of our operations.

For Scope 3 emissions, to reflect where we believe we can have the most near-term impact, we currently only have a net zero target set for our Operational Scope 3 emissions. This covers business travel, transportation of materials, and waste disposal. Scope 3 calculation and reporting will be included as part of the new ERP program.

Calculating emissions for other Scope 3 categories, including for our materials, poses challenges due to the complexity of our supply network and our high number of small suppliers. Progress towards calculating further Scope 3 categories was made in our European BU this year, where initial work on calculating our Scope 3 emissions for materials was expanded on a trial basis to the full BU, providing a guiding approaching for this category and others as we build on the completeness of our calculations. As part of the development of our ERP, we are working with procurement teams to ensure Scope 3 data can be calculated at the invoicing stage, rather than relying on manual data entry at site level. Further details on our decarbonisation work and Scope 3 can be found on page 67.

Details on our approach, including how we train engineers in calculating and reducing carbon in our projects, can be found on page 67.

The Group has targets for all three scopes, which are calculated according to the GHG protocol and are in compliance with SECR requirements.

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

Scope 1 carbon intensity target of a 35% reduction in tCO_2e/£m revenue for 2024 (against 2019 baseline). This 2024 target would result in a 5% reduction in our carbon intensity from 2023.

Scope 2 – Net zero by 2030

Interim target of 50% reduction in absolute market-based emissions for 2024 (against 2019 baseline). This 2024 target would result in a 10% reduction from 2023.

Operational Scope 3 – Net zero by 2050

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

In order to achieve these targets, we have set multiple internal leading targets built around our carbon hierarchy, which is detailed on page 64. Once we have worked through this hierarchy to eliminate, reduce and substitute emissions, we may offset our remaining emissions as a last resort.

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 pages 63 to 67.

Compliance Table

We consider disclosures in the above Statement to be consistent with TCFD recommendations, except in the following areas:

Disclosure not provided	Detail	Expected timeframe for compliance
Metrics and Targets a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	While we have published cross-industry metrics as described in Table A2.1 of the TCFD implementation guidance, we do not have a complete list for all material CRROs. Furthermore, we have qualitative information available on water and waste, but not quantitative metrics. We also recognise that the TCFD recommendations encourage the disclosure of Scope 3 emissions and we have published our operational Scope 3 emissions and target.	We expect to add additional metrics for our CRROs next year. For metrics and targets concerning water and waste management, establishing these will be subject to a materiality assessment to determine if these topics are material to us, which we will undertake in 2024. If determined to be material, we would work on developing appropriate metrics and targets for these topics. We are actively working on improving the scope and quality of the Scope 3 categories we calculate and disclose, with the aim of publishing our full Scope 3 emissions in future. Scope 3 calculation and reporting will be included as part of our upcoming ERP programme.

ESG and sustainability

Peter Hill CBE

Chairman

We have met our short-term carbon targets and are well on track to achieve our longer-term net zero commitments."

Our corporate purpose, 'Building the foundations for a sustainable future', is at the heart of everything we do. I am the Director responsible for ESG and sustainability on the Board and I believe strongly in Keller's commitment to the best achievable standards. I have a strong desire to make a positive change.

As the world's largest geotechnical specialist contractor, we have the responsibility and opportunity to make a difference to our customers and society and to help drive a low carbon future. We are committed to reducing the carbon intensity of our work and have set out clear targets and action plans for our journey to net zero. 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 have met our short-term carbon targets and are well on track to achieve our longer-term net zero commitments.

Our people's safety, health and wellbeing is at the heart of everything we do. At Keller we view safety as our bedrock, something on which we do not compromise. We have made good progress in improving the scores in our leading indicators, targeting continuous improvement in our Accident Frequency Rate (AFR) and Total Recordable Incident Rate (TRIR). In 2023, AFR remained at 0.10, with a total of 27 injuries reported and TRIR improved to 0.60, with 26 fewer injuries recorded. Despite achieving industry-leading figures in this area, we recognise the need to continually improve and we will not be satisfied until we eradicate harm in the workplace.

Keller's Inclusion Commitments bring together what we are doing across Keller to build a more diverse, equitable and inclusive workplace. During 2023, we introduced a new Inclusive Site Culture standard to enhance our culture at site, ensuring employees are not only physically safe, but feel psychologically safe, included and respected through measures such as inclusive personal protective equipment, and making reasonable accommodations for different cultural and religious identities.

Due to the breadth of our operations, including geographies and industry sectors, we recognise that we need to be vigilant to the risk of slavery in our supply chains. During 2023, the Board engaged outside legal counsel to review its approach to managing the risks associated with human rights in its operations and is taking proactive steps to drive awareness and compliance with our standards through the business and in our supply chain. For further information, please refer to our Modern Slavery and Human Trafficking Statement for the financial year ended 31 December 2023, which is available on our website.

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 4 March 2024

ESG and sustainability

Our role in building the foundations for a sustainable future

Keller's four Ps

Profitable projects

We innovate to support more environmentally sustainable construction, actively transforming our product portfolio to help our customers use fewer resources, reduce their carbon emissions and improve their environmental impact. Making sustainability core to our business helps differentiate us from our competitors and helps us achieve long-term profitability and growth.

Planet

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

For more information see page 62

GLOBAL INITIATIVES

Carbon reduction

We are committed to reducing the carbon intensity of our work and increasing the quality and granularity of our carbon reporting.

See page 63

KPI performance

CDP score		Absolute tonnes of CO_2e per £m revenue	
2023	2022	2023	2022
B	B	59	74

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 69

GLOBAL INITIATIVES

Safety

We are committed to improving the safety and lives of our workforce through the implementation of highly effective, usable programs. We take time to provide assurance that our processes work; for us it is a value, something that we do not compromise.

See page 74

KPIs performance

Accident frequency rate, per 100,000 hours worked		Total recordable incident rate, per 200,000 hours worked	
2023	2022	2023	2022
0.10	0.10	0.60	0.79

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 79

GLOBAL INITIATIVES

Good governance

We have 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.

See page 80

LOCAL INITIATIVES

Resource use and waste reduction

We continue to develop our solutions, processes and innovations to improve our impact on the circular economy.

See page 68

Tackling pollution

We offer solutions to remediate contaminated ground and operate in a way to mitigate environmental incidences.

See page 68

Clean water and sanitation

We offer solutions to reduce water use and avoid pollution, with a track record of working on water-related projects.

See page 68

Gender equality

Gender equality and empowerment is a UN Sustainable Development Goal we have committed to progressing.

See page 70

KPI performance

Women in senior leadership (%)		Women engineers (%)		Women engineering graduates and apprenticeships (%)	
2023	2022	2023	2022	2023	2022
20%	22%	17%	16%	25%	7%

LOCAL INITIATIVES

Quality education

We are passionate about investing in our people and creating an environment of continuous learning, empowerment and inclusivity.

See page 77

Good health and wellbeing

With strong wellbeing foundations, we can keep our business resilient and achieve sustainable success.

See page 75

Wider 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.

See page 70

LOCAL INITIATIVES

Partnerships

We partner with 'like-minded' organisations to drive change in our organisation and the wider geotechnical industry.

See page 81

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

Planet

Global priorities

Carbon reduction

Keller has net zero targets which cover our direct emissions (Scope 1), our indirect emissions from electricity use (Scope 2) and emissions from business travel, waste disposal and material transport (Scope 3 Operational). These targets represent Keller's commitment to the planet as we build the foundations for a sustainable future.

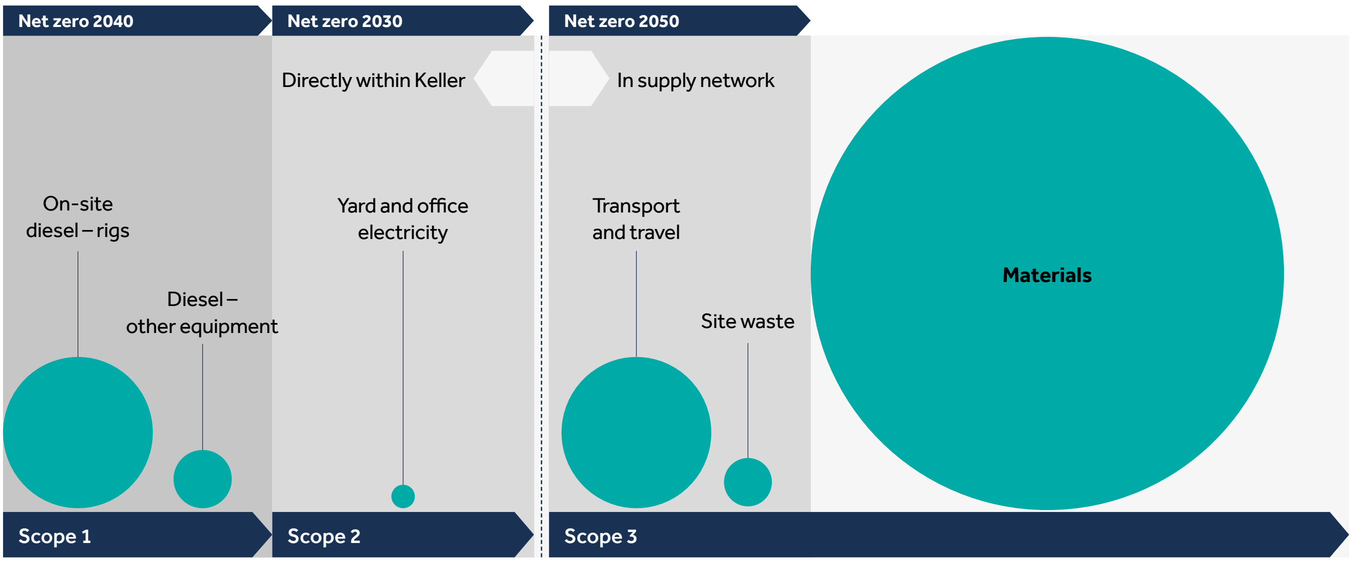
These absolute targets will help us mitigate future climate-related risks and recognise climate-related opportunities. We divide our emissions targets using the scopes set out in the GHG Protocol. These targets and our current performance are set out in the following section. The timeframe and lagging 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	Page 66
2	Net zero by 2030	Page 67
3[1]	Net zero by 2050	Page 67

1 Operational.

Relative size of our emissions (approximate)



CASE STUDY

Protecting NYC from future floods

Keller has played an integral role in a major project to raise part of New York's coastline and reduce the risk of disastrous floods.

Hurricane Sandy was the largest Atlantic hurricane on record, killing over 230 people in eight countries and causing $70bn in damage.

In the US, New York City was one of the places worst hit. The devastation prompted the city to urgently review its ability to cope with storm surges and rising sea levels exacerbated by climate change, leading to the launch of the $1.2bn East Side Coastal Resiliency (ESCR) project.

ESCR is the first step in the city's plan to protect Lower Manhattan and will create a 2.4-mile flood-protection system with new walls and gates, improved drainage and an elevated, reconstructed East River Park.

It's this ambitious 10ft elevation where Keller has played a key role, constructing around 2,500 aggregate piers to improve the soft coastal soils and enable redevelopment – the success of which led to us being awarded a second phase of 500 micropiles.

Ready to play our part

"This has been a hugely significant project in terms of its size, complexity and the impact it will have on millions of people," says David Finocchio, Business Development Executive. "Coastal resiliency is a massive, growing market of strategic importance to Keller, particularly here in the US Northeast.

"As leaders in our industry, we understand the responsibility we have to use our expertise and resources to support these kinds of projects.

"There's no doubt that many more large infrastructure programmes will be required in the US as the threat from climate change and extreme weather increases. And when they are, Keller will be ready to play its part."

ESG and sustainability continued

Planet

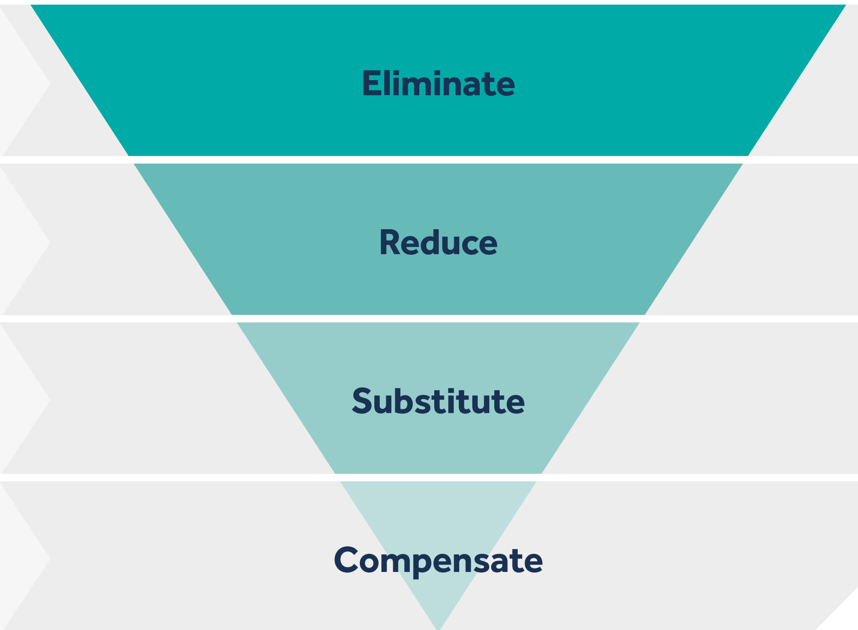
The carbon hierarchy

Eliminate emissions completely
eg eliminate concrete, cement and steel, Teams instead of travel

Reduce emissions
eg reduce number of piles and pile diameter, improve the efficiency of our processes

Substitute emission sources
eg low-carbon cements, recycled steel/aggregate, offices powered by renewable power

Compensate
eg carbon-negative solutions, carbon offsetting ('carbon credits')



CASE STUDY

First carbon-neutral excavation pit and foundations in Germany

We're driving a greener construction industry by helping our clients reduce the environmental impact of their projects through optimised designs, more sustainable materials and alternative power sources.

One such project is Hafenpark Quartier Offices, part of a landmark mixed-use development close to the European Central Bank, featuring luxury apartments, an office tower, hotels and conference facilities. The client, B&L Real Estate, wanted the project to have the first carbon-neutral excavation pit and foundations in Germany and so chose Keller in part because of our sustainability commitments.

"We started by taking the client's initial design for a secant retaining wall with cased CFA piling and ground anchors, along with micropiling and large-diameter foundation piles – then using our carbon calculator to demonstrate its carbon footprint," says Eva Reiners, Site Engineer.

The calculator is an app we use not only to work out the embodied CO_2e from materials, but also from machinery fuel use, transportation of equipment and people, waste disposal, site electricity and more. It follows the sector-standard approach of the European Federation of Foundation Contractors and Deep Foundations Institute.

"Taking the initial figures, our experts then optimised and value engineered the design," she adds. "This meant we could reduce the anchor layers required from three to two, by using single bore multiple anchors (SBMA) in the second layer, as well as switching to a lower-carbon cement mix."

The Keller team was able to make other environmental improvements by changing suppliers to reduce transport distances for materials and waste, using an electric concrete mixer and, at times, operating plant fuelled with hydrotreated vegetable oil. A solar panel was also set up to power the construction site facilities.

Thanks to our efforts, we were able to reduce emissions by 50% from B&L Real Estate's baseline. They can now build on those savings to achieve full carbon neutrality through investment in certified reforestation and other compensation methods."

Overall performance

This year, Keller's overall Scope 1 and 2 emissions decreased. This mostly reflects a change in projects, with fewer carbon-intensive projects, like bucket mixing environmental remediation. In terms of the carbon intensity of our operations, emissions relative to revenue continued to fall and even outpace inflation. This reflects the range of carbon reduction and efficiency improvements implemented throughout the year (see pages 66 and 67), as well as improvements in revenue. 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 Accenture. 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, Accenture 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 2023, we achieved a score of B. This is the same as in 2022, with Keller remaining above the global average CDP score of a C. Since this CDP score reflects our progress in 2022, the score does not include our progress on quantitative 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 48 to 58.

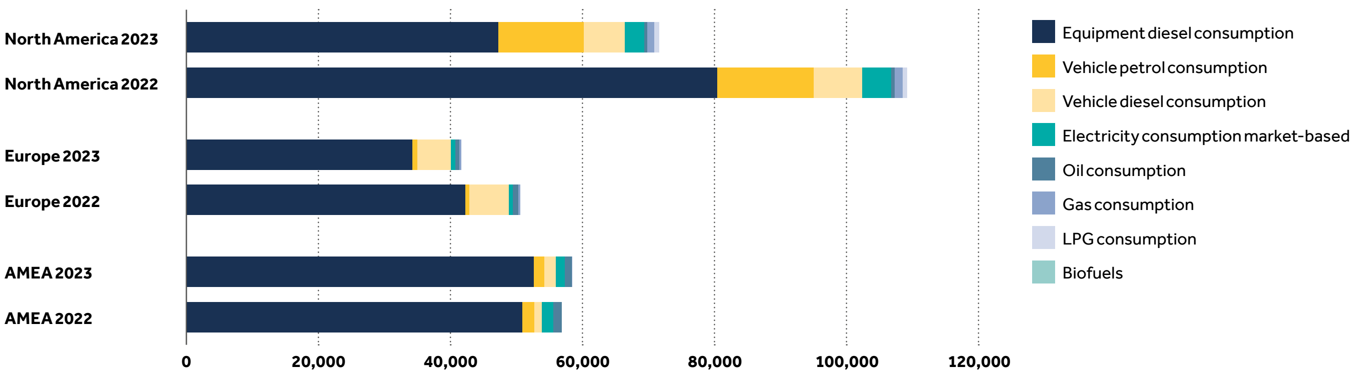
Overall performance and verification

Group	2023	2022	2021	2020	2019
Energy use MWh	**732,612**	897,717	741,579	691,074	811,881
Scope 1 tonnes CO_2e	**171,184**	210,186	183,112	169,216	198,289
Scope 2 (market-based) tonnes CO_2e	**4,764**	6,593	6,574	7,091	
Scope 2 (location-based) tonnes CO_2e	**6,492**	6,913	6,723	7,094	9,159
Total Scope 1 and 2 (market-based) tonnes CO_2e	**175,948**	216,779	189,686	176,307	
Total Scope 1 and 2 (location-based) tonnes CO_2e	**177,676**	217,099	189,835	176,310	207,448
Absolute tonnes of CO_2e per £m revenue	**59**	74	85	85	90

Keller UK	2023	2022	2021	2020	2019
Energy use MWh	**18,022**	20,673	19,699	12,949	16,724
Scope 1 tonnes CO_2e	**4,202**	4,790	4,961	3,033	3,915
Scope 2 (market-based) tonnes CO_2e	**0**	0	0	218	
Scope 2 (location-based) tonnes CO_2e	**105**	117	69	219	265
Total Scope 1 and 2 (market-based) tonnes CO_2e	**4,202**	4,790	4,961	3,251	
Total Scope 1 and 2 (location-based) tonnes CO_2e	**4,307**	4,907	5,030	3,252	4,180
Absolute tonnes of CO_2e per £m revenue	**34**	38	50	53	64
Scope 3 business travel tonnes CO_2e	**974**	721	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 2023 and 2022 greenhouse gas emissions (tCO_2e)



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 2023 Scope 1 emissions have decreased since 2022. Scope 1 fuel emissions are highly dependent on the projects completed annually. With fewer projects in the US, as well as a drop off in our more carbon-intensive bucket mixing projects, Keller's overall emissions have decreased.

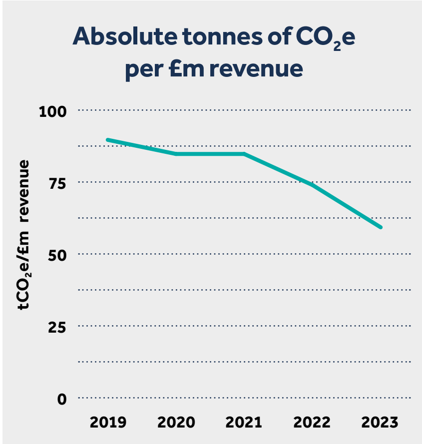
More importantly, the carbon intensity of our operations has decreased. This means we have continually decreased or maintained our Scope 1 emissions per £m revenue year on year since 2017. This reduction in relative emissions reflects a number of carbon reduction initiatives that were introduced this year. All these initiatives are needed to decouple our growing work from absolute Scope 1 emissions. Our initiatives are focused around the three stepping stones set out in our equipment decarbonisation strategy: efficiency improvements, alternative fuels and alternative equipment.

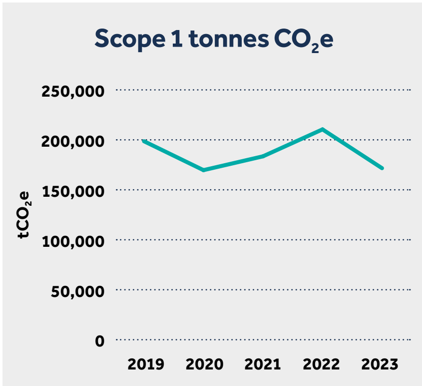
In terms of efficiency, 2023 saw us collate and share case studies on fuel savings from across the Group. For example, ASEAN conducted an initiative to compare actual fuel use of generators with the expected factory specification. This led to them changing out the most fuel-intensive generators for those that were more efficient, saving fuel, carbon and money. Other case studies focused on topics such as right-sizing equipment for our projects, or switching to smaller generators/grid electricity.

In terms of alternative fuels, in 2023 we set out a specific budget to trial biofuels in more entities across Europe and North America. This means we can now offer certified biofuels to clients who are willing to pay a premium for a lower carbon project. These also represent a stepping stone to decarbonise our existing equipment, before we are able to switch to alternative equipment.

In terms of alternative equipment, at the half year we announced the production of our first electric rig, the KB0-E. This has successfully been deployed in Austria. As well as decreased emissions, the KB0-E has additional benefits to being run off of mains power, including reduced noise, fewer moving parts for maintenance and, with no tailpipe emissions, an ability to use it in confined spaces. We also hired two other plug-in electric rigs for projects in Sweden, Norway and Austria, for the same price as their diesel equivalents. All the rigs we produced in 2023 were electrohydraulic or fitted with the latest tier 5 engines.

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 introduced a company car reward scheme for those choosing electric and hybrid vehicles. In many of our European business units, we continued to set minimum car scheme requirements to improve air quality and reduce emissions.





CASE STUDY

Delivering on our carbon targets in India

Keller India has created its first net zero Scope 2 yard after efficiency improvements and solar panel installation in Delhi.

In the first quarter after installation, the Delhi system produced net-negative Scope 2 emissions. The success follows lessons learned from the earlier installation of solar panels at the Chennai yard.

When solar power generates more energy than the yards need, the systems send the excess to the grid.

Thanks to efficiency improvements reducing their electricity demand, feed-in tariffs mean Keller India saves thousands of pounds a year on its energy bills, with a return on investment forecast within a few years.

The maintenance yards contribute 30% of the business unit's Scope 2 emissions, which includes all indirect emissions from purchased energy. Combined, the solar panels in Keller India's Delhi and Chennai yards generate 74,000kW a year, saving around 51 tonnes of CO_2 equivalent (tCO_2e) – the same as a petrol car driving more than 200,000km.

Globally, Keller is committed to becoming net zero for Scope 2 emissions by 2030. Keller India is playing its part, reducing Scope 2 emissions from 246tCO_2e in 2019 to 160tCO_2e in 2022. Together with other energy-saving improvements, the solar panels will help bring that figure down to zero by the end of the decade.

Keller India has worked hard to cut their emissions and create our first net negative yard for Scope 2. Rather than simply switching to a green energy tariff, they have had to improve the efficiency of their operations and invest in solar panels for the future."

Venu Raju
Engineering and Operations Director

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, although 2023 also saw our first large sites run entirely from grid electricity. Nonetheless, Scope 2 is still the smallest of Keller's three emission Scopes. Since these emissions do not significantly vary with the number of projects carried out, we only analyse absolute Scope 2 emissions. Location-based emissions are dependent on the average carbon intensity of energy generation in the countries in which we operate. Market-based emissions use the specific energy tariff for each of our offices and maintenance yards and therefore captures green energy tariffs.

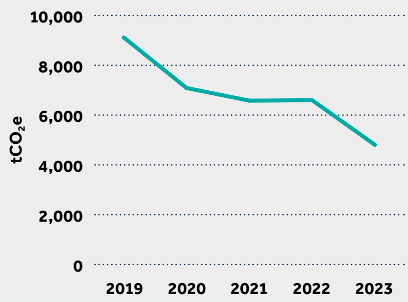
This year, Keller linked leadership remuneration to a 38% reduction in market-based Scope 2 emissions, based on our 2019 baseline year. This target reflected a further 10% reduction on 2022. This was successfully achieved, with Keller seeing a 48% reduction on our baseline.

This continued decrease demonstrates the success of our Scope 2 decarbonisation strategy. It also reflects the work of "Team Planet" volunteers across Keller, taking steps to improve their own offices, maintenance yards. and sites.

Most of these savings came from the work of Suncoast, our specialist post-tension steel specialist, which now represents approximately a quarter of all the Group's Scope 2 emissions. Through efficiency improvements and switching to green energy tariffs, they reduced their emissions by nearly 1,000tCO_2e in 2023. The growing difference between location-based and market-based Scope 2 emissions reflects how some of our business units, particularly in North America and Europe, are now procuring certified renewable power electricity for the first time.

Where green tariffs are unavailable, such as in much of AMEA, business units focused on efficiency improvements and generating their own electricity. For example, in 2023, Keller India installed over 35kWh's worth of solar panels in their new Delhi yard; when coupled with air conditioning and lighting upgrades, this yard was net negative for electricity use throughout the end of the year, contributing more electricity to the local grid than they consumed themselves. Austria, Austral, Poland and the UK also all generated their own renewable energy using solar panels. Note all these efficiency initiatives come with short or medium term payback periods.

Scope 2 (market-based) tonnes CO_2e



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. UK Scope 3 business travel has continued to increase since 2022, particularly as processes have been centralised and Group Head Office grows to incorporate the ERP team.

We do not currently calculate or disclose our wider Scope 3 emissions. However, 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 develop our Operational Scope 3 decarbonisation strategy. For our offices, this means encouraging the use of video calls to reduce the need to travel between offices.

For personal vehicles, we have introduced air quality requirements, with North America introducing financial incentives for employees that choose electric or hybrid vehicles on the company car scheme, On our sites, we also have initiatives such as 5S and containerisation to reduce the number of trucks needed to mobilise and demobilise our equipment.

For Materials Scope 3, we used workshops throughout 2023 to set out our short, medium and long-term material decarbonisation initiatives. Keller looks to reduce Materials Scope 3 emissions by designing ground improvement solutions rather than heavy foundations and optimising designs for less and lower-carbon materials.

However, 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. Using 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, as of 2023, we have 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.

ESG and sustainability continued

Planet

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 we have a number of projects to improve these impacts. In 2023, we contributed to cross-sector research and development of a circular economy guide for geotechnical companies. Critically, this shares good practices that all geotechnical companies can adopt to improve their impact on the circular economy. This will help the whole sector understand their current circular economy impacts and meet upcoming legislation in this space.

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.

More details on what we ask of our supply chain in terms of waste reduction can be found in our Supply Chain Code of Business Conduct.

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 and allow the reuse of grout-filled spoil.

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. More details can be found in our biodiversity policy.

Whilst as subcontractors we have limited control on biodiversity on site, multiple business units continue to engage with local organisations and wildlife trusts to promote local biodiversity. Nonetheless, for our own operations on specific projects, 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 are engaging with our trade associations to highlight upcoming legislation and best practices for the geotechnical sector.

Water use

This year, we introduced a new local initiative focused on water use. This reflects both our work on water-related projects, as well as our own initiatives to reduce water use and avoid water pollution.

In terms of our solutions, we work on a number of water-related projects around the world. From installing the foundations of flood defences to grouting around dams, Keller is involved in many projects to help mitigate the effects of drought and sea level rise. This work will only increase with the physical risks and opportunities arising from climate change. We also offer solutions to help remediate contaminated ground water. This includes solutions such as slurry cut off walls, as well as innovations like our Halocrete® grouting solution.

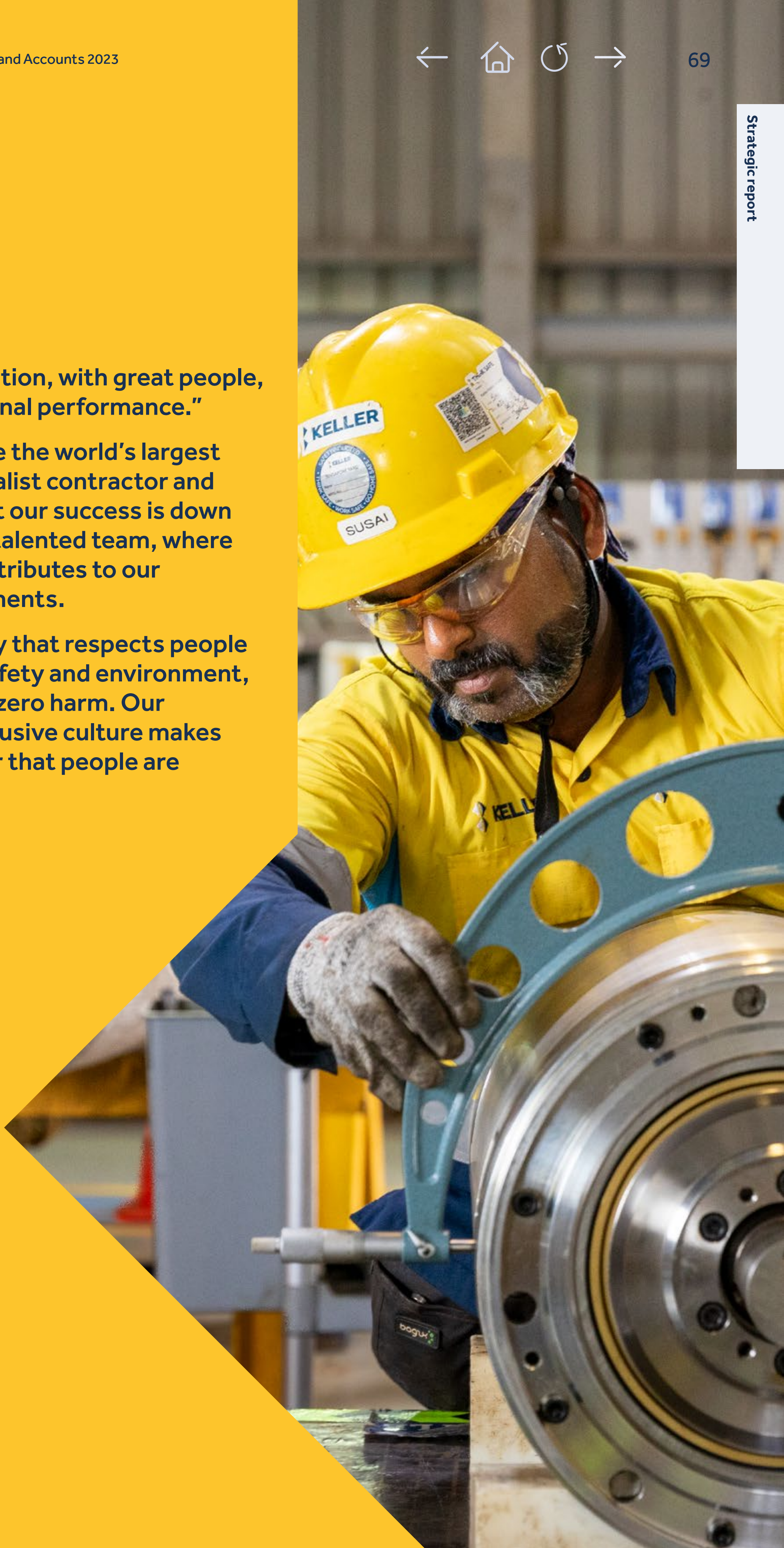
When it comes to our own operations, we focus on water reduction on key projects and countries where water is less available. We have a Keller employee in Keller Bahrain carrying out a PhD focused on water reduction in our design and site operations. Similarly, we are also contributing to cross-sector trade association work on water reduction, highlighting upcoming legislation and best practices in our sector.

People

“The right organisation, with great people, delivering exceptional performance.”

Keller is proud to be the world’s largest geotechnical specialist contractor and we understand that our success is down to our diverse and talented team, where each individual contributes to our collective achievements.

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.



ESG and sustainability continued

People

5 GENDER EQUALITY

10 REDUCED INEQUALITIES

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

01

Conscious Leadership

Improve accountability through inclusive and conscious leadership.

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

02

Listen

Listen and engage with our workforce.

Through employee-led affinity groups and workforce engagement opportunities.

03

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.

04

Evolve

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

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

05

Partner

Partner with 'like-minded' organisations through inclusivity.

To drive necessary change in the industry.

06

Celebrate

Celebrate our differences and all that unite us.

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

Progress in 2023

Our focus during 2023 has been on enhancing site culture and building equity into our workforce policies and practices.

To ensure the positive effects of inclusion and equity are felt on the ground, it was agreed that we focus on enhancing site culture. This means addressing the gender inequities that exist on site and doing all we can to ensure our people are not only physically safe, but feel psychologically safe, included and respected.

We continue to listen to our workforce through employee engagement surveys and focus groups to understand how we can continue to evolve as the employer of choice in our industry.

Diversity, equity and inclusion: Recent progress

Notable progress during the course of 2023 is summarised below under each of our Inclusion Commitments:

Conscious Leadership

- As part of Global Safety Week, delivered suicide awareness and prevention training to extended leadership team with toolbox talks for field colleagues.
- Keller Australia strengthened relevant policies and procedures on bullying, harassment and discrimination with relevant toolbox talks, and conducted remote location risk assessments to ensure our people continued to be safe on site.
- ASEAN delivered a training and awareness programme on micro-inequities with the aim of fostering inclusivity.
- North America delivered LGBTQ+ training to the divisional leadership team.
- Europe continued to drive progress through localised action plans to maximise impact and cascaded wellbeing leadership training to the broader European workforce.

Listen

As part of our commitment to continue to understand what is important to our underrepresented workforce, we actively support the creation of employee-led networks. Keller Women in Construction (KWIC) brings together women and allies from across the organisation to promote inclusiveness, foster a supportive working environment and boost career development.

- KWIC AMEA established a divisional mentorship programme with relevant guides and resources to navigate the mentoring relationships. In addition, the committee facilitated an allyship webcast across the division which included participation from the senior leadership team.
- KWIC North America have focused on four key initiatives during the year, including: promoting professional development (both internally and industry-wide), creating an internal women's network to enhance corporate culture, supporting efforts to increase the recruitment and retention of women, and engaging with local communities through outreach efforts. Focus groups with women on site were conducted and action plans established to address issues raised.
- KWIC Europe launched and promoted a new intranet site to connect colleagues and provide them with opportunities to collaborate across the division. The committee also continued to raise the profile of KWIC at various divisional events and spotlight inspirational female colleagues. To inspire and empower colleagues, the committee hosted two webcasts: 'Imposter Syndrome', and 'Personal Development Unlocking Potential'.

Empower

- A new Inclusive Site Culture standard with related guidance was developed to address specific gender inequities on site such as inclusive personal protective equipment, access to lockable toilet facilities for both men and women, and lactation facilities for mothers who return to work if needed. The standard also highlights minimum requirements for welfare and hygiene facilities and how sites can make reasonable accommodations for different cultural and religious identities.
- Specialist development programmes were initiated to support women in North-East Europe and South-East Europe and Nordics.
- To promote health equity, colleagues in UA and Oman attended Women's Health Awareness events and we introduced health screening services for colleagues in UAE.
- Colleagues continued to support local communities across the globe. For example, Keller Malaysia refurbished facilities and raised vital funds for Ahsana Welfare Centre, a charity in Kuala Lumpur that provides education, care and protection for women with special needs, and delivered talks on general health and safety as well as sexual harassment and bullying. North America engaged with several charities throughout the year including US Marines' Toys 4 Tots to support families during the festive period and the Susan G Komen Foundation in support of breast cancer awareness.
- As part of Inspiring Women in Construction and Engineering, our Group Head of Talent and Diversity joined a mentoring programme with Construction News and New Civil Engineer to support women entering the field of engineering.

Evolve

- Established a global PPE project team with divisional representation to ensure all colleagues have access to inclusive PPE. Externally we have engaged with manufacturers and providers, and together with an external peer network, continue to influence change in the industry.
- Established a Global Talent Task Force to identify and address challenges on attracting and retaining talent with an initial focus on our emerging workforce (including engineering graduates and apprentices).
- Keller Australia reviewed and updated their parental leave policy to ensure inclusivity of all parents.

Partner

North America actively focused on sponsorship and partnerships, such as:

- Sponsorship for Women in Deep Foundations Institute events.
- Ambassador sponsorship for Construction Inclusion Week.
- Partnership with Revolution Workshop who support the pipeline of entry-level field staff from underrepresented backgrounds. The organisation provides construction workforce development opportunities through a 12-week pre-apprentice programme for unemployed or underemployed people.
- Partnered with Bridges to Prosperity to raise funds for the work they undertake in isolated communities which create access to essential health care, education and economic opportunities.
- Engaged with Girls in the Game interviews to support underprivileged high school women with mock interviews and to share experiences in the professional world.
- Continued to engage and build strong relationships with key universities and trade schools to appeal to emerging talent.

Celebrate

- Keller Singapore received the prestigious Workplace Safety & Health (WSH) Culture of Acceptance, Respect and Empathy (CARE) Award by the WSH Council and Ministry of Manpower. The award recognises companies with exemplary safety and wellbeing initiatives and highlights them as the employer of choice.
- We continued to celebrate some of the key events, observances and causes important to many of us across the Keller world, including Lunar New Year, International Women's Day, International Men's Day, Ramadan, Eid ul-Fitr, Earth Day, Pride Month, Global Day of Parents, International Women in Engineering Day, Eid ul-Adha, World Suicide Prevention Day and Rosh Hashanah to name a few.

ESG and sustainability continued

People

CASE STUDY

Inclusive Site Culture standard

Keller launched a new Inclusive Site Culture standard in 2023 as part of our ongoing commitment to ensuring everyone feels safe, included and respected when they work on our project sites.

"Following feedback we received from women on site focus groups, we identified a number of areas of improvement," says Sandy-lee Connolly, Group Head of Talent and Diversity.

"Specific gender inequities we are addressing relate to personal protective equipment (PPE), access to lockable toilets for both men and women, and a private, clean space for lactation purposes for mothers when they return to work."

One way Keller is making improvements is by better supporting the growing number of women working on our sites and ensuring PPE is suitable. PPE is still largely designed with men in mind, meaning it might not perform correctly, and sourcing appropriate PPE is challenging in our industry.

A pan-global PPE project team has been set up to understand which regions present the biggest challenge. They are working with procurement, manufacturers and suppliers to test safety gear, give feedback and partner to continue driving change in our industry.

The standard also highlights minimum requirements for welfare and hygiene facilities and how sites can make reasonable accommodations for different cultural and religious identities. And, to ensure collective progress, we have embedded the standard requirements into our HSEQ assurance plan, site verification audits and leadership interactions.

"We want everyone at Keller to feel empowered to deliver their best work," adds Sandy-lee. "So, we are working hard to make sure everyone feels safe, valued and respected regardless of gender, abilities, culture, religion or stage of life. We know those who feel included and listened to perform better, creating a more productive and safer workplace for all."

Our inclusion and diversity data – measuring and evaluating our success

To hold us accountable in our progress to achieving greater inclusivity and diversity 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, supported and valued. The data points alongside relate to inclusion and are based on surveys undertaken in sixteen businesses to date.

In addition, we examine exit interviews to identify common themes that may need addressing. To boost retention rates, we will be piloting stay interviews to gauge colleagues' sense of workplace satisfaction and motivation.

Keller respects individual differences

82%

(2022: 78%)

I can voice a contrary opinion without fear of negative consequence

73%

(2022: 70%)

Gender diversity

Representation matters and our ambition is to build more balanced teams. We continue to measure and monitor gender diversity throughout our organisation to identify where additional focus is needed to attract and retain a more diverse group of talent.

Overall, female representation remains similar to 2022 with the exception of the Board which has achieved a 50/50 gender split with the appointment of Annette Kelleher as Non-executive Director in 2023. In addition, the intake of engineering graduates and apprentices has improved, with North America representing the most significant year of growth. The division developed new strategies to widen talent pools which included the implementation of a diverse and engaging recruitment platform, together with the delivery of a successful employee referral programme. Female representation in the engineering population continues to increase year on year due to accelerated efforts to cultivate relationships with key universities and schools and through relationships with organisations such as Revolution Workshop which has provided our North America Division with diverse talent. Keller will continue to focus on bringing people into geotechnics from a wide range of backgrounds to ensure it has a healthy pipeline of skills for the future.

We recognise that there is still a lot of work to do to increase the pace of change. With our DEI strategy in place, we are targeting incremental change over the longer term, which includes:

- Evolving the Keller culture where inclusion and respect are key leadership behaviours.
- Implementing a new global performance development process to support the progress and performance of our people, allowing for more connected conversations and enabling colleagues to perform at their best.
- As part of our Unearthing Potential programme, identifying female top talent within the business and ensuring robust development plans to support their growth.
- As part of our commitment to enhance site culture, ensure business units are making progress against our Inclusive Site Culture standard which addresses specific gender inequities.
- Launching a global Engineering Respect for Safer Tomorrow campaign that equips our field leadership teams and workforce with the skills and knowledge to drive positive behaviours and prevent harmful behaviours on site including bullying, harassment and discrimination.
- Formalising career paths so there is clarity on career progression and which will also provide fair opportunities for advancement and compensation.
- Strengthen our employer brand through a newly established global talent task force.
- Launching an 'All-in' allyship programme to foster inclusion and create a more welcoming, respectful and supportive atmosphere that values diversity.
- Strengthen our reporting framework through the delivery of a global HR information system which would allow us to capture wider diversity data.

	2023		2022	
Female representation	**No**	**%**	**No**	**%**
Board members	**4**	**50%**	3	43%
Executive Committee	**2**	**20%**	2	22%
Global leadership team	**7**	**15%**	7	13%
Engineers	**280**	**17%**	274	16%
Engineering graduates and apprentices	**35**	**25%**	8	7%
Total workforce	**1,099**	**12%**	1,130	12%

Notes:
- All data as at 31 December 2023.
- Global leadership team excludes Executive Committee members.
- Engineers includes Engineering, Project Management, Business Development and Estimating workforce.

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. Specific emphasis has been on strengthening the top of the organisation with experienced project managers.

The industry suffers from a lack of female representation with fewer women entering at graduate level and even less so working on sites. 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 attract younger generations to consider a career in geotechnics.
- Undertaking annual assessments to ensure gender pay parity.

Mean UK gender pay gap:

30.64%

(2021/22: 23.1%)

Median UK gender pay gap:

30.60%

(2021/22: 15.1%)

Mean bonus gender pay gap:

60.80%

(2021/22: 47%)

Median bonus gender pay gap:

47.81%

(2021/22: 37.9%)

ESG and sustainability continued

People

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).

- Continued to make improvements to our AFR (0.1) and TRIR (0.6).
- Introduced new Group HSE standards to the organisation.
- Undertook 11 week-long business unit assurance assessments to understand compliance to our standards.
- Introduced a new method of reporting hazardous conditions and behaviours at site.
- Further enhanced the functionality of our field application InSite to accommodate all aspects of the project safety planning process.
- Began the process of introducing vehicle telematics to Keller-owned vehicles.
- Installed back-up and blind side cameras on all Keller rigs with cabs.
- Safety week.

CASE STUDY

Keller Singapore wins top wellbeing award

The country's Workplace Safety and Health Council has recognised Keller as an employer of choice for its exemplary approach to mental health and wellbeing.

While Singapore is renowned for its demanding work culture, Keller has long recognised the importance of promoting employee welfare. A wellness committee was set up in 2015 and, along with the safety team, has been very active ever since, running a wide range of health, safety and wellbeing activities.

Those efforts were recognised at the government's Workplace Safety and Health Council Awards 2023, with Keller winning the Culture of Acceptance, Respect and Empathy (CARE) Award.

"Winning this prestigious national award reaffirms that we're on the right track and helps to energise our passion and belief," says Seah Yeow Teck, General Manager.

"Keller Singapore believes in Keller's own wellbeing framework of Body, Mind, Community, Growth and Financial Security. The journey is not always smooth sailing but our team has been pushing on, strongly believing in the positivity that it brings."

Over the years the wellness committee and safety team have organised group exercise sessions, lunchtime games and a wide range of other activities. Employees also benefit from educational sponsorship and wellness-focused training, such as psychological first aid.

To win the award, Keller had to provide evidence of the company's safety, health and mental wellbeing programmes and how they increase the performance and awareness of the workforce.

The Workplace Safety and Health Council is a statutory body that works closely with the industry, unions, professionals, trade associations and other government agencies to raise health and safety standards.

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.

Building on our strong foundation of keeping our people physically safe, we have increased our focus on all aspects of people's health and wellbeing.

Our Foundations of Wellbeing

Community
"Being connected – building positive relationships with each other and our communities"

Our goal
To build a sense of belonging in the workplace and create opportunities for shared positive experiences

Body
"Being at your best physically by keeping fit, eating and sleeping well"

Our goal
To encourage balanced and healthy lifestyles and the ability to thrive in life

Financial security
"Being financially fit – managing your money well for greater security"

Our goal
To provide educational tools and resources to help everyone manage their day-to-day finances and prepare for the future

Mind
"Being emotionally healthy and resilient – positive attitudes to life and its challenges"

Our goal
To create an environment to support everyone's mental health and resilience to life's events

Growth
"Being empowered and supported in your career – positive work experiences that produce pride, fulfilment, meaning and happiness"

Our goal
To encourage career conversations and growth opportunities that help everyone reach their full potential

Our priorities for 2023:

Building on our strong foundation of keeping our people physically safe, we have increased our focus on all aspects of people's health and wellbeing.

Mental health and resilience training for leaders

As part of Suicide Prevention Day, we delivered a training webcast to the extended leadership team which emphasised the importance of mental health and resilience. The training offered practical tips on how to create the right conditions to optimise personal and team performance. It also focused on how to spot and respond to warning signs relating to suicide.

Wellbeing as an enabler of performance

Creating an environment that prioritises the wellbeing of our entire workforce is fundamental for successfully implementing performance programmes throughout the organisation. An essential element of this foundation involves focusing on our leadership team, as they play a pivotal role in establishing a common understanding and direction for all business unit leaders. To support this objective, the business unit leadership received a presentation focused on providing guidance tailored to enhance performance. This presentation was centred on internal quantitative data, aimed at equipping leaders with the insights needed to enable and optimise performance within their respective businesses.

Global Health Challenge

Following the success of the initial launch in 2022, we re-engaged with the Global Health Challenge during the year.

The challenge was an opportunity to support colleagues, globally, in improving their physical and mental health and wellbeing. As part of the extended programme, participants could also choose to take part in personal mini challenges focused on reducing stress, acting sustainably and building relationships.

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

Testimonials from colleagues:

"The programme has helped me get back to ME!"

"It has made a difference to my lifestyle. When it launched I started walking daily, have joined the gym, have been doing physical activity regularly, and maintained a balanced diet."

"The support I have received from my team has helped me to keep going and do more every day. I have felt more energetic in my work and able to concentrate better, so it has clearly made a difference."

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

75%

(2022: 75%)

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

75%

(2022: 75%)

The data points for 2023 are based on surveys undertaken in five businesses units in 2023.

CASE STUDY

The funky shirts starting a conversation

Keller Australia is helping colleagues kickstart conversations about mental health – and it's all down to some eye-catching workwear...

Visit a Keller Australia project site and you shouldn't have a problem finding our people. That's because they're now kitted out in some vibrantly coloured, flamboyantly patterned workwear.

Created by TradeMutt, the loud and funky shirts and hi-vis vests are about more than just adding a splash of fun to the work environment; they're designed to provoke discussions about mental health and prompt those who need it to get support. "We've been focusing on mental health at a local level for some time now, but it's not easy," explains Nigel Brockman, Queensland State Manager. "People in our industry are often reluctant to talk about this kind of stuff. And until you've been there and experienced it, most don't fully appreciate the importance of having conversations without judgement.

Breaking down barriers

Nigel and his leadership team thought the shirts were an inspired way to break down those barriers, so decided to provide the state's site crews, workshops and office teams with the shirts.

Not only are the shirt designs eye-catching, they also come with the slogan 'This is a conversation starter' on the back, along with a QR code linking to TIACS, a mental health counselling service.

"Keller has a duty of care to all its employees and this is one way we can help people recognise the signs in themselves and their colleagues that they might need some support," he adds. "Every time I wear my TradeMutt shirt someone makes a comment or asks me about it. It opens the door to a conversation that could change, or even save, a life. That power can't be underestimated."

4 QUALITY EDUCATION

Quality education

We believe everyone has something to contribute to the success at Keller. That's why we're passionate about investing in our people and creating an environment of continuous learning, empowerment and inclusivity that helps people reach their full potential. 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.

AMEA continued to focus on upskilling leadership teams to achieve higher levels of performance. In 2023, business unit leadership training sessions were held which focused on competencies for senior managers.

These were supplemented with modules focused on specific skills including Conflict Management, Conducting Performance Appraisals and Having Difficult Conversations.

To build on the Conscious Leadership programme which was deployed in 2022, the division designed a new Courageous Leadership programme to empower leaders to navigate challenges, make tough decisions, and inspire their teams in the face of adversity. Project Manager Academy sessions and Project Management workshops were provided throughout the year to upskill teams and equip them with the knowledge, skills and tools necessary to effectively plan, execute and oversee projects. Technical, safety and operational training continued be delivered for Operational teams. Sustainability, mental health and wellbeing training programmes and workshops were delivered to educate and support colleagues across the division.

Our Europe Division delivered a range of Keller Academy training programmes including a two-week training session for senior leaders, and an entry-level leadership training programme. Keller's Counsellor Sales Process, which seeks to increase Keller's capability in winning higher quality work from clients, was executed. A Geotechnical Construction Project Management Training programme is under development with a planned pilot mid-2024. Work to enhance Commercial Training is being developed and will be introduced in 2024.

Further training courses are provided through the European Learning Management Platform and the business units in local languages. Evaluations show that all the offerings have been well received by participants and have helped improve their skills.

North America established a Learning and Development Steering Committee, who have supported efforts to identify high priority learning requirements and to communicate availability of targeted learning resources to meet those needs. In partnership with Engineering and Marketing, the Learning and Development team launched the Technique Training Library, designed to help technical talent learn more about the various geotechnical techniques that the organisation delivers on. In 2023, the division delivered two Foundations of Leadership programmes, launched one Project Manager Academy and one Field Leader Academy. In addition, we are continuing to enhance and develop our Mentoring Program, investing time and development with Power BI for reporting on learning and development, engaged field leaders to grow and develop our training for field and field management, putting a large focus on identifying and developing our upcoming talent. North America has also developed an orientation video, which has been added to their onboarding programme.

ESG and sustainability continued

People

Emerging talent

We are committed to developing our future talent pipeline of leaders and geotechnical specialists and continue to invest and equip our people with the skills and knowledge to drive the organisation forward with an ever-changing complex market.

Keller has continued to focus 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 through technology platforms that allow us to engage with candidates earlier in the process; relationships with organisations such as Revolution Workshop have all provided us with diverse talent. During 2023, North America established a 6% increase overall for Asian hires for entry-level full-time engineers, interns and co-ops. The division also had a 3% increase in Black hires in 2023. A major factor in the increase is as a result of the division's continued success at targeting and following through on DEI initiatives, having established employee resource groups that partner with recruiting, and enhancing our benefits to attract diverse employees around North America.

Keller India developed a geotechnical scholarship programme in partnership with Bhumi, whose aim is to drive social change through educational opportunities for young adults. The scholarship will empower 15 students with their postgraduate studies in geotechnical engineering.

Global product teams

Keller's global product teams focus on sharing improvements, innovative solutions and product-specific knowledge around the world through the delivery of a monthly educational webcast and in-person events. Regularly collaborating with experts across Keller enables us to discuss and progress specific technical topics in detail, making sure our skills and offering is safe, economical, sustainable and offers market-leading technologies to our customers.

During 2023, we expanded our ways of working and collaborating with local global product teams and divisional product teams across all divisions. This enabled us to leverage global expertise to provide local solutions with excellence.

Developing digital workflows and tools improved production processes and enables us to deliver work well and on time. With a strong commitment to sustainability, we continued to deploy electric rigs and source alternative products and solutions which are more aligned to our sustainability aspirations.

Geotechnical community

In addition to upskilling and providing learning opportunities to our workforce, 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.

Keller employees maintain close contact with tier 1 universities to share best practice and undertake research projects to develop new and innovative products, materials and design approaches. This enables us to be at the forefront of technical advancements and allows us to position ourselves as the employer of choice in our industry.

CASE STUDY

An award-winning safety programme

Keller has won two prestigious industry awards for its Step Forward for Safety (SFfS) programme, which has helped our UK Business Unit achieve a year-on-year reduction in incidents.

SFfS picked up a Gold award for Best Innovative Health & Safety Campaign from the European Federation of Foundation Contractors, as well as being recognised by the UK's Federation of Piling Specialists in their Safety Innovation category.

Launched by Keller UK in 2018 in partnership with Active Training Team (ATT), SFfS is a behavioural-based and cooperative programme that goes beyond corporate policies and protocols to improve the cultural approach to safety.

"It's about encouraging individuals at every level to take responsibility for safety and what happens on site," says Simon Jones, HSEQ Director (Europe). "During an engaging day-long event, away from the usual working environment, SFfS gives our people a basic understanding of human psychology, explores why we react the way we do in certain situations and guides them through example scenarios of how incidents occur. Importantly, it also looks at where opportunities are missed to intervene."

Practical tools for improving safety

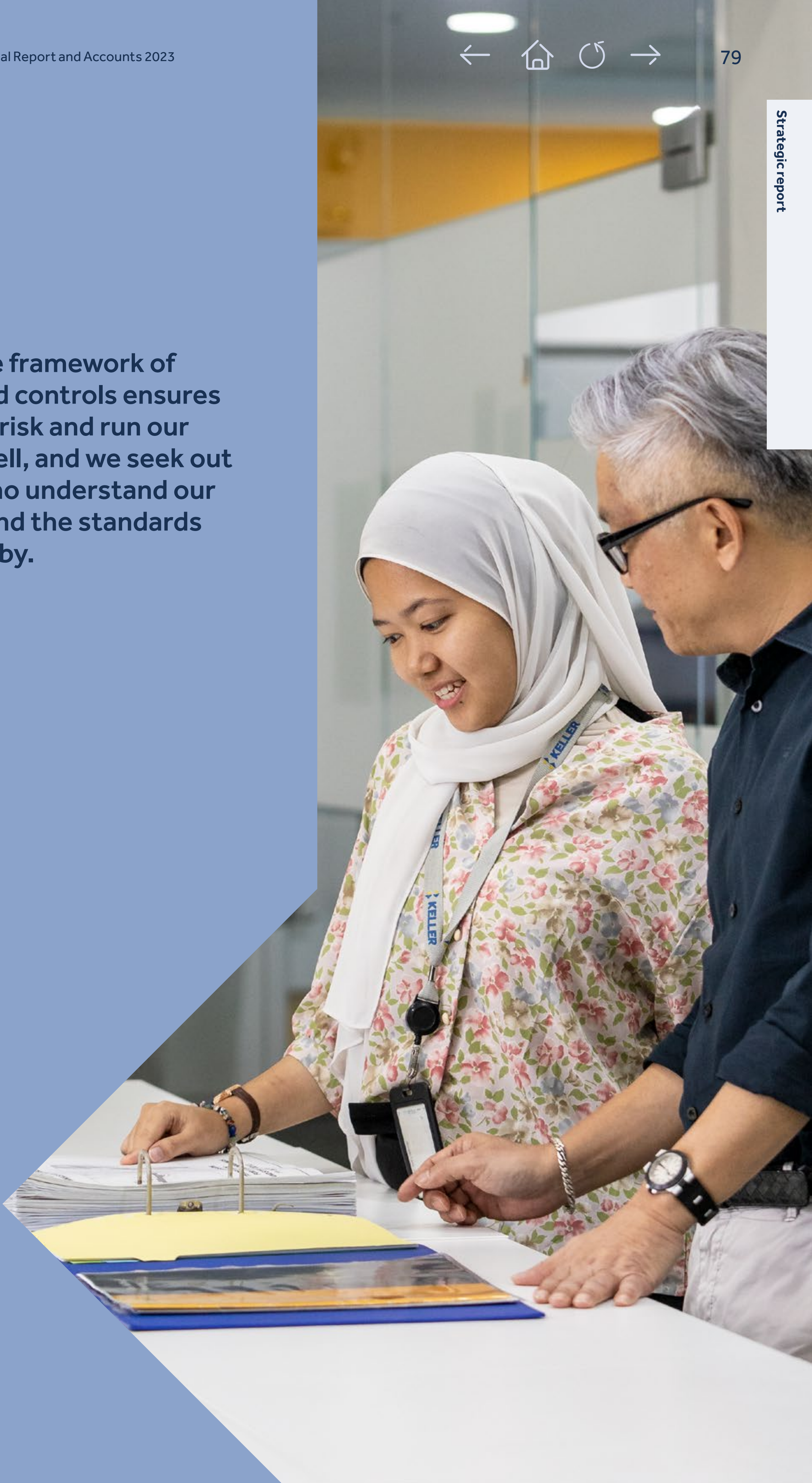
Each session, delivered by ATT, features no more than 15 colleagues – all in different roles and with varying levels of experience – and is overseen by a Keller HSE facilitator and senior leader. After the session, colleagues come away with a common language for talking about safety, practical tools they can deploy and the confidence to speak up when they see things that might not be right.

Over the past five years more than 1,000 individuals have taken part in SFfS, including everyone at Keller UK, a number of colleagues in other business units, key suppliers, joint venture partners and even some clients. Plans are now in place to roll out the programme in Germany.

"We're delighted to win these awards, which are recognition of the significant impact Step Forward for Safety has had," says Simon.

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.

Principles



ESG and sustainability continued

Principles

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

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 and rigorous internal framework of systems and controls is in place which clearly defines authority and accountability and promotes success whilst appropriately managing 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, modern slavery and human trafficking statement and our new Human Rights Policy, 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 Supply Chain Code of Business Conduct and policies.

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 anonymously any instances of poor practice safely through an independent provider.

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 2023 identified any systemic issues or breaches of our obligations under the Bribery Act 2010. The Anti-Bribery and Anti-Fraud Policy, which was reviewed and updated during the year, is supported by periodic audits and reminders.

Governance and oversight

We recognise that assurance over our business activities and those of our partners and suppliers is essential. In 2023 our employees completed mandatory training on competition law compliance, data privacy, the Code of Business Conduct, and prevention of facilitation of tax evasion. You can read more about our risk management framework and principal risks from page 36 onwards.

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 (the '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, our tax strategy and our Supply Chain Code of Business Conduct, all of which are available on our website.

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

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

17 PARTNERSHIPS FOR THE GOALS

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 such as 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.

Keller encourages its employees to support a range of charities, and has long committed to pledging to a charity the same value (up to £2,000 per annum) of any funds raised by an employee.

We again supported The Brilliant Breakfast in 2023 with an increased donation of nearly £15,000. 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 Sustainability Committee on page 108.

CASE STUDY

Activity challenge raises funds for Ukrainian colleagues

Fundacja KELLER

Our charitable arm – the KELLER Foundation (Fundacja KELLER) – continues to provide support to colleagues and their families affected by the war in Ukraine.

At the outbreak of the conflict, our team in Poland acted quickly to help affected Keller employees and their families. Since then, the foundation has helped 29 families relocate to Poland, Latvia and Estonia, and each month helps them pay for housing, food, clothes, heating and education.

To support the foundation and raise much-needed funds, Keller ran an activity challenge for colleagues and their friends and families.

Using the Virgin Pulse health and wellbeing platform, teams from across the Keller world tracked activities such as running, cycling and gardening, for eight weeks. These were then converted to steps and distance travelled.

22,000 miles and 44 million steps later, Keller was delighted to donate £30,000 to the foundation in recognition of our colleagues' commendable achievements.

"This incredibly successful challenge is a wonderful gesture by the Keller community," says Michał Nowakowski, HSEQ Director North-East Europe, who sits on the foundation's board. "The money raised will provide valuable assistance to these families for several more months."

"Unfortunately, the war continues and while it does, we want to be able to help the families. For many, we are the last resort."

More information on the foundation, including how to donate and real stories from colleagues, can be found on Keller Poland's website.

I'd like to say a big thank you to everyone for their support – I'm so proud to be part of such a fantastic and compassionate organisation."

Michał Nowakowski
HSEQ Director North-East Europe

Non-financial and sustainability information statement

Pursuant to the non-financial and sustainability reporting requirements, 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.

	Reporting requirement	Relevant section of this report	
1	**Description of our business model**	The Keller model – How we do it Our strategy	See pages 4 and 5 See pages 20 and 21
2	**The main trends and factors likely to affect the future development, performance and position of the Group's business**	Our market Divisional reviews	See pages 14 and 15 See pages 22 to 29
3	**Description of the principal risks and any adverse impacts of business activity**	Principal risks and uncertainties	See pages 36 to 47
4	**Non-financial key performance indicators**	Customer satisfaction Safety, good health and wellbeing Gender diversity Greenhouse gas emissions and energy	See page 09 See pages 74 to 76 See page 73 See page 65

	Reporting requirement	Policies, processes and standards which govern our approach[1]	Risk management	Embedding due diligence, outcomes of our approach and additional information
5	Environmental matters	ESG and sustainability See pages 59 to 84	Climate change See page 43 Ethical misconduct and non-compliance with regulations See page 42 Losing market share See page 42 Inability to maintain technological product advantage See page 43	Our market See pages 14 and 15 Divisional reviews See pages 22 to 29 Greenhouse gas emissions and energy data, trend analysis and assurance See pages 65 to 67 Sustainability Committee report See pages 105 to 108 Section 172 statement See pages 94 to 96
6	Employees	Human Resources Policy Code of Business Conduct Whistleblowing Policy Wellbeing Foundations Sustainability Policy Biodiversity Policy ESG and sustainability See pages 59 to 84	Causing a serious injury or fatality to employees or a member of the public See page 46 Ethical misconduct and non-compliance with regulations See page 42 Not having the right skills to deliver See page 46 Climate change See page 43	Diversity, equity and inclusion See pages 70 to 73 Training and development See pages 77 and 78 Health and wellbeing See pages 75 and 76 Employee engagement See page 106 Section 172 statement See pages 94 to 96 Sustainability Committee report See pages 105 to 108

	Reporting requirement	Policies, processes and standards which govern our approach[1]	Risk management	Embedding due diligence, outcomes of our approach and additional information
7	Social and community matters	Code of Business Conduct Wellbeing Foundations Sustainability Policy ESG and sustainability See pages 59 to 84 Procurement Policy Supply Chain Code of Business Conduct Human Rights Policy Biodiversity Policy	Ethical misconduct and non-compliance with regulations See page 42 Climate change See page 43	The Keller Model – How we do it See pages 4 and 5 Divisional reviews See pages 22 to 29 Safety, good health and wellbeing See pages 74 to 76 Sustainability Committee report See pages 105 to 108 Section 172 statement See pages 94 to 96
8	Human rights	Code of Business Conduct Supply Chain Code of Business Conduct Modern slavery and human trafficking statement Wellbeing Foundations Sustainability Policy Biodiversity Policy Privacy Policy Human Rights Policy	Ethical misconduct and non-compliance with regulations See page 42 Causing a serious injury or fatality to employees or a member of the public See page 46 Climate change See page 43	Safety, good health and wellbeing See pages 74 to 76 Sustainability Committee report See pages 105 to 108 Section 172 statement See pages 94 to 96
9	Anti-corruption and anti-bribery	Anti-Bribery and Anti-Fraud Policy Competition Law Compliance Policy Conflicts of Interest Policy Whistleblowing Policy Human Rights Policy	Ethical misconduct and non-compliance with regulations See page 42	Principles See page 79 to 81 Audit and Risk Committee report See pages 112 to 119
10	Climate-related financial disclosures	ESG and sustainability See pages 59 to 84 Sustainability Policy Biodiversity Policy	Climate change See page 43 Ethical misconduct and non-compliance with regulations See page 42 Losing market share See page 42 Inability to maintain technological product advantage See page 43	TCFD See pages 48 to 58 Our market See pages 14 and 15 Divisional reviews See pages 22 to 29 Greenhouse gas emissions and energy data, trend analysis and assurance See pages 65 to 67 Sustainability Committee report See pages 105 to 108 Section 172 statement See pages 94 to 96

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.

GRI 2: General Disclosures

Disclosure		Page/Policy[1]	Comments
2-1	Organisational details	Note 1 on page 164, 22–29	
2-2	Entities included in sustainability reporting	Note 8 on page 210, 65	
2-3	Reporting periods, frequency and contact point	84	
2-4	Restatement of information	84	
2-5	External assurance	65	Practice for seeking assurance not disclosed
2-6	Activities, products, services and markets served	2–3, 14–15, 22–29	Entities up and downstream not disclosed
2-9	Governance structure and composition	88–104	
2-10	Nomination and selection of highest governance body	100, Nomination and Governance Committee terms of reference, Board Diversity Policy	
2-11	Chair of highest governance body	88	
2-12	Role of highest governance body in overseeing management of impacts	48, 93, 97–100	Management of impacts not disclosed
2-13	Delegation of responsibility for managing impacts	48–49, Sustainability Committee terms of reference	
2-14	Role of the highest governance body in sustainability reporting	36–38, 48, 59, 97	
2-15	Conflicts of interest	88–89, 92	
2-17	Collective knowledge of the highest governance body	102–103	
2-19	Remuneration policies	124, 126–134, 135, 67 and 136 (for Scope 2 reduction objective)	
2-20	Process to determine remuneration	122–123, 126–134	
2-21	Annual total compensation ratio	139–140	
2-22	Statement of sustainable development strategy	59–61	
2-23	Policy commitments	80, 82–83 , supporting policies on Keller website	
2-26	Mechanisms for seeking advice and raising concerns	80, 82–83	Wider channels to report concerns not disclosed
2-27	Compliance with laws and regulations	104	
2-28	Membership associations	81	Select list of partnerships disclosed
2-29	Approach to stakeholder engagement	87, 94–96, 10–107	

1 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 2023, 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.

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

4 March 2024

Governance

86 Chairman's introduction
88 Board of Directors
90 Executive Committee
92 Board leadership
94 Section 172 statement
97 Governance framework
100 Division of responsibilities
101 Board composition, succession and evaluation
105 Sustainability Committee report
109 Nomination and Governance Committee report
111 A conversation with Annette Kelleher
112 Audit and Risk Committee report
120 Annual statement from the Chair sof the Remuneration Committee
122 Remuneration in context
124 Remuneration at a glance
126 Remuneration Policy report
135 Annual remuneration report
143 Directors' report
146 Statement of Directors' responsibilities

Chairman's introduction

Welcome to our Governance report for the year ended 31 December 2023.

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.

What's inside

Board leadership and company purpose
p2 & 92

Division of responsibilities
p100

Composition, succession and evaluation
p101

Audit, risk and internal control
p118

Remuneration
p120

Peter Hill CBE

Chairman

Compliance with the Code

The company was subject to the Code in respect of the year ended 31 December 2023 (the full text of which can be found at www.frc.org.uk). The Board is pleased to confirm that the Group applied the principles and complied with the provisions of the Code.

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.

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.

Dear shareholder

On behalf of the Board, I would like to introduce our Governance report for the year ended 31 December 2023. 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.

Board succession and diversity

The Board welcomed Annette Keller as a Non-executive Director and Chair Designate of the Remuneration Committee, joining on 1 December 2023. Annette brings a diversity of experience and a new perspective, and is already making a valuable contribution. Annette's biography is set out on page 89, and on page 111 Annette shares her initial thoughts on joining Keller.

Eva Lindqvist has announced her intention to retire from the Board and will stand down at the end of this year's AGM, having served seven years as an independent Non-executive Director and five years as the Chair of the Remuneration Committee. Eva leaves the Board with our thanks and very best wishes.

We review the Board's composition regularly and are committed to ensuring we have the best balance of skills and experience within the Board. We have made meaningful progress in achieving diversity, with 50% female Board members at year end (2023: 50%). As a Board, we have met the targets set out in our Board Diversity Policy and by the FTSE Women Leaders Review, the Parker Review and the targets specified in recent updates to the FCA's Listing Rules, which we report against on page 73. 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

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.

Throughout 2023, we have delivered an outstanding performance. We remain focused on generating long-term value for our shareholders."

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 Sustainability 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 October, the Board attended a conference where it engaged with our Executive Committee and senior leadership team, and had the opportunity to gain increased insight into their progress against their strategic plans and local opportunities and challenges.

During 2023, we commissioned an independent perception audit of a number of investment managers. We first initiated a perception audit in 2021, the outcome of which was 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. The outcome of the 2023 audit will build upon the detailed action plan we put in place in 2021.

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 2023, we carried out an internal review of the effectiveness of the Board and its committees, facilitated by the Group Company Secretary and Legal Advisor, further details of which can be found on page 102.

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. 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. 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 4 March 2024

Board of Directors

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 Petra Diamonds Limited until November 2023; 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. Peter holds a BSc in Mining Engineering and an MBA from the London Business School and is a Chartered Engineer.

NOM SUS

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 40 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.

EXC SUS

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 Tele2 AB, Greencoat Renewables plc and CLS Holdings plc.

REM ARC NOM SUS

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.

ARC NOM REM SUS

ARC Audit and Risk · NOM Nomination and Governance · REM Remuneration · SUS Sustainability · EXC Executive · Chair

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.

EXC

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 NED and Chair of the Remuneration Committee of Imagination Technologies plc until November 2017. She was, until January 2023, a Board member of the world's first Centre for Data Ethics and Innovation. Kate sat on the House of Lords Science and Technology, and Artificial Intelligence Select Committees. Kate chaired the independent Tenancy Working Group and published a review of tenant farming in England (Rock Review). She was a partner at College Hill for 12 years from 1996 and Vice-Chairman of the Conservative Party with responsibility for business engagement until July 2016.

Kate holds a BA in Publishing and History.

Other appointments: Kate chairs the board of Costain Group Plc. She is a Director and Trustee of The Royal Countryside Fund (formerly The Prince's Countryside Fund). She was appointed a Life Peer in 2015 and is also a Senior Adviser at Newton Europe.

ARC NOM REM SUS

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 the President of Fluor Corporation's Advanced Technologies & Life Sciences business until March 2023.

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.

SUS ARC NOM REM

Annette Kelleher

Non-executive Director

Nationality: Irish **Appointed:** 2023

Skills and experience: Annette has broad senior management experience in the international industrials sector, including change management, group development and transformation. She joined Johnson Matthey plc in May 2013 from NSG Group, the Tokyo-listed global performance glass group which acquired Pilkington Group plc in 2006. During Annette's tenure firstly with Pilkington and then NSG, she held a series of increasingly senior and global human resources roles, spending considerable time in Asia.

From 2014 until 2023, Annette was a Non-executive Director at Hill & Smith plc, where she chaired the Remuneration Committee from May 2016 to May 2023. From 2006 to 2009 Annette was an independent Director of Tribunal Services, part of the UK's Ministry of Justice. Annette qualified with a BA in Business Studies and MSc in HR Management and Training.

Other appointments: Annette is Chief Human Resources Director and a member of the Group Management Committee of Johnson Matthey plc.

ARC NOM REM SUS

Kerry Porritt

Group Company Secretary and Legal Advisor

For full biography see page 91

Executive Committee

Michael Speakman

Chief Executive Officer

For full biography see page 88

SLC DIS

David Burke

Chief Financial Officer

For full biography see page 89

DIS T

Eric Drooff

President, North America

Nationality: American
Member since: 2018

Skills and experience: Eric has more than 30 years' experience in the geotechnical industry, initially with Hayward Baker, then as Chief Operating Officer for Keller North America and most recently as President.

Notable projects managed by Eric include North America's first compensation grouting project in Ontario, compaction grouting for seismic mitigation in Indonesia, and chemical grout ground stabilisation in Boston.

Eric holds a BSCE from Bucknell University, has authored numerous papers and frequently presents on specialised geotechnical construction. He is a member of the ASCE Geo Institute, the Deep Foundations Institute, and The Moles. He is a past Chairman of the ASTM D1816 Grouting Committee.

SLC

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.

Jim stepped down from the Executive Committee on 1 March 2024.

SLC

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 HSSE Officer.

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

SLC SSC

Craig Scott

Group HR Director

Nationality: British
Member since: 2023

Skills and experience: Prior to his appointment as Group HR Director, Craig was the HR Director for the AMEA Division. He has over 16 years' experience in the field of HR and talent, having lived and worked in the UK, Singapore and the Middle East. Before joining Keller, Craig worked for a FTSE-listed oil company, where he led the HR function for their International Division, responsible for operations in Asia-Pacific and the Middle East.

Craig has an MA in Social Sciences.

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.

BGFC Bank Guarantees and Facilities | DIS Disclosure | SLC Safety Leadership | SP Share Plans | SSC Sustainability Steering | T Treasury | Chair

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.

SLC

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.

Venu stepped down from the Executive Committee on 31 December 2023.

SSC

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.

BGFC DIS SLC SP

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 scheduled meetings throughout the year.

Meetings	Paula Bell	David Burke	Juan G. Hernández Abrams[1]	Peter Hill CBE	Annette Kelleher[2]	Eva Lindqvist[3]	Baroness Kate Rock[4]	Michael Speakman
Board[5]	7/7	7/7	7/7	7/7	1/1	7/7	7/7	7/7
Audit and Risk Committee	4/4	—	4/4	—	1/1	3/4	4/4	—
Remuneration Committee	6/6	—	5/6	—	2/2	6/6	5/6	—
Nomination and Governance Committee	2/2	—	2/2	2/2	1/1	2/2	2/2	—
Environment Committee[6]	1/1	—	1/1	—	—	1/1	1/1	1/1
Social and Community Committee[6]	1/1	—	1/1	—	—	1/1	1/1	1/1
Sustainability Committee[6]	2/2	—	2/2	—	1/1	2/2	2/2	2/2

1 Juan G. Hernández Abrams was unable to attend one of the Remuneration Committee meetings held in December 2023 due to a family emergency. He was briefed by the Committee Chair prior to the meeting and he also provided comments on the meeting materials to both the Committee Chair and the Group Company Secretary and Legal Advisor in advance.

2 Annette Kelleher was appointed to the Board on 1 December 2023.

3 Eva Lindqvist was unable to attend the Audit and Risk Committee meeting held in July 2023 due to unavoidable personal matters. She was briefed by the Committee Chair prior to the meeting and she also provided comments on the meeting materials to both the Committee Chair and the Group Company Secretary and Legal Advisor in advance.

4 Kate Rock was unable to attend one of the Remuneration Committee meetings held in December 2023 due to due to a family bereavement. She was briefed by the Committee Chair prior to the meeting and she also provided comments on the meeting materials to both the Committee Chair and the Group Company Secretary and Legal Advisor in advance.

5 A number of additional meetings were held during the year. These non-scheduled meetings are not reflected on this table.

6 The Environment and Social and Community Committees merged in May 2023 to form the Sustainability Committee. The first meeting of the Sustainability Committee took place in July 2023.

Effectiveness

Directors and Directors' independence

The Board currently comprises the Chairman, five 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 88 and 89.

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.

Keller continues to assess the independence of its Non-executive Directors on an annual basis in accordance with the UK Corporate Governance Code (the 'Code'). This includes reviewing their tenure, any potential conflicts of interest, as well as assessing their individual circumstances to ensure that there are no relationships or matters likely to affect the judgement of the Non-executive Directors. Paula Bell, Annette Kelleher, 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 88 and 89. 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 88.

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

Strategy and performance

For more information see page 16 to 21

Topics	Outcomes
• Project performance reviews • Reviewed and considered the monthly performance of the divisions and business units • M&A opportunities	• PPM standard development • ERP • Finance transformation

People and culture

For more information see page 69 to 81

Topics	Outcomes
• Board composition • Executive Committee composition • Inclusion and diversity • Wellbeing	• Appointed Annette Kelleher as Non-executive Director • Appointed Craig Scott as Group HR Director • Launched VP Ignite initiative. See page 76 for further information on this initiative.

Operational performance

For more information see page 22 to 29

Topics	Outcomes
• Contracts performance review and revenue over the year • ESG and sustainability objectives	• Record performance in North America • Progress on carbon reduction. See the ESG and sustainability section of this report for further information on this topic.

Financial management

For more information see page 30 to 35

Topics	Outcomes
• Evaluated and approved the 2024 business plan and budget, and the approach and process for the viability and going concern statements • Reviewed the company's forecast net debt levels, facility headroom and covenants and working capital	• US private placement of $300m • Considered and agreed the recommendation to pay the 2023 final dividend, as well as the payment of the 2023 interim dividend

Risk and control

For more information see page 36 to 47

Topics	Outcomes
• Considered the principal and emerging risks and uncertainties which could impact the Group • Reviewed the risk management framework with particular regard to going concern and impact on the viability statement	• Audit assurance strategy with focus on second line of defence. See also the Audit and Risk Committee report for further information.

Governance

For more information see page 86 to 87

Topics	Outcomes
• Group policies • Legal and regulatory changes • Provision of information to the Board and its committees	• New policies: Human Rights, Biodiversity, and Prevention of Tax Evasion • AI-powered management reporting for the Board and its committees. See page 103 for further information.

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.

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 102

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, As part of their induction, our 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.

Our 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 should take into account 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 97 to 99. Details about the principal decisions the Board made during the year can be found on page 93.

Principle	Location of additional information
Likely consequences of any decisions in the long term	• Chairman's statement (pages 10 to 12) • CEO's statement (pages 16 to 19) • The Keller model (pages 2 to 9) • Our strategy (pages 20 and 21) • The value we create (pages 8 and 9) • Principal risks and uncertainties (pages 36 to 47) • Board activities and principal decisions (page 93) • Viability assessment and going concern (page 39)
Interests of employees	• People (page 69 onwards) • Sustainability Committee report (page 105 onwards) • Nomination and Governance Committee report (page 109 onwards) • Annual statement from the Chair of the Remuneration Committee (page 120 onwards)
Need to foster business relationships with suppliers, customers and others	• The Keller model (pages 2 to 9) • Our strategy (pages 20 and 21) • Principles (pages 79 to 81)
Impact of operations on the community and the environment	• ESG and sustainability (pages 59 to 68) • TCFD statement (pages 48 to 58) • Principles (pages 79 to 81)
Reputation for high standards of business conduct	• Principal risks and uncertainties (pages 36 to 47) • Division of responsibilities (pages 100) • Audit and Risk Committee report (page 112 onwards) • Directors' report (pages 143 to 145)
Need to act fairly between members	• Chairman's statement (pages 10 to 12) • Chairman's introduction to Governance section (pages 86 and 87) • Directors' report (pages 143 to 145)

Our business can only be resilient and achieve sustainable success if built on strong foundations of stakeholder engagement.

Peter Hill CBE
Group Chairman

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.

How we engage

- The Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) meet with major shareholders following the preliminary results announcements to discuss a number of matters, including progress against the Group's strategy.
- The CEO and the CFO have calls with major shareholders following the interim results announcements.
- The CEO and the CFO have calls with major shareholders following the Group's trading update announcements.
- Following these announcements, analysts' notes are circulated to the Board.
- The Chairman and the Senior Independent Director have calls with shareholders to discuss Group performance and risk management throughout the year.
- We have consistently either grown or maintained our dividend since listing. We have strong cash generation and a robust balance sheet which, together, support our ability to continue to sustainably increase the dividend.
- 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.
- 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 for the 2023 AGM can be found on our website.
- For the second year running, we carried out an investor perception audit to obtain a deeper level of understanding of the views of shareholders and potential investors.

Outcome

- **Keller is a stable business with a long-term track record.**
- **Continued growth opportunities.**
- **Consistent and sustainable dividend.**
- **Transparency and clear communication.**
- **Plan of action in place to address investor perception audit results.**

Employees

Our people are our most valuable asset. We appreciate that they remain a key factor in our success and provide us with a competitive edge. We want them to be inspired and motivated, equipped with the right skills, tools and standards to be successful.

How we engage

- During 2023, 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.
- We communicate regularly with our employees through face-to-face meetings, webcasts, our company intranet and newsletters 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.
- Business unit leaders met in October 2023 at a company conference. The Board attended a number of activities during the conference.
- The Sustainability Committee considered feedback gathered through employee engagement surveys during 2023, which were conducted amongst five business units, the results of which can be found on page 106.

Outcome

- **Local and global development opportunities.**
- **Established development and training programme.**
- **Long-term employment.**
- **Inclusive, diverse and supportive environment.**
- **Plan of action in place to address employee engagement survey results.**

Section 172 statement continued

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.

How we engage

- The CEO 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.
- Business unit leaders and senior management conduct a range of client research to better understand their expectations of us, and how we can effectively address their needs.

Outcome

- **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.

How we engage

- Our procurement function continued to work hard to understand our supply chain and how to develop deeper and more strategic relationships with key suppliers.
- Our 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 have assisted us in managing our resources and materials efficiently on site.
- We also introduced a Human Rights Policy to ensure that human rights' infringements are not taking place in our business or any part of its supply chain. Further information can be found on page 80.

Outcome

- **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.

How we engage

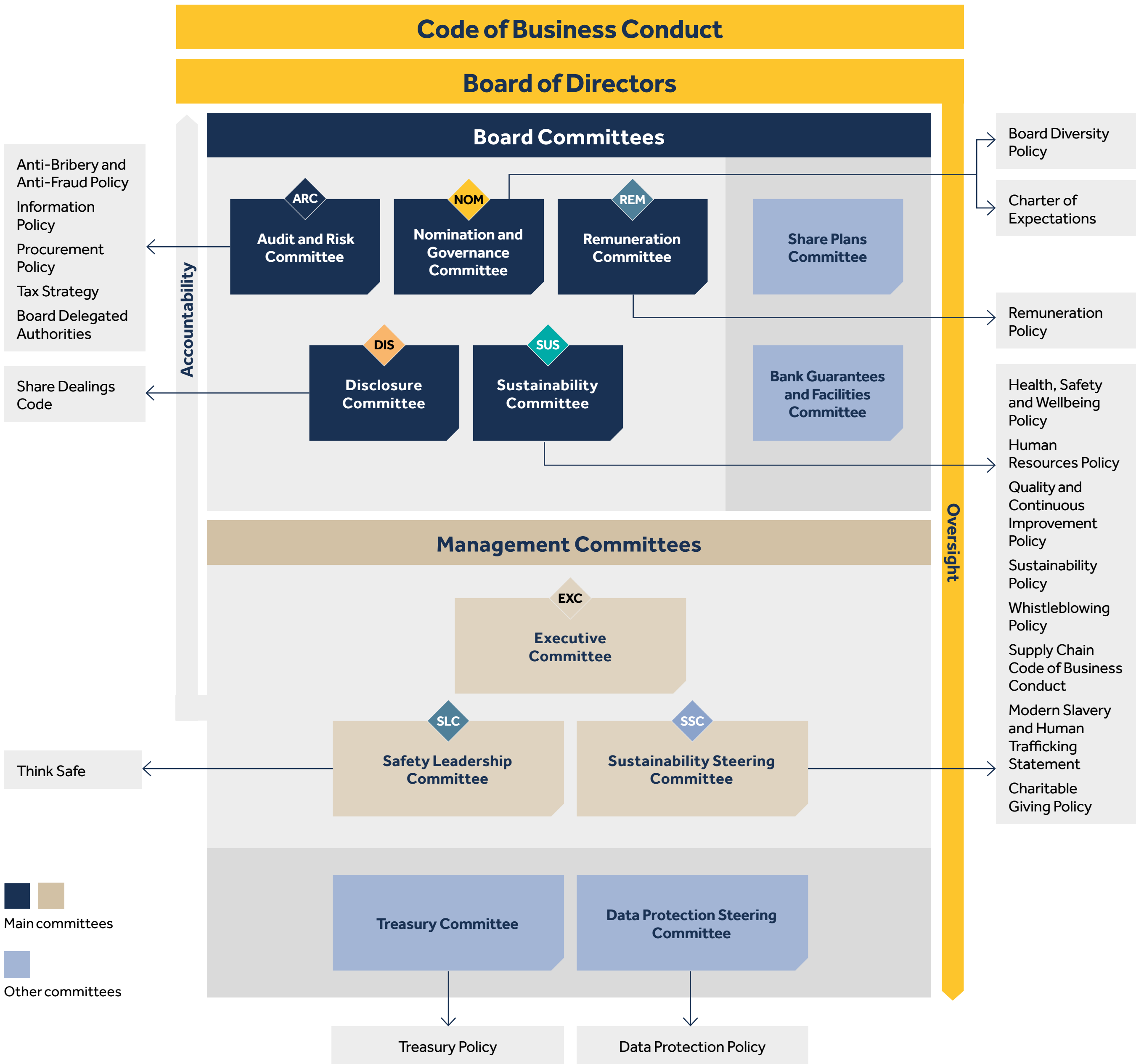
- The Board is informed of, and the Sustainability Committee monitors, our contributions to local communities through our Partnerships programme which is managed by senior management. Further details can be found on page 81.
- As a geotechnical engineering specialist, we understand that environmental 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.
- The Keller Foundation (Fundacja Keller) was established to raise funds in response to the Ukrainian conflict. Further information can be found on page 81.
- Charitable initiatives during 2023 included our continued partnerships with UNICEF and The Brilliant Breakfast. Further details can be found on page 108.

Outcome

- **Local employment.**
- **Charitable partnerships.**
- **Participation by our employees in community events.**
- **Global 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 on page 97.



Governance framework continued

Board

Develops	Provides	Governs	Approves	Ensures
strategy, grows shareholder value, provides oversight and corporate governance, and sets the tone from the top.	entrepreneurial leadership of the Group, driving it forward for the benefit, and having regard to the views, of its shareholders and other stakeholders.	the Group within a framework of prudent and effective controls, which enable risks to be assessed and managed to an appropriate level.	the Group's strategic objectives.	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 93.

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	Membership	Quorum
Audit and Risk Committee **Remit:** 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
Nomination and Governance Committee **Remit:** 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
Remuneration Committee **Remit:** Framework, policy and levels of remuneration of the Executive Directors and senior executives.	Independent NEDs	Two
Disclosure Committee **Remit:** Inside information determination and advice on scope and content of disclosures to the market.	Any two Directors (including CEO or CFO) and the Group Company Secretary and Legal Advisor	Two
Sustainability Committee **Remit:** Oversight of the Board's responsibilities in relation to environmental matters, including climate-related matters and TCFD, and wider sustainability matters. Understanding of the key concerns of the workforce and wider stakeholders, apart from shareholders.	Independent NEDs, Group Chairman 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.

Other Board Committees

Committees	Membership	Quorum
Share Plans Committee **Remit:** 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
Bank Guarantees and Facilities Committee **Remit:** 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).

Main Management Committees

Committees	Membership	Chair	Quorum
Executive Committee **Remit:** Day-to-day management, executing strategy, monitoring performance, promoting the Group's culture and driving the desired behaviours within the Group.	CEO, CFO, Group Company Secretary and Legal Advisor and any other officers as invited by the CEO. Minimum of six.	CEO or CFO in CEO's absence	Four (including CEO or CFO)
Safety Leadership Committee **Remit:** 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)
Sustainability Steering Committee **Remit:** 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	Membership	Chair	Quorum
Treasury Committee **Remit:** 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)
Data Protection Steering Committee **Remit:** 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 Information Security.	Rotational	n/a

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	
Chairman	Responsible for leading the Board, its effectiveness and governance. The Chairman is also responsible for:	• Being the ultimate custodian of shareholders' interests. • Ensuring appropriate Board composition and succession. • Ensuring effective Board processes. • Setting the Board's agenda. • Attends meetings with major shareholders to obtain an understanding of their issues and concerns, ensuring effective communication with them. • Ensuring that Directors are properly briefed in order to take a full and constructive part in Board and Board Committee discussions. • Ensuring constructive relations between Executive and Non-executive Directors. • Being the designated Director for ESG and sustainability matters, in particular climate-related issues.
Chief Executive Officer	Responsible for the formulation of strategy, and the operational and financial business of the Group. The CEO is also responsible for:	• Formulating strategy proposals for the Board. • Formulating annual and medium-term plans, charting how this strategy will be delivered. • Informing the Board of all matters which materially affect the Group and its performance, including any significantly underperforming business activities. • Leading executive management in order to enable the Group's businesses to meet the requirements of shareholders. • Ensuring adequate, well-motivated and incentivised management resources. • Ensuring appropriate succession planning. • Ensuring business processes for long-term value creation.
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.		
Senior Independent Director	• Works closely with the Chairman, acting as a sounding board and providing support. • Acts as an intermediary for other Directors as and when necessary. • 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.	• Meets at least annually with the NEDs to review the Chairman's performance and carries out succession planning for the Chairman's role. • Attends sufficient meetings with major shareholders to obtain a balanced understanding of their issues and concerns.
Chief Financial Officer	Responsible for financial management and control, budgeting and forecasting, tax and treasury and investor relations. The CFO is also responsible for:	• Adherence within the company to all applicable accounting standards. • Internal financial controls within the company. • Custodian of the Group's financial resources. • Oversight of the company's financial functions and staffing including motivation, development and succession. • Maintaining adequate financial liquidity and ensuring the viability and resilience of the Group.
Group Company Secretary and Legal Advisor	• Ensures good information flows to the Board and its committees and between senior management and NEDs. • All Directors have access to their advice and services. • Responsible for ensuring that the Board operates in accordance with the governance framework it has adopted.	• Advises on evolving standards and supports the Chairman on the continuing development of the Board. • Their appointment and resignation is a matter for consideration by the Board as a whole.
Committee Chairs	Responsible for the effectiveness of each committee and individual member Directors.	

Board composition, succession and evaluation

Board composition

The Board comprises the Non-executive Chairman, the Senior Independent Director, five independent NEDs and two Executive Directors. The Board appointed Annette Kelleher as independent NED on 1 December 2023 as part of the Board's succession planning. The Board's individual biographies are detailed on pages 88 and 89.

Board diversity

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

In 2023, Keller's Board of Directors had a 50% female share (2022: 43%).

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 FTSE Women Leaders Review and the 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.

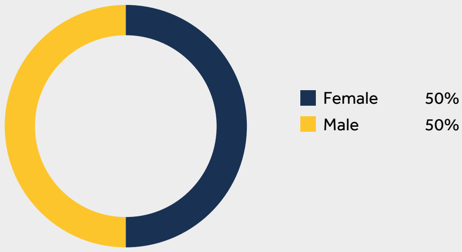
The annual evaluation of the Board effectiveness considers the composition and diversity of the Board.

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.

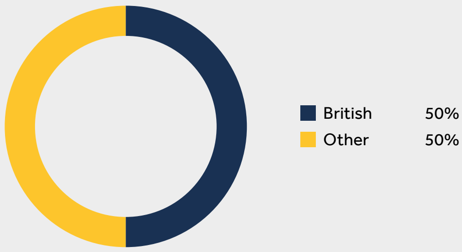
Our gender diversity statistics across the Group are shown on page 73.

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.

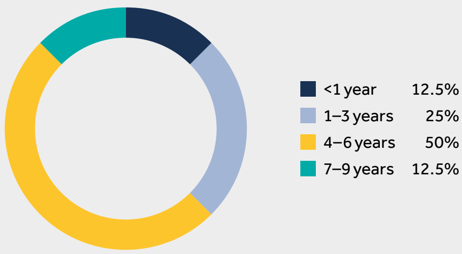
Gender (%)



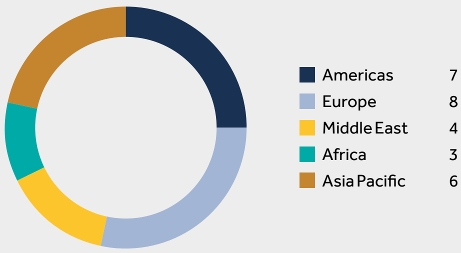
Nationality (%)



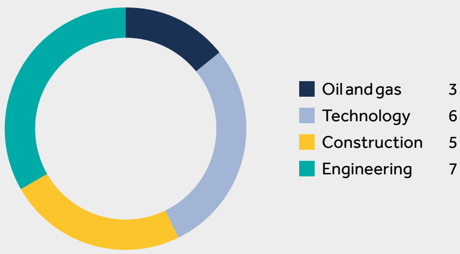
Length of tenure (%)



Number of Board members with relevant international experience



Number of Board members with relevant experience



Data as at 31 December 2023.

Board composition, succession and evaluation continued

Board and Committee performance review and evaluation 2023

The annual Board evaluation provides the Board and its committees with the opportunity to consider and reflect on the quality and effectiveness of its decision-making, the range and level of discussion and for each member to consider their own contribution and performance.

In 2023, the review was facilitated internally by the Group Company Secretary and Legal Advisor, who is well placed as an independent sounding board to the process.

Questionnaires were issued and each Director was also asked to complete an updated entry for the Board skills matrix, taking into consideration skills that had been strengthened through training and development over the previous year. Directors were also asked to highlight any additional skills that they felt may be beneficial for the Board to have amongst its members in order to discharge its duties effectively. Board members participated in comprehensive one-to-one meetings with the Chairman, to allow reflection on their personal responses to the questionnaire and discussion of matters relevant to boardroom culture, process and development. The Chairman's performance evaluation was led by the Senior Independent Director.

The Group Company Secretary and Legal Advisor collated the individual responses, including analysis of themes and proposed actions. A detailed report, setting out the findings of the evaluation, was provided to the Chairman for consideration. The Group Company Secretary and Legal Advisor and the Chairman met to discuss the findings, with the resulting report being tabled to the Nomination and Governance Committee and Board in December 2023.

The findings of the evaluation exercise were fully considered when making recommendations in respect of the appointment and reappointment of individual Directors, and included an assessment of their independence, time commitment and individual performance. The respective proposed 2023 AGM Resolutions were considered and agreed by the Board.

The Board will consider and agree the proposed actions arising from the evaluation for implementation and monitoring at its meetings in 2024. The Board will continue to oversee the progress made in relation to the agreed actions to ensure their timely completion. The Nomination and Governance Committee will also continue to play a key role in monitoring the actions relating to Board succession, composition, recruitment and induction.

An externally facilitated evaluation was conducted in 2021 and in 2022, and the next externally facilitated evaluation will be scheduled for 2024 in accordance with the 2018 Code provision that the company should undertake an externally facilitated Board Effectiveness evaluation at least every three years.

Key areas identified in the review

Succession planning and Board composition

Ensure process to enable the smooth succession of Non-executive Directors, including the Chairman, commences well in advance of scheduled retirements.

Succession planning continues to be a key focus of the Board and a standing item on the agenda for Nomination and Governance Committee meetings. Robust succession plans will be put in place for all roles.

Performance culture

The Board members identified an opportunity to focus on a culture of delivery and accountability within the organisation.

The deployment of high performance culture will be a key focus for the Board as it assesses Keller's culture and engagement programme during 2024.

2024 Priorities

Notwithstanding the well-structured agendas which comprise an optimal mix of strategic and operational items, consideration should be given to scheduling key strategic and complex topics earlier on the Board agenda to ensure sufficient time for discussion and debate to align with the wider business planning and budgeting process.

The Board forward agenda has been reviewed to ensure that:

- All matters are appropriately scheduled for discussion at future Board meetings; and
- Sufficient time is devoted to the discussion of strategic and innovative topics.

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. During 2023 the Board received externally facilitated training on human rights, and attended the Business Unit Leadership Conference in October.

AI-powered management reporting for the Board

Feedback from our Board evaluations in 2021 and 2022 highlighted the need to improve how we frame discussion topics and a preference for more strategic discussions.

As a result, during 2023 we partnered with Board Intelligence to complete a review of Board and committee materials with the objective of finding opportunities to improve the quality of reporting. Reports prepared for our Directors are vital for helping them understand the daily workings of the business and take the necessary strategic actions for Keller's continuous improvement.

Challenges identified during the review

- Focus of board meetings
- Coverage of strategy and risk
- Clarity of papers
- Backward-looking reports
- Unclear drivers of performance
- Lack of operational and non-financial information

Actions under way

To address the challenges identified, we are now in the process of implementing the following actions:

- Rebalance the areas of focus and accompanying materials for the Board and committees.
- Clarify and align expectations of Board and committee materials between the Non-executive Directors and the management team.
- Establish the information that gives a clearer view of underlying business performance.

We have also introduced an innovative report writing tool called Lucia, by Board Intelligence. Lucia uses AI nudges to help senior leaders quickly craft crisp, easy-to-digest and insightful report in a format that drives better conversations and helps Directors make smarter, better-informed decisions.

We are already seeing good results across a number of reports and we expect to be able to roll out the exercise further in the next year.

The Board and I have found the new reports to be clear, well-balanced and of high quality, giving us the right level of information we need to shape our thinking and actions.

Peter Hill CBE
Group Chairman

Board composition, succession and evaluation continued

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, and 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 and progress on sustainability initiatives. 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 CEO.

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 36 to 47. The key elements of the Group's system of internal controls are explained in the Audit and Risk Committee report on page 118. The management of financial risks is described in the Chief Financial Officer's review on page 35.

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.

No instances of non-compliance were identified throughout the year.

For more information on policy commitments in compliance with laws and regulations, please see our Non-financial and sustainability information statement on pages 82 and 83.

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.

Keller Business Unit Leadership Conference October 2023 – family picture.

SUS

Sustainability Committee report

Juan G. Hernández Abrams

Chair of the Sustainability Committee

Role of the committee

The role of the committee is to assist the Board of Directors in fulfilling its oversight responsibilities in relation to sustainability matters arising out of the activities of the Group.

Committee composition during 2023	Meeting attendance
Juan G. Hernández Abrams (Chair)	◆◆
Paula Bell	◆◆
Peter Hill CBE	◆◆
Annette Kelleher[1]	◆
Eva Lindqvist	◆◆
Baroness Kate Rock	◆◆
Michael Speakman	◆◆

1 Member from December 2023.

Committee highlights in 2023

- Recommended new terms of reference to the Board.
- Supported management to extend Keller's culture and engagement programme to more business units.
- Monitored progress against TCFD disclosures.
- Monitored progress against the year's environmental objectives.
- Monitored whistleblowing reports on HR and compliance matters.
- Developed an annual programme of work for the committee.
- Launched the CSRD working group.
- Reviewed the effectiveness of the committee.

Dear shareholder

On behalf of the Board, I am pleased to present the report of the Sustainability Committee for the year ended 31 December 2023, the first report since the merger of the previous Environment, and Social and Community Committees. I have been impressed by the energy and commitment of the Keller people during my first complete Board cycle with the Group.

A new committee

During the year, the Environment and the Social and Community Committees were merged into the Sustainability Committee to reflect the growing importance of sustainability-led initiatives at Keller which the Board considers of key importance in supporting the delivery of the Group's long-term strategic objectives.

The new committee combined the resources of the previous committees, providing greater clarity and accountability on roles and responsibilities, easing decision making, and renewing our commitment to drive the sustainability agenda.

The Planet and People initiatives previously overseen by the Environment and Social and Community Committees respectively were continued by the new committee, although since its establishment, the committee has focused on developing its working cycle and practices to support the Board in its oversight of sustainability matters across the Group.

TCFD reporting

During the year, the committee continued its focus on increasing the scope and quality of our disclosures under TCFD.

We are pleased to report that we have made further progress in our third year of reporting under TCFD, having been able to broaden and quantify the findings of our scenario analysis modelling. As you can see on pages 48 to 58, our disclosures have increased significantly to include scenario modelling for Europe, North America and part of AMEA. 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.

For more information on the specific climate-related risks and opportunities, please see page 43 in the principal risks and uncertainties section of this report.

We are committed to driving our business in a sustainable way into the future while supporting the company's overall strategy."

SUS

Sustainability Committee report continued

Carbon reduction targets

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

For Scope 1, we were excited to push several equipment decarbonisation initiatives during 2023. This included the launch of Keller's first plug-in electric rig during the closing months of 2023. This enables us to work in low emission zones, designated quiet areas and closed space work sites. Whilst this new rig has not been deployed globally to Keller, it has nevertheless marked a momentous step towards the Group's fleet decarbonisation. Additionally, the option of biofuels (HVO) as an alternative for clients was rolled out across several business units. Read more about the electric rig on page 13.

Keller has seen good engagement on Scope 2 activities, with the Group achieving its Scope 2 emissions reduction target. In 2023 we focused on implementing the findings from our previous energy audits across Keller's three divisions, highlighting opportunities to save energy and money going forward. This saw the creation of Keller's first net zero yard in the last quarter of 2023. Read more about the net zero yard on page 66.

Multiple initiatives are under way to quantify and reduce Scope 3 emissions. The new ERP system is also being designed to have the capability to capture the necessary data for measuring Scope 3 emissions. Further detail is available on page 67.

Employee engagement

The committee continued the excellent work previously undertaken by the Social and Community Committee by leading 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 met Divisional Presidents and Business Unit Leaders from across the organisation during a conference in October, where we learned about the progress they have been making and their local challenges.

As part of Keller's culture and engagement programme to drive better business performance and improve employee engagement, the Group invested in developing its own people to diversify the skills available in the internal talent pipeline, the aim being to achieve this through delivery of quality and consistent content across the Group via internally developed programmes.

To actively monitor the culture of the business, the Board and the committee, supported by the newly appointed Group HR Director and his team, will regularly review the results of employee engagement surveys, as well as insights from focus groups and site visits. Where consistent themes emerge, actions will be fed into the appropriate strategies to further strengthen our culture.

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 9,500 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.

78%
average engagement score[1]

84%
of employees would recommend Keller as a great place to work[1]

84%
of employees agree 'Working at Keller makes me want to do the best work I can'

86%
of employees are proud to work for Keller[1]

1 Based on results from five business units.

Sustainability is about action and at Keller this is in our DNA."

Activities

Further detail on the committee's activities can be found in the Planet, 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:

- Supported the Board in achieving its objective to continue the reduction of Scope 1 and 2 emissions during the year.
- Invested resources into developing a working programme to understand and assess Keller's Scope 3 emissions. This has included bringing together leaders from across the Group from a variety of backgrounds, investment into new platforms to capture data relating to Scope 3 emissions, and awareness training across the organisation on the challenges facing Keller on this initiative.
- Remained abreast of the development and implementation of the Inclusion Commitments, which continued to guide the delivery of people-related priorities across the Group. This included the review of an HR operating model which promotes transparent communication and project prioritisation to support Keller in achieving its strategic objectives.
- Reviewed and promoted management's proposal to invest towards internal talent and skills development, including performance management.

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, the committee held formal meetings in July and December, with attendance at the meetings shown on pages 92 and 105.

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

The Board delegates authority to the committee to manage, plan and mitigate Keller's environmental and social-related risks and opportunities, and review relevant people, social and community policies and practices, but the Board maintains ultimate accountability for these. The Group Chairman is the Director responsible for ESG and sustainability matters. As such, the Board continued to monitor the efficacy, expertise and knowledge of the committee in executing the sustainability strategy throughout the year. Our organisational and reporting structure for climate governance, and how it fits within our governance framework, is set out in the TCFD section from page 48 onwards.

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 page 102.

Looking forward

As industry leaders, we are on the right path at Keller on environmental and wider sustainability matters and will continue to drive for a more sustainable future.

Our priorities for 2024 will revolve around:

- Embedding climate and social risks and opportunities in our overall strategy.
- Horizon scanning on environmental and wider sustainability matters, in particular the reporting implications of the Corporate Sustainability Reporting Directive (CSRD). A multi-functional CSRD working group has already been established, reporting to the Executive and the Sustainability Committees, and we intend to confirm our CSRD reporting approach in the next annual report.
- Supporting the company in its progress towards net zero, including Scope 3 emissions.
- Assisting the Remuneration Committee in monitoring the impact of ESG targets on remuneration.
- Continuing to engage employees on sustainability matters.

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.

Juan G. Hernández Abrams
Chair of the Sustainability Committee

Approved by the Board of Directors and authorised for issue on 4 March 2024.

SUS **Sustainability Committee report** continued

CASE STUDY

Privileged to partner with The Brilliant Breakfast

Keller partnered with The Brilliant Breakfast again in 2023, hosting a number of events to raise funds for The Prince's Trust programmes.

The Brilliant Breakfast is an annual, nationwide event raising money to support young women facing disadvantage and adversity live, learn and earn through The Prince's Trust. Since launching in 2020, it has raised over £2.3m and helped over 1,900 young women participate in programmes run by The Prince's Trust.

This time, as Official Partner, Keller committed to raise £5,000 on top of an existing £10,000 donation to the cause.

The first fundraising event saw the Group Head Office in the UK welcome representatives from The Prince's Trust for a panel and networking session over breakfast. Hearing an inspiring young woman, Hannah Joseph, a Young Ambassador for the charity, talk about her experiences with their programmes was a particular highlight.

This was followed by a more musical effort, with two members of Group Head Office taking part in a charity 'battle of the bands' called Construction Rocks with their band 'Zero Charm'. The event is an annual fundraiser for amateur musicians working in the construction industry. The band's ticket sales and supportive donations were added to The Brilliant Breakfast fund.

Between the earlier company donation, the band's commendable fundraising efforts (including match-funding from Keller) and the breakfast panel event, we raised nearly £15,000 for The Brilliant Breakfast and The Prince's Trust in 2023.

We are delighted to have supported The Brilliant Breakfast and The Prince's Trust once again as Official Partner. These events were a great opportunity to share the work of this important cause, hear inspiring real-life stories, and of course raise funds."

Kerry Porritt
Group Company Secretary and Legal Advisor

NOM

Nomination and Governance Committee report

Peter Hill CBE

Chair of the Nomination and Governance Committee

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 composition during 2023	Meeting attendance
Peter Hill CBE (Chair)	◆◆
Paula Bell	◆◆
Juan G. Hernández Abrams	◆◆
Annette Kelleher[1]	◆
Eva Lindqvist	◆◆
Baroness Kate Rock	◆◆

1 Member from December 2023.

Committee highlights in 2023

- Appointment of Annette Kelleher as a Non-executive Director.
- Evaluation of the Board and its committees 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 2023.

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 92 and 109.

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 2023, we actively progressed the areas of focus identified in 2021 and 2022, further detail of which can be found on page 102. We also conducted an internal review of the effectiveness of the Board and its committees, facilitated by the Group Company Secretary and Legal Advisor and overseen by the Group Chairman.

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 and best practice.

Welcome to Annette Kelleher

In 2023 we were delighted to welcome Annette Kelleher as a Non-executive Director and Chair Designate of the Remuneration Committee. Annette has broad senior management experience in the international industrials sector, including change management, group development and transformation. The depth of experience she has in the international industrial sector, together with her people transformation skills, will bring a valuable and fresh perspective to our Board. She shares her initial thoughts on joining the Board on page 111.

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 aims to meet industry targets and recommendations wherever possible. This includes our objective of meeting the diversity targets recommended by the FTSE Women Leaders Review and the Parker Review. We also considered the new requirements under the Listing Rules and our disclosure is set out opposite.

NOM

Nomination and Governance Committee report continued

Sex representation

With the introduction of new Listing Rules which seek to increase transparency for investors on the diversity of boards and executive management (LR9.8.6R (9) and LR 14.3.33R (1)), we have opted to report on sex, rather than gender identity, as the latter is a special characteristic under UK data protection laws requiring enhanced safeguards and processes for collection and disclosure. In some countries, data protection laws do not allow us to ask for gender identity. All data provided below is as at 31 December 2023.

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of executive management
Men	4	50%	3	8	80%
Women	4	50%	1	2	20%
Other categories					
Not specified/prefer not to say					

Ethnicity representation

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of executive management
White British or other White (inc minority – white groups)	7	87.5%	4	9	90%
Mixed/Multiple ethnic groups					
Asian/Asian British				1	10%
Black/African/Caribbean/Black British					
Other ethnic group, including Arab	1	12.5%			
Not specified/prefer not to say					

Keller have met specific Board diversity targets required by the Financial Conduct Authority which include:

Target:
At least 40% of the Board are women

Keller:
50% of our Board are women

Target:
At least one of the senior Board positions is a woman

Keller:
Baroness Kate Rock Senior Independent Director

Target:
At least one member of the Board is from a minority ethnic background

Keller:
Juan G Hernández Abrams (was born in Puerto Rico)

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 appointment and time commitment

When we make recommendations to the Board regarding Non-executive Director appointments, we 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 discuss them with the Group Chairman, or, in the case of the Group Chairman himself, 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, who is the Committee Secretary. 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, the CFO and the Group HR Director, along with external advisers, attended some of the meetings held during the year.

Our 2023 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, excluding Eva Lindqvist, will seek re-election at the AGM in May 2024. Annette Kelleher will seek election by shareholders as she joined the Board on 1 December 2023.

Peter Hill CBE
Chair of the Nomination and Governance Committee

Approved by the Board of Directors and authorised for issue on 4 March 2024.

A conversation with Annette Kelleher

Annette Kelleher joined Keller as a Non-executive Director (NED) in December 2023. She's also Chief Human Resources Director at sustainable technologies company Johnson Matthey, where she's been since 2013. Annette's full biography is available on page 89.

Q What attracted you to Keller?

When I started my research into Keller, I was quickly impressed by the technical aspects of what Keller does, particularly on a global scale. I was struck by the company's heritage and fascinated to understand more. Once I met the Board and management team, I got an immediate sense of the culture and the importance of people within the company and the determination to do a great job for their customers. I found the management team to be really open and passionate about the business.

It was important to me to join a company where I felt I could bring value and make a difference. Having worked extensively on a global scale, I believe with my experience I can really help Keller on the next stage of its journey. I'm thrilled to have the opportunity to be here and I'm excited about the opportunities I see for Keller.

Q How was your induction?

Soon after joining, I was straight in at the deep end, where my first Board meeting focused on reviewing the proposed budget for 2024. This was a fantastic opportunity for me to meet some of our key leaders and get some great insights into the challenges and opportunities in each of our regions. I've also had the chance to review some of our big projects and I'm starting to understand even more why Keller is such a leader in its space. I'll be visiting sites in the UK and Germany soon, as well as Australia this year. I'm very keen to meet and talk with colleagues at the coalface of the business and really understand how our operations run.

I want to help enable a high-performance culture."

Q What are your first impressions?

I've had a very warm welcome to Keller by everybody I've met so far. It was immediately clear to me that the health and safety of people is something leaders take very seriously and in non-negotiable. I'm impressed with how much Keller has achieved during 2023 as well as the opportunities that are ahead. There's a very strong sense of customer focus and doing the right thing for our clients and people. I think the depth and breadth of technical and engineering capabilities is striking. It's great to see the diversity of local teams, and I hope I can support leadership in attracting more women into Keller engineering and technology where there are some fantastic career opportunities.

Companies like ours that have been around a long time are clearly able to adapt, and continuing to adapt, being agile and moving at pace is crucial for long-term success. Being open-minded and open to change is a real strength.

Q What does your role as NED involve?

I see myself firstly as a thought partner to management; someone who is supportive but will also constructively challenge. I have a responsibility to ensure alignment between our shareholders and management, to make sure we're governed appropriately and to hold management to account, critiquing and contributing to strategy and its execution.

I'm also involved in four committees. Our Nomination and Governance Committee is responsible for appointing the most senior roles, including senior-level succession and also makes sure we have sight of talent across the organisation and have a sustainable pipeline.

Our Sustainability Committee is fantastic as it's all about doing what's right for people and the planet in a way that enhances our strategy and delivers better outcomes for our customers.

Our Audit and Risk Committee ensures our finances and accounts are correct and well governed, while our Remuneration Committee, which I'll chair from May, sets and manages pay for our most senior leaders, as well as having oversight across our wider workforce policies.

Q How will your experience and expertise help Keller?

I'm fortunate to have much experience of working in the industrial and technology sectors on a global scale. I believe my experiences in developing leadership, navigating change and enabling teams to drive transformation will all be relevant for Keller. My experience in change management and helping people through cultural change can really support Keller.

Q What are you looking forward to?

I'm looking forward to supporting management across Keller shape further and implement its strategy to be an even more valuable company.

In particular I'm looking forward to helping leaders develop a high-performance culture with a real focus on people. I'm excited about the opportunities for people to develop their careers within Keller and go on to achieve their aspirations. I want to ensure our people can see the career paths ahead of them and we build even more on Keller's culture and outstanding reputation. I'd love to see more women enjoy a career in Keller, especially with such interesting technical challenges on a global scale.

There's a lot to build on – to do what we do even better, to grow our leadership and to develop our people through the organisation. We'll also continue to embrace our sustainability agenda and our very strong focus on health and safety.

For me personally, I hope to help evolve our culture, respecting Keller's strong heritage, and enabling it to adapt and out-perform for a sustainable future.

ARC

Audit and Risk Committee report

Paula Bell

Chair of the Audit and Risk Committee

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.

Committee composition during 2023	Meeting attendance
Paula Bell (Chair)	◆◆◆◆
Juan G. Hernández Abrams	◆◆◆◆
Annette Kelleher[1]	◆
Eva Lindqvist	◇◆◆◆
Baroness Kate Rock	◆◆◆◆

1 Member from December 2023.

Committee highlights in 2023

- Continued to oversee the development of the Group's financial control framework.
- Monitored the implementation of the Group's risk management framework.
- Developed and monitored the implementation of an assurance programme for a number of change initiatives including ERP, PPM and finance transformation.
- Concluded satisfactorily the follow up actions resulting from the reporting fraud in the Austral business unit.
- 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 policies within its remit: Anti-bribery and anti-fraud and tax evasion facilitation prevention and related training.
- 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 effectiveness during the year.

Given the fast-changing and uncertain corporate governance landscape in the UK, our focus has been on practical actions to enhance Keller's control environment."

Dear shareholder

On behalf of the Audit and Risk Committee, I am pleased to present our report for the financial year ended 31 December 2023.

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 2023 Annual Report. This has included ensuring the 2023 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 2023 (since our 2022 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 2023 remained 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. The internal audit plan has continued to be adjusted to adapt appropriately to the changing needs of the business.

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 2023 year-end accounts. With regards to the internal audit, we conducted 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. The outcomes of this review are outlined on page 117.

We continue to execute our implementation plan in preparation for the FRC's proposed changes to the UK Corporate Governance Code and a future Board declaration on the effectiveness of risk management and internal control systems.

Given the fast-changing and uncertain corporate governance landscape in the UK, our focus has been on practical actions that enhance the Group's control environment and especially the evidence maintained to demonstrate that our controls are operating effectively. We successfully implemented a number of initiatives following the fraud identified in the Austral Business Unit in Australia, including significantly enhancing our fraud risk identification and management programme. Progress against these initiatives was reported back to the committee, with the item becoming a standing item on the committee's agenda during the year and in 2024.

We are also in the process of designing a Second Line of Defence Model across all key risk domains (including non-financial reporting, compliance and operational risks) to support our future assurance requirements, which includes the basis for the Board's statement on internal controls.

We continue to monitor the ERP and finance transformation implementations to ensure that all relevant risks are considered and that the appropriate automated and manual controls are built into the system design.

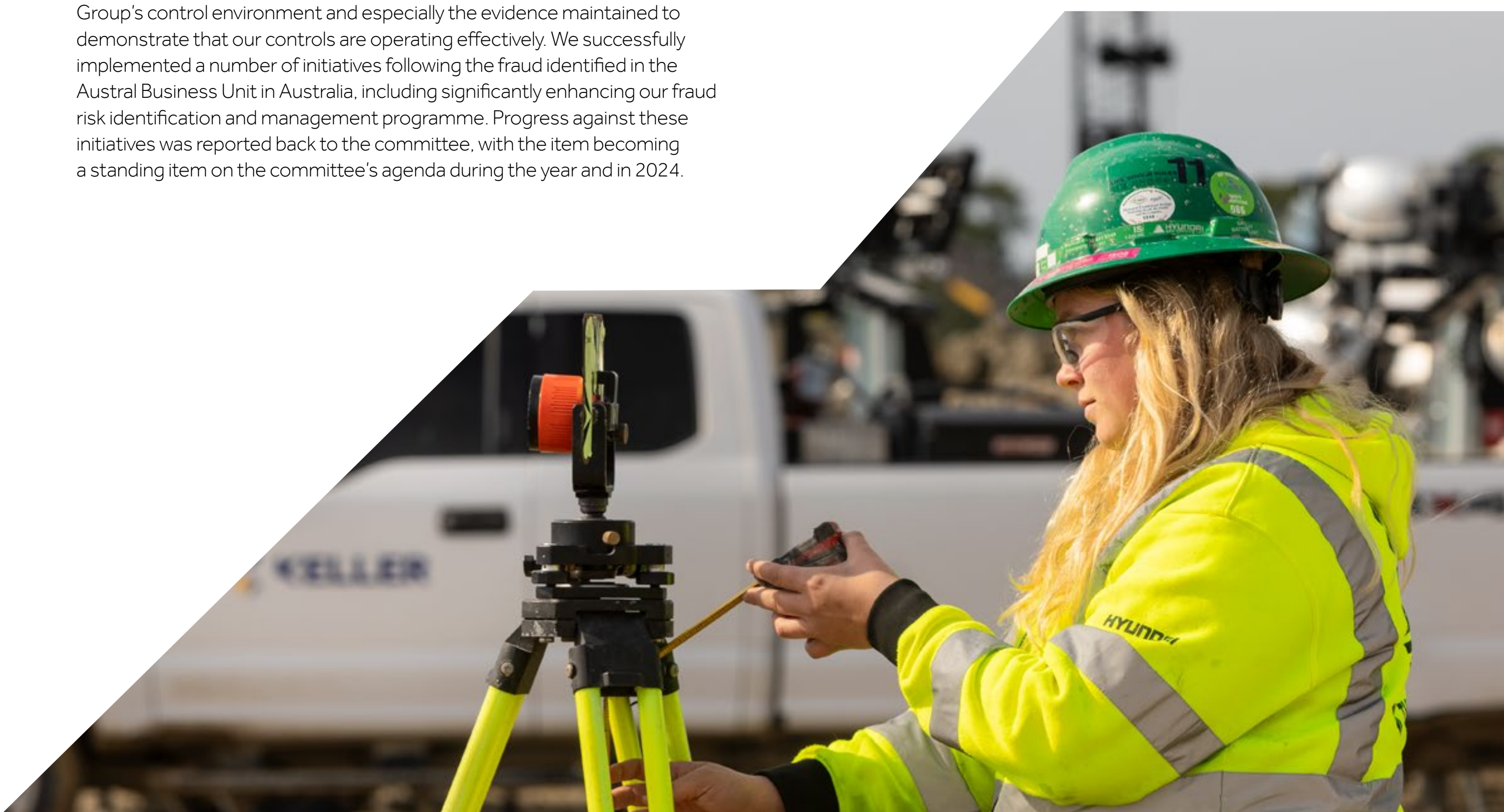
This has been another busy year for the committee and management has worked hard to drive improvements in the areas of risk, internal controls and financial reporting. We are proud of the progress that has been made during the year and remain confident in the actions that the management team has taken, 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.

Paula Bell
Chair of the Audit and Risk Committee

Approved by the Board of Directors and authorised for issue on 4 March 2024.



ARC Audit and Risk Committee report continued

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 auditor 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 92 and 112, and considered the items of business shown in the table below.

The committee also reviewed the information presented in the Group's preliminary announcement, the company's processes for the preparation of the 2023 Annual Report and the outcomes of those processes to ensure that we were able to recommend to the Board that the 2023 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.

2023			2024
1 August – interim results		23 October – trading update	17 Jan – trading update; 5 March – preliminary results; 9 April – annual financial report; 15 May – AGM
JULY MEETING	**SEPTEMBER MEETING**	**DECEMBER MEETING**	**FEBRUARY MEETING**
Key focus			
Half-yearly results	Audit assurance strategy and external audit planning	Audit assurance strategy and internal audit planning	Final results
Committee activity			
Reviewed and challenged the key accounting judgements applied in the preparation of the half-yearly results. Received a report from EY covering the accounting, financial control and audit issues identified during the half-yearly review. Reviewed the letter of representation issued to EY and made a recommendation to the Board to approve.	Approved the initial design and scope of a project to develop an audit assurance framework in line with expected regulatory developments in this area. Considered the external audit strategy covering the audit approach, significant risks and areas of audit focus, scope and materiality for 2023.	Received an update on the audit assurance strategy plan, with a focus on second line defence. Considered the findings from EY's controls report and reviewed progress on delivery of the audit strategy. Agreed the external audit engagement and estimated audit fee for 2023. Reviewed and approved the programme of internal audit reviews of the Group's operations and financial controls for 2024.	Reviewed and challenged the appropriateness of the accounting in relation to the significant financial judgements, estimates and exceptional items in 2023. Received a report from EY covering the accounting, financial control and audit issues identified during the full-year audit. Reviewed the safeguards to the integrity, objectivity and independence of EY. Reviewed the preliminary results, the 2023 Annual Report and Accounts, the letter of representation issued to EY and made a recommendation to the Board to approve.
Other focus area – External audit			
Reviewed the independence and objectivity of EY, including the level of non-audit fees.	Reviewed the effectiveness of EY and the audit process.		Reviewed the independence and objectivity of EY, including the level of non-audit fees. Recommended the reappointment of EY as external auditor.

2023			2024
1 August – interim results		23 October – trading update	17 Jan – trading update 5 March – preliminary results 9 April – annual financial report 15 May – AGM
JULY MEETING	**SEPTEMBER MEETING**	**DECEMBER MEETING**	**FEBRUARY MEETING**
Other focus area – Internal controls and risk management			
Reviewed liquidity and going concern. Received an update on progress with the Group Risk programme covering the assessment of principal risks and assurance frameworks to assess the effectiveness of the system of internal control. Received an update on the ethics and compliance programme. Received an update on progress with the project to further strengthen the financial control framework (Controls Response Plan following Austral), in the context of the Corporate Governance and Audit Reform.	Received an update on cyber risk and information security across the Group including operational technology, aligned with the ERP. Received an update and monitored progress on Controls Response Plan following Austral.	Received an update on the ethics and compliance programme. Considered scenarios aligned to the Group's principal risks to stress test the viability assessment. Received an update on progress with the Group risk programme covering the assessment of principal risks and assurance frameworks to assess the effectiveness of the system of internal control. Received an update and monitored progress on Controls Response Plan following Austral.	Received a detailed plan on second line defence operating model. Received an update on the ethics and compliance programme. Reviewed the effectiveness of the system of internal control. Reviewed liquidity and going concern. Reviewed the analysis to support the viability statement. Received an update and monitored progress with the project to further strengthen the financial control framework (Controls Response Plan following Austral). Reviewed the responses and key themes arising from the Group's annual Electronic Internal Control Questionnaire.
Other focus area – Governance			
Approved a policy (and related training) on prevention of facilitation of tax evasion.		Reviewed the effectiveness of the committee, considering all the governance-related activity carried out during the year, in line with its terms of reference. Approved the committee's rolling agenda and areas of focus for 2024. Received an update on the reporting themes for the 2023 Audit and Risk Committee report. Reviewed and approved the Anti-Bribery and Anti-Fraud Policy and the Procurement Policy.	Approved the narrative of the 2023 Audit and Risk Committee report and principal risks related disclosures. Received a report on the disclosure of information to EY. Received an update on governance covering the committee's terms of reference, Non-Audit Services Policy, other committee-related policies, and Executive Directors' expenses for the year. Reviewed a report on the Group's tax position and approved the tax strategy.
Other focus area – Internal audit			
Received an update on the work undertaken by PwC, including audit resource, progress with the 2023 internal audit plan, significant findings and audit actions, in addition to areas of focus included in the three-year internal audit plan. Received a report on the externally facilitated review of effectiveness of the internal audit function.	Received an update on the work undertaken by PwC, including progress with the 2023 internal audit plan, significant findings and audit actions.	Received an update on the work undertaken by PwC, including progress with the 2023 internal audit plan, significant findings and audit actions.	Received an update on delivery of the 2023 internal audit plan, progress with the 2024 internal audit plan and approved the three-year internal audit plan.
Other focus area – Financial reporting			
Key focus (as above).	Reviewed correspondence with the FRC and proposed response.	Reviewed correspondence with the FRC and proposed response.	Key focus (as above). Reviewed correspondence with the FRC and proposed response.

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 148 to 158. The committee concluded there was no significant disagreement or unresolved issue that required referral to the Board.

Accounting for construction contracts

Significant issues considered	How the committee addressed these issues
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 2023 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.	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. The committee considered these issues at all of its meetings during the year and, in particular, in December 2023 and February 2024 when it agreed with management's recommendations. The reasonableness of the recommendations made by management was also discussed with EY.

Carrying value of goodwill

Significant issues considered	How the committee addressed these issues
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.	The committee considered the results of impairment tests of goodwill prepared by management at its meetings in December 2023 and February 2024. 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 Keller UK.

Provisioning

Significant issues considered	How the committee addressed these issues
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. Recognition of liabilities for contract claims requires judgement and coordination between different Group functions.	The committee received regular updates from the CFO and information relating to 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.

Expected credit losses

Significant issues considered	How the committee addressed these issues
The recovery of trade receivables from customers in certain jurisdictions and circumstances can be challenging and subject to legal process, leading to uncertainty over the timing of cash inflows. Recognition of expected credit loss impairments for trade receivables and contract assets requires judgement.	The committee received regular updates from the CFO and information relating to expected credit losses was provided by the divisional finance teams who reviewed the open receivables balances, with provisioning being assessed with input from Group finance. Details of the allowance for expected credit loss are set out in note 20 to the statements.

Non-underlying items

Significant issues considered	How the committee addressed these issues
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.	The committee considered management's presentation of non-underlying items at its meetings in July and December 2023, and February 2024. The reasonableness of the assumptions made by management was discussed with EY. The committee agreed with the recommendations made by management.

Going concern

Significant issues considered	How the committee addressed these issues
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 improved financial performance in 2023 combined with securing new debt facilities through issuing new notes in the US private placement market in August 2023 provide a strong platform for considering the Group's ability to continue as a going concern. However, going concern remains a key focus for the committee and judgements and estimates have been made on prevailing market conditions in order to complete this assessment.	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 2025, a period of at least 12 months from when the financial statements are authorised for issue, at its meetings in July and December 2023, and February 2024.

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 14 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 2023 Annual Report and Accounts.

The audits carried out during 2023 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.

Overall, progress has been made across business units and we have observed a demonstrably stronger control environment.

During the year, the committee completed an external effectiveness assessment of the internal audit function, which was performed by Deloitte. The work of the internal audit function was rated as fully conforming. It was, however, noted that there was an opportunity to refresh Keller's three lines of defence model, with a plan for further improvement of the second line of defence to be executed in 2024.

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 2023 was Kevin Harkin, who had no previous involvement with the Group in any capacity prior to appointment. The lead EY partner from the financial year to 31 December 2024 will be Kevin Weston.

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 pages 148 to 158 where EY's actions to mitigate the risk arising out the financial reporting fraud in Austral are explained.

Audit and Risk Committee report continued

External audit continued

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 2023, 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 6 of the accounts on page 177.

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 2024. The lead EY partner from the financial year to 31 December 2024 will be Kevin Weston.

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.

Further information on the Group's risks can be found on pages 36 to 47.

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. During 2023, we continued to support management in their efforts 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.
- Successfully implementing a governance, risk and compliance (GRC) tool to support the assessment, monitoring and reporting on risks and internal controls.

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 various programme change initiatives under way such as ERP, finance transformation and PPM.

Controls response plan

As reported last year and elsewhere in this report, following the financial reporting fraud in the Austral Business Unit, a controls response plan was developed that covered both the business unit and the Group. Deloitte was engaged to assist in the initial review and plan implementation. The majority of the actions have been completed and there are ongoing projects that will continuously improve controls, including:

- Second line of defence assurance.
- Project management controls through the new PPM standard.
- Finance transformation.

Deloitte's engagement, following the initial review, involved assessing the maturity and robustness of the Group's minimum control standards across a sample of legal entities and performing an effectiveness review of the internal audit function. Both reviews highlighted the need for Keller to urgently review the organisation's governance, risk and assurance design across the three lines of defence, with priority focused on the second line of defence, to help reduce the likelihood of control breakdowns.

This is an extensive piece of work which has already commenced and we will report further next year.

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. Any instances of fraud or suspected fraud are 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 are treated with confidentiality and thoroughly reviewed and assessed.

During 2023 the Anti-Bribery and Anti-Fraud Policy was independently reviewed and updated. We also ran a series of fraud risk workshops with key members of management across the business to ensure material fraud risks are identified and effective controls put in place to mitigate them.

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. Nothing substantial was uncovered.

Our response to the UK Corporate Governance Reform

Our UK Corporate Governance Reform implementation plan continues to be revised to ensure that it is fit for purpose and in line with emerging FRC and Government requirements. In 2023, a major component of this plan involved investment in key systems to facilitate effective risk management, including the implementation and rollout of a Governance, Risk and Compliance tool, to bring together all aspects of our risk management and internal controls management processes. We also implemented a segregation of duties monitoring tool to ensure that we maintain effective segregation of duties within our current ERP landscape and to also assist with appropriate role design within our future global ERP.

Following the fraud identified in the Austral Business Unit, the Group implemented a number of initiatives, including reviewing and updating the Anti-Bribery and Anti-Fraud Policy and running a series of fraud risk workshops with key members of management to ensure that all material fraud risks are identified and captured and effective controls are in place to mitigate those risks. The Group Head Office team worked closely with the new Austral CFO and her team to redesign and document the material finance processes and controls and to implement remediation activities identified from the various external reviews commissioned in response to the fraud. These external reviews also identified the need to enhance our second line of defence capabilities, especially around internal controls over financial reporting and project performance management controls. Design and rollout of a second line of defence model will be a key area of focus for the Group throughout 2024 and other areas of risk, including non-financial reporting, compliance and operations, will also be included to address the FRC's proposed requirement that the Board disclose the basis for their statement on internal controls.

Interaction with the FRC

During the year, the FRC reviewed the company's Annual Report and Accounts for the year ended 31 December 2022 in accordance with Part 2 of the FRC Corporate Reporting Review Operating Procedures. This resulted principally in requesting further information in respect of expected credit losses for trade receivables and contract assets, as well as minor observations on other areas of the accounts.

The Group responded fully to the matters raised in the correspondence and as a result has restated the disclosure of the allowance for expected credit losses in note 20 of this year's accounts. The FRC's enquiry did not result in any restatement of the primary statements reported for the 2022 financial year.

The Chair of the Committee has been involved in reviewing the Group's response to the points raised and is satisfied that the matters have been addressed effectively, with additional or amended disclosures adopted in this year's Annual Report and Accounts.

Corporate governance

The committee's terms of reference, which were reviewed during the year, are available on our website (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 Group Chairman, the CEO, the CFO, the Group Financial Controller, the 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. The Group Head of Secretariat is the Committee Secretary.

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 2024 our priorities will be:

- Monitoring improvement actions identified in 2023, in particular the detailed action plan that will deliver continuous improvement to our second line of defence processes in line with our assurance strategy.
- Monitoring the progress of the finance transformation project.
- Further developing the approach to fraud risk assessment utilising the GRC tool that was successfully deployed in 2023.
- Continued review of the cyber security risk mitigation plan.
- Monitoring the implementation of PPM, supported by both internal and external independent assurance activity.
- Monitoring the delivery of the ERP system, supported by independent assurance activity.

REM

Annual statement from the Chair of the Remuneration Committee

Eva Lindqvist

Chair of the Remuneration Committee

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.

Committee composition during 2023	Meeting attendance
Eva Lindqvist (Chair)[1]	◆◆◆◆◆◆
Paula Bell	◆◆◆◆◆◆
Juan G. Hernández Abrams	◇◆◆◆◆◆
Annette Kelleher[1]	◆
Baroness Kate Rock	◇◆◆◆◆◆

1. Eva will retire from the Board and as Chair of the Committee following the 2024 AGM. Annette will be appointed Chair.
2. Annette joined the Board and the Committee in December 2023.

Committee highlights in 2023

- **Consulted with major shareholders and shareholder bodies on proposed changes to the Remuneration Policy.**
- **Monitored developments in corporate governance and market trends, including the challenges presented by increasing levels of inflation, 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.**
- **Reviewed and approved a new bonus structure for senior leaders below the Executive Committee.**
- **Determined bonus outcomes for 2023 and the vesting outcome of the 2021–23 Performance Share Plan (PSP) awards.**
- **Set base salaries and established bonus arrangements for 2024 for the Executive Directors and the Executive Committee.**
- **Approved 2024–26 LTIP awards to Executive Directors, Executive Committee and other 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 2023.

2023 business performance and incentive outcomes

Keller delivered a record performance in 2023. Underlying operating profit increased to £180.9m, up 67% at constant currency. Underlying diluted earnings per share increased by 53% to 153.9p per share (2022: 100.7p per share). Net debt (on a bank covenant IAS 17 basis) decreased by 33% to £146.2m, equating to a net debt/EBITDA leverage ratio of 0.6x (2022: 1.2x).

The targets for the 2023 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 macroeconomic environment.

The annual bonus payments for 2023 reflect the very strong operational and financial performance of the Group. The financial measures, Group profit before tax and net debt, paid out in full. There was progress against the corporate objectives and the Executive Directors achieved 9% out of a possible 30% maximum. Overall, the annual bonus outturn was 79% of maximum.

After considering all the relevant factors for the 2023 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 PSP granted under the company's Long-Term Incentive Plan 2018 (LTIP) to executives in 2021 and vesting in March 2024 was improved from the previous PSP cycle. The operating profit margin and ROCE targets were almost fully met during the performance period, with the EPS target being met in full and TSR vesting at maximum. Overall, the 2021 LTIP awards vested at 95.6% of maximum.

The committee carefully considered the vesting levels of the 2021 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.

2023 wider workforce

Salary increases awarded across the business in 2023 were weighted to the company's lower paid employees and a number of one-off payments were made to support employees through the cost of living crisis.

During 2023, the committee reviewed the annual bonus plan arrangements in place for the extended leadership team, comprising our global senior management teams at the level below the Executive Committee, and approved a new structure proposed by management to provide general alignment and consistency in the structure, performance measures and weighting of performance pay across the Group. Employees now have a profit and cash target one level up from their area of operation to encourage collaboration and alignment, together with a number of shared corporate and/or personal objectives.

2024 salary review

Salary increases for UK-based employees across the Group were generally around 6.5%, effective 1 January 2024. 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 4.5%. As additional context, the CEO and CFO are already aligned with the wider workforce pension rate of 7% of salary.

Key changes to the Remuneration Policy (the 'Policy')

A number of changes were made to the Policy in 2021, bringing it in line with the UK Corporate Governance Code and the wider business environment. The 2021 Policy introduced a number of best practice governance features, some of which were already in operation, as summarised below:

- Introduction of a two-year post-employment shareholding requirement for Executive Directors.
- Discretion for the committee to override formulaic outcomes in the PSP.
- Malus and clawback policy.
- Mitigation measures for Executive Director leavers written into current service contracts.
- Settlement of deferred bonus and dividend equivalents in shares and not cash.
- Alignment of Executive Director pensions to the general workforce.

We also took the opportunity to refresh the performance metrics in our PSP. The 2021 Policy was approved by 90.2% of shareholders.

In the context of evolving market practice since the approval of Keller's 2021 Policy, the committee has reviewed its policy and proposes the following changes:

- Increasing the maximum opportunity available under the PSP from 150% to 200% of salary. The committee believes this increase is appropriate in the context of market practice and competitiveness and to ensure the policy remains fit for purpose over the next three years. In 2023, the CEO received an LTIP award of 150% of base salary and the CFO received an LTIP award of 125% of base salary. The committee intends to grant 2024 LTIP awards at the same level.
- Introducing an additional trigger of 'corporate failure' under Keller's malus and clawback policy, for good governance and in line with emerging market practice.

Shareholder engagement and consultation

In October 2023, we engaged with our top 20 shareholders as well as the Investment Association, ISS and Glass Lewis to explain our proposed changes to the Policy as part of the normal three-year renewal cycle.

The vast majority of our largest shareholders were supportive of the proposals put forward. On that basis, the committee has decided to proceed with the proposed changes in our 2024 Policy which will be put to a binding shareholder vote at our AGM in May 2024 and we wrote to our major shareholders and the main proxy voting bodies in January 2024 to follow up with our final proposals.

The committee is grateful to shareholders for the time they have given to the consultation process and the feedback provided, which has helped facilitate a more robust decision-making process.

Year ahead: 2024 annual bonus plan and LTIP metrics

Management's focus continues to 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 and 2023. Recognising the continued importance of achieving these goals, we have agreed a Scope 1 reduction target and a further Scope 2 reduction target to be included in management's corporate objectives for 2024. Further detail on the 2024 corporate objectives will be disclosed in the 2024 Annual remuneration report.

The four LTIP measures agreed in 2021 continue to support the delivery of the strategy and are therefore carried forward into 2024. Together with the targets for the LTIP for the year ahead, the measures are disclosed in the this Directors' remuneration report. See page 141 for further details.

2024 Annual General Meeting (AGM)

We very much hope that you will support our 2024 Policy and 2023 Annual remuneration report 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 and we will respond to them directly.

The 2024 AGM will be my last at Keller as I have decided to step down after seven years on the Board. It has been a pleasure to serve on your Board and I wish Annette Kelleher great success as she takes over as Chair of the Remuneration Committee.

Eva Lindqvist
Chair of the Remuneration Committee

Approved by the Board of Directors and authorised for issue on 4 March 2024.

REM

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;
- monitors the variable pay arrangements to take account of risk levels, ensuring an emphasis on long-term and sustainable performance; and
- 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 on page 70) 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 table below and 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. During 2024 we will work to align our policy with the 2024 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.

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.

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.

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 the Executive Directors 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.

REM

Remuneration at a glance

Overview of Remuneration Policy – How Executive Directors will be paid in future years

We are seeking shareholder approval for a revised Policy at the 2024 AGM. The key elements of the Policy will remain unchanged. An overview of our Policy and how it is proposed to apply in 2024 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 2024

Salary	**CEO:** £645,510 – 4.5% increase from 2023, below average salary increases of 6.5% awarded to UK-based employees	**CFO:** £423,810 – 4.5% increase from 2023, below average salary increases of 6.5% awarded to UK-based employees
Pension	7% of salary – aligned with the wider workforce rate	
Benefits	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

25% of bonus deferred into shares for two years

Maximum opportunity – up to 150% of salary. Awards subject to **malus and clawback.**

2024 bonus metrics:

- 50% PBT
- 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

2-year holding period

Maximum opportunity – up to 200% of salary. For 2024, CEO will receive 150% of salary and CFO will receive 125% of salary.

Awards subject to **malus and clawback.**

2024 PSP metrics:

- 25% Cumulative EPS
- 25% ROCE
- 25% Relative TSR
- 25% Operating profit margin

✓ Aligned with our evolving 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

Updates to the Policy

The committee is proposing the following changes to the 2021 Policy:

- Increasing the maximum opportunity available under Keller's Long-Term Incentive Plan from 150% to 200% of salary. The committee believes this increase is appropriate in the context of market practice and competitiveness and to ensure the policy remains fit for purpose over the next three years. In 2023, the CEO received an award of 150% of base salary and the CFO received an award of 125% of base salary. The committee intends to maintain the 2024 LTIP awards for the CEO and CFO at the 2023 levels.
- Introducing an additional trigger of 'corporate failure' under Keller's malus and clawback policy for good governance and in line with emerging market practice.

Remuneration for 2023 – What Executive Directors earned during 2023

The Executive Directors received salary increases of 5% in 2023, below the salary increases to UK-based employees of 8%. The CEO received £617,715 and the CFO received £405,563 in base salary.

Annual bonus	Weighting	Threshold	Target	Max	Outcome (% of max)
Underlying operating profit, £m[1]	50%	110.0	120.2	130.0	100%
		Performance outcome: 180.9			
Net debt, £m	20%	297.1	270.1	243.1	100%
		Performance outcome: 146.2			
Corporate objectives	30%	Summary of objectives on page 136			29%
		Actual: 8.6% out of 30%			
Overall					**78.6%**

PSP	Weighting	Threshold	Max	Outcome (% of max)
EPS	25%	245p	310p	100%
		Actual: 338.8p		
TSR	25%	Median	Upper quartile	100%
		Actual: Above upper quartile		
ROCE[2]	25%	12%	18%	90.1%
		Actual: 17.2%		
Operating profit margin	25%	5.2%	6.2%	92.5%
		Actual: 6.1%		
Overall				**95.6%**

1 At 2023 budget exchange rates before non-underlying items.

2 Average of the three-year ROCE for 2021–2023.

REM

Remuneration Policy report

The Remuneration Policy (the 'Policy') is set out in this section

This Policy will be put to shareholders for approval at the AGM to be held on 15 May 2024. The Policy is intended to apply, subject to shareholder approval, for three years from 1 January 2024. Where a material change to this Policy is considered, the company will consult with major shareholders prior to submitting to all shareholders for approval. The Policy will be displayed on the company's website (www.keller.com) following the 2024 AGM.

Summary of decision-making process

As described in the Annual statement from the Chair of the Remuneration Committee, the committee engaged with its major shareholders in 2023 as part of its review of the executive remuneration policy. We wrote to 20 of our largest shareholders and the major shareholder representative bodies in October 2023 to consult on the development of our executive remuneration approach and, having considered the feedback, we wrote to them again in January 2024 to explain the outcome of the review, the changes proposed and associated rationale.

Shareholders were offered the opportunity to discuss the proposals with the Committee Chair and the Group Company Secretary and Legal Advisor on both occasions and overall we were encouraged by the number of shareholders who took the time to respond and engage and are satisfied that, having taken into account both supporting views and key concerns, we have developed an appropriate way forward.

In addition to the specific feedback received from our consultation with major shareholders, we also considered input from the management team and our independent advisers, as well as latest market practice and corporate governance developments. To manage any potential conflicts of interest arising, the committee ensured that no individual was involved in discussions on their own remuneration arrangements and all changes proposed aligned to the business' core strategy and values.

In reaching its decisions, the committee also considered the following principles as recommended in the 2018 UK Corporate Governance Code.

Clarity

The policy is designed to allow our remuneration arrangements to be structured such that they clearly support, in a sustainable way, the financial and strategic objectives of the company. The committee remains committed to reporting on its remuneration practices in a transparent, balanced and understandable way.

Predictability

The committee considers the impact of various performance outcomes on incentive levels when determining quantum. These can be seen in the charts on page 130.

Simplicity

The Policy consists of three main elements: fixed pay (salary, benefits and pension), an annual bonus and a long-term incentive award. The metrics used in our incentive plans directly link back to our key corporate objectives and provide a clear link to the shareholder experience. The committee may change measures for future years to ensure they continue to be aligned with our strategy

Proportionality

A substantial portion of the package comprises of performance-based reward, which is linked to our strategic priorities and underpinned by a robust target-setting process. This year, we have also been particularly mindful of the alignment with our workforce when considering the right and proportional approach to pay.

Risk

Remuneration policies are in line with our risk appetite. A robust malus and clawback policy is in place, and the committee has the discretion to reduce pay outcomes where these are not considered to represent overall company performance or the shareholder experience. Furthermore, our bonus deferral, post-cessation shareholding requirement, and PSP holding period ensure that Executive Directors are motivated to deliver sustainable performance.

Alignment to culture

When developing the Policy, the committee reviewed our approach to remuneration throughout the organisation to ensure that arrangements are appropriate in the context of the wider workforce. The themes considered include workforce demographics, engagement levels and diversity to ensure that executive remuneration is appropriate from a cultural perspective.

Remuneration Policy main changes

A number of changes were made to the Policy in 2021, bringing it in line with the UK Corporate Governance Code and the wider business environment. The 2021 Policy introduced a number of best practice governance features, some of which were already in operation, as summarised below:

- Introduction of a two-year post-employment shareholding requirement for Executive Directors.
- Discretion for the committee to override formulaic outcomes in the Performance Share Plan (PSP).
- Malus and Clawback Policy.
- Mitigation measures for Executive Director leavers written into current service contracts.
- Settlement of deferred bonus and dividend equivalents in shares and not cash.
- Alignment of Executive Director pensions to the general workforce.

We also took the opportunity to refresh the performance metrics in our PSP. The 2021 Policy was approved by 90.2% of shareholders.

In the context of evolving market practice since the approval of Keller's 2021 Remuneration Policy, the committee has reviewed its policy and proposes the following changes:

- Increasing the maximum opportunity available under the PSP from 150% to 200% of salary. The committee believes this increase is appropriate in the context of market practice and competitiveness and to ensure the Policy remains fit for purpose over the next three years.
- In 2023, the CEO received an LTIP award of 150% of base salary and the CFO received an LTIP award of 125% of base salary. The committee will not increase the quantum of award in 2024.
- Introducing an additional trigger of 'corporate failure' under Keller's malus and clawback policy, for good governance and in line with emerging market practice.

Summary of our Remuneration Policy

Base salary and benefits	Competitive fixed remuneration.
Annual bonus	Maximum: 150% of base salary. Reward for achievements against profit and working capital targets which are key financial metrics and individual objectives linked to strategic objectives.
Performance Share Plan	Maximum: 200% of base salary. Metrics reward for achievements against EPS, ROCE and operating margin targets which are key financial metrics and relative TSR which rewards outperformance of alternative investment.
Shareholder aligned	Shareholding guideline: 200% of base salary. Post-employment shareholding requirement: for two years following cessation of employment, with 100% of the in-employment shareholding guideline of 2 x salary (or actual shareholding if lower) to be held in year 1 and at least 50% in year 2. 25% of annual bonus deferred in shares for two years. PSP vested shares to be retained for a further two years. Malus and clawback policy applies to bonus, deferred bonus and PSP.
Internally consistent	The Remuneration Committee oversees the pay structure for senior managers who are eligible to bonus and PSP awards. The committee also receives information on broader employee pay and incentives across the Group.

Remuneration Policy report continued

Remuneration principles

Our remuneration principles underpinning Directors' remuneration and our Policy are:

- Support the delivery of Keller's strategy.
- Align Executive Directors' interests with those of our shareholders.
- Attract, retain and motivate high-calibre executives to lead and manage the business and ensure the long-term sustainable success of the company.
- Consider fairness and equity across the entirety of our workforce.

Directors' Remuneration Policy table

There are five main elements of the remuneration package for Executive Directors: base salary, benefits, pension, performance-related annual bonus, and Performance Share Plan. The table below summarises these elements, how they link to strategy and discourage excessive risk-taking and their operation and performance measures. The Group aims to balance the need to attract, retain and motivate Executive Directors and other senior executives of an appropriate calibre with the need to be cost effective, whilst at the same time rewarding exceptional performance. The Policy is designed to balance these factors, taking account of prevailing best practice, investor expectations and the level of remuneration and pay made generally to employees of the Group.

Fixed remuneration – base salary, benefits and pension

Base salary

Purpose and link to strategy	Reflects the individual's role, experience and contribution to the company. Set at sufficiently competitive levels to attract and retain high-calibre individuals needed to execute and deliver on the Group's strategic objectives.	
Operation	Salaries are normally set in the home currency of the Executive Director and reviewed annually. Any salary increases are normally effective from 1 January. In making salary decisions the committee takes account of:	• changes in the scope or responsibility of the role; • company and individual performance; • periodically, salary levels for comparable roles at relevant international comparators; and • general increases across the Group.
Performance	None	
Opportunity	Determined having considered market practice for relevant roles in companies of a similar size and complexity. Whilst there is no prescribed maximum level of salary, increases are typically not expected to exceed average increases for the wider workforce taking into account relevant geography.	Larger increases could be awarded in circumstances where there is a significant increase in the complexity, scope or responsibility of the role, an increase in the size and complexity of the company, or in the case of appointment at a level lower than a predecessor and/or typical market level with a view to increase over time as the Executive Director gains experience.

Benefits

Purpose and link to strategy	To be market competitive for the purpose of attracting and retaining high-calibre individuals needed to execute and deliver the strategic objectives.	
Operation	Benefits typically include: • a company car or a car allowance; • private health care; and • life assurance, and long-term disability insurance. Other benefits may be provided from time to time if considered reasonable and appropriate by the committee.	Where applicable, relocation costs may be provided, which may include, but which are not limited to: removal costs, housing allowance, immigration assistance, relocation and cost of living allowance, school fees and tax equalisation. Executive Directors would also be eligible to participate in any all-employee share plans on the same basis as other eligible employees, should such plans be implemented by the company.
Performance	None	
Opportunity	There is no formal maximum as the cost of benefit provision can fluctuate depending on changes in provider cost, location and individual circumstances.	

Fixed remuneration – base salary, benefits and pension continued

Pension

Purpose and link to strategy	To provide a market-competitive level of retirement benefit.
Operation	Executive Directors participate in the company pension schemes that apply in their home country. Current UK Directors can elect to receive either a contribution to a UK defined contribution (DC) scheme or a salary cash supplement in lieu of pension benefits.
Performance	None
Opportunity	The maximum annual pension contribution/cash supplement is currently 7% of base salary unless the contribution rates are determined by the rules of a specific country pension plan. The level of contribution for Executive Directors will remain in line with the level of pension contribution received by the general workforce.

Short-term variable remuneration

Annual Bonus Plan

Purpose and link to strategy	Rewards achievement of the short-term financial and strategic targets of the company.
Operation	At the start of each financial year, performance measures and weightings are determined and annual financial targets and personal strategic objectives are set by the committee. Bonus outcomes are determined based on performance against those targets. 25% of any bonus earned is normally deferred into company shares for two years. Deferred bonus shares are eligible for dividend equivalents over the period from the date the deferred award is granted, to the date of its vesting. Dividend equivalents are settled in shares. The company's malus and clawback policy may operate in respect of the Annual Bonus Plan (including deferred bonuses). The policy could take effect in the event of corporate failure, financial misstatement, serious reputational damage, or material misconduct in individual cases. The committee may apply judgement and shall have discretion to make appropriate adjustments to an individual's annual bonus payout (including, if appropriate, reduction to nil) or to recover the relevant value. Clawback will apply to the cash bonus and deferred bonus for a period of two years following the end of the performance period.
Performance	The annual bonus is predominantly based on delivering financial performance (majority weighting). This may include, for example, financial measures such as profit before tax (PBT) and working capital management. The remainder of the bonus is based on personal strategic objectives (minority weighting) which are linked to Keller's strategy and assessed by the committee. The committee agrees targets annually for threshold, target and maximum payouts, ensuring targets are achievable but stretching. No more than 50% of maximum is payable for target performance. Payouts between threshold and target, and target and maximum, are normally determined on a straight-line basis. The measures are reviewed by the committee each year and will be explained in the Annual report on remuneration. The committee retains full discretion to adjust the performance measures/targets/weightings on an annual basis for future years to reflect the prevailing strategic objectives of the business. The committee also has discretion to adjust the bonus outcomes (cash bonus and deferred bonus) if it determines this is needed to achieve an appropriate outcome having considered the broader performance of the company and/or the individual. This could, for example, take into account factors such as a material deterioration in safety performance, events impacting the reputation of the company, or failure to achieve a minimum level of financial performance impacting the scope for payout under personal strategic objectives.
Opportunity	The maximum annual bonus potential for Executive Directors is up to 150% of base salary.

Remuneration Policy report continued

Long-term variable remuneration

Performance Share Plan (PSP)

Purpose and link to strategy	Focuses on delivering value creation for shareholders and sustainable financial performance for the company over the long term.	
Operation	Typically subject to a performance period of at least three years with a subsequent two-year holding period, making it a five-year plan. Awards are normally granted every year. Award levels are determined annually by the committee and set within the policy maximum. Subject to stretching performance conditions. The performance measures and targets are determined at the start of each performance period in line with the company's financial and strategic objectives. Dividend equivalents may accrue over the five-year period.	The company's malus and clawback policy may operate in respect of the PSP (including deferred bonuses). The policy could take effect in the event of financial misstatement, serious reputational damage, or material misconduct in individual cases. The committee may apply judgement and shall have discretion to make appropriate adjustments to an individual's annual bonus payout (including, if appropriate, reduction to nil) or to recover the relevant value. Clawback will apply to the PSP for a period of two years following the end of the performance period.
Performance	The performance measures and targets are determined at the start of each performance period in line with the company's financial and strategic objectives. Vesting of PSP awards is subject to performance against relevant financial and/or non-financial performance measures as determined by the committee.	For 2024, the PSP awards are based on: • earnings per share (EPS) with a weighting of 25%; • total shareholder return (TSR) with a weighting of 25%; • return on capital employed (ROCE) with a weighting of 25%; and • operating margin with a weighting of 25%. The committee may amend performance measures and weightings to reflect the prevailing strategic objectives of the company. The committee will engage with investors, to the extent it considers necessary, if any significant changes are made to the performance measures.
Opportunity	The maximum award limit in each financial year is 200% of base salary. Individual award levels may vary and will be set out in the relevant Annual remuneration report. For 2024, the CEO will receive an award of 150% of base salary and the CFO will receive an award of 125% of base salary.	For threshold performance, typically 25% of the award will vest. For maximum performance, 100% will vest. Vesting will normally operate on a straight-line basis.

Shareholding guidelines

Purpose: aligns interests of Executive Directors with those of shareholders.

Executive Directors are expected to retain 50% net of tax of shares following the vesting of share awards until the guideline is attained. The committee encourages the Directors to buy shares on the market.

Minimum shareholding guideline for Executive Directors is 200% of (pre-tax) base salary.

Post-employment shareholding requirement

Executive Directors are required to hold their shares in the company for a period of two years after they have ceased to be employed by the company with 100% of the in-employment shareholding guideline of 2 times salary (or actual shareholding if lower) to be held in year 1 and at least 50% in year 2.

Notes to the Policy table:

Annual Bonus and Deferred Bonus Plans

- Profit-related measures are chosen by the committee as they support the strategic objectives of 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; personal strategic objectives allow Executive Directors to focus on strategic initiatives which support delivery of the annual business plan in any relevant year as well as laying foundations for delivery of the longer-term Group strategy.
- To reinforce alignment with shareholder interests, 25% of any bonus will be deferred into the Deferred Bonus Plan (DBP). There are no further performance conditions applicable to the deferred bonus and it is released in the form of shares after a deferral period of two years along with any dividend shares accrued over the deferral period.

Performance Share Plan

- The committee believes that the measures for 2024 (TSR, EPS, ROCE and operating margin) provide a balance of performance measures aligned with strategic delivery. The committee also has flexibility to adopt different measures if there are good reasons to do so and amend the weightings to support the strategic focus in any award year.
- Relative TSR performance is measured by ranking against FTSE 250 companies (excluding investment trusts and financial services). Under a ranked approach, threshold vesting will be for median performance against the comparator group; maximum vesting for upper quartile performance (or above) against the comparator group. Vesting will be determined on a straight-line basis between these points. For relative TSR, we measure and rank growth based on the data points at the end of the performance period compared with those at the beginning of the period.
- Underlying EPS is considered as an important indicator of revenue growth and profitability and is a simple and well-understood measure. Strong EPS provides the foundation for maintaining our progressive dividend policy. Targets are set by the committee taking into account internal forecasts of performance, any guidance provided to the market and market expectations, as well as historical performance.
- ROCE is one of our key performance indicators. It is well-understood by participants and used internally to drive profitability. Targets are set taking into account our aspirations of ROCE improvement, as well as historical performance. ROCE remains an excellent measure of the efficiency of key resources and directly drives responsible working capital and capital expenditure decisions.
- Operating margin reinforces management's focus on the quality of earnings to ensure that value generated is sustainable and is aligned to the long-term success of the business.

Awards under previous remuneration policies

The committee reserves the right to make any remuneration payments and/or payments for loss of office (including the exercise of any discretions available to it in connection with such payments) notwithstanding that they are not in line with the Policy where the terms of the payment were (i) agreed before the 2014 AGM (when the company's first shareholder-approved Directors' Remuneration Policy came into effect); (ii) before the Policy came into effect, provided that the terms of the payment were consistent with the shareholder-approved Directors' Remuneration Policy in force at the time they were agreed; (iii) at a time when the individual to whom the payment is made was not a Director of the company and, in the opinion of the committee, the payment was not in consideration for the individual becoming a Director of the company.

For these purposes, 'payments' include the committee satisfying awards of variable remuneration and, in relation to an award over shares, the terms of the payment are agreed at the time the award is granted.

Any awards or remuneration-related commitments made to Directors under previous remuneration policies will continue to be honoured.

Committee's discretion

- If an event occurs which causes the committee to consider that an outstanding PSP award or bonus would not achieve its original purpose without alteration, the committee has discretion to amend the targets, provided the new conditions are not materially less challenging than the original conditions. The committee also has discretion, both upwards and downwards, to override formulaic outcomes in the LTIP.
- Such discretion could be used to adjust appropriately for the impact of material acquisitions or disposals, or for exceptional and unforeseen events outside the control of the management team. The application of any such discretion would have regard to the committee's practice of ensuring the stability of measures and targets throughout the business cycle.
- Awards may also be adjusted in the event of any variation of the company's share capital or any demerger, capital distribution or other event that may materially impact the company's share price.

The committee has discretion in several areas of policy as set out in this report. The committee may also exercise operational and administrative discretions under relevant plan rules approved by shareholders as set out in those rules. In addition, the committee has the discretion to amend the Policy with regard to minor or administrative matters where it would be, in the opinion of the committee, disproportionate to seek or await shareholder approval.

REM **Remuneration Policy report** continued

Pay for performance scenarios

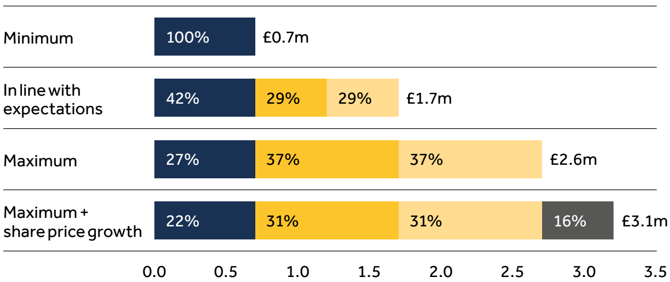
The charts below provide an illustration of the potential future reward opportunities for the Executive Directors and the potential split between the different elements of remuneration under four performance scenarios: 'Minimum', 'On-target', 'Maximum' and 'Maximum + share price growth'. Illustrations are intended to provide further information to shareholders regarding the pay for performance relationship.

Potential reward opportunities are based on Keller's Remuneration Policy, applied from 1 January 2024, excluding the impact of any share price movement and dividend accrual during the performance period.

The 'Minimum' scenario reflects base salary, pension and benefits (ie fixed remuneration). Benefit levels are assumed to be the same as the last financial year. No annual bonus payable and threshold performance under PSP is not achieved. The 'On-target' scenario reflects fixed remuneration as above, plus bonus payout of 50% of maximum and PSP vesting at 50% of normal maximum award. The 'Maximum' scenario reflects fixed remuneration, plus full payout of all incentives. The 'Maximum + share price growth' scenario reflects fixed remuneration plus full payout of all incentives, with a 50% increase in share price applied to the PSP award.

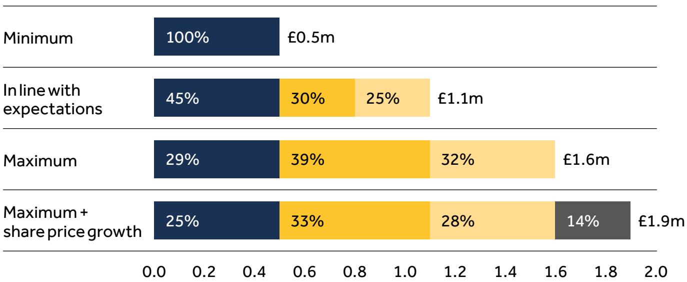
Chief Executive Officer

Remuneration (£m)



Chief Financial Officer

Remuneration (£m)



● Fixed remuneration ● Long-term variable remuneration ● Annual variable remuneration ● Share price growth

Approach to recruitment remuneration

The committee's approach to remuneration for newly appointed Directors (both internal and external) is consistent with that for existing Directors. However, where the company is considering an internal promotion to the Board, the committee may, at its discretion, decide that any remuneration commitment agreed or entered into prior to the promotion will continue to be honoured even though that commitment may not be consistent with the prevailing policy.

In determining appropriate remuneration, the committee will take into consideration all relevant factors to ensure that arrangements are in the best interests of both Keller and its shareholders and will seek not to pay more than is necessary for this purpose.

The table below summarises the committee's approach on recruitment/promotion:

Component	Approach	Maximum
Base salary	The base salaries of new appointees will be determined by reference to relevant market data, experience and skills of the individual, internal relativities and their current base salary. Where new appointees have initial basic salaries set below market, phased increases may be awarded over a period of two to three years subject to the individual's development in the role.	
Benefits	New appointees may be eligible to receive benefits in line with the Policy.	
Pension	New appointees may be eligible to receive pension contributions or an equivalent cash supplement in lieu of pension in line with the Policy.	7% of salary
Annual bonus	The structure described in the Policy table will apply to new appointees with the relevant maximum being pro-rated to reflect the proportion of employment over the year. Targets for the individual element will be tailored to each executive.	150% of salary
Performance Share Plan	New appointees may be granted awards under the PSP on the same terms as other executives, as described in the Policy table.	200% of salary

In addition, the committee may offer a 'buyout' payment where the committee considers it reasonable to do so in order to recruit a particular individual. The committee may offer compensation on a like-for-like basis, for any amounts of variable remuneration being forfeited on leaving a previous employer. In doing so, the committee will consider relevant factors such as expected values, any performance conditions attached to these awards and the likelihood of those conditions being met, time horizons, delivery mechanism and the terms of the forfeited remuneration.

To facilitate such compensation, the committee may also rely on exemptions, procedures or provisions contained in the Listing Rules that permit awards to be granted in exceptional circumstances. To ensure alignment from the outset with shareholders, malus and clawback provisions may also apply where appropriate and the committee may require new Directors to acquire company shares up to a pre-agreed level. Shareholders will be informed of any buyout arrangements at the time of appointment.

In making any decision on the remuneration of a new Director, the committee would balance shareholder expectations, current best practice and the circumstances of any new Director. It would strive not to pay more than is necessary to recruit the right candidate and would give details in the next remuneration report.

The committee may offer to pay reasonable relocation expenses for the new Executive Director in line with the policies described in this report.

Service contracts

Executive Directors' contracts are for an indefinite term with one year's notice. Service contracts between the company (or other companies in the Group) and current Executive Directors are summarised below. Executive Directors' service contracts are available to view at the company's registered office.

Director	Date of service contract	Notice period	Termination payment
Michael Speakman[1]	6 August 2018	12 months' notice by either the company or the Director	Maximum of basic annual salary plus pension and benefits for the unexpired portion of the notice period, subject to mitigation.
David Burke	12 October 2020		

1 Michael Speakman was appointed Chief Financial Officer in August 2018, Interim Chief Executive Officer in October 2019 and Permanent Chief Executive Officer in December 2019.

Mitigation measures are written into current Executive Director service contracts and will be written into future Executive Director service contracts.

Payment for loss of office

When considering exit payments, the committee reviews all potential incentive outcomes to ensure they are fair to both shareholders and participants.

In a departure event, the committee will typically consider:

- Whether any element of annual bonus should be paid for the financial year. Any bonus paid will be limited to the period served during the financial year in which the departure occurs. The default position is that a deferred bonus awarded in prior years will be preserved in full, unless the committee, in its discretion, chooses to apply malus or clawback.
- Whether any awards under the PSP should be preserved either in full or in part.

The rules of the share plans set out the treatment of specific categories of leavers as set out below. In other cases where an executive leaves employment, the committee will consider the specific details of each case before determining whether to award good leaver status.

Good leaver status (including ill-health, injury or disability): deferred bonus share awards will vest in full. To the extent that performance conditions are met, PSP awards are pro-rated for service during the performance period and released at the normal vesting date.

Death, or sale of employing entity out of the Group: deferred bonus share awards vest in full on death or on sale. Performance conditions with regard to PSPs may be waived, awards may be pro-rated for service during the performance period and awards may be released early.

The default position is that an unvested PSP award or entitlement lapses on cessation of employment, unless the committee applies discretion to preserve some or all of the awards. This provides the committee with the maximum flexibility to review the facts and circumstances of each case, allowing differentiation between good and bad leavers and avoiding 'payment for failure'.

For good leavers, deferred bonus awards will normally vest in full at the normal vesting date and PSP awards will normally continue until the normal vesting date or the end of the holding period although the committee may allow awards to vest (and be released from any holding period) as soon as practicable after leaving where appropriate. The award will vest taking into account the extent to which performance conditions have been satisfied and, unless the committee determines otherwise, the period of service during the performance period.

The committee maintains a discretionary approach to the treatment of leavers, on the basis that the facts and circumstances of each case are unique. In an exit situation, the committee will consider: the individual circumstances; any mitigating factors that might be relevant; the appropriate statutory and contractual position; the position under the relevant plan documentation; and the requirements of the business for speed of change.

The committee reserves the right to make any other payments in connection with a Director's cessation of office or employment where the payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation) or by way of settlement of any claim arising in connection with the cessation of a Director's office or employment or for any fees for outplacement assistance and/or the Director's legal and/or professional advice fees in connection with his cessation of office or employment.

In certain circumstances, the committee may approve new contractual arrangements with departing Executive Directors including (but not limited to) settlement or consultancy arrangements. These will be used sparingly and are only entered into where the committee believes that it is in the best interests of the company and its shareholders to do so.

Change of control

In the event of a change of control, the committee will determine the extent to which unvested awards will vest after taking into account all relevant factors at the time including the extent to which any performance conditions have been achieved and the period of time that has elapsed from the award date to the date of the relevant event.

External appointments

The Board may allow Executive Directors to accept external appointments and retain the fees; however, in accordance with the Code, the Board will not agree to a full-time executive taking on more than one Non-executive Directorship, or the chairmanship of any company. None of the Executive Directors held external appointments during 2023.

Remuneration policy for other employees

Keller's approach to remuneration is broadly consistent across the Group. Consideration is given to the experience, performance and responsibilities of individuals. Senior managers are eligible to participate in the annual bonus scheme with similar performance measures to those used for the Executive Directors. Maximum opportunities vary by seniority, with business-specific measures applied where appropriate.

Members of the Executive Committee are also eligible to participate in the PSP with the same performance conditions as Executive Directors. Senior managers (approximately 60) are eligible to participate in the LTIP and receive shares conditional on continued employment with the company for two years. The award sizes vary according to seniority. Pensions and benefits provision follows local country practice.

Considerations of conditions elsewhere in the Group

When reviewing and setting executive remuneration, the committee takes into account the relevant pay and employment conditions elsewhere in the Group. Specifically, the level of salary increases across the Group are reviewed annually. In addition, the designated Non-executive Director with responsibility for workforce engagement at Keller, is a member of the committee and invited to contribute to discussions in this regard.

All senior managers are set annual objectives at the beginning of each year which support the execution of our strategic levers through delivering specific objectives relevant to their business unit. Annual bonuses payable to senior managers across the Group depend on the satisfactory completion of these objectives as well as performance against local business unit financial targets.

It should be noted that the workforce employed across the Group's geographically diverse businesses is not a homogeneous group and pay and conditions are designed to be competitive in, and appropriate to, the local employment market.

Non-executive Director remuneration

The remuneration of the Non-executive Directors is determined by the Board annually within the limits set out in the Articles of Association. When setting the fee levels consideration is given to market practice for companies of similar size and complexity. The Chairman receives an all-inclusive fee. Non-executive Directors receive a basic fee and additional fees may be payable for chairing a committee or performing the role of Senior Independent Director. The Non-executive Directors' fees are non-pensionable and Non-executive Directors are not eligible to participate in any incentive plans.

The Chairman and Non-executive Directors will be reimbursed by the company for all reasonable expenses incurred in performing their duties. This may include costs associated with travel where required and any tax liabilities payable.

All Non-executive Directors have specific terms of engagement, the dates of which are set out below. All appointments are for an initial three-year period, and thereafter are subject to review by the Nomination and Governance Committee, unless terminated by either party on three months' notice.

There are no provisions for compensation payable in the event of early termination.

Fees for a new Non-executive Director will be set according the principles set out above.

Fees paid to Non-executive Directors with effect from 1 January 2024 are set out in the table below.

Non-executive Director	Appointment date, renewal date, renewal due	Fees
Peter Hill CBE	24 May 2016 (and 26 July 2016 as Chairman) (renewed 24 May 2019 and 24 May 2022)	£235,000 pa
Eva Lindqvist[1]	1 June 2017 (renewed 1 June 2020 and 1 June 2023)	£60,000 pa Plus £11,500 pa (Chair of Remuneration Committee)
Paula Bell	1 September 2018 (renewed 1 September 2021) Renewal due: 1 September 2024	£60,000 pa Plus £11,500 pa (Chair of Audit and Risk Committee)
Baroness Kate Rock	1 September 2018 (renewed 1 September 2021) Renewal due: 1 September 2024	£60,000 pa Plus £11,500 pa (Senior Independent Director) Plus £5,500 pa (Workforce Engagement)
Juan G. Hernández Abrams	1 February 2022 Renewal due: 1 February 2025	£60,000 pa Plus £11,500 pa (Chair of Sustainability Committee) Plus £11,000 pa (intercontinental travel)
Annette Kelleher	1 December 2023 Renewal due: 1 December 2026	£60,000 pa

1 Eva Lindqvist will retire from the Board and as Chair of the Remuneration Committee following the 2024 AGM. Annette Kelleher will be appointed Chair of the Remuneration Committee.

In recruiting a new Non-executive Director, the committee will utilise this Policy.

REM

Annual remuneration report

The following section provides details of how Keller's Remuneration Policy was implemented during the financial year ended 31 December 2023.

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 2022 and 2023:

	Executive Directors			
	Michael Speakman		David Burke	
	2023 £000	2022 £000	2023 £000	2022 £000
Salary	**618**	588	**406**	386
Taxable benefits[1]	**14**	14	**20**	20
Pension benefits[2]	**43**	41	**28**	27
Total fixed pay	**675**	643	**454**	433
Annual bonus[3]	**729**	35	**478**	23
PSP[4]	**892**	619	**488**	–
Total variable pay	**1,621**	654	**966**	23
Total pay	**2,296**	1,297	**1,420**	456

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 2023 reflects the final vesting outcome of the 2021 PSP award with performance measured over the three-year performance period 1 January 2021 to 31 December 2023. The final vesting outcome of the 2021 PSP award was 95.6% of maximum. The value of the award was calculated using a three-month average closing share price to 31 December 2023 of 786p. See page 136 for further details. The 2021 award will vest on 18 March 2024. Using the average closing share price to 31 December 2023, the price appreciated from the date of the award.

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.

2023 annual bonus

The 2023 annual bonus was based 70% on the achievement of stretching profitability and net debt targets and 30% on individual corporate objectives aligned to the delivery of key strategic and operational priorities. Overall, the bonus outcome for 2023 was 79% of the maximum payout, for each Executive Director, based on performance as set out below:

	2023 measurement ranges and outcome				Bonus as % of salary			
					Executive Directors			
					Michael Speakman		David Burke	
Measures	Threshold 0%	Target 50%	Maximum 100%	Performance outcome[1]	Max %	Outcome %	Max %	Outcome %
Group underlying operating profit, £m	110.0	120.2	130.0	180.9	75	75	75	75
Group net debt (IAS 17 basis), £m	297.1	270.1	243.1	146.2	30	30	30	30
Total Group measures					105	105	105	105
Corporate objectives assessment					45	13	45	13
Total bonus					150	118	150	118
Base salary						£617,715		£405,562
Bonus based on performance outcomes					118	£728,657	118	£478,401

1 At 2023 actual exchange rates, before non-underlying items.

REM **Annual remuneration report** continued

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 5% to 10% 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%)
Improved project performance Reducing the number of loss-making contracts (LMC)	12.0% of base salary	Partially achieved	2.6%
Fixed and indirect cost management	12.0% of base salary	Not achieved	0.0%
An absolute 38% reduction in Scope 2 market-based emissions Using the 2019 reported number as a baseline	6.0% of base salary	Fully achieved	6.0%
Attainment as assessed by the committee		8.6%	
Discretion applied			**0% reduction**
Final outcome			8.6% achieved

2023 annual bonus outcomes

The financial targets for Keller were fully met in 2023.

The objective scoring by the committee for performance in 2023 against corporate objectives resulted in an outcome of 8.6% 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 the annual bonus payments for 2023 reflects the very strong operational and financial performance of the Group. 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.

2021–23 Performance Share Plan (PSP) outcomes (audited)

Based on EPS and TSR performance over the three years ended 31 December 2023, the PSP awards made in 2021 will vest as follows:

	Vesting schedule and outcome[3]				
	% of award that will vest				
Measures	0%	25%	100%	Outcome	Vesting %
25% weight Cumulative EPS over three years[1]	Less than 245p	245p	310p	338.8p	25.0
25% weight Keller's TSR ranking relative to the constituents of the FTSE 250 comparator index[2]	Less than median	Median	Upper quartile or higher	Upper quartile	25.0
25% weight ROCE over three years[3]	Below 12%	12%	18%	17.2%	22.5
25% weight Operating profit margin	Less than 5.2%	5.2%	6.2%	6.1%	23.1
Total vesting					95.6

1 EPS and ROCE are before non-underlying items on an IFRS 16 basis.

2 Excluding investment trusts and financial services.

3 Average of the three-year ROCE for 2021–23.

The committee carefully considered the vesting levels of the 2021 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 2023.

Scheme interests awarded in 2023 (audited) 2023–25 PSP

The three-year performance period over which performance will be measured began on 1 January 2023 and will end on 31 December 2025. Awards will vest in March 2026, 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 23	130,743	7.08[1]	150% of salary	231,415	925,660	1 Jan 23–31 Dec 25
David Burke	15 March 23	71,533	7.08[1]	125% of salary	126,614	506,454	1 Jan 23–31 Dec 25

1 The average of the daily closing price on 9, 10 and 11 March 2023 of the company's shares on the main market of the London Stock Exchange.

Vesting of the 2023–25 Performance Awards is subject to achieving the following performance conditions:

	Vesting schedule		
	% of award that will vest		
Measures	0%	25%	100%
25% weight Cumulative EPS over three years[1]	Below 330p	330p	400p
25% weight Keller's relative TSR performance vs FTSE 250[2] Index over three years	Below median	Median	Upper quartile
25% weight Average ROCE over three years	Below 12%	12%	18%
25% weight 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 2023. 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 2023 and the date of this report.

Director	Ordinary shares at 31 December 2023	Ordinary shares at 31 December 2022
Michael Speakman	**120,299**	63,008
David Burke	**21,921**	4,872
Peter Hill CBE	**53,000**	53,000
Eva Lindqvist	**–**	–
Baroness Kate Rock	**2,500**	2,500
Paula Bell	**1,581**	1,581
Juan G. Hernández Abrams	**–**	–
Annette Kelleher[1]	**–**	–

1 Annette Kelleher was appointed to the Board on 1 December 2023.

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 2023.

	Shares held	Awards held[1]			
	Owned outright or vested	Unvested and subject to performance conditions	Unvested without performance conditions[2]	Shareholding guideline % salary/fee	Current shareholding %[3] salary/fee
Michael Speakman	120,299	381,715	28,661	200%	171%
David Burke	21,921	208,842	18,817	200%	48%

1 Dividend accruals are included in these numbers, totalling 21,040 shares for Michael Speakman and 11,662 shares for David Burke.

2 Deferred awards.

3 Reflects closing price on 31 December 2023 of 880p.

REM **Annual remuneration report** continued

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 2023[1,2]	Granted during the year	Vested in year[2]	Lapsed during the year[2]	Dividend equivalents accrued during the year	At 31 December 2023[2]	Vesting date
Michael Speakman							
9 March 2020[3]	1,850	–	1,850	–	–	–	15/03/23
9 March 2020	121,399	–	75,144	46,255	–	–	15/03/23
15 March 2021 (deferred award)	25,767	–	25,767	–	–	–	15/03/23
15 March 2021	112,640	–	–	–	6,082	118,722	15/03/24
15 March 2022 (deferred award)	25,948	–	–	–	1,401	27,349	15/03/24
15 March 2022	118,778	–	–	–	6,431	125,191	15/03/25
15 March 2023 (deferred award)	–	1,245	–	–	67	1,312	15/03/25
15 March 2023	–	130,743	–	–	7,059	137,802	15/03/26
David Burke							
15 March 2021 (deferred award)	3,856	–	3,856	–	–	–	15/03/23
15 March 2021	61,625	–	–	–	3,327	64,952	15/03/24
15 March 2022 (deferred award)	17,036	–	–	–	920	17,956	15/03/24
15 March 2022	64,986	–	–	–	3,509	68,495	15/03/25
15 March 2023 (deferred award)	–	817	–	–	44	861	15/03/25
15 March 2023	–	71,533	–	–	3,862	75,395	15/03/26

1 For awards granted in 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.

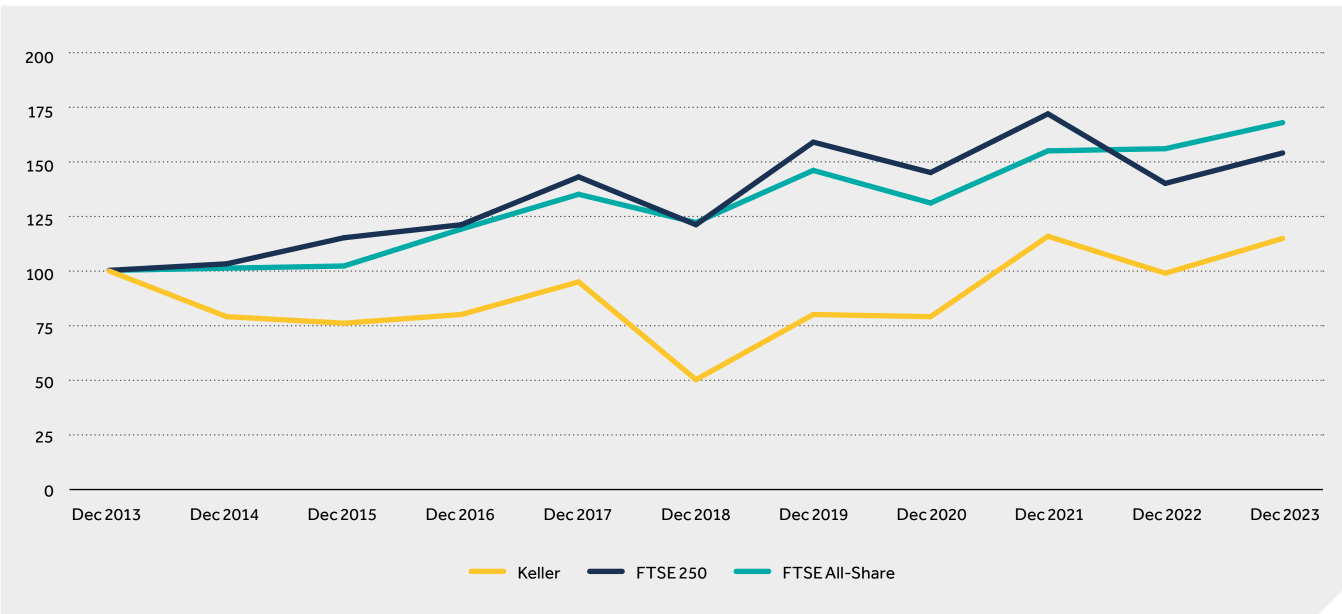
2 Includes dividend equivalents added as shares since the date of grant.

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.



The table below details the CEO single figure of remuneration over the same period.

	2014	2015[1]	2016	2017	2018[2]	2019[3]	2020	2021	2022	2023
CEO single figure of remuneration (£000)	1,630	1,420	715	1,427	639	921	1,433	1,685[4]	1,297	**2,296**
Annual bonus as a % of maximum opportunity	22	85	12	59	0	38	93	90	6	**79**
PSP vesting as a % of maximum opportunity	100	67.3	0	33.9	0	26.5	10.6	36.6	61.9	**95.6**

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 134.

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
2022	Option A	34:1	20:1	15:1
2022 (restated with actual bonuses)	Option A	33:1	20:1	15:1
2023	Option A	**51:1**	**33:1**	**25:1**

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 2023.

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 2023 performance year, we have used the bonus payout for 2023 for the CEO and the bonus payouts for the comparison population that was paid in 2023, in respect of the 2022 performance year. We will update these figures with the actual amounts paid in 2022, in respect of the 2023 performance year, in next year's Annual remuneration report.

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
2022	Salary	£31,576	£46,662	£62,567
	Total remuneration	£37,753	£63,434	£85,133
2023	**Salary**	**£35,169**	**£50,531**	**£67,267**
	Total remuneration	**£44,722**	**£70,590**	**£92,825**

The Board has confirmed that the ratio is consistent with the company's wider policies on employee pay, reward and progression.

REM **Annual remuneration report** continued

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 2022 and 2023 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 2022/23			% 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	% change in salary or fees	% change in benefits	% change in annual bonus
Executive Directors												
Michael Speakman[1]	**5.1**	**3.6**	**1,983**	3.0	1.90	(95.5)	2.0	(0.8)	(1.6)	39.3	0.0	412.4
David Burke[1]	**5.2**	**2.3**	**1,978**	3.0	2.00	(95.5)	364.4	300.0	332.5	n/a	n/a	n/a
Chairman and Non-executive Directors[2]												
Peter Hill CBE	**5.0**			5.0	0.0	0.0	2.6	0.0	0.0	8.3	0.0	0.0
Baroness Kate Rock	**5.0**			2.1	0.0	0.0	1.4	0.0	0.0	26.3	0.0	0.0
Paula Bell	**5.0**			2.4	0.0	0.0	1.6	0.0	0.0	8.8	0.0	0.0
Eva Lindqvist	**5.0**			2.4	0.0	0.0	1.6	0.0	0.0	26.5	0.0	0.0
Juan G. Hernández Abrams	**32.3**			100.0	0.0	0.0	n/a	n/a	n/a	n/a	n/a	n/a
Annette Kelleher[3]	**n/a**			n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Nancy Tuor Moore[4]	**n/a**	**n/a**	**n/a**	(52.6)	0.0	0.0	(7.7)	0.0	0.0	6.0	0.0	0.0
Paul Withers[4]	**n/a**	**n/a**	**n/a**	n/a	n/a	n/a	n/a	n/a	n/a	(60.0)	0.0	0.0
Keller UK based employees [5,6]	**6.0**	**15.0**	**27.0**	4.5	44.6	(11.8)	5.3	22.8	23.4	15.5	16.7	146.4

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 and 2023.

3 Annette Kelleher was appointed in December 2023.

4 Paul Withers and Nancy Tuor Moore retired in June 2020 and May 2022 respectively.

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 2022 and 31 December 2023, along with the percentage changes.

	2023 £m	2022 £m	% change
Distribution to shareholders[1]	**27.7**	26.4	5.0%
Remuneration paid to all employees[2]	**739.7**	699.8	5.7%

1 The Directors are proposing a final dividend in respect of the financial year ended 31 December 2023 of 31.3p per ordinary share.

2 Total remuneration reflects overall employee costs. See note 8 to the consolidated financial statements for further information.

Summary of implementation of the Remuneration Policy during 2023 and 2024

Overall, the committee considers that the Remuneration Policy has operated as it intended during 2023, with no deviations. A summary of how the committee intends the Policy to be operated during 2024 can be found in the remuneration policy report on pages 126 to 134.

2024 base salary and benefits

The committee noted that salary increases for UK-based employees across the Group were generally around 6.5%, effective 1 January 2024. The Executive Directors received salary increases of 4.5% for 2024.

Benefits for 2024 will remain broadly unchanged from prior years.

2024 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.

2024 annual bonus

For 2024, 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.

2024–26 Performance Share Plan Awards (PSP)

The 2024–26 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 500p over the three-year period will enable full vesting of this performance condition, with a threshold vesting of 25% if 400p 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 20% (leading to 25% of that portion of the award vesting) and a maximum of 25%. Straight-line vesting between these points.

Operating profit margin will be measured in year three (with a threshold vesting of 6.0% leading to 25% of that portion of the award vesting) and maximum of 7.0%. 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 macroeconomic environment.

2024–26 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.

	Vesting schedule		
	% of award that will vest		
Measures	**0%**	**25%**	**100%**
25% weight – Cumulative EPS over three years[1]	Below 400p	400p	500p
25% weight – Keller's relative TSR performance vs FTSE 250[2] Index over three years	Below median	Median	Upper quartile
25% weight – Average ROCE over three years	Below 20%	20%	25%
25% weight – Operating profit margin in year three	Below 6.0%	6.0%	7.0%

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 2024. The base fee was increased by 4.5%. Additional fees for chairing a committee and for the Senior Independent Director were increased by 9.5%. A fee of £5,500 was agreed for the role of designated NED for workforce engagement and the fee for intercontinental travel was increased by 4.8%. The Chairman's fee was increased by 6.6%.

REM

Annual remuneration report continued

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 2023 and the prior year:

Non-executive Director	2023 £	2022 £
Peter Hill CBE	**220,500**	210,000
Eva Lindqvist[1]	**67,725**	64,500
Paula Bell[2]	**67,725**	64,500
Baroness Kate Rock[3]	**78,235**	74,500
Juan G. Hernández Abrams[4]	**78,235**	59,125
Annette Kelleher[5]	**4,769**	–
Nancy Tuor Moore[6]	–	31,042
Total fees	**517,189**	503,667

1 Eva Lindqvist received additional fees of £10,000 as Chair of the Remuneration Committee.

2 Paula Bell received additional fees of £10,000 as Chair of the Audit and Risk Committee.

3 Baroness Kate Rock received additional fees of £10,000 as Senior Independent Director and £10,000 as Chair of the Social and Community Committee.

4 Juan G. Hernández Abrams received additional fees of £10,000 as Chair of the Sustainability Committee and £10,000 for intercontinental travel.

5 Annette Kelleher joined the Board on 1 December 2023.

6 Nancy Tuor Moore retired in May 2022.

Statement of shareholder voting

The following table sets out the results of the vote on the Remuneration report at the 2023 AGM and the Remuneration Policy at the 2021 AGM:

	Votes for		Votes against		Votes cast	Votes withheld
	Number	%	Number	%	Number	Number
Remuneration report	56,345,523	93.73	3,769,367	6.27	60,114,890	4,470
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 2024 were being considered:

- Eva Lindqvist
- Juan G. Hernández Abrams
- Paula Bell
- Baroness Kate Rock
- Annette Kelleher

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 2023 financial performance and 2024 budget and the three-year plan for 2024–26. In determining the Executive Directors' remuneration for 2023 and 2024, 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) 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.

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 2023 were £43,250.

Eva Lindqvist

Chair of the Remuneration Committee

Approved by the Board of Directors and authorised for issue on 4 March 2024.

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 2023.

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 84 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 £153.4m (2022: £93.5m), are set out on pages 148 to 201. Statutory profit before tax was £125.6m (2022: £56.3m). The Directors recommend a final dividend of 31.3p per share to be paid on 28 June 2024, to members on the register at the close of business on 31 May 2024. An interim dividend of 13.9p per share was paid on 8 September 2023. The total dividend for the year of 45.2p (2022: 37.7p) will amount to £32.7m (2022: £27.3m).

Going concern and viability statements

Information relating to the going concern and viability statements is set out on page 39 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 205 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 88 and 89. 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 137 and 138.

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.

Directors' report continued

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 9,500 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 59 to 84.

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 94 to 96.

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 65 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 (17 May 2023) to buy back up to 7,277,078 shares. The authority remains outstanding until the conclusion of the 2024 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 given at the 2023 AGM for the Directors to allot new shares (i) up to an aggregate nominal amount of £2,425,693, approximately equivalent to one-third of the company's issued share capital (excluding treasury shares, as at 9 March 2023 and (ii) in connection with a rights issue, a further aggregate nominal amount of £2,425,693, approximately equivalent to an additional one-third of the company's issued share capital (excluding treasury shares, as at 9 March 2023. Shareholder authority was also granted to disapply pre-emption rights: (i) up to an aggregate nominal amount of £727,708, representing approximately 10% of the company's issued share capital as at 9 March 2023, on an unrestricted basis and (ii) up to a further aggregate nominal amount of £727,708, representing approximately a further 10%. of the company's issued share capital for use in connection with an acquisition or specified capital investment announced either contemporaneously with the issue, or which has taken place in the preceding twelve-month period and is disclosed in the announcement of the issue and (iii) in the case of both (i) or (ii), up to an additional 2%. in connection with a follow-on offer to retail investors or existing investors not allocated shares in the offer.

The Directors have not used, and have no current plans to use, these authorities.

Auditor

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 auditor for the year ending 31 December 2024 and a resolution to reappoint EY will be put to shareholders at the 2024 AGM.

AGM

The full details of the 2024 AGM, which will take place on 15 May 2024, are set out in the Notice of Meeting, together with the full wording of the resolutions to be tabled at the meeting.

Substantial shareholdings

At 4 March 2024, 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	5.96
J O Hambro Capital Management Limited	3,650,933	5.01
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

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 auditor is 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 auditor is aware of that information.

Kerry Porritt
Group Company Secretary and Legal Advisor

Approved by the Board of Directors and authorised for issue on 4 March 2024.

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.

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 84) and the Directors' report (pages 143 to 145) 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

4 March 2024

Registered office:
2 Kingdom Street
London W2 6BD

Registered in England No. 2442580

Financial statements

148 Independent auditor's report
159 Consolidated income statement
160 Consolidated statement of comprehensive income
161 Consolidated balance sheet
162 Consolidated statement of changes in equity
163 Consolidated cash flow statement
164 Notes to the consolidated financial statements
206 Company balance sheet
207 Company statement of changes in equity
208 Notes to the company financial statements
215 Adjusted performance measures

Other information

218 Financial record
219 Contacts
220 Cautionary statement

Independent auditor's report

to the members of Keller Group plc

Opinion

In our opinion:

- Keller Group plc's Group 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 2023 and of the Group's profit for the year then ended;
- the Group 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 'parent company') and its subsidiaries (the 'Group') for the year ended 31 December 2023 which comprise:

Group	Parent company
Consolidated balance sheet as at 31 December 2023	Company balance sheet as at 31 December 2023
Consolidated income statement for the year then ended 31 December 2023	Company statement of changes in equity for the year then ended 31 December 2023
Consolidated statement of comprehensive income for the year then ended 31 December 2023	Related notes 1 to 10 to the financial statements including a summary of significant accounting policies
Consolidated statement of changes in equity for the year then ended 31 December 2023	
Consolidated statement of cash flows for the year then ended 31 December 2023	
Related notes 1 to 35 to the 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 company 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 statements 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 the evaluation of the current economic environment impacting the Group and our own independent assessment of risk. This included macroeconomic factors such as uncertainty over future interest rates, the price of steel, and continued inflationary pressure over the cost of material, energy and labour.
- 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 2025. 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 orderbook, and considering actual post year-end performance to date. We have assessed how management considered the future profitability and cashflows assumed in the base case forecast to take account of significant one-off margin contributions during the current year for example windfall from steel prices one-off items which are not expected to recur. 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 have also considered the impact of increased replacement cost for capex arising from stranded assets which do not meet the required carbon emission standards.
- 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 the new private placement of $300m entered into during the year, including covenants, by examination of executed documentation, and agreed the amounts drawn down at year end to external confirmations from the banks.
- 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 2025, including the forecast for covenant compliance at the next testing interval as at 30 June 2025. We have also inquired with our debt advisory specialist over the availability and prospects of Keller's refinancing options based on the corporate finance market for the sector, noting the maturity of facilities due to expire after the going concern period, most notably the revolving credit facility, due to expire in November 2025.
- 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.
- 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 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 2023 amounted to £377.8m which comprises mainly of the Group's £375m revolving credit facility, expiring on 23 November 2025.

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 2025.

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

Audit scope	• We performed an audit of the complete financial information of 63 components and audit procedures on specific balances for a further 19 components. • The components where we performed full or specific audit procedures accounted for 93% of profit before tax, 94% of revenue and 95% of total assets.
Key audit matters	• Improper revenue recognition. • Carrying value of goodwill. • Quality of earnings including disclosure of non-underlying items.
Materiality	• Overall Group materiality of £7.0m which represents 4.6% of profit before tax, adjusted for one-off, non-underlying items.

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 208 reporting components of the Group, we selected 82 components covering entities within AMEA, Europe and North America, which represent the principal business units within the Group.

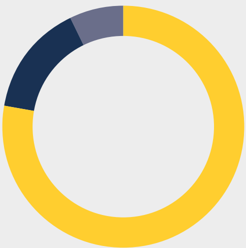
Of the 82 components selected, we performed an audit of the complete financial information of 63 components ('full scope components') which were selected based on their size or risk characteristics. This also reflects inclusion of consolidation entities representing manual adjustments posted in topside at the Group consolidated level, which we have treated as full scope. For 19 components ('specific scope components'), we performed audit procedures on specific accounts 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 93% (2022: 91%) of the Group's profit before tax, 94% (2022: 93%) of the Group's revenue and 95% (2022: 96%) of the Group's total assets. For the current year, the full scope components contributed 78% (2022: 48%) of the Group's profit before tax, 64% (2022: 67%) of the Group's revenue and 67% (2022: 70%) of the Group's total assets. The specific scope component contributed 15% (2022: 43%) of the Group's profit before tax, 30% (2022: 26%) of the Group's revenue and 28% (2022: 27%) of the Group's total assets. The audit scope of these components may not have included testing of all significant accounts of the component but will have contributed to the coverage of significant accounts tested for the Group.

Of the remaining 126 components that together represent 7% of the Group's profit before tax, none are individually greater than 3% of the Group's profit before tax. For these components, we performed other procedures, including analytical review and/or 'review scope' components, 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.

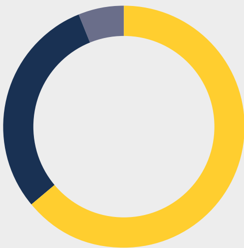
The charts below illustrate the coverage obtained from the work performed by our audit teams.

Profit before tax



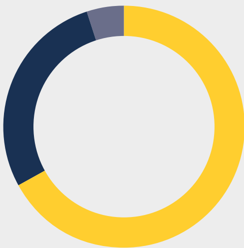
Full scope components	78%
Specific scope components	15%
Other procedures	7%

Revenue



Full scope components	64%
Specific scope components	30%
Other procedures	6%

Total assets



Full scope components	67%
Specific scope components	28%
Other procedures	5%

Changes from the prior year

For the current year, we evaluated the emerging increase in risk on revenue recognition such as with Keller Arabia, which is servicing the work related to the NEOM project in Saudi Arabia, where we applied specific risk-focused procedures on the current year, compared with other procedures in the prior year. The determination of our group scoping 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 scope for the current year continued 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. We applied specific risk-focused procedures on these entities rather than specified procedures on certain areas in the prior year. 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 63 full scope components, audit procedures were performed on 61 of these directly by the primary audit teams. This included consolidation entities representing manual adjustments posted topside at the Group consolidated level, which we have treated as full scope. For the two remaining full scope and 19 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 (including the Senior Statutory Auditor) 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 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/impairment to assets or installed works from physical events, such as storms, 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.

These are explained on pages 48 to 58 in the Task Force on Climate-related Financial Disclosures (TCFD) and on page 43 in the principal risks and uncertainties. The Group has also explained its climate commitments on pages 63 to 67. 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 its basis of preparation in note 2 on 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 48 to 58 this year. The basis of preparation also explains management's 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 material short-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 48 to 58 and the significant judgements and estimates disclosed in note 2. We have assessed whether the impact of climate-related risks has 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 regard to cost assumptions around climate adaptation solutions, and the exposure to extreme weather events which could delay project completion or cause damage/impairment to physical assets and the assumptions for capex requirement in the forecasted going concern and viability period including goodwill. 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 cash flows, 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 and going concern including the viability assessment. Details of our procedures and findings on the goodwill impairment assessment are included in the key audit matters section overleaf.

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
Improper revenue recognition (management override of controls) (2023: £2,966.0m, 2022: £2,944.6m) *Refer to the Audit and Risk Committee report (page 112); Accounting policies (page 164); and note 4 of the consolidated financial statements (page 174)* The Group recognises revenue over time from contracts either through the output method or the 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 the percentage of completion achieved at the year end. Management may use inappropriate measures or assumptions to evaluate the Group's progress towards complete satisfaction of a performance obligation, recognition of revenue relating to variations/change orders and claims, and/or inappropriately record manual, 'topside' journal entries to misstate revenues recognised under the output method. Under the input method management may use inappropriate assumptions and judgements when estimating forecast costs of contracts at completion and/or the projected outcome of additional claims made against the Group or in respect of estimates of the Group's entitlement to variable consideration from customers, resulting in inaccurate recognition of revenue and profits. 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 the input and output method bases. The Group also provides fabricated, unbonded post-tension materials to customers in the residential and commercial sectors, as well as geotechnical monitoring solutions. 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.	For all revenue recorded on the input method and output method bases, we: • Performed walkthroughs of significant classes of revenue transactions and assessed the design effectiveness of key controls. • 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 and output methods. 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 2023. 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. For the sample selected for testing we: • 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. • 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. • Challenged the level of unbilled revenues and the adequacy of the evidence to prove recoverability through subsequent work certifications and cash collections. For the sample of contracts where revenue was recognised over time under the input method basis, we have performed the following: • 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. • We tested the cost build up and the correct allocation across contracts (e.g. to verify no manipulation of costs between profitable and loss-making contracts and recognition between periods (e.g. cut-off testing)) through a combination of cost verification and analytical procedures on contract margins. • Evaluated the expected margin and revenue recognised to date against latest contract progress.	From the audit procedures performed, 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.

Risk	Our response to the risk	Key observations communicated to the Audit and Risk Committee
Improper revenue recognition (management override of controls) (2023: £2,966.0m, 2022: £2,944.6m) continued	For the sample of contracts where revenue is recognised on the output method basis, we performed the following procedures: • Evaluated whether the assessment of output method appropriately depicted outputs actually delivered and progress towards satisfaction of performance obligations. • We tested the cost build up and the correct allocation across contracts (e.g. to verify no manipulation of costs between profit-making and loss-making contracts) through a combination of cost verification against invoices and analytical procedures. • 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 (e.g. measured works certificates) that demonstrates the period in which the work was performed. For any loss-making contracts identified, for both input method and output method contracts, we tested whether management's assessment of the forecast loss included appropriate estimates in respect of costs to completion. 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). 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. We have performed enquiries of management to understand all provisions held and management's assessment under the new amendment of IAS 37 for where provisions have been recognised or not for the purpose of assessing whether a contract is onerous and to assess the cost of fulfilling the contract, for example allocations of indirect or general overheads. All contract provisions have been discussed with management and project managers. We performed full and specific scope audit procedures over revenue in 81 locations, which covered 94% of the risk amount.	

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
Carrying value of goodwill (2023: £107.6m; 2022: £125.3m) *Refer to the Audit and Risk Committee report (page 112); Accounting policies (page 164); and note 15 of the consolidated financial statements (pages 184–185)* 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. 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.	We have performed the following: • Performed a walkthrough to understand the impairment analysis and calculation process (e.g. controls over the data and assumptions used), level of review on the outlook data in future years and how key inputs were derived. • Evaluated the appropriateness of the CGUs identified given changes in Group structure (including acquisitions) and the allocation of assets and liabilities to the CGUs. • 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. • 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. • Validated the revenue/margin growth rates assumed for the projected financial information for each CGU by comparing them to economic and industry forecasts. • 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 materials and labour, in determining the ability to achieve cash flow forecasts. • Analysed the historical accuracy of budgets compared with actual results to determine whether forecast cash flows are reliable based on past experience. • Challenged the assumptions in the approach taken to determine working capital levels over the forecast period, focusing on the principal reasons and timing of larger fluctuations and how this compared with the historical trend. • 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. • 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. • 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 and capex in order to adapt to changing regulations related to climate change and emissions. • Considered the appropriateness of the related disclosures provided in the notes to the Group financial statements. 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.	Our procedures focused on the CGUs where the headroom was either lower and/or sensitive to changes in key assumptions, including improved future performance. Through our process of challenging management and understanding their assumptions, we concur with their conclusion that the goodwill recorded in Keller Limited (£12.1m), is impaired. Keller Norway and Keller Canada were classified as high-risk CGUs as part of our risk assessment. We assessed Keller Canada to be highly sensitive to changes in cash flows and the forecasts were underpinned by future successful execution of business plans designed to address the current year poor performance in margins and profitability. Management has a business plan to turn around the current year poor performance for the Canada CGU and the Norway CGU has been restructured in 2023. We have challenged management's plan and assessed the sensitivity of those plans to the forecasts. We have ensured that adequate disclosures have been made in the annual report to disclose the key sensitivities, assumptions and available headroom for the Canada CGU. For the remaining CGUs, there is sufficient headroom to support the carrying value. 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.

Risk	Our response to the risk	Key observations communicated to the Audit and Risk Committee
Quality of earnings, including disclosure of non-underlying items (2023: £27.9m (pre-tax); 2022: £37.2m (pre-tax)) *Refer to the Audit and Risk Committee report (page 112); Accounting policies (page 164); and note 9 of the consolidated financial statements (page 177)* 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. As at the year end, management identified certain pre-tax items totalling £27.9m 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. 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. Furthermore, there is a risk that the financial statements give undue prominence to adjusted performance measures compared with their IFRS equivalents.	We performed the following procedures: • 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) guidelines on Alternative Performance Measures. • Tested that the amounts included as non-underlying items are supported by appropriate evidence. We performed tests of detail over costs classified as ERP costs and assessed whether this is consistent with what other companies are disclosing in the sector, the interpretation of the latest IFRIC for cloud computing costs, and the Group's policy for non-underlying items. We also 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 IAS 37 criteria have been correctly met. We were assisted by our component teams in locations where these material expenditures have arisen. • 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 performance measures (APMs) with the support of our EY technical review team, we focused on: – the clarity of definitions and explanations for the use of APMs; – adequacy of reconciliations to GAAP measures; – equal prominence to GAAP measures; and – consistency of application, including explanations for any changes. • Ensured that the disclosures in the financial statements appropriately explain to the users the key elements of FY23 performance that are not expected to recur in future periods. • 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.	As a result of our audit procedures performed, no items were inappropriately included or excluded from non-underlying items. We have assessed that the alternative performance measures (APMs) included in the Group financial statements are appropriately defined, reconciled to GAAP measures and disclosed.

In the prior year, our auditor's report included a key audit matter relating to the manipulation of contract performance in Keller Austral. Following the fraud investigation performed by management's appointed specialist, evaluation by our forensics team, as well as the incremental procedures included as part of revenue recognition and fraud procedures, we deemed that the manipulation of contract performance in Keller Austral is no longer a separate key audit matter. There have been no other changes in our assessment of key audit matters compared with the prior year.

Independent auditor's report continued

to the members of Keller Group plc

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 £7.0m (2022: £4.6m), which is 4.6% (2022: 4.9%) of profit before tax adjusted for one-off, non-underlying items. We believe that 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 £5.3m (2022: £4.7m), which is 1% (2022: 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.

Starting basis	• **£125.5m** • **Profit before tax for the year**
Adjustments	• **£22.2m** • **Non-underlying items for the year** • **£5.7m** • **Amortisation of intangibles on acquisition**
Materiality	• **Totals £153.4m** • **Materiality of £7.0m (4.6% of profit before tax adjusted for one-off, non-underlying items)**

During the course of our audit, we reassessed initial materiality noting that there was an increase compared with the original assessment attributable to the performance and profit before tax of the Group. The underlying basis of materiality was not changed compared with the planning stage.

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 50% (2022: 50%) of our planning materiality. The performance materiality has been set at an underlying basis which is consistent with prior year and includes consideration over the risk factors relating to the financial reporting issue in Austral in 2022. The profitability of the Group has meant that the financial quantum of our performance materiality threshold (£3.5m, 2022: £2.3m) has increased compared with prior year.

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 £0.7m to £3.15m (2022: £0.5m to £1.6m).

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit and Risk Committee that we would report to them all uncorrected audit differences in excess of £0.35m (2022: £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 218, including the Strategic report on pages 1 to 84, and Corporate governance report set out on pages 85 to 146, 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.

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 regard to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 39;
- Directors' explanation as to their assessment of the company's prospects, the period this assessment covers and why the period is appropriate set out on page 39;
- Directors' statement on whether they have a reasonable expectation that the Group will be able to continue in operation and meets its liabilities set out on page 39;
- Directors' statement on fair, balanced and understandable set out on page 113;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on pages 40 to 47;
- the section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on pages 40 to 47; and
- the section describing the work of the Audit and Risk Committee set out on page 113.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on page 146, 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 the 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. These are based on the nature of the Group's operations and the key geographies in which they operate in, and include (but are not limited to): labour and employment laws, health and safety, the Modern Slavery Act 2015, the Bribery Act 2010 and the Listing Rules of the London Stock Exchange.

Independent auditor's report continued

to the members of Keller Group plc

- 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. 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 covers those procedures performed in areas where we have concluded the risks of material misstatement are highest, including where we have identified a risk of fraud. 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.
- We have performed enquires of internal and external legal counsel to identify risks of material misstatement. We have made further enquiries with project managers to investigate any inconsistencies in data prepared by the finance team, including any transfers of costs between projects and any unusual build-up of work in progress in relation to construction income.
- We have reviewed the internal audit reports to identify major internal control issues. We have discussed the impact of internal audit findings with management to understand their plan to prevent any material misstatement in addition to supplementing these areas with additional audit procedures.

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. This description forms part of our auditor's report.

Other matters we are required to address

- Following the recommendation from the Audit and Risk Committee, we were appointed by the company on 27 February 2023 to audit the financial statements for the year ending 31 December 2023 and subsequent financial periods. We were appointed as auditors at the Annual General Meeting of members and an engagement letter was signed on 10 February 2024 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 five years, covering the years ending 31 December 2019 to 31 December 2023.

- The audit opinion is consistent with the additional report to the Audit and Risk 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

4 March 2024

Consolidated income statement

For the year ended 31 December 2023

		2023			2022[1]		
	Note	Underlying £m	Non-underlying items (note 9) £m	Statutory £m	Underlying £m	Non-underlying items (note 9) £m	Statutory £m
Revenue	3,4	**2,966.0**	**–**	**2,966.0**	2,944.6	–	2,944.6
Operating costs	6	**(2,764.6)**	**(22.5)**	**(2,787.1)**	(2,834.6)	(29.7)	(2,864.3)
Net impairment loss on trade receivables and contract assets	7	**(21.3)**	**(0.4)**	**(21.7)**	(2.9)	(0.3)	(3.2)
Amortisation of acquired intangible assets		**–**	**(5.1)**	**(5.1)**	–	(10.3)	(10.3)
Other operating income		**–**	**0.8**	**0.8**	–	0.7	0.7
Share of post-tax results of joint ventures	17	**0.8**	**(0.6)**	**0.2**	1.5	(1.2)	0.3
Operating profit/(loss)	3	**180.9**	**(27.8)**	**153.1**	108.6	(40.8)	67.8
Finance income	10	**1.8**	**–**	**1.8**	0.5	3.6	4.1
Finance costs	11	**(29.3)**	**–**	**(29.3)**	(15.6)	–	(15.6)
Profit/(loss) before taxation		**153.4**	**(27.8)**	**125.6**	93.5	(37.2)	56.3
Taxation	12	**(38.8)**	**3.0**	**(35.8)**	(20.3)	9.0	(11.3)
Profit/(loss) for the year		**114.6**	**(24.8)**	**89.8**	73.2	(28.2)	45.0
Attributable to:							
Equity holders of the parent		**114.2**	**(24.8)**	**89.4**	74.2	(28.2)	46.0
Non-controlling interests	34	**0.4**	**–**	**0.4**	(1.0)	–	(1.0)
		114.6	**(24.8)**	**89.8**	73.2	(28.2)	45.0
Earnings per share							
Basic	14	**156.9p**		**122.8p**	102.1p		63.3p
Diluted	14	**153.9p**		**120.5p**	100.7p		62.4p

1 The prior period columns have been reclassified to show net impairment loss on trade receivables and contract assets separate from operating costs, where they were reported in previous periods. The inclusion of this information is considered useful for the users of the Annual Report and Accounts based on the material movements in the current period. Further details of the reclassified amounts are outlined in note 7 to the consolidated financial statements.

Consolidated statement of comprehensive income

For the year ended 31 December 2023

	Note	2023 £m	2022 £m
Profit for the year		**89.8**	45.0
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange movements on translation of foreign operations		**(28.3)**	46.3
Cash flow hedge gain taken to equity		**1.9**	–
Cash flow hedge transfers to income statement		**(0.2)**	–
Items that will not be reclassified subsequently to profit or loss:			
Remeasurements of defined benefit pension schemes	33	**(0.2)**	2.8
Tax on remeasurements of defined benefit pension schemes	12	**(0.1)**	(0.6)
Other comprehensive (loss)/income for the year, net of tax		**(26.9)**	48.5
Total comprehensive income for the year		**62.9**	93.5
Attributable to:			
Equity holders of the parent		**62.7**	94.0
Non-controlling interests		**0.2**	(0.5)
		62.9	93.5

Consolidated balance sheet

As at 31 December 2023

	Note	2023 £m	2022 (Restated)[1] £m
Assets			
Non-current assets			
Goodwill and intangible assets	15	**114.6**	137.9
Property, plant and equipment	16	**480.2**	486.5
Investments in joint ventures	17	**4.5**	4.4
Deferred tax assets	12	**36.8**	15.1
Other assets	18	**66.8**	60.8
		702.9	704.7
Current assets			
Inventories	19	**93.3**	124.4
Trade and other receivables	20	**721.8**	764.6
Current tax assets		**6.3**	5.0
Cash and cash equivalents	21	**151.4**	101.1
Assets held for sale	22	**1.6**	2.8
		974.4	997.9
Total assets	3	**1,677.3**	1,702.6
Liabilities			
Current liabilities			
Loans and borrowings	26	**(86.8)**	(34.2)
Current tax liabilities		**(35.5)**	(53.2)
Trade and other payables	23	**(553.6)**	(585.6)
Provisions	24	**(59.1)**	(52.7)
		(735.0)	(725.7)
Non-current liabilities			
Loans and borrowings	26	**(301.9)**	(365.8)
Retirement benefit liabilities	33	**(17.7)**	(20.8)
Deferred tax liabilities	12	**(7.8)**	(5.3)
Provisions	24	**(73.7)**	(66.9)
Other liabilities	25	**(23.2)**	(21.3)
		(424.3)	(480.1)
Total liabilities	3	**(1,159.3)**	(1,205.8)
Net assets	3	**518.0**	496.8
Equity			
Share capital	28	**7.3**	7.3
Share premium account		**38.1**	38.1
Capital redemption reserve	28	**7.6**	7.6
Translation reserve		**29.8**	57.9
Other reserve	28	**56.9**	56.9
Hedging reserve		**1.7**	–
Retained earnings		**373.9**	326.7
Equity attributable to equity holders of the parent		**515.3**	494.5
Non-controlling interests	34	**2.7**	2.3
Total equity		**518.0**	496.8

1 The 31 December 2022 consolidated balance sheet has been restated in respect of prior period business combination measurement adjustments, as outlined in note 5 to the consolidated financial statements.

These consolidated financial statements were approved by the Board of Directors and authorised for issue on 4 March 2024.

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 2023

	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 31 December 2021	7.3	38.1	7.6	12.1	56.9	–	303.2	425.2	2.8	428.0
Profit/(loss) for the year	–	–	–	–	–	–	46.0	46.0	(1.0)	45.0
Other comprehensive income										
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)
Other comprehensive income for the year, net of tax	–	–	–	45.8	–	–	2.2	48.0	0.5	48.5
Total comprehensive income/(loss) for the year	–	–	–	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
At 31 December 2022	7.3	38.1	7.6	57.9	56.9	–	326.7	494.5	2.3	496.8
Profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**89.4**	**89.4**	**0.4**	**89.8**
Other comprehensive income										
Exchange movements on translation of foreign operations	**–**	**–**	**–**	**(28.1)**	**–**	**–**	**–**	**(28.1)**	**(0.2)**	**(28.3)**
Cash flow hedge gain taken to equity	**–**	**–**	**–**	**–**	**–**	**1.9**	**–**	**1.9**	**–**	**1.9**
Cash flow hedge transfers to income statement	**–**	**–**	**–**	**–**	**–**	**(0.2)**	**–**	**(0.2)**	**–**	**(0.2)**
Remeasurements of defined benefit pension schemes	**–**	**–**	**–**	**–**	**–**	**–**	**(0.2)**	**(0.2)**	**–**	**(0.2)**
Tax on remeasurements of defined benefit pension schemes	**–**	**–**	**–**	**–**	**–**	**–**	**(0.1)**	**(0.1)**	**–**	**(0.1)**
Other comprehensive loss for the year, net of tax	**–**	**–**	**–**	**(28.1)**	**–**	**1.7**	**(0.3)**	**(26.7)**	**(0.2)**	**(26.9)**
Total comprehensive (loss)/income for the year	**–**	**–**	**–**	**(28.1)**	**–**	**1.7**	**89.1**	**62.7**	**0.2**	**62.9**
Dividends	**–**	**–**	**–**	**–**	**–**	**–**	**(27.7)**	**(27.7)**	**–**	**(27.7)**
Transactions with non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**(15.2)**	**(15.2)**	**0.2**	**(15.0)**
Purchase of own shares for ESOP trust	**–**	**–**	**–**	**–**	**–**	**–**	**(3.4)**	**(3.4)**	**–**	**(3.4)**
Share-based payments	**–**	**–**	**–**	**–**	**–**	**–**	**4.4**	**4.4**	**–**	**4.4**
At 31 December 2023	**7.3**	**38.1**	**7.6**	**29.8**	**56.9**	**1.7**	**373.9**	**515.3**	**2.7**	**518.0**

Consolidated cash flow statement

For the year ended 31 December 2023

	Note	2023 £m	2022 £m
Cash flows from operating activities			
Profit before taxation		**125.6**	56.3
Non-underlying items	9	**27.8**	40.8
Finance income	10	**(1.8)**	(4.1)
Finance costs	11	**29.3**	15.6
Underlying operating profit	3	**180.9**	108.6
Depreciation/impairment of property, plant and equipment	16	**111.8**	96.6
Amortisation of intangible assets	15	**0.4**	0.4
Share of underlying post-tax results of joint ventures	17	**(0.8)**	(1.5)
Profit on sale of property, plant and equipment		**(4.4)**	(3.3)
Other non-cash movements (including charge for share-based payments)		**3.3**	3.7
Foreign exchange gains		**(2.1)**	–
Operating cash flows before movements in working capital and other underlying items		**289.1**	204.5
Decrease/(increase) in inventories		**26.8**	(44.2)
Decrease/(increase) in trade and other receivables		**1.5**	(110.0)
(Decrease)/increase in trade and other payables		**(25.6)**	43.7
Increase/(decrease) in provisions, retirement benefit and other non-current liabilities		**12.1**	(13.4)
Cash generated from operations before non-underlying items		**303.9**	80.6
Cash outflows from non-underlying items: ERP costs		**(7.5)**	(5.4)
Cash outflows from non-underlying items: contract disputes		**(3.7)**	–
Cash outflows from non-underlying items: restructuring costs		**(1.2)**	(0.6)
Cash outflows from non-underlying items: acquisition costs		**–**	(0.2)
Cash generated from operations		**291.5**	74.4
Interest paid		**(16.2)**	(10.1)
Interest element of lease rental payments		**(5.6)**	(3.6)
Income tax paid		**(72.7)**	(5.9)
Net cash inflow from operating activities		**197.0**	54.8
Cash flows from investing activities			
Interest received		**1.8**	4.0
Proceeds from sale of property, plant and equipment		**20.9**	8.2
Proceeds on disposal of businesses	5	**1.3**	0.7
Acquisition of businesses, net of cash acquired	5	**(0.2)**	(20.2)
Acquisition of property, plant and equipment	16	**(94.3)**	(81.6)
Acquisition of other intangible assets	15	**(0.2)**	(0.1)
Net cash outflow from investing activities		**(70.7)**	(89.0)
Cash flows from financing activities			
Increase in borrowings		**241.2**	99.3
Cash flows from derivative instruments		**2.0**	0.2
Repayment of borrowings		**(245.1)**	(1.4)
Payment of lease liabilities		**(28.3)**	(29.5)
Transactions with non-controlling interest		**(6.4)**	–
Purchase of own shares for ESOP trust		**(3.4)**	(1.2)
Dividends paid	13	**(27.7)**	(26.4)
Net cash (outflow)/inflow from financing activities		**(67.7)**	41.0
Net increase in cash and cash equivalents		**58.6**	6.8
Cash and cash equivalents at beginning of year		**94.2**	81.8
Effect of exchange rate movements		**(3.8)**	5.6
Cash and cash equivalents at end of year	21	**149.0**	94.2

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 2023 were authorised for issue in accordance with the resolution of the Directors on 4 March 2024.

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 10 of the company financial statements.

2 Material accounting policy information

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 period business combination measurement adjustment

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 shall retrospectively adjust the provisional amounts recognised at the acquisition date to reflect 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. During the measurement period, the acquirer shall also recognise additional assets or liabilities if new information is obtained about facts and circumstances that existed as of the acquisition date and, if known, would have resulted in the recognition of those assets and liabilities as of that date.

In the year to 31 December 2022, the Group acquired Nordwest Fundamentering AS. Adjustments to the provisional fair values were made during the measurement period, as set out in note 5. The impact of the measurement period adjustments has been applied retrospectively, meaning that the results and financial position for the year to 31 December 2022 have been restated.

Going concern

In August 2023, the Group received proceeds from a new $300m private placement of loan notes. These were used to repay existing borrowings. At 31 December 2023, the Group had undrawn committed and uncommitted borrowing facilities totalling £425.2m, comprising £375m of the unutilised portion of the revolving credit facility, £2.8m of other undrawn committed borrowing facilities and undrawn uncommitted borrowing facilities of £47.4m, as well as cash and cash equivalents of £149.0m. At 31 December 2023, the Group's net debt to underlying EBITDA ratio (calculated on an IAS 17 covenant basis) was 0.6x, well within the limit of 3.0x.

The Group has prepared a forecast of financial projections for the three-year period to 31 December 2026. The forecast underpins the going concern assessment which has been made for the period through to 31 March 2025, 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 key project wins, organic growth and a focus on cost reduction. The forecast shows significant headroom and supports the position that the Group can operate within its available banking facilities and covenants throughout this period.

The Group's revolving credit facility falls due in November 2025, eight months after the going concern period assessed by management. Management assumed the Group will continue to have access to this funding throughout the going concern period and the three year 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.

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;
- Failure to procure new contracts whilst maintaining appropriate margins reducing profits by 0.5% of revenue;
- Ineffective execution of projects reducing profits by 1% of revenue;
- A combination of other principal risks and trading risks materialising together reducing profits by up to £20.1m over the period to 31 March 2025. 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 and the cost of a product or solution failure; and
- 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.

Even in the most extreme downside scenario incorporating an aggregation of all risks considered, which showed a decrease in operating profit of 26.4% and an increase in net debt of 26.7% against the Group's latest forecast profit and cash flow projections for the review period up to 31 March 2025, the adjusted projections do not show 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 2025, 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 48 to 58. The output from the scenario analysis has been considered, particularly the financial reporting judgements and estimates 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.

Although the scenario analysis identified a risk of stranded assets as a result of increased emission standards, this was in one extreme downside scenario and we have not adjusted the useful economic life of any plant or equipment as a result. Whilst there is currently no 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 2023:

- Amendments to IAS 8 'Definition of Accounting Estimates'.
- Amendments to IAS 1 and IFRS Practice Statement 2 'Disclosure of Accounting Policies'.
- Amendments to IAS 12 'Deferred Tax related to Assets and Liabilities arising from a Single Transaction'.
- Amendments to IAS 12 'International Tax Reform – Pillar Two Model Rules'.

The Group has not early adopted any standard, interpretation or amendment that has been issued but are not yet effective.

IFRS 17 Insurance Contracts

IFRS 17 Insurance Contracts is a new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure, replacing IFRS 4 Insurance Contracts. The Group has identified that the Standard will impact the results of its captive insurance company as it issues re-insurance contracts, however since the contracts insure other group companies and there are therefore no insurance contracts on a consolidated basis and no transfer of significant insurance risk to the group, there is therefore no impact on the Group's consolidated financial statements.

Amendments to IAS 8 'Definition of Accounting Estimates'

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments had no impact on the Group's consolidated financial statements.

Amendments to IAS 1 and IFRS Practice Statement 2 'Disclosure of Accounting Policies'

The amendments to IAS 1 and IFRS Practice Statement 2 *Making Materiality Judgements* provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments have had no material impact on the Group's consolidated financial statements.

Amendments to IAS 12 'Deferred Tax related to Assets and Liabilities arising from a Single Transaction'

The amendments to IAS 12 '*Income Tax*' narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities. The amendments had no impact on the Group's consolidated financial statements.

Amendments to IAS 12 'International Tax Reform – Pillar Two Model Rules'

The amendments to IAS 12 have been introduced in response to the OECD's BEPS Pillar Two rules and include:

- A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and
- Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The UK Government enacted Finance (No 2) Act 2023 on 11 July 2023, which includes the Pillar Two legislation introducing a multinational top up tax and a domestic minimum top up tax in line with the minimum 15% rate in the OECD's Pillar Two rules. The rules will apply to the Group for the financial year commencing on 1 January 2024. The Group has applied the exemption in the amendments to IAS 12 (issued in May 2023) and has neither recognised nor disclosed information about deferred tax assets and liabilities related to Pillar Two income taxes.

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.

Notes to the consolidated financial statements continued

2 Material accounting policy information continued

Summary of material accounting policy information

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	2023	2022
US dollar	**1.24**	1.24
Canadian dollar	**1.68**	1.61
Euro	**1.15**	1.17
Singapore dollar	**1.67**	1.70
Australian dollar	**1.87**	1.78

Year-end rates	2023	2022
US dollar	**1.27**	1.21
Canadian dollar	**1.69**	1.63
Euro	**1.15**	1.12
Singapore dollar	**1.68**	1.62
Australian dollar	**1.87**	1.76

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, including claims to customers, are recognised only when the Group considers there is an enforceable right to consideration, therefore no revenue is recognised until this point. Operating expenses in relation to customer modifications are recognised as incurred. Factors indicating an enforceable right to consideration will vary from county to country but usually includes written confirmation from the customer. 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.

- **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.

Notes to the consolidated financial statements continued

2 Material accounting policy information continued

Summary of material accounting policy information continued

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 15.05%.

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.

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.

Notes to the consolidated financial statements continued

2 Material accounting policy information continued

Summary of material accounting policy information continued

Financial instruments continued

(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.

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 4 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.

Notes to the consolidated financial statements continued

2 Material accounting policy information continued

Significant accounting judgements, estimates and assumptions continued

Construction contracts continued

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 5,500 contracts during 2023, at an average revenue of approximately £540,000 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 and revenue is recognised on the input method, 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. 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. Total contract assets are £90.9m and contract liabilities are £90.9m at 31 December 2023.

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 £41.2m (2022: £37.8m).

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.

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 and the ERP implementation costs 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 2023 (£2.8m) is lower than in 2022 (£5.3m). ERP implementation costs are categorised as non-underlying due to the scale and length of the project. The nature of the project and costs incurred are reviewed on a regular basis to assess the appropriateness of the classification as a non-underlying cost.

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.

In 2023, management noted sensitivity in the headroom available for Keller Canada. The DCF for this CGU is sensitive to the future successful execution of the CGU's business plans to consistently meet forecasted margins (which assumes a significant improvement in operating performance compared with 2023) by improving project delivery and revenue growth. 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. Deferred tax assets recognised on unused tax losses were £10.7m at 31 December 2023 (2022: £14.5m). Refer to note 12 for further information.

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.

3 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.

	2023		2022	
	Revenue £m	Operating profit £m	Revenue £m	Operating profit £m
North America	**1,770.0**	**169.6**	1,896.1	82.0
Europe	**686.0**	**1.8**	649.3	29.1
Asia-Pacific, Middle East and Africa	**510.0**	**22.6**	399.2	6.6
	2,966.0	**194.0**	2,944.6	117.7
Central items	**–**	**(13.1)**	–	(9.1)
Underlying	**2,966.0**	**180.9**	2,944.6	108.6
Non-underlying items (note 9)	**–**	**(27.8)**	–	(40.8)
	2,966.0	**153.1**	2,944.6	67.8

	2023					
	Segment assets £m	Segment liabilities £m	Capital employed £m	Capital additions £m	Depreciation[2] and amortisation £m	Tangible[3] and intangible assets £m
North America	**929.9**	**(302.9)**	**627.0**	**42.1**	**56.5**	**347.3**
Europe	**317.1**	**(224.1)**	**93.0**	**22.1**	**30.7**	**141.1**
Asia-Pacific, Middle East and Africa	**235.8**	**(138.2)**	**97.6**	**30.3**	**23.9**	**105.6**
	1,482.8	**(665.2)**	**817.6**	**94.5**	**111.1**	**594.0**
Central items[1]	**194.5**	**(494.1)**	**(299.6)**	**–**	**1.1**	**0.8**
	1,677.3	**(1,159.3)**	**518.0**	**94.5**	**112.2**	**594.8**

	2022[4]					
	Segment assets £m	Segment liabilities £m	Capital employed £m	Capital additions £m	Depreciation[2] and amortisation £m	Tangible[3] and intangible assets £m
North America	1,016.3	(349.1)	667.2	33.8	54.6	352.5
Europe	338.9	(208.0)	130.9	23.2	27.8	159.6
Asia-Pacific, Middle East and Africa	251.1	(163.4)	87.7	24.7	13.7	109.6
	1,606.3	(720.5)	885.8	81.7	96.1	621.7
Central items[1]	96.3	(485.3)	(389.0)	–	0.9	2.7
	1,702.6	(1,205.8)	496.8	81.7	97.0	624.4

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 2022 consolidated balance sheet has been restated in respect of the prior year business combination measurement adjustments, as outlined in note 5 to the consolidated financial statements.

Notes to the consolidated financial statements continued

3 Segmental analysis continued

Revenue analysed by country:

	2023 £m	2022 £m
United States	**1,644.0**	1,758.0
Australia	**279.4**	228.4
Germany	**146.3**	115.9
Canada	**125.2**	137.9
United Kingdom	**125.1**	127.4
Other	**646.0**	577.0
	2,966.0	2,944.6

Non-current assets[1] analysed by country:

	2023 £m	2022 £m
United States	**342.6**	343.5
Australia	**62.3**	67.0
Germany	**52.4**	54.3
Canada	**44.5**	46.6
Austria	**33.2**	34.9
Other	**131.1**	143.3
	666.1	689.6

1 Excluding deferred tax assets.

4 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 3) and timing of revenue recognition:

	2023			2022		
	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	**1,355.0**	**415.0**	**1,770.0**	1,434.7	461.4	1,896.1
Europe	**686.0**	**–**	**686.0**	649.3	–	649.3
Asia-Pacific, Middle East and Africa	**510.0**	**–**	**510.0**	399.2	–	399.2
	2,551.0	**415.0**	**2,966.0**	2,483.2	461.4	2,944.6

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 2023 from performance obligations satisfied in previous periods is £12.4m (2022: £15.7m).

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 2023, the total order book is £1,489.1m (2022: £1,407.1m).

The order book for contracts with a total duration over one year is £463.1m (2022: £384.5m). Revenue on these contracts is expected to be recognised as follows:

	2023 £m	2022 £m
Less than one year	**363.4**	289.3
One to two years	**93.3**	87.1
More than two years	**5.8**	8.1
	462.5	384.5

The following table provides information about trade receivables, contract assets and contract liabilities arising from contracts with customers:

	2023 £m	2022 £m
Trade receivables	**583.1**	615.5
Contract assets	**90.9**	105.3
Contract liabilities	**(90.9)**	(85.6)

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 £156.9m (2022: £121.3m) in respect of retentions anticipated to be receivable within one year. Included in non-current other assets is £22.7m (2022: £16.3m) 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:

	2023		2022	
	Contract assets £m	Contract liabilities £m	Contract assets £m	Contract liabilities £m
As at 1 January	**105.3**	**(85.6)**	99.2	(46.5)
Revenue recognised in the current year	**985.8**	**299.7**	911.2	824.2
(Disposed)/acquired with businesses	**(0.8)**	**–**	0.6	–
Amounts transferred to trade receivables	**(995.3)**	**–**	(914.1)	–
Cash received/invoices raised for performance obligations not yet satisfied	**–**	**(309.1)**	–	(858.9)
Exchange movements	**(4.1)**	**4.1**	8.4	(4.4)
As at 31 December	**90.9**	**(90.9)**	105.3	(85.6)

5 Acquisitions and disposals

Acquisitions

Current year

There were no material acquisitions during the year to 31 December 2023.

Prior year acquisitions

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 was revised to £0.9m with the reduction in the amount payable recognised in the income statement as a non-underlying item in that year. 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 trade name. 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.

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 was performed in H1 2023. The provisional value of net assets acquired was £1.0m at acquisition date, resulting in a goodwill and other intangibles value of £5.3m.

Notes to the consolidated financial statements continued

5 Acquisitions and disposals continued

Acquisitions continued

Prior period business combination 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 Nordwest Fundamentering AS acquired assets 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
Assets			
Intangible assets[1]	–	0.9	0.9
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
	5.0	0.9	5.9
Liabilities			
Trade and other payables	(1.5)	–	(1.5)
Current tax liabilities[2]	–	(0.7)	(0.7)
Loans and borrowings, including lease liabilities	(2.2)	–	(2.2)
Deferred tax liabilities	(0.3)	–	(0.3)
	(4.0)	(0.7)	(4.7)
Total identifiable net assets	1.0	0.2	1.2
Goodwill	5.3	(0.2)	5.1
Total consideration	6.3	–	6.3
Satisfied by:			
Initial cash consideration	5.5	–	5.5
Initial valuation of contingent consideration	0.5	–	0.5
Purchase price adjustment	0.3	–	0.3
	6.3	–	6.3

1 The adjustment to intangible assets relates to the revised valuation of the trade name and customer relationships acquired.

2 The adjustment to current tax liabilities relates to the updated tax liability due from pre-acquisition profits.

The impact of these adjustments has been applied retrospectively, meaning that the financial position for the year to 31 December 2022 has been restated. The adjustments did not result in any impact on the income statement for the year ended 31 December 2022. A summary of the purchase price adjustments made for the 2022 acquisitions are 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
Nordwest Fundamentering AS	5.1	0.9	(0.3)	0.6	6.3	1.1	0.8	4.4

Disposals

On 10 November 2023, the Group disposed of its Cyntech Tanks operation in Canada, a part of Cyntech Construction Ltd, for a total consideration of £1.5m (CAD$2.6m), consisting of the sale price of £1.3m (CAD$2.2m) and further sale price adjustments to be paid from the Escrow amount of £0.2m (CAD$0.4m). A non-underlying loss on disposal of £0.1m (CAD$0.2m) was recognised.

In 2022, a contingent consideration of £0.7m was received in accordance with the terms of the sale and purchase agreement of Wannenwetsch GmbH, which was disposed of in 2020.

6 Operating costs

	Note	2023 £m	2022[1] £m
Raw materials and consumables		**954.0**	1,054.3
Staff costs	8	**739.7**	699.8
Other operating charges		**774.6**	777.5
Amortisation of intangible assets	15	**0.4**	0.5
Expenses relating to short-term leases and leases of low-value assets		**184.7**	201.7
Depreciation:			
Owned property, plant and equipment	16a	**81.8**	71.1
Right-of-use assets	16b	**29.4**	29.7
Underlying operating costs		**2,764.6**	2,834.6
Non-underlying items	9	**22.5**	29.7
Statutory operating costs		**2,787.1**	2,864.3
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		**1.4**	1.4
Fees payable to the company's auditor for other services:			
The audit of the company's subsidiaries, pursuant to legislation		**2.1**	2.0
Other assurance services		**0.1**	0.1

1 The net impairment loss on trade receivables and contract assets has been reclassified and separated from operating costs, where it was reported in previous periods. Further details of the reclassified amounts are outlined in note 7 to the consolidated financial statements. The restatement explained in note 20 has caused a consequential increase of £12.8m in the amount reported above for Other operating charges for the prior period.

7 Net impairment loss on trade receivables and contract assets

The net impairment loss on trade receivables and contract assets is made up of movements in the allowance for expected credit losses of trade receivables and contract assets as follows:

	2023 £m	2022[1] £m
Additional provisions	**29.4**	13.8
Unused amounts reversed	**(7.7)**	(10.6)
Net impairment loss[2]	**21.7**	3.2

1 The net impairment loss on trade receivables and contract assets has been reclassified and separated from operating costs, where it was reported in previous periods.

2 Of this amount £16.8m (2022: £11.5m) is subject to enforcement activity.

Further information on the Group's allowance for expected credit losses of trade receivables and contract assets and on the Group's expected credit loss rates for the 2022 and 2023 financial years can be found in note 20 Trade and other receivables.

8 Employees

The aggregate staff costs of the Group were:

	2023 £m	2022 £m
Wages and salaries	**643.5**	606.7
Social security costs	**66.2**	66.7
Other pension costs	**25.6**	23.1
Share-based payments	**4.4**	3.3
	739.7	699.8

These costs include Directors' remuneration. Fees payable to Non-executive Directors totalled £0.5m (2022: £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.

Notes to the consolidated financial statements continued

8 Employees continued

The average number of staff, including Directors, employed by the Group during the year was:

	2023 Number	2022 Number
North America	**4,413**	4,604
Europe	**2,924**	3,043
Asia-Pacific, Middle East and Africa	**2,152**	2,174
	9,489	9,821

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.

	2023 £m	2022 £m
ERP implementation costs	**7.5**	6.3
Goodwill impairment	**12.1**	12.5
Exceptional restructuring costs	**2.8**	5.3
Impairment of trade receivables related to restructuring	**0.4**	0.3
Loss on disposal of operations	**0.1**	–
Exceptional historic contract dispute	**–**	3.5
Claims related to closed business	**–**	2.5
Contingent consideration: additional amounts provided	**–**	0.1
Change in fair value of contingent consideration	**–**	(0.7)
Acquisition costs	**–**	0.2
Non-underlying items in operating costs (including net impairment loss on trade receivables and contract assets)	**22.9**	30.0
Amortisation of acquired intangible assets	**5.1**	10.3
Gain on sale of assets held for sale	**(0.8)**	–
Contingent consideration received	**–**	(0.7)
Non-underlying items in other operating income	**(0.8)**	(0.7)
Amortisation of joint venture acquired intangibles	**0.6**	1.2
Total non-underlying items in operating profit	**27.8**	40.8
Non-underlying items in finance income	**–**	(3.6)
Total non-underlying items before taxation	**27.8**	37.2
Taxation	**(3.0)**	(9.0)
Total non-underlying items after taxation	**24.8**	28.2

Non-underlying items in operating costs

ERP implementation costs

The Group is continuing the 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 the underlying performance of the Group. As this is a complex implementation, project costs are expected to be incurred over a total period of five years, of which 2023 was the third year. Non-underlying ERP costs of £7.5m (2022: £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.

Goodwill impairment

The goodwill impairment of £12.1m relates to Keller Limited, the UK Foundations business following uncertainty over the future profitability of the cash-generating unit after the completion of a substantial customer contract. Refer to note 15 for further information.

In 2022, the goodwill impairment of £12.5m was related 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.

Exceptional restructuring costs

Exceptional restructuring costs of £2.8m. comprise £0.5m in the Europe division, and £2.3m in the Asia-Pacific, Middle East and Africa (AMEA) division. In Europe, the costs relate to the exit from Kazakhstan, in AMEA the costs relate to the closure of the Egypt business. In addition, the exit from Kazakhstan resulted in a £0.4m impairment of trade receivables.

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 2023 (£2.8m) is lower than in 2022 (£5.3m).

In 2022, exceptional restructuring costs of £5.3m comprised £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. In 2022, an impairment charge of £0.3m by the North-East Europe Business Unit was in respect of trade receivables in Ukraine that were not expected to be recovered due to the ongoing conflict.

Loss on disposal of operations

On 10 November 2023, the Group disposed of its Cyntech Tanks operation in Canada, a part of Cyntech Construction Ltd, for a total consideration of £1.5m, consisting of the sale price of £1.3m and further sale price adjustments to be paid from the Escrow amount of £0.2m. A loss on disposal of £0.1m was recognised.

Exceptional historic contract dispute and claims related to closed business

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

Contingent consideration

In 2022, additional contingent consideration payable of £0.1m related to the acquisition of the Geo Instruments US business in 2017.

Acquisition costs

Acquisition costs of £0.2m in 2022 comprised professional fees relating to the NWF acquisition in Norway and centrally incurred project costs.

Amortisation of acquired intangible assets

Amortisation of acquired intangible assets of £5.1m relates to the amortisation charge on assets acquired in the RECON, GKM, Moretrench and NWF acquisitions. The amortisation in 2022 of £10.3m relates to the RECON, GKM, Moretrench and Voges acquisitions.

Non-underlying items in other operating income

The gain on disposal of assets held for sale of £0.8m relates primarily to the sale of assets owned by the now closed Waterway business in Australia as mentioned in note 22. Impairment charges for these assets had previously been charged to non-underlying items in prior periods and therefore the corresponding profit on disposal of the assets is also recognised as a non-underlying item.

During 2022, the second and final instalment of contingent consideration was received in relation to the Wannenwetsch disposal in September 2020, in accordance with the terms of the sale and purchase agreement. The first instalment was received during 2021.

Notes to the consolidated financial statements continued

9 Non-underlying items continued

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

In 2022, 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 was recognised in the income statement. This resulted in the recognition of £3.6m of finance income which was included in non-underlying as it was material in size and was 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

	2023 £m	2022 £m
Bank and other interest receivable	**1.6**	0.3
Net pension interest income	**–**	0.1
Other finance income	**0.2**	0.1
Underlying finance income	**1.8**	0.5
Non-underlying finance income	**–**	3.6
Total finance income	**1.8**	4.1

11 Finance costs

	2023 £m	2022 £m
Interest payable on bank loans and overdrafts	**12.6**	7.8
Interest payable on other loans	**8.6**	2.4
Interest on lease liabilities	**5.6**	3.6
Net pension interest cost	**0.3**	0.1
Other interest costs	**1.8**	1.5
Total interest costs	**28.9**	15.4
Unwinding of discount on provisions	**0.4**	0.2
Total finance costs	**29.3**	15.6

12 Taxation

	2023 £m	2022 £m
Current tax expense:		
Current year	**54.6**	46.6
Prior years	**0.4**	(2.5)
Total current tax	**55.0**	44.1
Deferred tax expense:		
Current year	**(18.7)**	(32.0)
Prior years	**(0.5)**	(0.8)
Total deferred tax	**(19.2)**	(32.8)
	35.8	11.3

UK corporation tax is calculated at 23.5% (2022: 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 23.5% (2022: 19%) as follows:

	2023			2022		
	Underlying £m	Non-underlying items (note 9) £m	Statutory £m	Underlying £m	Non-underlying items (note 9) £m	Statutory £m
Profit/(loss) before tax	**153.4**	**(27.8)**	**125.6**	93.5	(37.2)	56.3
UK corporation tax charge/(credit) at 23.5% (2022: 19%)	**36.0**	**(6.5)**	**29.5**	17.8	(7.1)	10.7
Tax charged at rates other than 23.5% (2022: 19%)	**4.3**	**(0.2)**	**4.1**	3.1	(1.0)	2.1
Tax losses and other deductible temporary differences not recognised	**10.1**	**0.6**	**10.7**	6.6	0.8	7.4
Utilisation of tax losses and other deductible temporary differences previously unrecognised	**(7.4)**	**-**	**(7.4)**	(0.7)	(4.3)	(5.0)
Permanent differences	**(4.3)**	**3.1**	**(1.2)**	(2.8)	2.6	(0.2)
Adjustments to tax charge in respect of previous periods	**(0.1)**	**-**	**(0.1)**	(3.3)	–	(3.3)
Other	**0.2**	**-**	**0.2**	(0.4)	–	(0.4)
Tax charge/(credit)	**38.8**	**(3.0)**	**35.8**	20.3	(9.0)	11.3
Effective tax rate	**25.3%**	**10.6%**	**28.5%**	21.7%	24.2%	20.1%

The increase in the effective tax rate on underlying profits of 25% from the 2022 rate of 22% is largely due to increased profits in the US (which are taxed at a higher combined federal and state tax rate), non-deductible accounting provisions in Saudi Arabia and material accounting losses in Sweden, Norway and Poland where no deferred tax asset is recognised.

The tax credit of £3.0m on non-underlying items has been calculated by assessing the tax impact of each component of the charge to the income statement and applying the jurisdictional tax rate that applies to that item. The effective tax rate in 2023 on non-underlying items is lower than the effective tax rate on underlying items due to the inclusion of costs for which there is no corresponding tax credit. In 2022, £4.7m of the non-underlying tax credit related to the tax impact of the non-underlying loss for the year. The remainder of the FY22 credit arose from the reversal of the valuation allowance against deferred tax assets in Canada that was recognised through the non-underlying tax charge in prior years.

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, provisions are 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 enacted Finance (No 2) Act 2023 on 11 July 2023, which includes the Pillar Two legislation introducing a multinational top up tax and a domestic minimum top up tax in line with the minimum 15% rate in the OECD's Pillar Two rules. The rules will apply to the Group for the financial year commencing on 1 January 2024. The UK legislation has also adopted the OECD's transitional Pillar Two safe harbour rules which, if applicable, will deem the top up tax for a jurisdiction to be nil based on available Country-by-Country Reporting data.

The Group has performed an assessment of the potential exposure to Pillar Two top up taxes, based on the most recent Country-by-Country Reporting, and FY24 country specific PBT forecasts for the constituent entities in the Group. Based on the assessment, the Pillar Two effective tax rates in most of the jurisdictions in which the Group operates are above 15%. There are however a limited number of jurisdictions where the transitional safe harbour relief may not apply and the Pillar Two effective tax rate is close to the 15% threshold. The Group does not expect a material exposure to Pillar Two top up taxes for these jurisdictions.

The Group has applied the exemption in the amendments to IAS 12 (issued in May 2023) and has neither recognised nor disclosed information about deferred tax assets or liabilities relating to Pillar Two income taxes.

Notes to the consolidated financial statements continued

12 Taxation continued

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[1] temporary differences £m	Total £m
At 1 January 2022	(13.0)	38.2	(4.2)	(6.3)	(8.7)	13.5	19.5
(Credit)/charge to the income statement	(1.0)	(31.2)	0.3	0.9	(0.3)	(1.6)	(32.9)
Charge to other comprehensive income	–	–	0.6	–	–	–	0.6
Acquisition and disposal of businesses	–	–	–	–	–	0.8	0.8
Exchange movements	(0.5)	3.9	0.1	(0.7)	(1.1)	0.6	2.3
Other reallocations/transfers	–	–	–	–	–	(0.1)	(0.1)
At 31 December 2022	(14.5)	10.9	(3.2)	(6.1)	(10.1)	13.2	(9.8)
Charge/(credit) to the income statement	**3.1**	**(11.9)**	**0.7**	**(6.7)**	**2.8**	**(7.2)**	**(19.2)**
Charge to other comprehensive income	**–**	**–**	**0.1**	**–**	**–**	**–**	**0.1**
Exchange movements	**0.7**	**–**	**0.1**	**0.4**	**0.3**	**(1.6)**	**(0.1)**
At 31 December 2023	**(10.7)**	**(1.0)**	**(2.3)**	**(12.4)**	**(7.0)**	**4.4**	**(29.0)**

1 Other temporary differences are mainly in respect of intangible assets and contract provisions.

The movement from a net deferred tax asset of £9.8m at 31 December 2022 to £29.0m at 31 December 2023 is largely as a result of the timing of the deductibility of R&D expenditure for US tax purposes. R&D expenditure is capitalised for tax purposes and amortised over five years.

Deferred tax assets include amounts of £36.8m (2022: £15.1m) 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 the US (£29.3m) Australia (£3.7m), Canada (£2.1m), India (£1.0m) and the UK (£0.7m). The amount of profits in each territory which are necessary to be realised over the forecast period to support these assets are £115m, £12m, £7m, £4m and £3m. Canadian tax rules currently allow tax losses to be carried forward up to 20 years. Australia and the UK 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:

	2023 £m	2022 £m
Deferred tax liabilities	**7.8**	5.3
Deferred tax assets	**(36.8)**	(15.1)
	(29.0)	(9.8)

At the balance sheet date, the Group had unused tax losses of £137.6m (2022: £140.9m), 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, £84.0m (2022: £118.2m) may be carried forward indefinitely. Of the remaining losses, £15.6m expire in 2025, £3.4m expire in 2028 and £34.6m 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 £4.4m (2022: £18.0m). 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 £373.9m (2022: £335.0m), 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 £10.0m (2022: £10.2m).

13 Dividends payable to equity holders of the parent

Ordinary dividends on equity shares:

	2023 £m	2022 £m
Amounts recognised as distributions to equity holders in the year:		
Final dividend for the year ended 31 December 2022 of 24.5p (2021: 23.3p) per share	**17.7**	16.8
Interim dividend for the year ended 31 December 2023 of 13.9p (2022: 13.2p) per share	**10.0**	9.6
	27.7	26.4

The Board has recommended a final dividend for the year ended 31 December 2023 of £22.7m, representing 31.3p (2022: 24.5p) per share. The proposed dividend is subject to approval by shareholders at the Annual General Meeting on 15 May 2024 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	
	2023	2022	2023	2022
Basic and diluted earnings (£m)	**114.2**	74.2	**89.4**	46.0
Weighted average number of ordinary shares (m)[1]				
Basic number of ordinary shares outstanding	**72.8**	72.7	**72.8**	72.7
Effect of dilution from:				
Share options and awards	**1.4**	1.0	**1.4**	1.0
Diluted number of ordinary shares outstanding	**74.2**	73.7	**74.2**	73.7
Earnings per share				
Basic earnings per share (p)	**156.9**	102.1	**122.8**	63.3
Diluted earnings per share (p)	**153.9**	100.7	**120.5**	62.4

1 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.

Notes to the consolidated financial statements continued

15 Goodwill and intangible assets

	Goodwill £m	Trade names £m	Customer contracts and relationships £m	Other intangibles £m	Total £m
Cost					
At 1 January 2022	225.5	32.7	44.6	22.4	**325.2**
Additions	–	–	–	0.1	**0.1**
Acquired with businesses[1,2]	6.9	0.7	1.5	–	**9.1**
Exchange movements	15.8	1.4	1.8	4.6	**23.6**
At 31 December 2022 and 1 January 2023[1]	248.2	34.8	47.9	27.1	**358.0**
Additions	–	–	–	0.2	**0.2**
Exchange movements	(9.6)	(2.0)	(2.7)	(0.2)	**(14.5)**
At 31 December 2023	**238.6**	**32.8**	**45.2**	**27.1**	**343.7**
Accumulated amortisation and impairment					
At 1 January 2022	105.0	26.8	32.2	21.7	**185.7**
Impairment charge for the year	12.5	–	–	–	**12.5**
Amortisation charge for the year[1]	–	1.6	8.7	0.4	**10.7**
Exchange movements	5.4	0.6	0.8	4.4	**11.2**
At 31 December 2022 and 1 January 2023[1]	122.9	29.0	41.7	26.5	**220.1**
Impairment charge for the year	12.1	–	–	–	**12.1**
Amortisation charge for the year	–	1.7	3.4	0.4	**5.5**
Exchange movements	(4.0)	(1.8)	(2.5)	(0.3)	**(8.6)**
At 31 December 2023	**131.0**	**28.9**	**42.6**	**26.6**	**229.1**
Carrying amount					
At 1 January 2022	120.5	5.9	12.4	0.7	**139.5**
At 31 December 2022 and 1 January 2023[1]	125.3	5.8	6.2	0.6	**137.9**
At 31 December 2023	**107.6**	**3.9**	**2.6**	**0.5**	**114.6**

1 The 31 December 2022 consolidated balance sheet has been restated in respect of prior period business combination measurement adjustments, as outlined in note 5 to the consolidated financial statements.

2 In the 2022 financial year, goodwill arising on the acquisition of business relates to Nordwest Fundamentering AS.

Other intangibles represent internally developed software and licences. There are no indicators of impairment for assets relating to trade names, customer contracts and relationships or other intangibles at 31 December 2023.

For the purposes of impairment testing, goodwill has been allocated to seven (2022: ten) 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 99% of the total (2022: 95%). 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:

		2023			2022		
CGU	Geographical segment	Carrying value £m	Pre-tax discount rate[1] %	Forecast growth rate %	Carrying value £m	Pre-tax discount rate[1] %	Forecast growth rate %
Keller US	North America	**49.4**	**15.2**	**2.0**	51.9	13.6	2.0
Suncoast	North America	**33.9**	**15.2**	**2.0**	35.5	13.5	2.0
Keller Canada	North America	**13.2**	**13.8**	**2.0**	13.7	12.7	2.0
Keller Limited	Europe	**–**	**–**	**–**	12.1	13.2	2.0
Other	North America and Europe	**11.1**			12.1		
		107.6			125.3		

1 Pre-tax discount rates and forecast growth rates are defined by market.

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 2024 and financial projections for 2025 and 2026 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 2026 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 Canada is sensitive to the future successful execution of CGU's business plans to consistently meet forecasted margins (which assumes a significant improvement in operating performance compared with 2023) by improving project delivery and revenue growth.

The goodwill in Keller Limited, included in the table above, was impaired by £12.1m during 2023. The goodwill is impaired due to the uncertainty in the CGU's business plans to address the quantum of reduction in revenue volumes, margins and profits following scheduled completion of HS2 projects within the next twelve months.

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[1] in discount rate %	Reduction[1] in future growth rate %	Reduction in final year cash flow %
Keller US	North America	35.6	76.8	97.5
Suncoast	North America	111.2	n/a	119.4
Keller Canada	North America	7.4	9.6	50.1

1 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	2023 £m	2022 £m
Property, plant and equipment – owned assets	16a	**394.9**	409.5
Right-of-use assets – leased assets	16b	**85.3**	77.0
At 31 December		**480.2**	486.5

Notes to the consolidated financial statements continued

16 Property, plant and equipment continued

16 a) Property, plant and equipment – owned assets

	Land and buildings £m	Plant, machinery and vehicles £m	Capital work in progress £m	Total £m
Cost				
At 1 January 2022	69.0	910.9	5.5	**985.4**
Additions	1.9	72.4	7.3	**81.6**
Acquired with businesses	–	0.7	–	**0.7**
Disposals	–	(34.8)	–	**(34.8)**
Net transfers to held for sale	–	(1.5)	–	**(1.5)**
Reclassification	–	2.2	(2.2)	**–**
Exchange movements	5.3	68.2	0.6	**74.1**
At 31 December 2022 and 1 January 2023	76.2	1,018.1	11.2	**1,105.5**
Additions	4.3	85.3	4.7	**94.3**
Transfer from leased assets (note 16 b)	–	0.8	–	**0.8**
Disposals	(0.6)	(69.8)	(0.1)	**(70.5)**
Net transfers to held for sale[1]	–	(1.7)	–	**(1.7)**
Disposed with businesses[2]	–	(0.8)	–	**(0.8)**
Reclassification	1.2	5.8	(7.0)	**–**
Exchange movements	(2.5)	(37.3)	(0.6)	**(40.4)**
At 31 December 2023	**78.6**	**1,000.4**	**8.2**	**1087.2**
Accumulated depreciation and impairment				
At 1 January 2022	21.9	588.0	–	**609.9**
Charge for the year	1.9	69.2	–	**71.1**
Disposals	–	(30.1)	–	**(30.1)**
Net transfers to held for sale	–	(1.2)	–	**(1.2)**
Exchange movements	1.6	44.7	–	**46.3**
At 31 December 2022 and 1 January 2023	25.4	670.6	–	**696.0**
Charge for the year	3.1	78.7	–	**81.8**
Disposals	(0.2)	(57.3)	–	**(57.5)**
Net transfers to held for sale[1]	–	(0.2)	–	**(0.2)**
Disposed with businesses[2]	–	(0.4)	–	**(0.4)**
Exchange movements	(0.8)	(26.6)	–	**(27.4)**
At 31 December 2023	**27.5**	**664.8**	**–**	**692.3**
Carrying amount				
At 1 January 2022	47.1	322.9	5.5	**375.5**
At 31 December 2022 and 1 January 2023	50.8	347.5	11.2	**409.5**
At 31 December 2023	**51.1**	**335.6**	**8.2**	**394.9**

1 The carrying amount of assets held for sale at the balance sheet date are detailed in note 22.

2 Assets disposed with the Cyntech Tanks operation in Canada as detailed in note 5.

The Group had contractual commitments for the acquisition of property, plant and equipment of £12.0m (2022: £17.6m) at the balance sheet date. These amounts were not included in the balance sheet at the year end.

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 2022	42.9	25.0	**67.9**
Additions	5.9	18.9	**24.8**
Acquired with businesses	–	2.1	**2.1**
Depreciation expense	(14.1)	(15.6)	**(29.7)**
Impairment renewal	–	4.2	**4.2**
Contract modifications	6.0	(4.4)	**1.6**
Exchange movements	3.4	2.7	**6.1**
At 31 December 2022 and 1 January 2023	44.1	32.9	**77.0**
Additions	18.0	15.9	**33.9**
Transfers to property, plant and equipment	–	(0.8)	**(0.8)**
Depreciation expense	(14.7)	(14.7)	**(29.4)**
Impairment expense	(0.6)	–	**(0.6)**
Contract modifications	7.3	1.4	**8.7**
Exchange movements	(2.1)	(1.4)	**(3.5)**
At 31 December 2023	**52.0**	**33.3**	**85.3**

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.

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.

	2023 £m
At 1 January 2023	**4.4**
Share of underlying post-tax results	**0.8**
Share of non-underlying post-tax results (note 9)	**(0.6)**
Exchange movements	**(0.1)**
At 31 December 2023	**4.5**

	2022 £m
At 1 January 2022	4.0
Share of underlying post-tax results	1.5
Share of non-underlying post-tax results (note 9)	(1.2)
Exchange movements	0.1
At 31 December 2022	4.4

In 2023, KFS Finland Oy earned total revenue of £19.0m (2022: £20.7m) and a statutory profit after tax for the year of £0.2m (2022: £0.3m).

The joint venture had no contingent liabilities or commitments as at 31 December 2023 (2022: £nil).

Notes to the consolidated financial statements continued

17 Investments in joint ventures continued

Aggregate amounts relating to joint ventures:

	2023			2022		
	Underlying £m	Non-underlying items (note 9) £m	Statutory £m	Underlying £m	Non-underlying items (note 9) £m	Statutory £m
Revenue	**19.0**	**–**	**19.0**	20.7	–	20.7
Operating costs[1]	**(18.0)**	**(0.6)**	**(18.6)**	(19.2)	(1.2)	(20.4)
Operating profit/(loss)	**1.0**	**(0.6)**	**0.4**	1.5	(1.2)	0.3
Finance costs	**(0.2)**	**–**	**(0.2)**	(0.1)	–	(0.1)
Profit/(loss) before taxation	**0.8**	**(0.6)**	**0.2**	1.4	(1.2)	0.2
Taxation	**(0.1)**	**0.1**	**–**	0.1	–	0.1
Share of post-tax results	**0.7**	**(0.5)**	**0.2**	1.5	(1.2)	0.3

1 Included within operating costs is depreciation on owned assets of £0.9m (2022: £1.1m).

	KFS Finland Oy (100% of results)		Group's portion of the joint venture	
	2023 £m	2022 £m	2023 £m	2022 £m
Non-current assets	**16.0**	18.0	**8.0**	9.0
Cash and cash equivalents	**3.2**	1.4	**1.6**	0.7
Other current assets	**3.0**	4.4	**1.5**	2.2
Total assets	**22.2**	23.8	**11.1**	11.9
Other current liabilities	**(3.8)**	(3.4)	**(1.9)**	(1.7)
Non-current loans and borrowings	**(9.0)**	(10.8)	**(4.5)**	(5.4)
Other non-current liabilities	**(0.4)**	(0.8)	**(0.2)**	(0.4)
Total liabilities	**(13.2)**	(15.0)	**(6.6)**	(7.5)
Share of net assets	**9.0**	8.8	**4.5**	4.4

18 Other non-current assets

	2023 £m	2022 £m
Non-qualifying deferred compensation plan assets	**20.5**	19.4
Customer retentions	**22.7**	16.3
Other assets	**1.6**	1.7
Insurance receivables	**22.0**	23.4
	66.8	60.8

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 2023, non-current assets in relation to the investments held in the trust were £20.5m (2022: £19.4m). The fair value movement on these assets was £2.2m (2022: £3.5m). During the period proceeds from the sale of NQ-related investments were £nil (2022: £nil). At 31 December 2023, non-current liabilities in relation to the participant investments were £14.3m (2022: £14.7m). These are accounted for as financial liabilities at fair value through profit or loss. The fair value movement on these liabilities was £2.6m (2022: £3.5m). During the year £0.6m (2022: £1.2m) of compensation was deferred

Further details on insurance receivables are given in note 24.

19 Inventories

	2023 £m	2022 £m
Raw materials and consumables	**58.9**	56.3
Work in progress	**1.0**	1.9
Finished goods	**33.4**	66.2
	93.3	124.4

During 2023, £1.3m (2022: £2.0m) 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.

During 2023, inventory balances decreased by £31.1m (2022: £52.3m increase), which was made up of cashflow movements of £26.8m (2022:£(44.2)m), foreign exchange movements of £4.2m (2022: £(7.5)m) and other non-cash movements of £0.1m (2022: £(0.6)m).

20 Trade and other receivables

	2023 £m	2022 £m
Trade receivables	**583.1**	615.5
Contract assets	**90.9**	105.3
Other receivables	**21.7**	20.7
Prepayments	**26.1**	23.1
	721.8	764.6

During 2023, trade and other receivable balances decreased by £42.8m (2022: £179.1m increase), which was made up of cashflow movements of £1.5m (2022: £(110.0)m), foreign exchange movements of £33.0m (2022: £(57.1)m) and other non-cash movements of £8.3m (2022: £(12.0)m).

Further details on insurance receivables included within other receivables are given in note 24.

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:

	2023 £m	2022 (Restated) £m
At 1 January	**36.0**	34.8
Used during the year	**(10.8)**	(4.4)
Additional provisions	**29.4**	13.8
Unused amounts reversed	**(7.7)**	(10.6)
Acquisition with businesses	**–**	0.2
Exchange movements	**(1.8)**	2.2
At 31 December	**45.1**	36.0

During the year, the Financial Reporting Council ("FRC") reviewed the Group's Annual Report and Accounts for the year ended 31 December 2022. The FRC's review was limited to the Group's Annual Report and Accounts for the year ended 31 December 2022 and did not benefit from a detailed understanding of underlying transactions and therefore provided no assurance that they are correct in all material respects. Following completion of the review, the Directors have concluded to restate the opening trade and other receivables balance of the prior period by £18.9m and the amounts presented in the Unused amounts reversed. The restatement has no impact on the value of the allowance as at 31 December 2022 and has no impact on the statement of financial position at 31 December 2022. The restatement has caused a consequential increase of £12.8m in the amount reported in note 6 for Other operating charges for the prior period.

Notes to the consolidated financial statements continued

20 Trade and other receivables continued

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:

	2023					
	Contract assets	Trade receivables and non-current customer retentions				
			Days past due			
	Total £m	Current £m	<30 days £m	31–90 days £m	>90 days £m	Total £m
Expected credit loss rate	1%	1%	1%	1%	46%	7%
Estimated total gross carrying amount at default	92.2	402.8	109.8	57.9	79.1	649.6
Allowance for expected credit loss	(1.3)	(5.9)	(1.0)	(0.3)	(36.6)	(43.8)
Carry amount as shown in the balance sheet	**90.9**	**396.9**	**108.8**	**57.6**	**42.5**	**605.8**

	2022					
	Contract assets	Trade receivables and non-current customer retentions				
			Days past due			
	Total £m	Current £m	<30 days £m	31–90 days £m	>90 days £m	Total £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
Allowance for expected credit loss	(1.1)	(5.3)	(0.3)	(0.4)	(28.9)	(34.9)
Carry amount as shown in the balance sheet	105.3	390.6	112.0	90.8	38.4	631.8

The Group's expected credit loss rate for trade receivables and non-current customer retentions that were more than 90 days past due increased from 43% in 2022 to 46% in 2023. This was as a result of specific provisions that were provided in relation to both customers struggling financially and contractual disputes leading to failure of recovery. The other expected credit loss rates were in line with the prior year.

21 Cash and cash equivalents

	2023 £m	2022 £m
Bank balances	**105.2**	97.0
Short-term deposits	**46.2**	4.1
Cash and cash equivalents in the balance sheet	**151.4**	101.1
Bank overdrafts	**(2.4)**	(6.9)
Cash and cash equivalents in the cash flow statement	**149.0**	94.2

Cash and cash equivalents include £4.4m (2022: £8.5m) of the Group's share of cash and cash equivalents held by joint operations, and £1.1m (2022: £1.4m) 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

	2023 £m	2022 £m
Plant and machinery	**1.6**	2.8
	1.6	2.8

During 2023, £1.1m (2022: £0.9m) of the North American assets, £1.4m of the Waterway assets and £0.1m of the South African assets were disposed of for a total cash consideration of £4.2m resulting in a gain from the disposal of assets of £1.6m.

At 31 December 2023, assets held for sale comprises of an electric crane in Australia costing £1.5m which was added during the period and remaining £0.1m of assets in North America.

23 Trade and other payables

	2023 £m	2022 £m
Trade payables	**155.5**	229.4
Other taxes and social security payable	**16.8**	21.5
Other payables	**153.0**	139.4
Contract liabilities	**90.9**	85.6
Accruals	**137.1**	109.7
Fair value of derivative financial instruments	**0.3**	–
	553.6	585.6

Other payables includes contingent and deferred consideration of £1.7m (2022: £0.8m), interest payable of £6.1m (2022: £2.0m), non-qualifying compensation plan liabilities of £3.3m (2022: £1.7m) and contract specific accruals of £119.1m (2022: £117.6m).

During 2023, trade and other payable balances decreased by £32.0m (2022: £77.6m increase), which was made up of cashflow movements of £25.6m (2022: £(43.7)m), foreign exchange movements of £22.0m (2022: £(39.2)m) and other non-cash movements of £(15.6)m (2022: £5.3m).

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 2022	10.4	4.1	37.8	65.0	2.3	119.6
Charge for the year	2.5	5.9	31.1	16.6	0.6	56.7
Used during the year	(2.3)	(3.5)	(21.2)	(5.8)	(0.1)	(32.9)
Unused amounts reversed	(0.3)	(0.3)	(5.2)	(1.8)	–	(7.6)
Unwinding of discount	–	–	–	0.4	–	0.4
Exchange movements	(0.7)	(0.1)	(1.3)	(1.0)	(0.3)	(3.4)
At 31 December 2023	**9.6**	**6.1**	**41.2**	**73.4**	**2.5**	**132.8**
Current	3.2	6.1	29.5	17.9	2.4	59.1
Non-current	6.4	–	11.7	55.5	0.1	73.7
At 31 December 2023	**9.6**	**6.1**	**41.2**	**73.4**	**2.5**	**132.8**

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 2023, the provision in respect of workers' compensation was £6.5m (2022: £7.1m). A provision is recognised when 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 2023, the provision in respect of long service leave was £2.0m (2022: £1.9m). 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 (2022: £0.8m) 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. The provision covers three years of open share options and will be utilised each year as the options vest.

Notes to the consolidated financial statements continued

24 Provisions continued

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 2023 include amounts provided in the year for the exit from the Egypt business, as well as amounts not yet settled from restructuring projects provided in the prior year. 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 and provision for potential remediation costs that we believe are probable to incur.

Provision for onerous contracts 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 actual loss incurred is uncertain until the project has been completed, and the actual costs incurred to complete the contract could be higher or lower than estimated in the calculation of the provision. The majority of this balance is expected to be utilised in the next 12 months, given the general short-term nature of contracts.

Provision for potential remediation costs typically arise after the completion of a project through a customer claim or dispute. The provision reflects our estimate of costs to be incurred in relation to the dispute, some disputes can take a long period of time to resolve and the actual amount incurred could be higher or lower than our provision, so there is uncertainty over both the amount and the timing of the expected cash outflows. The non-current element of the provision relates to disputes we expect will take longer than a year to resolve.

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. They also include matters relating to separate legal issues which are not covered by the captive, including claims arising from civil matters which could result in penalties and legal costs. By their nature the amounts and timings of any outflows are difficult to predict.

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

	2023 £m	2022 £m
Non-qualifying compensation plan liabilities	**14.3**	14.7
Other liabilities	**8.9**	6.6
	23.2	21.3

Other liabilities include deferred and contingent consideration of £8.9m (2022: £1.1m) and £nil (2022: £5.2m) 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.

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 and US 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 2023, the fair value of outstanding foreign exchange forward contracts was £0.3m (2022: £nil) included in current 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 have previously used 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 2023, approximately 99% (2022: 80%) of the Group's third-party borrowings were at fixed interest rates.

Hedging currency risk and interest rate risk

The Group currently hedges currency risk and has previously hedged 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.

Interest rate swaps were in place at the beginning of 2022, to hedge the interest rate risk on the existing US Private placement notes. These interest rate swaps were closed out during 2022. There are no derivatives or other hedging instruments in place at the balance sheet date held for the purpose of hedging interest rate risk.

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 4% of revenue in 2023 (2022: 6%). 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.

Notes to the consolidated financial statements continued

26 Financial instruments continued

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, a US$120m private placement repayable in August 2030, a US$180m private placement repayable in August 2033 and a £375m syndicated revolving credit facility expiring in November 2025.

The private placement debt and revolving credit facility 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 £50.2m (2022: £75.8m).

Private placements

In August 2023, $120m and $180m were raised through a private placement with US institutions. The proceeds of the issue of $120m Series A notes 6.38% due 2030 and $180m Series B notes 6.42% due 2033 were used to repay a $115m bilateral term loan facility and to repay drawings from the revolving credit facility. 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 $120m and $180m private placement liabilities at 31 December 2023 were £94.2m and £141.2m, respectively.

In December 2014, $75m was raised through a private placement with US institutions. The proceeds of the issue of $75m Series B notes 4.17% due 2024 was used to refinance maturing private placements. The US private placement note 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 2023 was £58.5m (2022: £62.0m).

Hedging

The Group entered into a Treasury lock on 28 April 2023 designated as a cash flow hedge against the highly probable cash outflows for the US private placement notes issued in August 2023. 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 underlying treasury rate component of an upcoming debt issuance. The Treasury lock was settled on 26 May 2023.

All hedges are tested for effectiveness every six months. All hedging relationships remained effective during the year while they were in place.

Accounting classifications

	2023 £m	2022 £m
Financial assets measured at fair value through profit or loss		
Non-qualifying deferred compensation plan	**20.5**	19.4
Financial assets measured at amortised cost		
Trade receivables	**583.1**	615.5
Contract assets	**90.9**	105.3
Cash and cash equivalents	**151.4**	101.1
Financial liabilities at fair value through profit or loss		
Contingent consideration payable	**(10.0)**	(0.9)
Forward contracts	**(0.3)**	–
Financial liabilities measured at amortised cost		
Trade payables	**(155.5)**	(229.4)
Contract liabilities	**(90.9)**	(85.6)
Bank and other loans	**(297.1)**	(319.0)
Lease liabilities	**(91.6)**	(81.0)
Deferred consideration payable	**(0.7)**	(1.0)

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:

	2023						
	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	Total £m	Carrying amount as shown in the balance sheet £m
Bank loans and overdrafts	2.5	(2.8)	(0.4)	(0.1)	–	(3.3)	(3.2)
Other loans	6.0	(76.5)	(15.1)	(45.4)	(287.9)	(424.9)	(293.9)
Lease liabilities	–	(31.0)	(24.4)	(36.7)	(16.3)	(108.4)	(91.6)
Contract liabilities	–	(90.9)	–	–	–	(90.9)	(90.9)
Trade payables	–	(155.5)	–	–	–	(155.5)	(155.5)
Contingent and deferred consideration	–	(1.7)	(3.0)	(7.4)	–	(12.1)	(10.7)
		(358.4)	**(42.9)**	**(89.6)**	**(304.2)**	**(795.1)**	**(645.8)**

	2022						
	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	Total £m	Carrying amount as shown in the balance sheet £m
Bank loans and overdrafts	5.0	(10.4)	(0.4)	(245.7)	(0.1)	(256.6)	(256.4)
Bonds and 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 consideration	–	(0.8)	(1.1)	–	–	(1.9)	(1.9)
		(357.7)	(87.5)	(278.6)	(7.2)	(731.0)	(716.9)

Loans and borrowings analysis

	2023 £m	2022 £m
$75m private placement (due December 2024)	**(58.5)**	(62.0)
$120m private placement (due August 2030)	**(94.2)**	–
$180m private placement (due August 2033)	**(141.2)**	–
£375m syndicated revolving credit facility (expiring November 2025)	**–**	(248.1)
Bank overdrafts	**(2.4)**	(6.9)
Other bank borrowings	**(0.8)**	(1.4)
Other loans	**–**	(0.6)
Lease liabilities (note 27)	**(91.6)**	(81.0)
Total loans and borrowings	**(388.7)**	(400.0)

The Group has substantial borrowing facilities available to it. The undrawn committed facilities available at 31 December 2023 amounted to £377.8m (2022: £227.6m). This mainly comprised the Group's unutilised £375m revolving credit facility, which expires on 23 November 2025. In addition, the Group had undrawn uncommitted borrowing facilities totalling £47.4m at 31 December 2023 (2022: £46.1m). Other uncommitted bank borrowing facilities are normally reaffirmed by the banks annually, although they can theoretically be withdrawn at any time. Facilities totalling £nil (2022: £1.5m) are secured against certain assets. Future obligations under finance leases on a former IAS 17 basis totalled £0.5m (2022: £0.9m), including interest of £0.1m (2022: £0.1m).

Notes to the consolidated financial statements continued

26 Financial instruments continued

Changes in loans and borrowings were as follows:

	2022 £m	Cash flows £m	Other[1] £m	New leases £m	Foreign exchange movements £m	Fair value changes £m	2023 £m
Bank overdrafts	(6.9)	4.5	–	–	–	–	**(2.4)**
Bank loans	(249.5)	244.5	(1.1)	–	5.3	–	**(0.8)**
Private placements	(62.0)	(241.2)	0.6	–	8.7	–	**(293.9)**
Other loans	(0.6)	0.6	–	–	–	–	**–**
Lease liabilities (note 27)	(81.0)	33.9	(14.3)	(33.9)	3.7	–	**(91.6)**
Total loans and borrowings	**(400.0)**	**42.3**	**(14.8)**	**(33.9)**	**17.7**	–	**(388.7)**

1 Other comprises disposals and contract modifications and interest accretion on lease liabilities and the amortisation of deferred financing costs on bank loans.

Changes in loans and borrowings in the prior year were as follows:

	2021 £m	Cash flows £m	Other[1] £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)	–	**(6.9)**
Bank loans	(140.9)	(98.2)	(0.5)	–	(0.1)	(9.8)	–	**(249.5)**
Other loans	(58.8)	0.3	–	–	–	(6.5)	2.4	**(62.6)**
Lease liabilities (note 27)	(75.4)	33.1	(5.2)	(24.8)	(2.1)	(6.6)	–	**(81.0)**
Total loans and borrowings	**(276.0)**	**(70.7)**	**(5.7)**	**(24.8)**	**(2.2)**	**(23.0)**	**2.4**	**(400.0)**
Derivative financial instruments	**2.6**	(0.2)	–	–	–	–	(2.4)	**–**

1 Other comprises disposals and contract modifications and interest accretion on lease liabilities and the amortisation of deferred financing costs on bank loans.

There was no impact of IBOR reform on the Group in the year.

Cash flow hedges

At 31 December 2023, the Group held foreign exchange forward contracts to hedge exposures to changes in foreign currency rates. The net value of instruments held was £0.3m (2022: £nil).

	2023							
	Maturity				Carrying amount			
	<1 year £m	1–2 years £m	2–5 years £m	>5 years £m	Asset £m	Liability £m	Change in fair value used for calculating hedge ineffectiveness £m	Nominal amount $m
Forward exchange forwards	**(0.3)**	**–**	**–**	**–**	**–**	**(0.3)**	**–**	**(0.3)**

	2022							
	Maturity				Carrying amount			
	<1 year £m	1–2 years £m	2–5 years £m	>5 years £m	Asset £m	Liability £m	Change in fair value used for calculating hedge ineffectiveness £m	Nominal amount $m
Forward exchange forwards	–	–	–	–	–	–	–	–

Fair value hedges

At 31 December 2023, the Group held no instruments to hedge exposures to changes in interest rates (2022: £nil).

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 foreign currency forward contracts are calculated based on achieved contract rates compared to the prevailing market rates 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.

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 individually significant unobservable inputs used in the fair value measurement of the Group's contingent consideration as at 31 December 2023 are the estimation of future profits at Keller Arabia and 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:

	2023 £m	2022 £m
At 1 January	**1.9**	12.7
Acquisition of businesses (note 5)	**–**	1.7
Non-controlling interest (note 34)	**9.3**	–
Additional amounts provided (note 9)	**–**	0.1
Paid during the period	**(0.2)**	(12.3)
Fair value in the income statement during the period (note 9)	**–**	(0.7)
Exchange movements	**(0.3)**	0.4
At 31 December	**10.7**	1.9

On 29 August 2023, the Group acquired the 35% interest in the voting shares of Keller Turki Company Limited. A contingent consideration is payable annually between the years 2023 and 2027, dependent on the qualifying revenue generated by the business for each of those years. The fair value of the contingent consideration as at 31 December 2023 was £9.3m (SAR 43.2m).

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 subsequently reduced following movements in its fair value to £0.9m at 31 December 2022. On 15 November 2022, the Group acquired Nordwest Fundamentering AS and the deferred contingent consideration payable relating to this acquisition is £0.5m.

Additional deferred consideration provided of £0.2m relates to the Voges Drilling acquisition in 2021.

Total contingent and deferred consideration of £0.2m was paid during the period in respect of the Voges Drilling acquisition in 2021.

There were no fair value movements during the year. In 2022, fair value movements of £0.7m related to a fair value adjustment of the RECON contingent consideration on finalisation of the amount payable of £0.3m and the reduction in the GKM payable noted above of £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:

	2023						
	GBP	USD	EUR	CAD	AUD	Other	Total
Weighted average fixed debt interest rate (%)	**–**	**6.0**	**1.4**	**–**	**–**	**–**	**5.9**
Weighted average fixed debt period (years)	**–**	**6.7**	**1.3**	**–**	**–**	**–**	**6.9**
	£m	£m	£m	£m	£m	£m	£m
Fixed rate financial liabilities	**–**	**(293.9)**	**(0.8)**	**–**	**–**	**–**	**(294.7)**
Floating rate financial liabilities	**–**	**(1.4)**	**(1.0)**	**–**	**–**	**–**	**(2.4)**
Lease liabilities	**(2.1)**	**(57.8)**	**(10.2)**	**(5.6)**	**(3.7)**	**(12.2)**	**(91.6)**
Cash and cash equivalents	**59.7**	**14.6**	**17.5**	**6.2**	**6.7**	**46.7**	**151.4**
Net debt	**57.6**	**(338.5)**	**5.5**	**0.6**	**3.0**	**34.5**	**(237.3)**
Trade receivables	**6.8**	**375.7**	**38.1**	**46.0**	**26.0**	**90.5**	**583.1**
Trade payables	**(4.6)**	**(71.2)**	**(24.4)**	**(3.3)**	**(4.0)**	**(48.0)**	**(155.5)**

	2022						
	GBP	USD	EUR	CAD	AUD	Other	Total
Weighted average fixed debt interest rate (%)	–	4.2	1.4	–	–	3.5	4.1
Weighted average fixed debt period (years)	–	2.0	3.2	–	–	0.1	2.0
	£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)
Cash and cash equivalents	7.1	4.4	14.9	4.7	11.6	58.4	101.1
Net debt	(71.1)	(259.8)	2.9	0.3	(18.6)	47.4	(298.9)
Trade receivables	7.2	409.5	39.8	58.1	27.0	73.9	615.5
Trade payables	(6.9)	(120.3)	(32.6)	(13.0)	(9.2)	(47.4)	(229.4)

Sensitivity analysis

At 31 December 2023, 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 £nil (2022: £1.5m).

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 £14m for the year ended 31 December 2023 (2022: £8.8m). The estimated impact of a 10 percentage point decrease in the value of sterling is an increase of £17m (2022: £7.2m) 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:

	2023 £m	2022 £m
At 1 January	**81.0**	75.4
Additions	**33.9**	24.9
Acquired with businesses	**–**	2.1
Contract modifications	**8.7**	1.6
Interest expense	**5.6**	3.6
Payments	**(33.9)**	(33.1)
Exchange movements	**(3.7)**	6.5
At 31 December	**91.6**	81.0
Current	**25.9**	24.5
Non-current	**65.7**	56.5

28 Share capital and reserves

	2023 £m	2022 £m
Allotted, called up and fully paid equity share capital:		
73,099,735 ordinary shares of 10p each (2022: 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 2023, the total number of shares held in treasury was 323,133 (2022: 328,954).

During the year to 31 December 2023, 500,000 ordinary shares were purchased by the Keller Group Employee Benefit Trust (2022: 135,050 purchased), to be used to satisfy future obligations of the company under the Keller Group plc Long-Term Incentive Plan and 515,119 shares were utilised to satisfy the obligation in the year (2022: nil). This brings the total ordinary shares held by the Employee Benefit Trust to 537,171 (2022: 552,290). The cost of the market purchases was £3.4m (2022: £1.2m).

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:

	2023 £m	2022 £m
Short-term employee benefits	**8.2**	4.5
Post-employment benefits	**0.3**	0.3
Termination payments	**–**	0.4
	8.5	5.2

Other related party transactions

As at 31 December 2023, there was a net balance of £0.1m (2022: £0.1m) owed by the joint venture. These amounts are unsecured, have no fixed date of repayment and are repayable on demand.

Notes to the consolidated financial statements continued

30 Commitments

Capital commitments

Capital expenditure contracted for at the end of the reporting period but not yet incurred was £12.0m (2022: £17.6m) 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 2023, the Group had outstanding standby letters of credit and surety bonds for the Group's captive and other global insurance arrangements totalling £24.5m (2022: £28.1m). 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 2023, the Group has £182.7m outstanding related to performance and advanced payment bonds (2022: £190.6m). 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 2023, the Group had no contingent assets (2022: £nil).

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, in addition the Executive Directors 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 2022	1,974,436
Granted during 2022	817,381
Lapsed during 2022	(365,677)
Exercised during 2022	(448,963)
Outstanding at 31 December 2022 and 1 January 2023	**1,977,177**
Granted during 2023	**840,572**
Lapsed during 2023	**(208,543)**
Exercised during 2023	**(520,940)**
Outstanding at 31 December 2023	**2,088,266**
Exercisable at 1 January 2022	–
Exercisable at 31 December 2022 and 1 January 2023	–
Exercisable at 31 December 2023	**–**

The average share price during the year was 756.5p (2022: 759.3p).

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:

	2023	2022
Share price at grant	**660.0p**	800.0p
Weighted average exercise price	**0.0p**	0.0p
Expected volatility	**39.6%**	41.2%
Expected life	**3 years**	3 years
Risk-free rate	**3.22%**	1.35%
Expected dividend yield	**0.00%**	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 £4.5m (2022: £2.9m) related to equity-settled, share-based payment transactions.

The weighted average fair value of options granted in the year was 555.7p (2022: 724.2p). Options outstanding at the year-end have a weighted average remaining contractual life of 1.2 years (2022: 1.2 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 2023, 537,171 (2022: 552,290) ordinary shares were held by the Trust with a value of £3.9m (2022: £4.9m).

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 2023), the Group has agreed to pay a contribution of £1.7m in total, paid in monthly instalments from January to August 2024. Contributions will then cease, subject to a review of the level of employer contributions at the next actuarial review in 2026.

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.

A potentially landmark judgement was handed down in the High Court case of Virgin Media vs NTL Trustees in June 2023. The judge in this case ruled that, where benefit changes were made without a valid 'section 37' certificate from the scheme actuary, those changes could be considered void. It is anticipated that the ruling will be appealed. The Keller Group Pension Scheme was contracted out of the additional state pension between 1997 and 2016 and made scheme amendments during this period. The Scheme trustees have not yet investigated the scheme's historic documentation to confirm whether they hold the relevant s37 certificates, until this review has been completed we are unable to determine the impact of this judgement.

The Group has two UK defined contribution retirement benefit schemes. There were no contributions outstanding in respect of these schemes at 31 December 2023 (2022: £nil). The total UK defined contribution pension charge for the year was £1.8m (2022: £1.6m).

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 £8.6m (2022: £8.1m).

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 11.0% (2022: 10.5%). The total Australian pension charge for the year was £4.8m (2022: £4.6m).

Notes to the consolidated financial statements continued

33 Retirement benefit liabilities continued

Details of the Group's defined benefit schemes are as follows:

	The Keller Group Pension Scheme (UK) 2023 £m	The Keller Group Pension Scheme (UK) 2022 £m	German [1], Austrian and other schemes 2023 £m	German [1], Austrian and other schemes 2022 £m
Present value of the scheme liabilities	**(41.8)**	(39.0)	**(16.2)**	(16.7)
Fair value of assets	**46.0**	42.2	**–**	–
Surplus/(deficit) in the scheme	**4.2**	3.2	**(16.2)**	(16.7)
Irrecoverable surplus	**(5.7)**	(7.3)	**–**	–
Net defined benefit liability	**(1.5)**	(4.1)	**(16.2)**	(16.7)

1 Included in this balance is £3.6m (2022: £3.5m) 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 2023 and the committed payments under the Schedule of Contributions agreed on 15 December 2023, there is a irrecoverable surplus of £5.7m (2022: £7.3m). 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 total remaining contribution of £1.5m, contributions will cease from August 2024. The contributions will be reviewed following the next actuarial review to be prepared as at 5 April 2026.

The value of the scheme liabilities has been determined by the actuary using the following assumptions:

	The Keller Group Pension Scheme (UK) 2023 %	The Keller Group Pension Scheme (UK) 2022 %	German and Austrian schemes 2023 %	German and Austrian schemes 2022 %
Discount rate	**4.6**	4.8	**3.4**	3.5
Interest on assets	**4.6**	4.8	**–**	–
Rate of increase in pensions in payment	**3.5**	3.4	**2.5**	2.5
Rate of increase in pensions in deferment	**2.8**	2.7	**6.9**	8.3
Rate of inflation	**3.4**	3.3	**6.9**	8.3

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) 2023	The Keller Group Pension Scheme (UK) 2022	German and Austrian schemes 2023	German and Austrian schemes 2022
Male currently aged 65	**21.2**	21.0	**22.4**	19.9
Female currently aged 65	**24.0**	23.4	**25.3**	23.3

The assets of the schemes were as follows:

	The Keller Group Pension Scheme (UK) 2023 £m	The Keller Group Pension Scheme (UK) 2022 £m	German, Austrian and other schemes 2023 £m	German, Austrian and other schemes 2022 £m
Equities	**6.6**	7.8	**–**	–
Target return funds[1]	**6.0**	5.0	**–**	–
Bonds	**18.7**	13.6	**–**	–
Liability driven investing (LDI) portfolios[2]	**14.0**	12.9	**–**	–
Cash	**0.7**	2.9	**–**	–
	46.0	42.2	**–**	–

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) 2023 £m	The Keller Group Pension Scheme (UK) 2022 £m	German [1], Austrian and other schemes 2023 £m	German [1], Austrian and other schemes 2022 £m
Changes in scheme liabilities				
Opening balance	**(39.0)**	(58.3)	**(16.7)**	(18.9)
Current service cost	**–**	–	**(1.2)**	(0.8)
Interest cost	**(1.8)**	(1.1)	**(0.5)**	–
Benefits paid	**2.1**	2.1	**1.7**	1.0
Exchange movements	**–**	–	**0.5**	(0.8)
Experience loss on defined benefit obligation	**(1.0)**	(0.5)	**–**	–
Changes to demographic assumptions	**(0.7)**	–	**–**	–
Changes to financial assumptions	**(1.4)**	18.8	**–**	2.8
Closing balance	**(41.8)**	(39.0)	**(16.2)**	(16.7)
Changes in scheme assets				
Opening balance	**42.2**	63.7	**–**	–
Interest on assets	**2.0**	1.2	**–**	–
Administration costs	**(0.3)**	(0.2)	**–**	–
Employer contributions	**2.9**	2.8	**–**	–
Benefits paid	**(2.1)**	(2.1)	**–**	–
Return on plan assets less interest	**1.3**	(23.2)	**–**	–
Closing balance	**46.0**	42.2	**–**	–
Actual return on scheme assets	**3.3**	(22.0)	**–**	–
Statement of comprehensive income				
Return on plan assets less interest	**1.3**	(23.2)	**–**	–
Experience loss on defined benefit obligation	**(1.0)**	(0.5)	**–**	–
Changes to demographic assumptions	**(0.7)**	–	**–**	–
Changes to financial assumptions	**(1.4)**	18.8	**–**	2.8
Change in irrecoverable surplus	**1.6**	4.9	**–**	–
Remeasurements of defined benefit plans	**(0.2)**	–	**–**	2.8
Cumulative remeasurements of defined benefit plans	**(25.8)**	(25.6)	**(6.4)**	(6.4)
Expense recognised in the income statement				
Current service cost	**–**	–	**(1.2)**	(0.8)
Administration costs	**(0.3)**	(0.2)	**–**	–
Operating costs	**(0.3)**	(0.2)	**(1.2)**	(0.8)
Net pension interest cost	**0.2**	0.1	**(0.5)**	–
Expense recognised in the income statement	**(0.1)**	(0.1)	**(1.7)**	(0.8)
Movements in the balance sheet liability				
Net liability at start of year	**4.1**	6.8	**16.7**	18.9
Expense recognised in the income statement	**0.1**	0.1	**1.7**	0.8
Employer contributions	**(2.9)**	(2.8)	**–**	–
Benefits paid	**–**	–	**(1.7)**	(1.0)
Exchange movements	**–**	–	**(0.5)**	0.8
Remeasurements of defined benefit plans	**0.2**	–	**–**	(2.8)
Net liability at end of year	**1.5**	4.1	**16.2**	16.7

1 Other comprises end of service schemes in the Middle East of £3.6m (2022: £3.5m).

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 £2.6m (2022: reduction in the discount rate of 0.5% would increase the deficit in the scheme by £2.5m), 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 (2022: reduction in the inflation assumption of 0.5% would decrease the deficit by £1.3m). 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:

	2023 £m	2022 £m	2021 £m	2020 £m	2019 £m
Present value of defined benefit obligation	**(58.0)**	(55.7)	(77.2)	(86.9)	(81.1)
Fair value of scheme assets	**46.0**	42.2	63.7	58.0	52.2
Deficit in the schemes	**(12.0)**	(13.5)	(13.5)	(28.9)	(28.9)
Irrecoverable surplus	**(5.7)**	(7.3)	(12.2)	(2.2)	(1.8)
Net defined benefit liability	**(17.7)**	(20.8)	(25.7)	(31.1)	(30.7)
Experience adjustments on scheme liabilities	**(3.1)**	21.1	6.6	(7.9)	(8.2)
Experience adjustments on scheme assets	**1.3**	(23.2)	4.6	6.1	5.4

34 Non-controlling interests

Financial information of subsidiaries that have a material non-controlling interest is provided below:

Name	Country of incorporation	2023	2022
Keller Fondations Speciales SPA	Algeria	**49%**	49%
Keller Turki Company Limited	Saudi Arabia	**0%**	35%

(Loss)/profit attributable to non-controlling interests:

	2023 £m	2022 £m
Keller Fondations Speciales SPA	**(0.2)**	(0.5)
Keller Turki Company Limited	**0.4**	(0.3)
Other interests	**0.2**	(0.2)
	0.4	(1.0)

Share of net assets of non-controlling interests:

	2023 £m	2022 £m
Keller Fondations Speciales SPA	**2.4**	2.7
Keller Turki Company Limited	**–**	(0.6)
Other interests	**0.3**	0.2
	2.7	2.3

On 29 August 2023, the Group acquired the 35% interest in the voting shares of Keller Turki Company Limited, increasing its ownership interest to 100%. An initial cash consideration of £6.4m (SAR 30m) was paid to the non-controlling shareholders. In addition, a contingent consideration has been agreed as part of the purchase agreement and is payable annually between the years 2023 and 2027, dependent on the qualifying revenue generated by the business for each of those years. The fair value of the contingent consideration was £9.3m (SAR 43.2m) based on expected revenue generated by the business over that period, which is the maximum amount of contingent consideration payable.

The carrying value of the net assets of Keller Turki Company Limited was £0.2m (SAR 0.8m). Following is a schedule of additional interest acquired in Keller Turki Company Limited.

	£m
Cash consideration paid to non-controlling shareholders	6.4
Contingent consideration	9.3
Group loan	(0.7)
Carrying value of the additional interest in Keller Turki Company Limited	0.2
Difference recognised in retained earnings	15.2

Aggregate amounts relating to material non-controlling interests:

	2023 £m		2022 £m	
	Keller Fondations Speciales SPA	Keller Turki Company Limited	Keller Fondations Speciales SPA	Keller Turki Company Limited
Revenue	**0.9**	**14.3**	0.1	4.6
Operating costs	**(1.0)**	**(13.9)**	(0.6)	(4.9)
Operating loss	**(0.1)**	**0.4**	(0.5)	(0.3)
Finance costs	**–**	**–**	–	–
Loss before taxation	**(0.1)**	**0.4**	(0.5)	(0.3)
Taxation	**(0.1)**	**–**	–	–
Loss attributable to non-controlling interests	**(0.2)**	**0.4**	(0.5)	(0.3)

	2023 £m		2022 £m	
	Keller Fondations Speciales SPA	Keller Turki Company Limited	Keller Fondations Speciales SPA	Keller Turki Company Limited
Non-current assets	**0.6**	**–**	0.8	0.7
Current assets	**2.4**	**–**	2.8	6.0
Current liabilities	**(0.6)**	**–**	(0.9)	(6.2)
Non-current liabilities	**–**	**–**	–	(1.1)
Share of net assets/(liabilities)	**2.4**	**–**	2.7	(0.6)

35 Post balance sheet events

On 1 March we announced a change to the Group's divisional structure. The Middle East and NEOM business units will move from the current Asia-Pacific, Middle East and Africa (AMEA) division and combine with Europe to create a new Europe and Middle East Division (EME). The AMEA division will become the Asia-Pacific division. This is a non-adjusting post balance sheet event and there is no impact to the balance sheet at 31 December 2023.

There were no other material post balance sheet events between the balance sheet date and the date of this report.

Company balance sheet

As at 31 December 2023

	Note	2023 £m	2022 £m
Assets			
Investments	2	**515.9**	513.9
Deferred tax assets		**–**	0.5
Other assets	3	**0.2**	0.2
Non-current assets		**516.1**	514.6
Amounts owed by subsidiary undertakings:			
– Amounts falling due within one year	4	**74.5**	6.1
– Amounts falling due after one year	4	**–**	62.0
Current tax assets		**4.6**	4.3
Trade and other debtors	5	**5.0**	4.6
Cash and bank balances		**17.6**	4.1
Current assets		**101.7**	81.1
Liabilities			
Trade and other creditors	6	**(20.5)**	(16.7)
Amounts owed to subsidiary undertakings		**(0.9)**	(1.4)
Loans and other borrowings	8	**(58.5)**	–
Creditors: amounts falling due within one year		**(79.9)**	(18.1)
Net current assets		**21.8**	63.0
Total assets less current liabilities		**537.9**	577.6
Loans and other borrowings	8	**–**	(60.7)
Amounts owed to subsidiary undertakings		**–**	(46.8)
Pension liabilities	9	**(0.4)**	(1.3)
Creditors: amounts falling due after one year		**(0.4)**	(108.8)
Net assets		**537.5**	468.8
Capital and reserves			
Called up share capital		**7.3**	7.3
Share premium account		**38.1**	38.1
Capital redemption reserve		**7.6**	7.6
Other reserve		**56.9**	56.9
Retained earnings		**427.6**	358.9
Shareholders' funds		**537.5**	468.8

The company's profit for the year was £95.7m (2022: £23.5m).

These financial statements were approved by the Board of Directors and authorised for issue on 4 March 2024.

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 2023

	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 2022	7.3	38.1	7.6	56.9	–	359.7	469.6
Profit for the year	–	–	–	–	–	23.5	23.5
Remeasurement of defined benefit pension schemes	–	–	–	–	–	–	–
Total comprehensive income for the year	–	–	–	–	–	23.5	23.5
Dividends	–	–	–	–	–	(26.4)	(26.4)
Purchase of own shares for ESOP trust	–	–	–	–	–	(1.2)	(1.2)
Share-based payments	–	–	–	–	–	3.3	3.3
At 31 December 2022 and 1 January 2023	7.3	38.1	7.6	56.9	–	358.9	468.8
Profit for the year	–	–	–	–	–	95.7	**95.7**
Remeasurement of defined benefit pension schemes	–	–	–	–	–	–	**–**
Total comprehensive income for the year	–	–	–	–	–	95.7	**95.7**
Dividends	–	–	–	–	–	(27.7)	**(27.7)**
Purchase of own shares for ESOP trust	–	–	–	–	–	(3.4)	**(3.4)**
Share-based payments	–	–	–	–	–	4.1	**4.1**
At 31 December 2023	**7.3**	**38.1**	**7.6**	**56.9**	**–**	**427.6**	**537.5**

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 (2022: £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 £95.7m (2022: £23.5m).

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 Remuneration policy report on pages 135 to 142. Fees payable to Non-executive Directors totalled £0.5m (2022: £0.5m).

Financial guarantees

Where the company provides guarantees relating to bank borrowings and other liabilities of other Group companies, under IFRS 9 such contracts are initially recognised in the financial statements at fair value at the time the guarantee is issued. The company estimates the fair value of the financial guarantee as being the difference between the net present value of the contractual cash flows required under a debt instrument and the net present value of the contractual cash flows that would have been required without the guarantee. Subsequent to initial recognition, the company's liability under each guarantee is measured at the higher of the amount initially recognised less the cumulative amount of income recognised in accordance with the principals of IFRS 15 Revenue from Contracts with Customers and the loss allowance that would be recorded on the exposure. A financial guarantee liability is derecognised when the liability underlying the guarantee is discharged or cancelled or expires if the guarantees withdrawn or cancelled.

2 Investments

	2023 £m	2022 £m
Shares at cost		
At 1 January	**513.9**	513.9
Additions	**3.0**	–
Allowances for impairment	**(1.0)**	–
At 31 December	**515.9**	513.9

Allowances for impairment are a result of annual investment impairment assessment, where carrying amount was higher than recoverable amount of the investment. The company's investments are included in note 10.

3 Other assets

	2023 £m	2022 £m
Rent deposit	**0.2**	0.2
	0.2	0.2

4 Amounts owed by subsidiary undertakings

	2023 £m	2022 £m
Amounts falling due within one year	**74.5**	6.1
Amounts falling due after one year	**–**	62.0
	74.5	68.1

Out of overall balance, £59.1m (2022: 62.0m) relates to inter-company loan to Keller Foundations LLC that is unsecured, interest bearing and is repayable on fixed contractual date (December 2024). Remaining amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

5 Trade and other debtors

	2023 £m	2022 £m
Other receivables	**0.5**	0.5
Prepayments	**4.5**	4.1
	5.0	4.6

6 Trade and other creditors

	2023 £m	2022 £m
Trade creditors and accruals	**13.6**	9.7
Other creditors	**6.8**	6.9
Accrued interest	**0.1**	0.1
	20.5	16.7

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 2023, the company's liability in respect of the guarantees against bank borrowings amounted to £nil (2022: £246.4m). 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 present value of the estimated cash shortfall that will arise if the subsidiary is wound up which is presented as other creditors in note 6.

In addition, as set out in note 10, 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.

Notes to the company financial statements continued

8 Loans and other borrowings

	2023 £m	2022 £m
$75m private placement (due December 2024)	**(58.5)**	(60.7)
	(58.5)	(60.7)

9 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 2023 was £13.1m and the actuarial valuation showed a funding level of 98%.

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 2022, 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. During 2022, this then increased to 31% of the scheme assets and liabilities and in 2023 decreased to 29%.

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 £1.7m (2022: £2.3m), 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:

	2023 £m	2022 £m
Present value of the Scheme liabilities	**(12.0)**	(12.0)
Present value of assets	**13.3**	13.0
Surplus in the Scheme	**1.3**	1.0
Irrecoverable surplus	**(1.7)**	(2.3)
Net defined benefit liability	**(0.4)**	(1.3)

The assets of the Scheme were as follows:

	2023 £m	2022 £m
Equities	**1.9**	2.4
Target return funds[1]	**1.7**	1.5
Bonds	**5.5**	4.2
Liability driven investing (LDI) portfolios[2]	**4.0**	4.0
Cash	**0.2**	0.9
	13.3	13.0

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.

	2023 £m	2022 £m
Changes in scheme liabilities		
Opening balance	**(12.0)**	(8.1)
FAA transfer	**–**	(9.1)
Interest cost	**(0.5)**	(0.3)
Benefits paid	**0.6**	0.5
Experience loss on defined benefit obligation	**(0.3)**	–
Changes to demographic assumptions	**0.6**	(0.2)
Changes to financial assumptions	**(0.4)**	5.2
Closing balance	**(12.0)**	(12.0)
Changes in scheme assets		
Opening balance	**13.0**	9.0
FAA transfer	**–**	8.1
Interest on assets	**0.6**	0.3
Administrative costs	**(0.1)**	(0.1)
Employer contributions	**0.9**	0.6
Benefits paid	**(0.6)**	(0.5)
Return on plan assets less interest	**(0.5)**	(4.4)
Closing balance	**13.3**	13.0
Actual return on scheme assets	**0.1**	(4.1)
Statement of comprehensive income		
Return on plan assets less interest	**(0.5)**	(4.4)
Experience loss on defined benefit obligation	**(0.3)**	–
Changes to demographic assumptions	**0.6**	(0.2)
Changes to financial assumptions	**(0.4)**	5.2
Change in irrecoverable surplus	**0.6**	(0.6)
Remeasurements of defined benefit plans	**–**	–
Cumulative remeasurements of defined benefit plans	**(3.5)**	(3.5)
Expense recognised in the income statement		
Administration costs	**(0.1)**	(0.1)
Net pension interest costs	**0.1**	–
Expense recognised in the income statement	**–**	(0.1)
Movements in the balance sheet liability		
Net liability at start of year	**(1.3)**	(0.8)
FAA transfer	**–**	(1.0)
Expense recognised in the income statement	**–**	(0.1)
Employer contributions	**0.9**	0.6
Remeasurements of defined benefit plans	**–**	–
Net liability at end of year	**(0.4)**	(1.3)

The contributions expected to be paid during 2024 are £0.5m.

The history of experience adjustments on Scheme assets and liabilities is as follows:

	2023 £m	2022 £m	2021 £m	2020 £m	2019 £m
Present value of defined benefit obligations	**(12.0)**	(12.0)	(8.1)	(9.1)	(9.0)
Fair value of Scheme assets	**13.3**	13.0	9.0	8.2	7.9
Surplus/(deficit) in the Scheme	**1.3**	1.0	0.9	(0.9)	(1.1)
Irrecoverable surplus	**(1.7)**	(2.3)	(1.7)	(0.2)	(0.3)
Net defined benefit liability	**(0.4)**	(1.3)	(0.8)	(1.1)	(1.4)
Experience adjustments on Scheme liabilities	**(0.1)**	5.0	0.8	(0.4)	(0.8)
Experience adjustments on Scheme assets	**(0.5)**	(4.4)	0.7	0.3	0.8

The company contributes to a defined contribution scheme; there were no contributions outstanding in respect of the Scheme at 31 December 2023 (2022: £nil).

Notes to the company financial statements continued

10 Group companies

In accordance with section 409 of the Companies Act 2006, a full list of subsidiaries and joint ventures as at 31 December 2023 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. 008 673 167 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	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, Thema, 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[1]	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 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
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
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[2]	Suite G01, 2–4 Lyonpark Road, Macquarie Park, NSW, 2113, Australia
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.	330 North Brand Blvd., Suite 700, Glendale, California, United States
Keller Egypt LLC	Sheraton Buildings, Plot 10, Block 1161, El Nozha, Cairo, Egypt
Keller EMEA Limited	2 Kingdom Street, London, W2 6BD, United Kingdom
Keller Engineering Inc.	7550 Teague Road, Suite 300, Hanover, 21076, United States
Keller Finance Australia Limited	2 Kingdom Street, London, W2 6BD, United Kingdom

Name	Address
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[3]	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 Funderingstechnieken Belgie BV	17A, Ringlaan, 2960, Brecht, Belgium
Keller Funderingsteknik Danmark ApS	Lottenborgvej 24, 2800 Kongens Lyngby, Denmark
Keller Geotechnics ESC (Pty) Ltd	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[4]	16 Industry Rd, Clayville Industrial, Olifantsfontein, 1666, Gauteng, South Africa
Keller Geotechnics Tanzania Ltd[5]	1127 Amverton Tower, Chole Road, Dar es Salaam, Tanzania
Keller Geotehnica 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[6]	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 Grundlaggning AB	Östra Lindomev 50, 437 34, Lindome, Sweden
Keller Holding GmbH	Kaiserleistraße 8, Offenbach am Main, 63067, Germany
Keller Holdings Limited	2 Kingdom Street, London, W2 6BD, United Kingdom
Keller Holdings, Inc.	The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 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	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
Keller North America, Inc.	The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 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	The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801, United States
Keller Qatar L.L.C[7]	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.	Galvaniho 15/A, Bratislava, 82701, Slovakia
Keller Turki Company Limited	PO Box 718, Dammam, 31421, Saudi Arabia
Keller Ukraine LLC	30, Vasylkivska 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[8]	Haarakaari 42, TUUSULA, 04360, Finland
KGS Keller Gerate & Service GmbH	Kaiserleistraße 8, Offenbach am Main, 63067, Germany

Notes to the company financial statements continued

10 Group companies continued

Name	Address
Makers Holdings Limited	2 Kingdom Street, London, W2 6BD, United Kingdom
Makers Management Services Limited	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, New Jersey, 08628, United States
North American Foundation Engineering Inc.	5393 Steels Ave West, Milton, Ontario, LPT 2Z1, Canada
PHI Group Limited	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 Ground Indonesia[9]	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, Delaware, 19808 United States
Recon GP, LLC	251 Little Falls Drive, Wilmington, Delaware, 19808 United States
Recon Holdings II, Inc.	251 Little Falls Drive, Wilmington, Delaware, 19808 United States
Recon Holdings III, Inc	251 Little Falls Drive, Wilmington, Delaware, 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, Delaware, 19808, United States
Remedial Construction Services, L.P	211 E. 7th Street, Suite 620, Austin, Texas, 78701, United States
Resource Piling (M) Sdn. Bhd.	8A, Jalan Vivekananda, Off Jalan Tun Sambanthan, Brickfields, Kuala Lumpur, 50470, Malaysia
Suncoast Post-Tension, Ltd.	The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 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

1 100% owned by two trustees.
2 Share capital consists of 99% ordinary shares. The remaining 1% consists of ordinary A, ordinary B and ordinary C shares.
3 51% owned by Keller Fondations Speciales SAS.
4 75.1% owned by Keller Holdings Limited.
5 99.7% owned by Keller Holdings Limited.
6 70% owned by Keller Holdings Limited.
7 49% owned by Keller Holdings Limited.
8 50% owned by Keller Holdings Limited.
9 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.

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 2023:

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 2023:

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 2022 results of overseas operations into sterling at the 2023 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 2022 underlying result and the 2022 constant currency result is shown below and compared to the underlying 2023 performance:

Revenue by segment

	2023	2022				
	Statutory £m	Statutory £m	Impact of exchange movements £m	Constant currency £m	Statutory change %	Constant currency change %
North America	**1,770.0**	1,896.1	(5.6)	1,890.5	**-7%**	**-6%**
Europe	**686.0**	649.3	8.9	658.2	**+6%**	**+4%**
Asia-Pacific, Middle East and Africa	**510.0**	399.2	(18.8)	380.4	**+28%**	**+34%**
Group	**2,966.0**	2,944.6	(15.5)	2,929.1	**+1%**	**+1%**

Underlying operating profit by segment

	2023	2022				
	Underlying £m	Underlying £m	Impact of exchange movements £m	Constant currency £m	Underlying change %	Constant currency change %
North America	**169.6**	82.0	(0.4)	81.6	**+107%**	**+108%**
Europe	**1.8**	29.1	0.5	29.6	**-94%**	**-94%**
Asia-Pacific, Middle East and Africa	**22.6**	6.6	(0.2)	6.4	**+242%**	**+253%**
Central items	**(13.1)**	(9.1)	0.1	(9.0)	**n/a**	**n/a**
Group	**180.9**	108.6	–	108.6	**+66%**	**+66%**

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)

	2023 £m	2022 £m
Underlying operating profit	**180.9**	108.6
Depreciation and impairment of owned property, plant and equipment	**81.8**	71.1
Depreciation and impairment of right-of-use assets	**30.0**	25.5
Amortisation of intangible assets	**0.4**	0.4
Underlying EBITDA	**293.1**	205.6
Non-underlying items in operating costs (excluding goodwill impairment)	**(10.8)**	(17.6)
Non-underlying items in other operating income	**0.8**	0.7
EBITDA	**283.1**	188.7

EBITDA (IAS 17 covenant basis)

	2023 £m	2022 £m
Underlying operating profit	**180.9**	108.6
Depreciation and impairment of owned property, plant and equipment	**81.8**	71.1
Depreciation and impairment of right-of-use assets	**30.0**	25.5
Legacy IAS 17 operating lease charges	**(33.8)**	(27.9)
Amortisation of intangible assets	**0.4**	0.4
Underlying EBITDA	**259.3**	177.7
Non-underlying items in operating costs (excluding goodwill impairment)	**(10.8)**	(17.6)
Non-underlying items in other operating income	**0.8**	0.7
EBITDA	**249.3**	160.8

Net finance costs

	2023 £m	2022 £m
Finance income	**(1.8)**	(0.5)
Underlying finance costs	**29.3**	15.6
Net finance costs (statutory)	**27.5**	15.1
Exclude: Finance charge on lease liabilities[1]	**(5.6)**	(3.6)
Lender covenant adjustments	**(0.8)**	(0.2)
Net finance costs (IAS 17 covenant basis)	**21.1**	11.3

1 Excluding legacy IAS 17 finance leases.

Net capital expenditure

	2023 £m	2022 £m
Acquisition of property, plant and equipment	**94.3**	81.6
Acquisition of other intangible assets	**0.2**	0.1
Proceeds from sale of property, plant and equipment	**(20.9)**	(8.2)
Net capital expenditure	**73.6**	73.5

Net debt

	2023 £m	2022 £m
Current loans and borrowings	**86.8**	34.2
Non-current loans and borrowings	**301.9**	365.8
Cash and cash equivalents	**(151.4)**	(101.1)
Net debt (statutory)	**237.3**	298.9
Lease liabilities[1]	**(91.1)**	(80.1)
Net debt (IAS 17 covenant basis)	**146.2**	218.8

1 Excluding legacy IAS 17 finance leases.

Leverage ratio

The leverage ratio is calculated as net debt to underlying EBITDA.

Statutory

	2023 £m	2022 £m
Net debt	**237.3**	298.9
Underlying EBITDA	**293.1**	205.6
Leverage ratio (x)	**0.8**	1.5

IAS 17 covenant basis

	2023 £m	2022 £m
Net debt	**146.2**	218.8
Underlying EBITDA	**259.3**	177.7
Leverage ratio (x)	**0.6**	1.2

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.

Free cash flow

The calculation of free cash flow is set out in the CFO section of the Strategic report and is reconciled to movements in the consolidated cash flow statement and other movements in net debt as set out below.

	2023 £m	2022 £m
Net cash inflow from operating activities	**197.0**	54.8
Net cash outflow from investing activities	**(70.7)**	(89.0)
Exclude:		
Cash inflows from non-underlying items – contract dispute	**3.7**	–
Cash inflows from non-underlying items – ERP costs	**7.5**	5.4
Cash inflows from non-underlying items – restructuring costs	**1.2**	0.6
Cash inflows from non-underlying items – acquisition costs	**–**	0.2
Acquisition of subsidiaries, net of cash acquired	**0.2**	20.2
Disposal of subsidiaries	**(1.3)**	(0.7)
Include:		
Increase in net debt from new leases	**(33.9)**	(24.8)
Increase in net debt from amortisation of deferred finance costs	**(0.5)**	(0.5)
Free cash flow	**103.2**	(33.8)

Financial record

	2014 £m	2015 £m	2016 £m	2017 £m	2018 £m	2019 £m	2020 £m	2021 £m	2022[1] £m	2023 £m
Consolidated income statement										
Continuing operations										
Revenue	1,599.7	1,562.4	1,780.0	2,070.6	2,224.5	2,300.5	2,062.5	2,222.5	2,944.6	**2,966.0**
Underlying EBITDA	141.9	155.5	158.6	177.2	167.5	198.4	205.0	185.9	205.6	**293.1**
Underlying operating profit	92.0	103.4	95.3	108.7	96.6	103.8	110.1	88.5	108.6	**180.9**
Underlying net finance costs	(6.9)	(7.7)	(10.2)	(10.0)	(16.1)	(22.5)	(13.2)	(8.9)	(15.1)	**(27.5)**
Underlying profit before taxation	85.1	95.7	85.1	98.7	80.5	81.3	96.9	79.6	93.5	**153.4**
Underlying taxation	(29.7)	(33.0)	(29.8)	(24.7)	(22.5)	(22.4)	(28.3)	(18.9)	(20.3)	**(38.8)**
Underlying profit for the year	55.4	62.7	55.3	74.0	58.0	58.9	68.6	60.7	73.2	**114.6**
Non-underlying items[2]	(56.6)	(36.4)	(7.3)	13.5	(71.8)	(37.2)	(27.5)	(5.1)	(28.2)	**(24.8)**
Profit/(loss) for the year	(1.2)	26.3	48.0	87.5	(13.8)	21.7	41.1	55.6	45.0	**89.8**
Underlying EBITDA (IAS 17 covenant basis)	141.9	155.5	158.6	177.2	167.5	170.8	175.0	153.2	177.7	**259.3**
Consolidated balance sheet										
Working capital	104.1	97.1	152.5	181.3	225.4	200.9	180.3	149.6	303.4	**261.5**
Property, plant and equipment	295.6	331.8	405.6	399.2	422.0	460.6	434.9	443.4	486.5	**480.2**
Intangible and other non-current assets	203.4	183.0	218.2	198.3	179.5	192.3	183.5	232.0	203.1	**185.9**
Net debt (statutory)	(102.2)	(183.0)	(305.6)	(229.5)	(286.2)	(289.8)	(192.5)	(193.3)	(298.9)	**(237.3)**
Other net liabilities	(154.6)	(94.9)	(41.1)	(77.1)	(114.2)	(166.5)	(196.2)	(203.7)	(197.3)	**(172.3)**
Net assets	346.3	334.0	429.6	472.2	426.5	397.5	410.0	428.0	496.8	**518.0**
Net debt (IAS 17 covenant basis)	(102.2)	(183.0)	(305.6)	(229.5)	(286.2)	(213.1)	(120.9)	(119.4)	(218.8)	**(146.2)**
Underlying key performance indicators										
Diluted earnings per share from continuing operations (p)	74.2	85.4	74.8	101.8	79.1	81.3	96.3	84.2	100.7	**153.9**
Dividend per share (p)	25.2	27.1	28.5	34.2	35.9	35.9	35.9	35.9	37.7	**45.2**
Operating margin	5.8%	6.6%	5.4%	5.2%	4.3%	4.5%	5.3%	4.0%	3.7%	**6.1%**
Return on capital employed[3]	18.3%	20.5%	15.3%	15.1%	13.2%	14.4%	16.4%	13.9%	14.9%	**22.8%**
Net debt: EBITDA (statutory)	0.7x	1.2x	1.9x	1.3x	1.7x	1.5x	0.9x	1.0x	1.5x	**0.8x**
Net debt: EBITDA (IAS 17 covenant basis)	0.7x	1.2x	1.9x	1.3x	1.7x	1.2x	0.7x	0.8x	1.2x	**0.6x**

1 Intangible and other non-current assets and other net liabilities presented here do not correspond to the published 2022 consolidated financial statements. The consolidated balance sheet has been restated in respect of prior period measurement business combinations adjustments.

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 underlying 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.

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Cautionary statement

This document contains certain forward-looking statements with respect to Keller's financial condition, results of operations and business, and certain of Keller's plans and objectives with respect to these items.

Forward-looking statements are sometimes, but not always, identified by their use of a date in the future or such words as 'anticipates', 'aims', 'due', 'will', 'could', 'may', 'should', 'expects', 'believes', 'intends', 'plans', 'potential', 'reasonably possible', 'targets', 'goal' or 'estimates'. By their very nature forward-looking statements are inherently unpredictable, speculative and involve risk and uncertainty because they relate to events and depend on circumstances that may occur in the future.

There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements.

These factors include, but are not limited to, changes in the economies and markets in which the Group operates; changes in the regulatory and competition frameworks in which the Group operates; the impact of legal or other proceedings against or which affect the Group; and changes in interest and exchange rates. For a more detailed description of these risks, uncertainties and other factors, please see the risk management approach and principal risks section of the strategic report.

All written or verbal forward-looking statements, made in this document or made subsequently, which are attributable to Keller or any other member of the Group or persons acting on their behalf are expressly qualified in their entirety by the factors referred to above. Keller does not intend to update these forward-looking statements.

Nothing in this document should be regarded as a profits forecast.

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