



2023

ESG & SUSTAINABILITY REPORT 2023

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INTRODUCTION

Message from the CEO

Despite the challenges of 2023, including global conflicts, economic difficulties and climate change, KAEFER delivered record annual results. With an excellent team, a broad service portfolio and a full order book in place we look towards the future with confidence.

Dear reader,

During 2023, extreme weather conditions around the world provided a constant reminder of just how vital it is that we transition to more sustainable ways of working and living. At the same time, geopolitical conflicts and economic difficulties had an undeniable negative impact on the international community's commitment to sustainability targets, as well as on how to achieve them. Having started our ESG journey at KAEFER, we will not deviate from our path. Despite the challenges, I am pleased to see that we made significant progress during the last year.

Let me take this opportunity to share some insights with you:

Record results

Given the number of external challenges KAEFER faced in 2023 and the years before, we are enormously proud to announce that the KAEFER Group achieved its best ever annual results. With a turnover of 2.3bn EUR and an EBITDA margin of 7%, the business demonstrated its resilience and competitiveness in the global market once again. As a strong partner, we are delivering high quality services and actively supporting the green transition all over the world.

Growth through service expansion

Offering new solutions enables us to provide KAEFER's high quality services to a wider range of clients. As a multi-service provider, we actively expanded our service portfolio in order to adapt to changing market dynamics. For example, the acquisition of the company TestTorque in Brazil puts us into the position to provide specialised inspection services for the industry.

Climate risk assessment

In 2023, KAEFER conducted a comprehensive climate risk assessment to evaluate the likely impact on our business of physical risks such as extreme weather conditions, as well as the risks associated with transitioning to a low-carbon economy. The results were encouraging. As a company with no resource-intensive production facilities, and few direct emissions, the financial impact of climate change on KAEFER is likely to be limited.

Furthermore, based on our broad range of industry independent services we are well-positioned to benefit from the transition to a low carbon economy. We are prepared and ready to play an active role in the market and to help our clients moving successfully from emissions-intensive to low-carbon business models. These findings strongly support our strategic plans to support transformation processes in every market we are active in.



Building a legacy

In 2023, KAEFER's workforce of around 32,000 individuals showcased a sincere dedication to sustainability, a responsibility we uphold with great integrity for their benefit and that of society at large. This was confirmed, when measuring the employee satisfaction at KAEFER. Our Net Promoter Score indicated high levels of satisfaction with our actions on sustainability and our efforts to communicate these actions internally.

Clarity through transparency

Preparing for the future means preparing for reporting regulations which will become mandatory for KAEFER in the years to come – and sharing this information to connect the dots between our commitments, actions, and results. In 2023, we focused on our Scope 3 emissions and an analysis of material flows to provide a detailed picture of our global footprint, to increase transparency, and to enable us to focus on high-impact areas. Looking ahead, our priorities include requesting product specific and ESG performance data from our suppliers. Already by today, we have ESG assessments from all suppliers representing more than 50% of our global spend.

Moving forward together

Difficult times require bold actions. This ESG Report represents already the 13th edition and documents the latest milestones on our ESG journey. In addition to share information on recent achievements and success stories, we want to be transparent about areas where we're still not living up to our own ambitions.

In particular, we are determined to continue strengthening our understanding of ESG issues, which means conducting more detailed analysis of our emissions, improving the transparency of our reporting and working on our sustainability journey. This will not only help us, but also support our customers as well as our suppliers on their journey towards a more sustainable future.

The success of this journey depends on the support of our employees – for which I want to express my gratitude. Working together with our people, as well as with our customers and partners, we are confident that we can leverage further benefits and increase our rate of progress during 2024 and in the years to come. We hope you enjoy reading this report and learning more about our approach to sustainability.

Yours,

A handwritten signature in black ink, appearing to read 'Roland Gärber', written in a cursive style.

Dr. Roland Gärber

Highlights 2023



~32,000
Employees in more
than 30 countries

2022: >30,000



~2.3
Billion Turnover
in EUR

2022: >2.0bn EUR



>5,500
Contracts
globally

2022: >5,250



17.2 ✓
Scope 1 & 2 emission
intensity (g/CO₂e)

2022: 17.0 ✓



89 %
Waste correctly
sorted

2022: N/A



73 %
Share of ISO 14001
certification

2022: 71 %



0.59 ✓
Lost Time Injury
Frequency

2022: 0.52 ✓



20
Training hours
per employee

2022: 17



30
eNPS result
(Employee Satisfaction)

2022: N/A



95 %
Code of Conduct
training participation

2022: 92 %



25.0
ESG ratings
(Sustainalytics)

2022: 24.6



> 50 %
of spend assessed via
supplier self-assessments

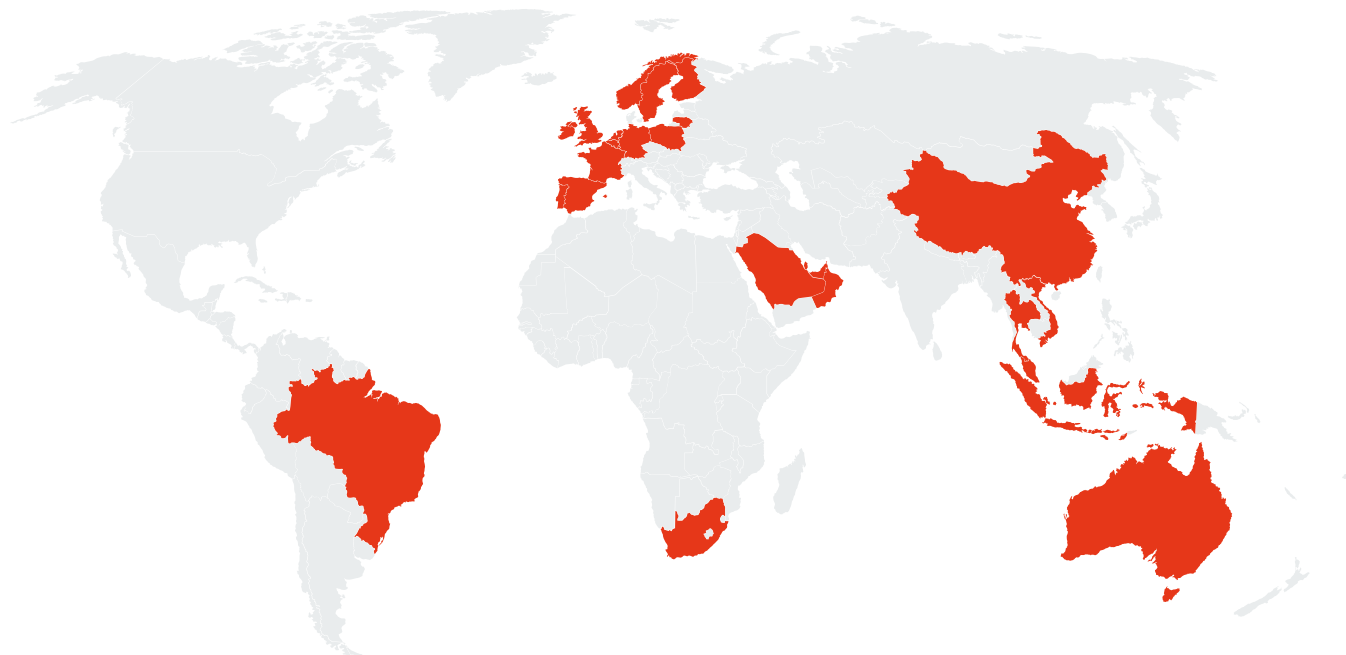
2022: N/A



STRATEGY & BUSINESS MODEL

Strategy & Business Model

From refineries and power plants to food processing sites, LNG facilities to ships and the renewable energy sector, KAEFER provides comprehensive industrial services covering the entire lifecycle of our clients' critical assets.



Combining the best of local entrepreneurship and central steering

KAEFER's decentralised business model promotes entrepreneurial freedom and close client relationships, enabling us to maintain our regional leadership positions while ensuring central governance through our corporate functions and network of global experts.

Our central functions provide resources and expertise:

- > Strategic development
- > Portfolio decisions
- > Capital allocation
- > Setting of standards and systems
- > Promotion of regional activities
- > Risk management frameworks and guiding principles

Our local business units deliver unrivalled execution in operations:

- > Autonomous in-country portfolio decisions
- > Tender selection and bidding
- > Client relationship management
- > Project execution and monitoring
- > Operative risk management

Market

Governments around the world agree on the importance of keeping global warming below 1.5°C. The scale of change requires a complex, global transformation of the way we produce and consume energy that touches almost every sector and geography. While governments may agree on what needs to be done, questions still remain about how and when. At the same time, the willingness for a fast and dedicated transition is subject to concerns over geopolitical and economic issues.

As the global economy decarbonises over the coming decades, investment opportunities will not fall into a simple binary between "green" and "brown" businesses but will be defined through the complexity of our global economy and energy systems. This transition will require enormous amounts of capital.

While investments in solar panels and wind turbines receive significant media attention, equally important projects promoting the brown-to-green transition of traditional industrial plants are often ignored. Projects such as the conversion of the Preem plant in Lysekil, Sweden (to produce renewable biofuels from slaughterhouse waste, rapeseed, and wood residues) could have a significant impact on global targets. Numerous similar projects are already being planned, including a TotalEnergies project to replace grey hydrogen in fuel desulphurisation with green hydrogen by 2030. This is a major initiative, involving several key sites across Europe and requiring investment on a significant scale over several years.

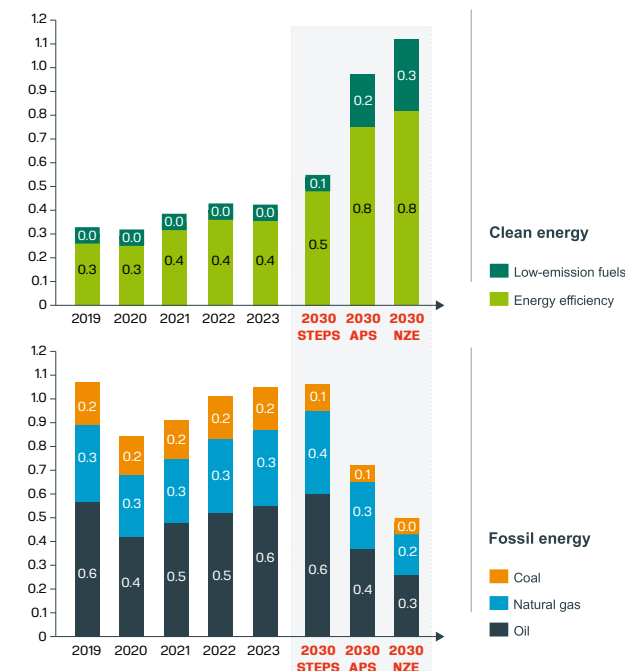
This trend is likely to accelerate rapidly over the next few years. National oil companies, representing over 60% of signatories to the COP28 Charter, have agreed to undertake the following actions:

- > Investment in renewables, low-carbon fuels and negative emissions technologies
- > Enhancement of measurement, monitoring, reporting and independent verification of greenhouse gas emissions, as well as progress in reducing emissions
- > Increase in alignment with broader industry best practices to accelerate decarbonisation of operations
- > Implementation of best practices by 2030 to collectively reduce emission intensity
- > Reduction of energy poverty and provision of secure and affordable energy to support the development of all economies.

Important milestone projects are also underway in other areas, including the construction of the first hydrogen-powered direct reduction plant at the thyssenkrupp steel production site in Duisburg, Germany. Already one of the world's largest industrial decarbonisation projects, designed to avoid more than 3.5 million tons of CO₂ per year, it is likely to be the first of many. In order to achieve the Paris Agreement's net zero goal, studies show that green metal inputs see a tremendous increase until 2040.

The clean energy transition also presents both opportunities and challenges for the mining sector. While coal demand is expected to decline by 90% to less than 600 Mtce in 2050 (a scenario which meets the Paris Agreement), total demand over the next two decades for copper and rare earth elements will be 3-7 times higher, 19-20 times higher for nickel and cobalt, and nearly 42 times higher for lithium. As a result, combined revenues from energy transition minerals will overtake coal revenues well before 2040.

Historical investment in energy benchmarked against needs in IEA scenarios in 2030 (in trillion USD)



Independent provider of industrial service such as KAEFER are in an ideal position to benefit from the energy transition to a low-carbon economy. In addition to opportunities, however, the transition also presents challenges, including a shortage of the skilled labour needed to complete the pipeline of upcoming projects. At the same time, the industry is showing resilience to past challenges such as weak demand, in-sourcing and pricing pressures.

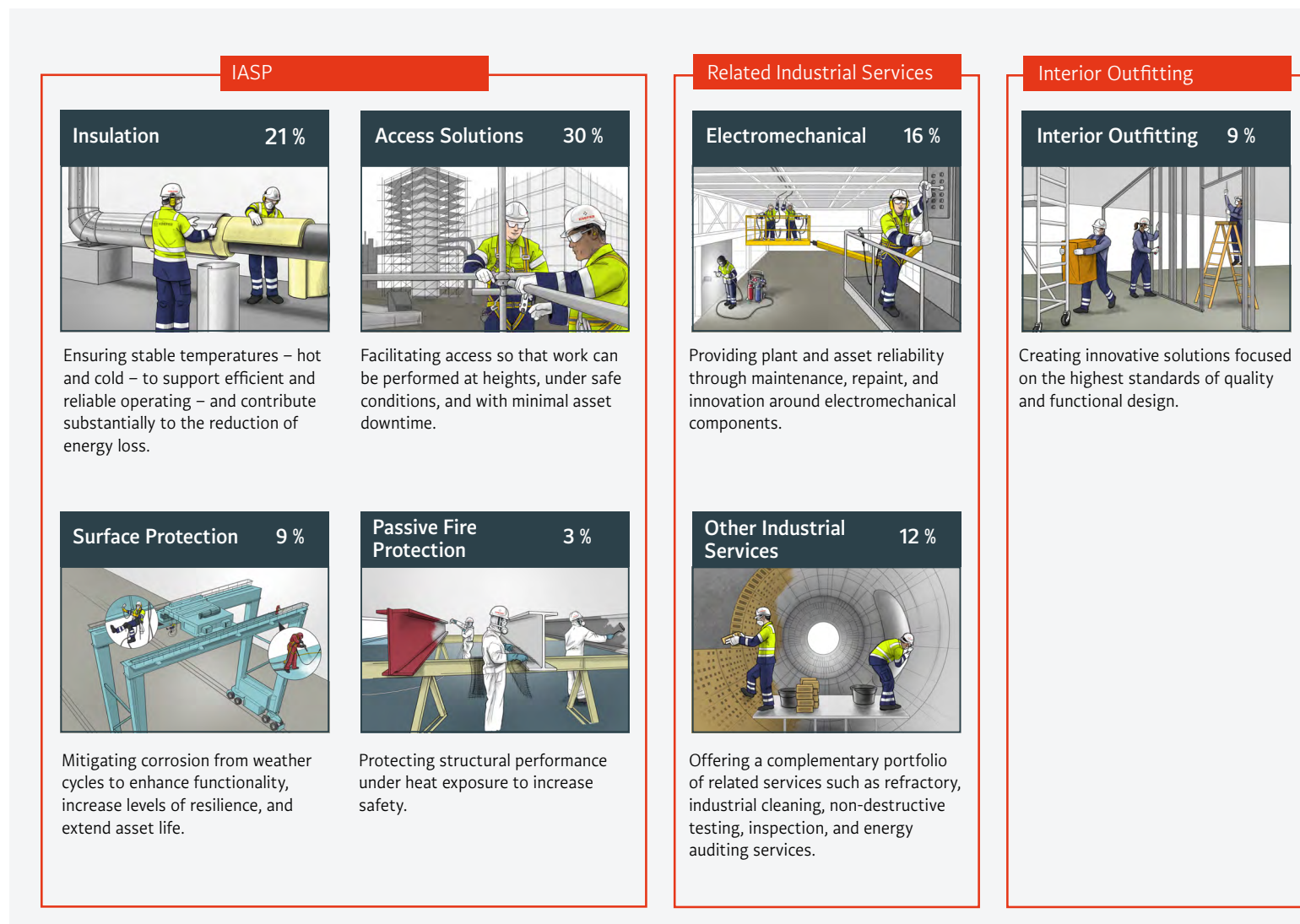
Product Portfolio

KAEFER – a global leader in asset integrity services and solutions.

At KAEFER, we pursue the path to eliminate GHG emissions exposure, partnering with clients around the world to improve energy efficiency, and extend the life cycles of industrial assets. Our customers trust us because they know we make no compromises on Health, Safety, Environment and Quality (HSEQ), risk management, or compliance controls. Combined with our strict focus on efficiency measures, this contributes to our aim to continuously improve our quality of earnings as well as the resilience of our business.

We offer a comprehensive range of services to protect, maintain and ensure the integrity, performance, and function of our clients' assets under extreme operational and climate conditions. As one of few global pure play industrial service companies, KAEFER is well positioned for profitable and sustainable growth with the mission to be the most reliable and efficient provider of technical industrial services.

The strengthening of KAEFER in the national and international competitive environment is achieved not only by expanding the business model through organic and inorganic growth, but also through the standardisation of group-wide processes, the comprehensive implementation of LEAN management and the digitalisation of business processes while integrating environmental, social and corporate governance (ESG) criteria.



Sustainable Value Creation

We use our resources...

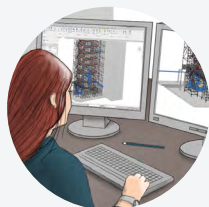
and conduct our services...

to create financial income...

and added value for our stakeholders



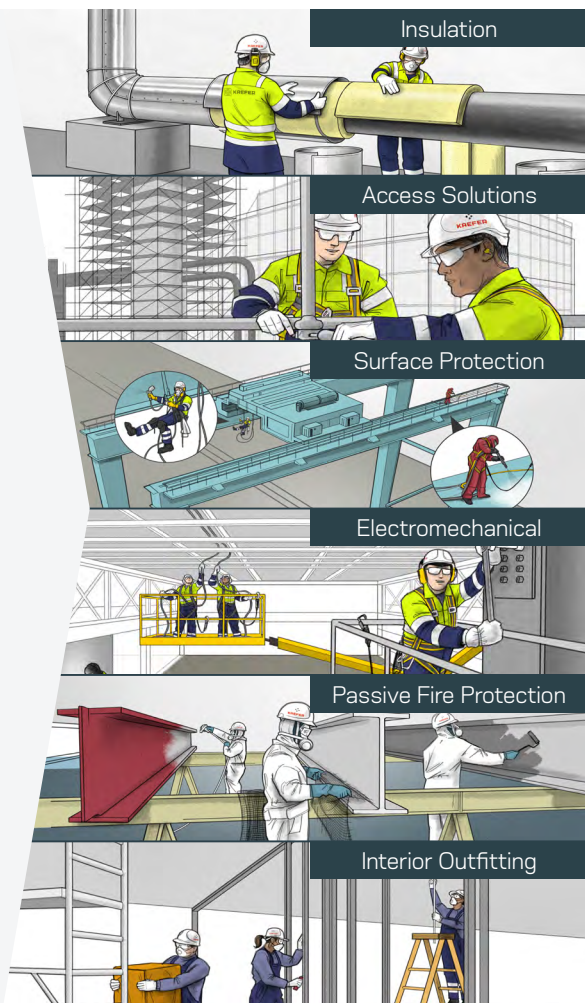
> 5,000
Client sites



~ 32,000
Employees



~ 19,000
Suppliers



2,257 mEUR

Total Operating
Performance



968 mEUR

Employees
Wages & salaries



1,052 mEUR

Suppliers
Purchase of materials, products,
indirects and services
(including capitalised spendings)



211 mEUR

Society
Social security and
pensions costs as well as
corporate and other taxes



80 mEUR

Provider of Capital
Interest on all forms of debt
and borrowings as well as
distributed and reinvested
income to shareholders

We enable clients to run their assets with cost and energy-efficient solutions. Extending the life cycle of these assets by offering safe and reliable services as a one-stop-shop solution.

We provide a healthy and safe workplace to develop personal skills as well as expertise and offer an environment based on values.

We define our suppliers as partners in executing our services. Thus, we build long term relationships and use frame agreements to formalise our inherent aim to collaborate on projects of all sizes.

We play an active part in the development of the wider society in which we operate. By doing so, we contribute to community and social vitality thus delivering sustainable, long-term value.

We engage in activities that allow us to create value for our shareholders by being profitable and sustainable at the same time.

Procurement & Relationships in the Value Chain

To perform our day-to-day tasks, we are dependent on reliable partnerships with our suppliers. We manage our service suppliers closely and expect them to meet the same standards as we do in our own operations. Preferably, we enter into long-term framework agreements with certified and preferred suppliers – a formal commitment designed to ensure quality and risk management along the supply chain.

As a business-to-business provider with large industrial clients, we operate as a supplier ourselves. Our industrial clients are often many times our size and generally retain exclusive control over their facilities and maintenance cycles. In material purchases, technical specifications are often set by our clients, frequently obliging us to use certain products and suppliers, thus limiting our flexibility. The

info graphic illustrates exemplary KAEFER's position in the value chain which is essential in order to understand main features, as well as impacts, risks and opportunities.

Our global supplier portfolio shows that our highest spend is on the procurement of services. Material spends play a subordinate role in our procurement, as the selection of materials is largely determined from customer specifications which are in line with high industrial quality standards. Evidently, the material volumes that we purchase depend on the quantities of services our clients request us to fulfil, resulting in year-on-year project-based fluctuations.

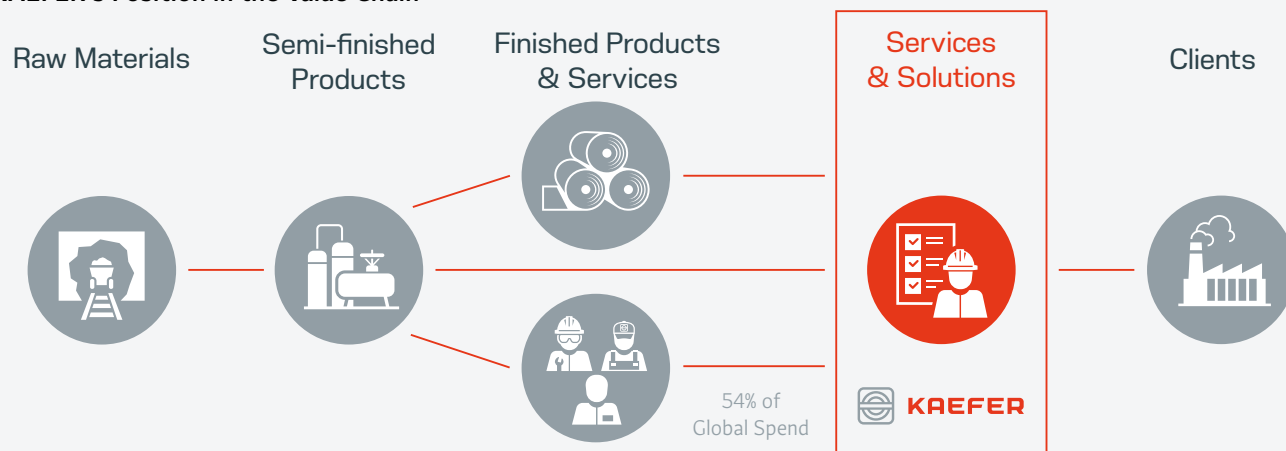
From a risk management point of view, the assessment shows that our product suppliers are predominantly large (and in some

cases publicly listed) companies that are already subject to high transparency requirements. Due to the relatively small and diversified share of our global material sourcing, we have limited bargaining power on product suppliers and the upstream supply chain (Tier N).

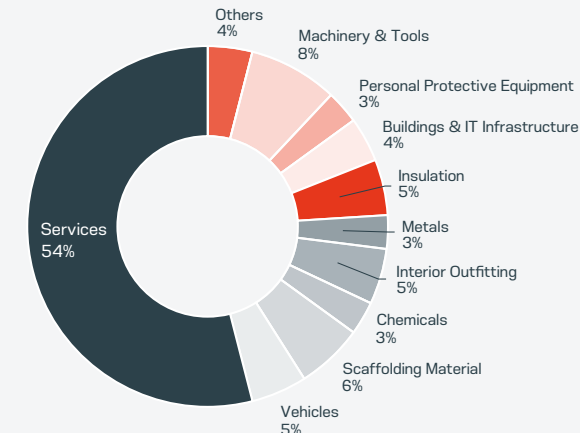
Based on the Human Rights risk analysis we have identified and prioritised the following risks in relation to our direct suppliers: Our subcontractors' employees, who we additionally use for the execution of our projects, as well as the secondment of workers from third countries.

Further information can be found in the dedicated section on Supply Chain Sustainability inside this report.

KAEFER's Position in the Value Chain



Global Spend 2023



Contract Portfolio

We comprehensively assess and classify any risk before entering into a contract. Among others, we include the following assessment criteria:

- > Our experience and relationship with the relevant client
- > Our knowledge about technical specifications
- > Our experience in the relevant jurisdiction and with local conditions
- > Our local capacity and the terms of the contract

KAEFER benefits from steady revenue streams, and a diversified service portfolio

In 2023, over 70% of KAEFER's total operating performance came from recurring contracts, including planned and unplanned maintenance, shutdowns, and refurbishments. This allows us to generate stable and predictable revenue streams. Our backlog of contracted revenue includes hundreds of maintenance contracts with typical terms between three to five years. In most cases (retention rate of 87% in 2023), these contracts are extended or renewed; our on-site knowledge supports the credibility of our renewal offers and enables us to quote competitively.

Diversified industry mix through the cycle and wide geographical reach

Diversified by end-industry and geography, KAEFER's clients include large industrial and energy-related blue-chip companies. Our services are mission critical – in some instances even mandatory (e.g. by law) – to ensure the efficient and safe operation of their assets.

We take great pride in building long-standing client partnerships. Our ability to act as a trusted, one-stop-shop solution often enables us to establish long-term contracts for multiple services. In Europe, for example, the average length of our client relationships where we provide asset maintenance services is more than 30 years. Diversification across multiple countries and industrial segments – including serving clients active at every stage of the value chain, from raw materials to processing and manufacturing – leads to natural hedging by reducing our exposure to economic fluctuations in one industrial segment.

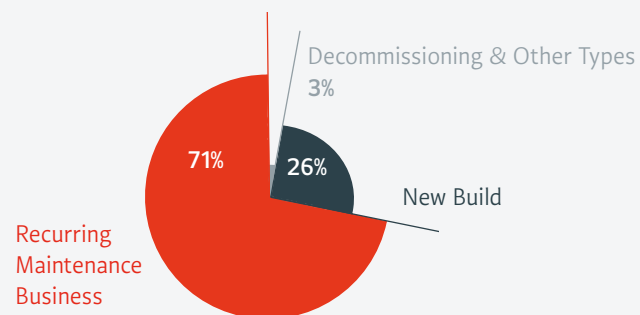
KAEFER benefits from a granular portfolio of small contracts with a limited risk profile

KAEFER's contract portfolio is dominated by smaller contracts. During 2023, we delivered services for more than 5,500 individual contracts, with the biggest ten contracts accounting for a cumulated total operating performance of 14%.

In the same period the average contract value was approximately 400,000 EUR. In 2023, approx. 77% of the contracts had an individual total operating performance of less than 250,000 EUR and only 8% of the contracts had an individual total operating performance exceeding 1 mEUR.

As a dedicated industrial services provider, KAEFER has a very limited risk profile, especially compared to traditional Engineering, Procurement and Construction (EPC) companies.

KAEFER has a high Share of recurring Business

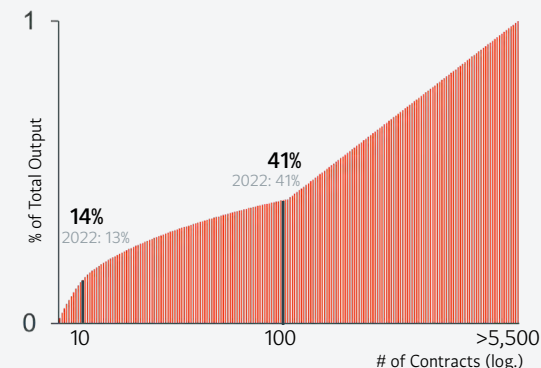


Diversified Industry Mix

		Cyclicality	Volatility vs. GDP
5%	Others		
9%	Construction	Mid	Mid
8%	Shipbuilding	Late	Mid
19%	Mining, Metals & Cement	Early	Mid
12%	Chemicals & Pharma	Late	Low
16%	Energy	Mid	Low
31%	Oil & Gas 9% of O&G business is related to LNG	Early	High

Note: Share of Total Operating Performance

Highly fragmented Contract Portfolio



Operational and Technical Excellence

KAEFER's success is built on finding the right balance between standardisation (for example in work procedures and equipment) and autonomy (for people in the operational field who have the skills and expertise to respond to local conditions).

Structurally, we achieve this balance through our shared commitment to LEAN and through making the necessary resources available to our operational units and network of global experts.



Global Network of Internal Experts

KAEFER operates a global, decentralised network of experts covering all technical aspects of our service offering, as well as a state-of-the-art technical laboratory.

In addition to their research and development work, experts from KAEFER's entities worldwide frequently meet in dedicated expert groups to exchange knowledge and discuss current market trends and innovations. Our experts also provide support during project tenders and ensure the latest technology is employed during estimation, planning, and execution.

Our expertise gives us a deep understanding of the technical requirements of our clients, enabling us to deliver projects tailored exactly to their needs. We focus our innovation efforts on the creation of sustainable, cost-efficient solutions to increase quality and safety during project execution.

KAEFER has a global expert network in major services...

IASP



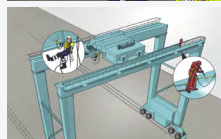
Insulation

> 15 Experts



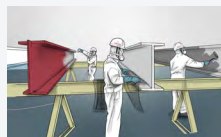
Access Technology

> 20 Experts



Surface Protection

> 10 Experts



Passive Fire Protection

> 10 Experts

Related Industrial Services

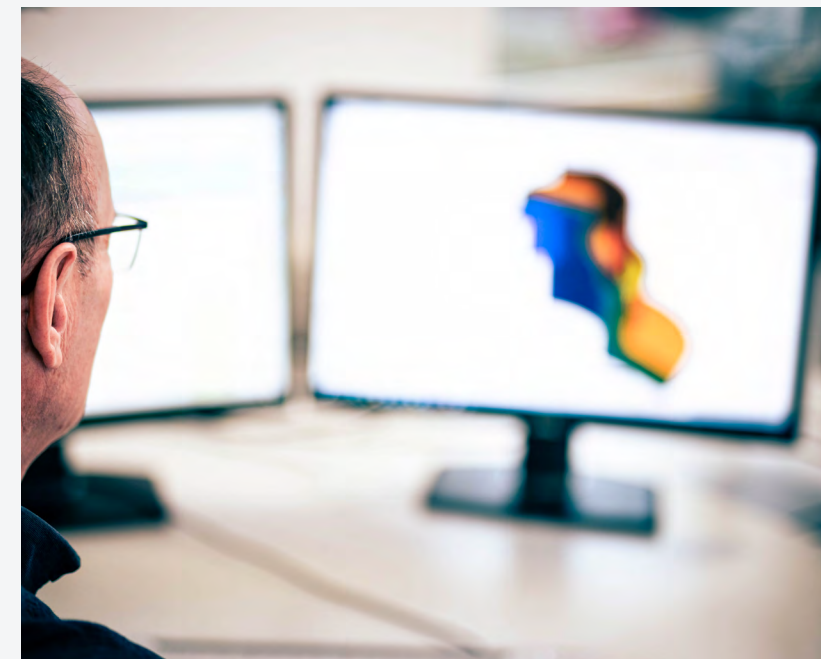


Non-Destructive Testing

> 10 Experts

... as well as state-of-the-art technical laboratories

KAEFER operates laboratories for material testing, acoustics and small scale fire tests as well as a pipe test stand to evaluate performance of different insulation systems. On top, a climate chamber offers the opportunity to conduct comprehensive climate tests at different temperature, pressure and humidity levels.



LEAN

2023 marks already the 10th anniversary of KAEFER's LEAN Journey and we are proud to look back on a successful development.

Implemented throughout the whole group, LEAN management leverages synergies and simplifies working processes for employees by creating a common understanding and mindset. It plays a vital role in strengthening our culture of operational excellence through continuous improvement towards waste-free processes which also ties into our ESG approach. LEAN focuses on eliminating different types of waste that can also improve our environmental footprint but is mainly also focussing about building capabilities of our people and establishing routines for continuous improvement.

At KAEFER, we implement LEAN principles at every stage of a project to ensure thorough planning, efficient execution, and post-completion analysis.

As of 31st of December 2023, 10,000 KAEFER employees in 28 countries have participated in our bespoke LEAN trainings. These classes are carried out by qualified LEAN practitioners as well as LEAN professionals within the company, who are also available to our clients for consulting and thoughtful leadership. On top, the global KAEFER management teams have undergone a LEAN training, and more than 80% of them are even certified as LEAN practitioner.

Our 39 LEAN leaders are qualified LEAN experts who impart their knowledge to foster best-practice execution, reduce inefficiencies in processes and improve our cost base. Their focus on the one hand is to empower our people with various solution-oriented methodologies and on the other hand to solve potentially critical problems in our operations.

For 2023, the focus was on the realisation of synergies between LEAN and digitalisation, such as the digitalisation of tools and reporting having close links to our overall strategic approach.

All of them – LEAN, sustainable thinking and digital transformation – require a long-term commitment, and a change in focus, thinking, and working culture. Besides the effect of creating efficient processes, LEAN is about empowering employees to further develop by innovating their work and fostering a culture of continuous learning.

248	LEAN certifications Number of certified employees in leading functions
67 %	LEAN turnover coverage Share of total operating performance on LEAN projects
1,389	LEAN projects Total number of LEAN projects in 2023
28 countries	LEAN footprint Number of countries with LEAN projects





CORPORATE GOVERNANCE

KAEFER's Administrative & Executive Board

Role of the highest governance bodies in setting purpose, values and strategy, in risk management, in sustainability reporting, as well as in evaluating performance.

KAEFER's Administrative Board consists of eight non-executive members, whereof one member identifies as female, with both KAEFER Holding SE & Co. KG and SMS Altor Holding SA nominating four each. The Administrative Board determines fundamental guidelines for our business activities, supervises their implementation by managing directors, provides support to the Group Management Board, and consults on important business, and operational and financial matters. This includes responsibility for determining the remuneration of the Executive Board. In 2023, a portion of the variable remuneration of the Executive Board was linked to ESG-related matters.



The Administrative Board also serves as a forum where the partners contribute their respective expertise and know-how. Meetings of the Administrative Board are convened at least four times a year and include regular updates on ESG-related topics, with one meeting per year entirely dedicated to ESG. Decisions are generally made via a majority vote, with current members appointed until the conclusion of the KAEFER Management SE Ordinary Shareholder Meeting in 2027.

The Executive Board is entrusted with the management of the KAEFER Group, which is headed by KAEFER SE & Co. KG and headquartered in Bremen. Dr. Roland Gärber as CEO and Karsten Wirth as CFO have been responsible for the management of the group since 1st of January 2023. COO Sandro Barrach became a member of the Executive Board on 1st of April 2023.

KAEFER's Executive Board is the group's highest executive body, with overriding responsibility for group management, the supervision of day-to-day management and operations, and compliance. The board focuses on strategic development, the implementation of standards and systems, and the promotion of regional activities. Members of the Executive Board are appointed by and report directly to KAEFER's Administrative Board.

Members of KAEFER's Administrative and Executive Board:
Alexander von Witzleben, Dr. Roland Gärber, Dr. Hubert Lienhard, Edwin Eichler, Sandro Barrach, Karsten Wirth, Dr. Hans Christoph Atzpodien, Dr. Dierk Paskert, Johan Reisersen, Giovanna Maag, Moritz Koch

Risk Management

As a global service provider, KAEFER is exposed to a variety of external and internal factors and developments that can have a significant impact on the achievement of financial and non-financial targets. For this reason, the management of risks and opportunities is a central component of our strategic management.

The Executive Board is responsible for appropriate risk management for the entire group. Managers of our operating units and group department heads are responsible for implementing risk management in their respective areas of responsibility. This is a key element of our corporate governance, in which the topics of compliance, human rights, sustainability in the supply chain, health and safety, and operational project management play a decisive role. These are also defined to a certain extent in our management systems.

Based on our current assessment, management believes that the continued existence of the group as a going concern is not in jeopardy and that it can successfully manage challenges arising from the risks. Overall, the risk situation has hardly changed when compared with the previous year, which can be taken as an indication that risks are being handled appropriately.



Category	Risk	Risk Overview	Risk Management
Market Risk	General macro-economic trends	We are affected by macroeconomic trends and developments in our industrial end markets Demand for some of our services is dependent on the level of investment in end markets, which in turn is affected by macroeconomic factors such as economic growth, inflation and commodity prices and are sometimes cyclical in nature. Uncertainty may lead to a significant delay in investment decisions.	Customer dependence on commodity prices dictates their investment behaviour. KAEFER reduces its exposure to cyclical fluctuations through targeted diversification across different countries and industrial segments as well as the natural hedge of working for clients at every stage of the value chain. In order to counter these risks, management observes the external environment on an ongoing basis. The insights gained are analysed and integrated in a strategic three-year forecast to ensure a long-term focus with a high degree of security and the flexibility.
	Competition	We operate in a competitive and fragmented industry If we do not compete effectively, we could lose key customers or skilled workforce to our competitors.	KAEFER aims to safeguard its competitiveness and profitability through the pinpointed selection of customers, and by focusing on lean and professionalised workflows.
	Increasing instability	We are affected by different political, economic and other (local) developments Wars, crisis, economic and financial instabilities in some countries may – due to globalisation – result in wide supply chain disruptions, changing sanctions and increasing inflation.	Whenever the local situation becomes more uncertain, safeguarding our people is our utmost priority. In terms of mitigating measures, it is essential to consider that a critical situation can change the legal provisions. This might limit our options for actions or may result in the temporary shutdown of operations in the affected region. As part of internal global crisis management, procedures and processes have therefore been defined for various scenarios.
	Recession in Europe	We are impacted by higher energy and raw materials costs as well as their indirect exposure to inflation along the value chain Cost control is essential for us as a business since inflation in Europe may impact salary development stronger than in previous years and might also affect the business outlook.	KAEFER has implemented a global Operations Excellence program to continuously improve processes. Furthermore, an understanding of the service to be provided, customer needs, and the agreed contractual conditions (e.g. escalation clauses) are imperative for reducing risks in order execution.
Strategic Risk	Acquisition	We are subject to risks in connection with acquisitions and disposals of businesses and assets We can give no assurance, however, that any acquisition opportunities will arise or, if they do, that they will be consummated, or that additional financing or capital, if needed, will be available on satisfactory terms. We also may not be able to achieve the synergies and other benefits that may be expected from potential acquisitions as successfully or rapidly as projected, or at all.	In order to obtain control and mitigate the risks, KAEFER normally acquires either all or a majority of the shares in suitable companies. Interesting acquisition targets are analysed and assessed by internal and external experts. The final decision remains with the Executive Board, with approval given by the Administrative Board. The purchase price decision is assessed and verified based on cash flow-based and market-based multiples methods. New companies and their risk management are integrated into the group in accordance with clear targets.
	Sustainable solutions	We might not be able to position ourselves as strong partner to deliver sustainable solutions and meet expectation related to ESG As the focus on sustainability increases, the risk of green-washing also rises. Being a strong partner for different industries, KAEFER needs to ensure a clear communication on own sustainability measures as well as a suitable marketing of own services and solutions.	KAEFER follows a clear Sustainability & ESG strategy based on a double-materiality approach to identify and assess impacts and remediation in close cooperation with stakeholder representatives. Moreover, a distinctive ESG governance facilitates the monitoring of trends as well as the tracking of progress and performance.
	Regulations	Our global presence subjects us to a variety of risks and regulations Our global footprint exposes us to a variety of risks, many of which are beyond our control, which may adversely affect our business, financial condition and results of operations.	The group's geographical diversification and the decentralised approach help to achieve a healthy balance. In order to counter permanently changing regulatory requirements, management observes the external environment on an ongoing basis. In this way, KAEFER ensures that they receive the proper attention and are correctly reflected in our business outlook.
	Customer preferences	We depend on the ability to maintain the quality of our services and processes and adapt to new regulations, technological standards and customer preferences The markets for our services are characterised by increasing regulatory and technical standards, new technologies and changes in customer preferences. A decrease in the actual or perceived quality of our services or our ability to innovate could damage our image and reputation.	A team of over 70 experts, from more than 20 countries, frequently meet in dedicated expert groups to exchange knowledge and discuss current market trends and innovations. Our experts also provide support during project tenders and ensure the latest technology is employed during estimation, planning, and execution.

Category	Risk	Risk Overview	Risk Management
Operational Risk	Operational execution	Recurring maintenance service contracts and new build projects in our business are subject to risks, including delays and cost overruns Our failure to estimate costs accurately on our contracts and to deploy effective site and project management may result in additional costs. Different factors can lead to a reduction in the margin and order volume, if there is no entitlement to supplementary costs.	Depending on an order's risk classification, which is determined when a proposal is prepared, independent central control functions are involved in the assessment and approval of risk. Allocation to a risk category is part of KAEFER's group-wide project governance. The insights from these project-related risk analyses inform the decision as to whether and under what circumstances to submit a proposal. Additionally, dedicated systems and processes allow deviations to be identified at an early stage and countermeasures to be initiated.
	Labour shortage & costs	A labour shortage or increases in the cost of labour could materially affect our operations In some of the markets in which we operate, the availability of labour is prone to rapid swings based on the wages offered by other industry employers of similar labour. In order to meet our labour demands, we must provide competitive wages which may result in increased cost of labour.	Competition for qualified skilled workers with an eye for quality is very fierce. Successful future operations will therefore depend on our ability to externally recruit the required qualified personnel in competition with other industries, integrate them into the work processes and retain them in the long term. KAEFER attaches great importance to in-house vocational training, some of which is held at the company's own training centres. Furthermore, the strong identification of the workforce with KAEFER is leveraged to identify and facilitate personal development opportunities.
	Occupational injuries and health issues	Working in remote places and sometimes under critical circumstances results in risks for occupational injuries and overall wellbeing Due to the nature of our business and the services we offer, not all risks can be fully eliminated. Therefore, it is essential to minimise them so far as is reasonably practicable.	To make sure all our people return home safely at the end of each working day, we invest substantial resources in fostering an inclusive safety culture, as well as in providing state of the art equipment, tools, and training. Thanks to placing highest demands on health, safety and environmental protection, KAEFER recorded its lowest-ever frequency of workplace accidents in terms of the number of days lost (Lost Time Injury frequency, or LTIF), which serves as a customary indicator of occupational safety in the industry.
	Compliance	A material failure to comply with relevant legal and ethical standards in the various countries we operate could harm the reputation, its relationship with key stakeholders and/or result in financial penalties and costs The tender process for new contracts involves risks associated with, inter alia, antitrust violations, fraud, bribery, corruption and violations of sanctions or export control laws. We may be unable to detect or prevent these instances which could subject us to penalties, reputational damage or other sanctions or other limitations on our ability to conduct our business.	Combating compliance risk is a central component of the KAEFER Compliance Management System (CMS). A focus of the CMS is the identification, assessment and thorough analysis of potential risk that may arise from global business and activities. KAEFER's compliance organisation coordinates group-wide training activities, monitors compliance with internal and external regulations and supports the development and implementation of globally binding internal standards. In addition, KAEFER offers internationally accessible channels for reporting compliance breaches. Internal audit team provide objective assurance and insight into the effectiveness and efficiency of risk management, internal control, and governance processes.
	Cyberattacks/ Disruption in IT systems	Disruptions in our IT systems could adversely affect our business We depend on the continuous availability and reliability of our IT systems and are, therefore, subject to operational risks such as the occurrence of equipment failures, power interruptions and unlawful conduct by third parties. The occurrence of any such events, and any consequent slowdown or interruption, may impair our ability to manage operational data and financial information, which could have a material adverse effect on our business.	KAEFER carries out an assessment on IT risks group-wide. The assessment will produce different threat scenarios for the group, whose possibility of occurrence and effects can in turn be minimised. The targeted breach of our infrastructure with the aim of industrial espionage, sabotage or attacks is addressed within our cyber security policy. At onboarding, all KAEFER employees are registered for data protection as well as cyber security training, which especially also includes training on how to handle attacks by emails, telephone and other communication channels (phishing attacks).
	Supply chain	We are exposed to the risk of being held accountable for our partners' behaviour Suppliers may not have the same level of awareness or commitment to ESG issues, leading to potential gaps in compliance and/or performance. Failure to comply with applicable regulations can result in legal and reputational risks.	KAEFER ensures ESG Due Diligence within its supply chain through a group-wide risk management system. The system is based on a four-step escalation hierarchy: 1. abstract risk assessment (based on suppliers' country of origin and industry), 2. self-assessment of relevant suppliers according to KAEFER standards, 3. measures and as a highest escalation a supplier ESG audit.

Category	Risk	Risk Overview	Risk Management
Financial Risks	Currency	Exchange rate fluctuations may expose our consolidated financial statements to translation risks and adversely impact our business, financial condition, and results of operations As we use a local currency as our functional currency for the financial statements of our non-German subsidiaries, we translate or adjust the assets and liabilities of such subsidiaries at the exchange rate as of the balance sheet date and the results of operations of such subsidiaries at the average exchange rate during the relevant period. The depreciation of foreign currencies against the Euro reduces the contribution in Euro terms of our operations outside the Euro zone and consequently has a negative impact on our equity, assets, liabilities and income in the foreign currency.	Since KAEFER mainly operates in regional markets, its services are normally billed in the same currency in which the costs are incurred. To ensure refinancing in the same currency, funds are mainly issued in the required currency through the centrally managed overdraft facilities or through loans provided by the group. There is only a small amount of transfer payments made in different currencies. The group's geographical diversification with operations in numerous countries around the world helps to achieve an internal balance of currencies. In addition, relevant positions from customer contracts as well as loans and earnings are hedged against a deterioration in exchange rates. KAEFER's strategy is to achieve a hedge rate of close to 100%, which is equivalent to a risk limit of zero.
	Interest rate	Changes in the market interest rate could, increase our interest cost and debt and reducing our cash flow If interest rates rise in the future, our interest expense associated with any variable rate obligations that are not hedged would increase, even though the amounts borrowed would remain the same, cash flow would be reduced.	Risks from potential increases in interest rates are counteracted by raising loans with fixed rates of interest, etc. In the case of floating-rate interest, interest rate derivatives are concluded to hedge the interest rate risks, to the extent that such risks are apparent. Fixed interest rates give KAEFER a stable planning basis. The interest charged on the overdraft facilities is linked to the development of short-term refinancing rates. Drawings in some countries are offset by investments in other countries which are also subject to floating rates of interest, giving rise to compensation effects that result in a low interest rate risk assessment.
	Financing and liquidity	We are exposed to the risk to raise new or refinance existing loans on acceptable terms This is the risk of not being able to raise new, or refinance existing, loans on acceptable terms. The group is also exposed to liquidity risk, which is defined as being unable to meet immediate payment obligations.	A group-wide Treasury Management System is used to monitor the liquidity status of all KAEFER companies. This status is derived from the liquidity and project plans of the operating entities. In addition, the development of the financial covenants is simulated based on the current results and earnings forecasts, so there is sufficient time to respond to any negative developments. Central monitoring ensures that adequate cash and guarantee facilities are available for operations.

ESG Governance & Monitoring

An ambitious ESG strategy, involving many different functions, relies on sound and supportive governance.

Everyone at KAEFER is committed to reinforcing positive impacts and mitigating or eliminating negative impacts across all our sustainability commitments. Our governance model clarifies responsibilities and reporting lines within the company – ensuring that sustainability remains a constant area of focus.

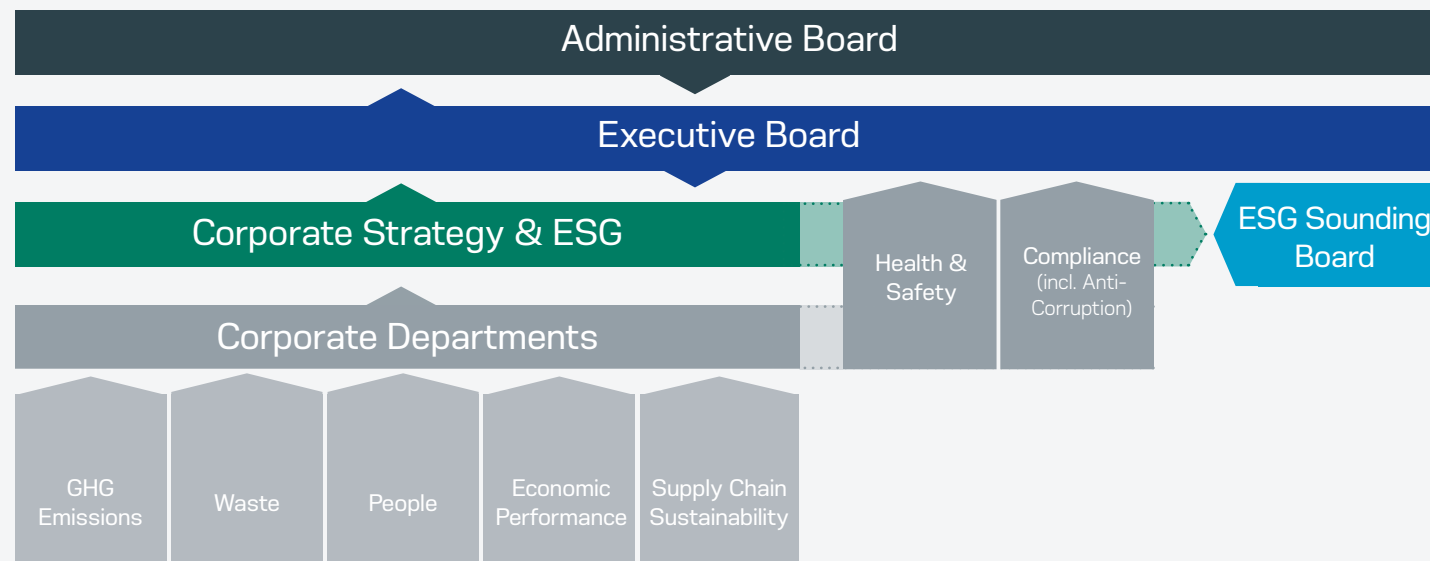
KAEFER's Administrative Board is responsible for approving and monitoring the company's overall strategic focus and goals. Our Executive Board is responsible for defining our sustainability vision, steering our strategic agenda, and setting priorities and targets. Overall responsibility for ESG lies with our CEO.

As of 2023, KAEFER's Corporate Strategy & ESG department serves as the coordinating hub for all ESG-related topics. In addition to analysing our impact as part of the materiality assessment, the team

develops and evaluates KAEFER's ESG Strategy, actions, metrics, targets, and sustainability related regulations. The outcomes of identified impacts, risks and opportunities are regularly discussed with the Executive Board and are presented to the Administrative Board in a dedicated meeting.

Corporate departments support the implementation of strategic directives as well as defined measures and KPIs. These departments work with a global network of experts from operational entities.

Made up of representatives from business units around the world as well as corporate departments, KAEFER's Sustainability Sounding Board (SSB) has a review and network function designed to support the development of our ESG strategy, share knowledge, and connect KAEFER entities worldwide.



ESG Highlight: Sustainability Linked Loan

In 2023, KAEFER received the official confirmation from our financing partners regarding the classification of our current financing. The loan is now recognised as a "Sustainability Linked Loan", marking a significant step forward in our commitment to ESG in terms of a financial incentive. In line with KAEFER's sustainability commitments, an ESG component has been embedded for the first time which links the margin of the new facility to KAEFER's GHG emission reduction and health and safety performance.

Climate-related Risks and Opportunities

Analysing the risks and opportunities associated with impacts arising from climate change helps to manage them through a globally consistent approach. Therefore, KAEFER conducted a climate risk assessment in 2023. In order to identify risks and opportunities for the group and its business model, KAEFER is successively expanding its risk management factors in line with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD).

The Task Force recommends that organisations describe the resilience of their strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario. This kind of analysis describes a process for identifying and assessing the potential implications of a range of plausible future states under conditions of uncertainty. Scenarios are hypothetical constructs and not designed to deliver precise outcomes or forecasts. Instead, scenarios provide a way for KAEFER to consider how the future might look if certain trends continue or certain conditions are met.

For KAEFER's assessment, the following scientifically based references from the International Energy Agency's World Energy Outlook (IEA WEO) and the Intergovernmental Panel on Climate Change (IPCC) were chosen for the analysis:

Transition Risk Scenarios: IEA WEO 2022:

- > Net Zero 2050 Scenario (NZE2050 = 1.4°C)
- > Stated Policies Scenario (STEPS = 2.5°C)

Physical Risk Scenarios: IPCC AR6

- > Stabilisation Scenario (RCP4.5 = 2.7°C)
- > Hothouse-world Scenario (RCP8.5 = 4.4°C)

We selected the scenarios with the highest consequences for us.

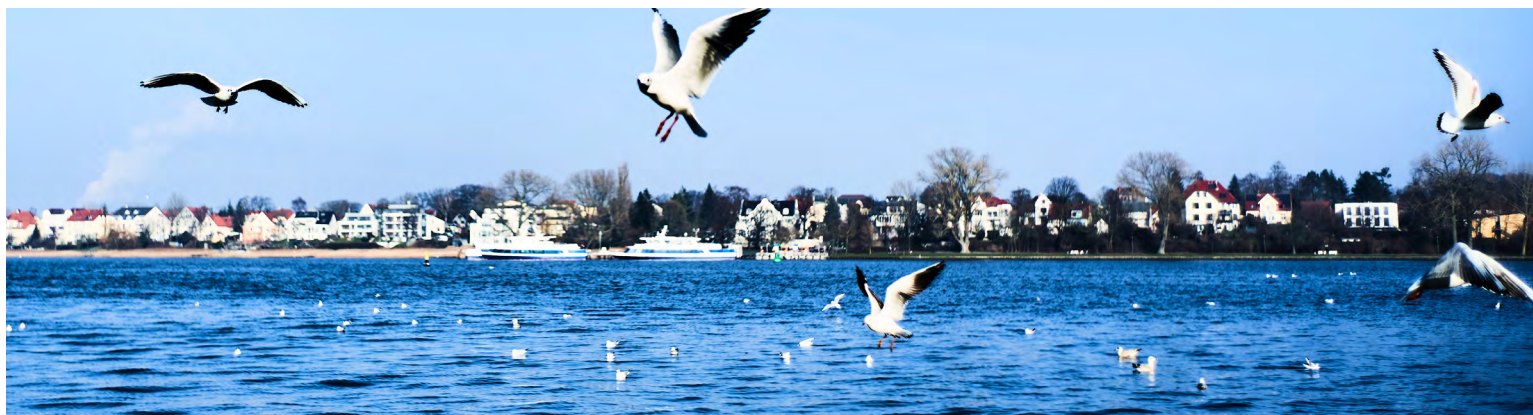
Climate-related Risks

Transition Risks resulting from the transitioning to a lower-carbon economy:

- > Policy and legal risks covering the continued evolution of regulations as well as litigation
- > Technology risks refer to technological improvements that support the transition to a lower-carbon, energy efficient economy
- > Market risks comprise shifts in supply and demand for certain commodities, products and services
- > Reputation risks resulting from changing customer or community perceptions related to climate change

Physical Risks resulting from climate change:

- > Acute physical risks cover those that are event-driven, including increased severity of extreme weather events, such as cyclones, hurricanes or floods
- > Chronic physical risks refer to longer-term shifts in climate patterns (e.g., sustained higher temperatures) that may cause sea level rise or chronic heatwaves



KAEFER determined the relevance of the TCFD risks and opportunities through the sustainability context and sectoral peer analysis. The assessment has been performed by KAEFER's Corporate Strategy & ESG department supported by external consultants. Our focus on climate risks mean that we look at these primarily from an outside-in perspective. KAEFER assessed the magnitude, likelihood, duration, time horizon, and area of impact of risks considered relevant, as well as the potential financial impact. Time horizons for the climate risk assessment differ from conventional financial and business planning in order to provide management with an even more forward-looking perspective.

Within the transition risk section, 8 primary risk drivers were described as material within the process. Two relevant physical risks were assessed as being relevant for 240 geographical locations, including

financial quantification of chronic physical risks. For climate-related opportunities, 5 primary drivers were identified as being relevant for KAEFER.

The following thresholds for risk characterisation have been applied:

Magnitude of financial impact:

- > **Critical:** > 5 mEUR
- > **High:** 1 mEUR – 5 mEUR
- > **Medium:** 500 kEUR – 1 mEUR
- > **Low:** 100 tEUR – 500 tEUR
- > **Insignificant:** < 100 tEUR

Likelihood (in line with CDP):

- > 9 categories from "virtually certain" to "unknown"

Time horizon for climate related risk management:

- > **Short-term:** up to 3 years
- > **Mid-term:** 4 – 7 years
- > **Long-term:** > 7 years

Overall, this analysis constitutes a first assessment of climate-related risks and opportunities for KAEFER, creating transparency on transition and physical risk hotspots as well as potential strategic opportunities. As such it is a starting point for KAEFER to build knowledge, create awareness, and eventually integrate climate-related risks and opportunities into risk management processes and strategic decision-making. This will allow us to manage the transition and increase the resilience of our business model.

Climate-related Risks

Transition Risk	Policy and Legal	Technology
	> Increased pricing of GHG emissions > Enhanced emissions reporting obligations > Mandates on, and regulation of, existing products and services > Exposure to litigation	> Substitution of existing products and services with lower emissions options > Unsuccessful investment in new technologies > Costs to transition to lower emissions technology
Physical Risk	Market	Reputation
	> Changing customer behaviour > Uncertainty in market signals > Increased cost of raw materials	> Shifts in consumer preferences > Stigmatisation of sector > Increased stakeholder concern or negative stakeholder feedback
	Acute	Chronic
	> Increased severity of extreme weather events such as cyclones and floods	> Changes in precipitation patterns and extreme variability in weather patterns > Rising temperatures > Rising sea levels

Climate-related Opportunities

Resource Efficiency	Energy Source
> Use of more efficient modes of transport > Use of more efficient production and distribution processes > Use of recycling > Move to more efficient buildings > Reduced water usage and consumption	> Use of lower emission sources of energy > Use of supportive policy incentives > Use of new technologies > Participation in carbon markets > Shift toward decentralised energy generation
Products and Services	Markets
> Development and/or expansion of low emission goods and services > Development of climate adaptation and insurance risk solutions > Development of new products or services through R&D and innovation > Ability to diversify business activities > Shift in consumer preferences	> Access to new markets > Use of public-sector incentives > Access to new assets and locations needing insurance coverage
Resilience	
> Participation in renewable energy programs and adoption of energy efficiency measures > Resource substitutes/diversification	

Transition Risks:

Risk Type	Primary Risk Driver	Description	Likelihood	Time Horizon	Financial Impact	Magnitude of Financial Impact	Management Approach
Transition Risk – Market	Changing customer behaviour	Transition scenarios to achieve global decarbonisation may lead to a further decrease in traditional energy sources (such as oil and gas) as they will be substituted through more efficient low-carbon energy sources. If KAEFER is not able to compensate oil and gas activities, it may lose business.	About as likely as not	Long	Decreased revenue	Critical	> Accept risk and ensure diversification into low-emission client segments > Monitoring of customer behaviour
	Uncertainty in market signals	Transition scenarios are inherently uncertain and might result into client's reluctance to invest due to missing security of investment.	About as likely as not	Medium	Decreased revenue	Critical	> Accept risk and ensure diversification > Monitoring of customer behaviour
Transition Risk – Reputation	Increased stakeholder concern or negative feedback	Young and well-trained people entering the job market may challenge their employer. If KAEFER failed to deliver on their climate targets, employee attraction and retention may suffer.	Likely	Short	Increased costs	High	> Adopt HR strategy to meet future employee needs
		Banks and investors are becoming increasingly concerned with the environmental performance of companies. If KAEFER failed to deliver, capital attraction may suffer.	Likely	Short	Increased capital expenditure	Low	> Demonstrate professionalism of ESG Set-up
		Industrial asset operators may increase scrutiny from their supplier to act in a sustainable way. If KAEFER failed to deliver, client attraction may suffer, which leads to a reduced demand.	Likely	Short	Decreased revenue	High	> Demonstrate performance of ESG set-up
		Some clients require to have relevant EHS certification. If KAEFER were to lose such certification, current contracts may be lost. This may also affect the amount of work that KAEFER is qualified to bid for.	Unlikely	Short	Decreased revenue	High	> Demonstrate performance of ESG set-up
Transition Risk – Policy and Legal	Increased pricing of GHG emissions	The projected price increase per ton of GHG emissions and emerging carbon pricing schemes may require KAEFER to purchase emission allowances and/or pay carbon taxes for own emissions. KAEFER is also expected to be indirectly affected as high-emitting clients become subject to carbon pricing schemes and may limit their spend on KAEFER's services.	More likely than not	Medium	Increased costs	High	> Transitional plan to reduce own emissions
			More likely than not	Long	Decreased revenue	Critical	> Accept risk and ensure diversification into low-emission client segments
	Enhanced emissions reporting obligations	The enhancement of emissions reporting obligations is expected to result in an increase of compliance requirements. As a result, further reporting needs to be set up and/or additional resources in terms of manpower and/or third-party services are required.	Very likely	Short	Increased costs	Medium	> Early adoption of software-supported reporting practices with lean/smart processes
	Mandates on regulation of existing products and services	Due to the peak of global fossil fuel demand by 2030, a transition to renewable energy is aimed for, accompanied by stricter regulatory requirements for emission-intensive processes/products and impacting KAEFER's clients that rely on these technologies. Consequently, clients may limit their spend on KAEFER's services.	More likely than not	Long	Decreased revenue	Critical	> Accept risk and ensure diversification into low-emission client segments > Monitoring of regulatory requirements
	Exposure to litigation	The enhanced emissions reporting obligations may impact clients as they may be held accountable in case of non-compliance. Resulting legal cost and potential monetary fines may impair clients' financial performance and therefore limit their spend on KAEFER's services.	Very unlikely	Medium	Decreased revenue	Medium	> Ensure diverse client portfolio to minimise risks
Transition Risk – Technology	Costs to transition to lower emissions technology	Today's energy sector requires highly-skilled workers with specific knowledge. Transitioning to low-carbon energy supply will require energy companies to use different technologies which may require different worker skill sets. Training Blue Collar workforce to perform the new services may increase e.g., training cost.	More likely than not	Medium	Increased costs	Insignificant	> Adaption of training content in line with future market demands

Physical Risks:

Risk Type	Primary Risk Driver	Description	Likelihood	Time Horizon	Financial Impact	Magnitude of Financial Impact	Management Approach
Physical Risk – Acute	Increased severity of extreme weather events such as cyclones and floods	With continuing global warming, the severity and occurrence of extreme weather events are projected to increase, as well as the impact on KAEFER offices and workshops. Damages to infrastructure may result in write-offs or early asset retirement, business disruption and need for reconstruction.	Depending on location and specific hazard	Long	Increased costs	Insignificant	> Accept risk and ensure global diversification of business
		With continuing global warming, extreme weather events are projected to increase. KAEFER's workforce operates on client sites globally and may be impacted by such circumstances, affecting employees' life and health, as well as causing business disruptions.	Depending on location and specific hazard	Long	Decreased revenue	High	> Prepare for risk mitigation by providing protective measures and develop business continuity concepts for management
Physical Risk – Chronic	Rising mean temperatures	With continuing global warming, average surface temperatures are projected to increase. As KAEFER's workforce operates globally, sometimes in remote places with potentially limited shelter, water and cooling supply, high temperatures may result in lower labour productivity, and thus increasing employee and adaptation cost.	High confidence	Long	Decreased revenue	High	> Provide state-of-the-art protective measures and develop concepts for business continuity management

Opportunities:

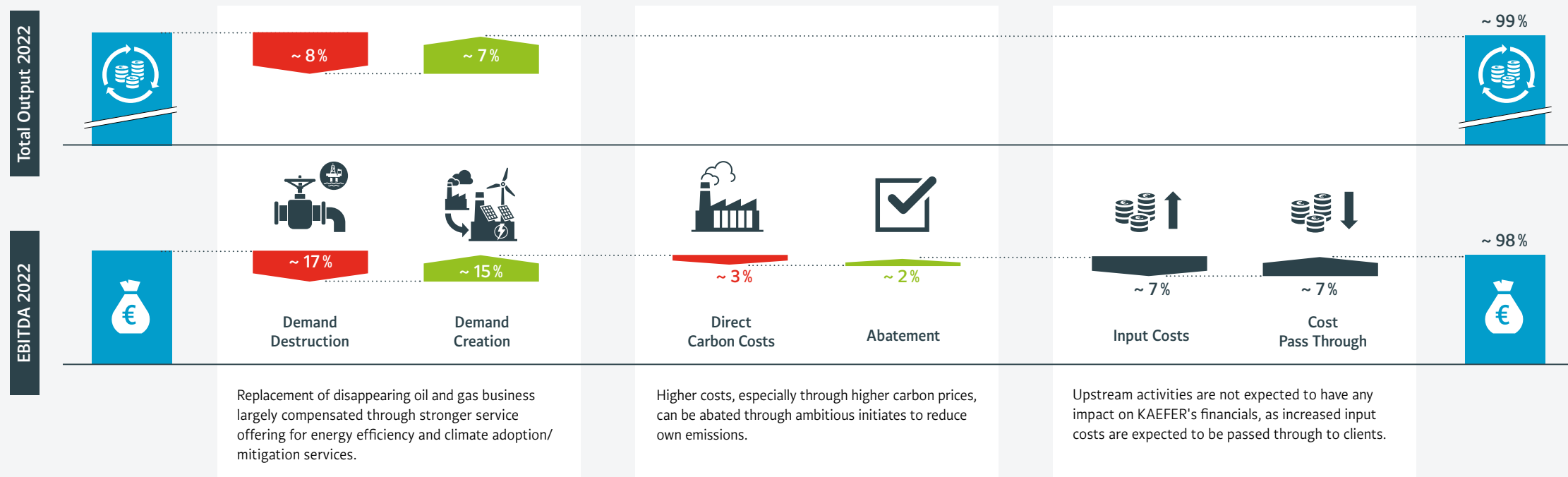
Risk Type	Primary Opportunity Driver	Description	Likelihood	Time Horizon	Financial Impact	Magnitude of Financial Impact	Management Approach
Opportunities – Resource Efficiency	Use of more efficient modes of transport	Road transport is expected to be increasingly electrified and improved in terms of efficiency. The required energy comes from renewable sources as they are the most cost-efficient option. Therefore, using more efficient modes of transportation may bring down direct CO ₂ emissions.	Very likely	Long	Reduced costs	High	> Regular update of fleet management approach to include state-of-the-art modes of transportation
	Move to more efficient buildings	With rising electrification, better insulation, and an increased supply of renewables in advanced economies, cost advantages are expected. Moving KAEFER's operations to high-efficiency buildings bring down direct CO ₂ emissions.	More likely than not	Medium	Reduced costs	Insignificant	> Regular update of facility management approach > Plan to move to more efficient buildings
Opportunities – Products and Services	Development/ expansion of low emission services	As CO ₂ emissions are largely generated by existing industrial plants, optimisation and modernisation are required to improve energy efficiency. Therefore, the demand for energy efficiency services such as insulation is expected to increase under a Net Zero 2050 Scenario. KAEFER service lines may benefit from the increased demand from current and prospective customers.	Likely	Medium	Increased revenue	Critical	> Prove efficiency of services (Carbon footprint calculations, energy audits) > Expand service offering to meet renewable asset owners needs
		The transition from fossil fuels towards low-carbon fuels requires a fundamental that is directly linked to a high willingness and requirement of investment in new assets. KAEFER service lines may benefit from the increased demand related to construction and maintenance of new low-carbon energy infrastructure.	More likely than not	Long	Increased revenue	Critical	> Develop service offering to meet low-carbon fuel asset owners needs
	Development of climate adaptation solutions	Unmitigated climate change will lead to severe changes of the environment that may also impact clients' production and distribution assets. As a result, (re-)construction and protection solutions are required to increase asset resilience. KAEFER service lines may benefit from the increased demand for such climate adaptation solutions.	Likely	Long	Increased revenue	Critical	> Ensure that service offering meets needs in terms of adaptation
Opportunities – Markets	Access to new markets	To reach net zero, CO ₂ emissions need to be reduced. Carbon Capture & Storage (CCS) technologies are becoming more and more important here. Again, the willingness to invest in CCS technology and infrastructure is high. KAEFER may benefit from the stronger demand for services relating to the construction and maintenance of CCS infrastructure and may consequently increase its revenues.	About as likely as not	Long	Increased revenue	High	> Ensure that service offering meets the needs of CCS industry

Since KAEFER has no capital-intensive production assets, the financial impact of physical climate risk is limited to the effects of acute weather events and rising mean temperatures on KAEFER's workforce on client sites. Due to the slight proportion of direct emissions (Scope 1), KAEFER's direct exposure to transition risks such as carbon pricing is limited.

Where risks occur, it is because of the potential impact of the low-carbon transition on emission-intensive clients. As a service company, KAEFER is in a position to benefit from the transition to a low-carbon economy by taking an active role in the market, successfully positioning itself as a partner in the transition from an emission-intensive business model to a low-carbon business model.

A simplified simulation of KAEFER's current business exposure under the "Net Zero 2050 Scenario" (a pathway to limit global warming to 1.5°C above pre-industrial levels in line with the ambitious Paris Agreement goals) illustrates the robustness of the business model, where the impact of a potential phase-out of oil and gas might be compensated for via increasing climate mitigation/adaption activities.

Net Zero 2050 Scenario: Simulated financial impact 2030 based on current trading:



Note: Weighed and probability-based financial based upper and lower boundaries of Net Zero 2050 according to IEA. Net zero emissions by 2050 Scenario sets out a pathway for the global energy sector to achieve net zero CO₂ emissions by 2050.

IT Governance and Security

In today's digitally connected business landscape, KAEFER recognises the crucial role of Information Technology (IT) and the growing threat of cyber attacks. To address this, the company prioritises a strong IT Governance and Security framework to protect operations and assets.

KAEFER employs a range of technical safeguards for robust IT security. This includes implementing virtual private network (VPN) systems, advanced device protection with anti-virus/anti-malware software, and a state-of-the-art Identity Management Solution. KAEFER continuously improves these measures to adapt to evolving threats, aligning with industry best practices.

KAEFER's commitment to IT security is evident in its adoption of Critical Security Controls (version 8) from the Centre for Internet Security (CIS). This system fortifies the company's defences against common cyber threats, ensuring the confidentiality, integrity, and availability of IT and data assets. KAEFER monitors its CIS score diligently and strives for continuous improvement.

A robust IT Governance framework is essential for managing IT risks effectively, ensuring the secure provision of IT services, and aligning IT activities with KAEFER's overall business objectives. This holistic approach enables the company to navigate the complex landscape of IT risks, fostering resilience and reliability in IT operations.

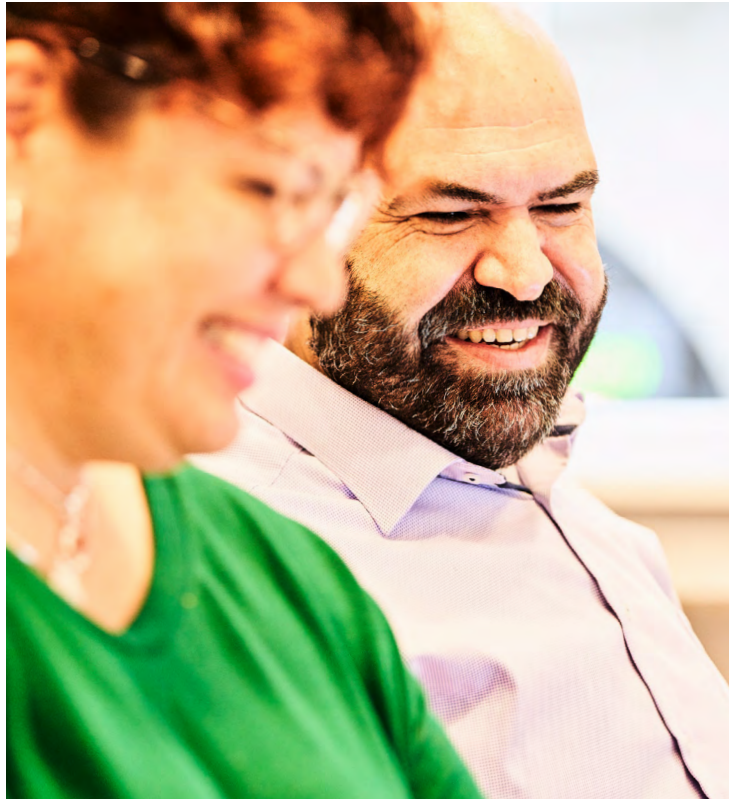
Involving employees in the topic of IT security is just as important as the technical measures described above. The workforce is engaged through clear IT policies and procedures designed to promote the responsible use of IT. Aligned with the Code of Business Conduct, KAEFER's IT Governance and Security framework stresses the significance of data protection, confidentiality, and compliance with the law. KAEFER invests in ongoing training programmes to educate employees on the latest cyber security threats. This proactive approach enables employees to recognise potential security risks and respond effectively. In the future, the company plans to expand cyber security training initiatives, ensuring preparedness and agility in responding to evolving attack scenarios.



Compliance

At KAEFER, compliance is everybody's business.

As a global company, KAEFER makes sure that all employees understand their responsibilities and feel supported in their decision making.



KAEFER operates in accordance with principles for good governance in order to avoid any risk of illegal or unethical business practices. The company defines compliance as a comprehensive framework of internal guidelines, rules, and procedures established to proactively identify, prevent, detect, and resolve any conduct or practices that go against legal, ethical, and business standards. This framework aims to uphold a culture of ethical and responsible business practices, ensuring adherence to legal requirements and fostering trust among internal and external stakeholders.

KAEFER's Code of Business Conduct outlines the company's corporate goals and values, defines expectations for every member of the KAEFER team, and makes explicit the company's determination to fight corruption in all its forms. The KAEFER Code of Business Conduct is reinforced by numerous, supplementary rules. KAEFER has zero tolerance for unethical behaviour such as inappropriate gifts, entertainment, or other business courtesies. To prevent trading with sanctioned entities, KAEFER takes active measures and conducts continuous sanction screening of all business contacts, including employees, clients, and suppliers.

KAEFER's Executive Board has ultimate responsibility for compliance, exercised through a risk-based Compliance Management System (CMS) under the leadership of the group's Chief Compliance Officer (GCCO), to whom Local Compliance Officers at all KAEFER entities

report directly. The GCCO reports regularly to relevant bodies at KAEFER, including the Executive Board and the Administrative Board. The GCCO is supported by the Group Compliance Committee as monitoring and advisory body for handling certain compliance incidents.

KAEFER evaluated its group-wide compliance program via an external audit in 2023. Further information can be found in the Anti-Corruption section of this report.

Local Compliance Officers manage issues or violations where they occur, taking responsibility for concerns or questions, including but not limited to:

- > Business Partner Due Diligence
- > Anti-Corruption and Bribery
- > Donations and Sponsoring
- > Conflicts of Interest
- > Cash Transactions
- > Whistleblowing and the Protection of Whistleblowers
- > Fraud Prevention and Detection

Business Frameworks at KAEFER



Overview of Codes and Policies

Codes and Policies	Purpose	Introduced	Last Update	Reference to Sustainability Commitment
Code of Business Conduct	The KAEFER Code of Business Conduct defines globally binding principles for the KAEFER Group which are designed to guide our employees to conduct themselves ethically, with integrity and in compliance with all applicable laws and regulations	2018	2023	  
Supplier Code of Conduct	The Supplier Code of Conduct sets our expectations for our suppliers to share the same values and meet the standards, we have implemented and live in our company	2022	2023	
Company Policy	The Company Policy sets our fundamental commitment that characterise our corporate culture as well as our way of doing business and allows to provide consistent client satisfaction to maintain a sustainable customer relationship	2011	2023	      
Sustainability/ESG Policy	The Sustainability/ESG Policy states our overall commitment to integrate environmental protection, social responsibility and good governance in our entire value chain	2023	2023	      
Environmental Policy	The Environmental Policy states our commitment towards environmental protection, by identifying, reducing and monitoring environmental impacts and effects on climate change within our business activities and foster environmentally friendly work practices	2020	2023	 
Human Rights Policy (as of 2024: Policy Statement on Human Rights and Environmental Protection)	The Human Rights Policy states our commitment in respect to human rights within the organisation and its value chain and is guided by international standards. It encompasses equality and freedom from discrimination, freedom of association and collective bargaining, labour rights, freedom from harassment or bullying, forced labour and child labour	2022	2023	 
Health & Safety Policy	The Health & Safety Policy states our commitment to provide a healthy and safe working environment by preventing work related injuries and illnesses	2016	2023	 
Quality Policy	The Quality Policy states our commitment to ensure client satisfaction through efficient procedures and high-class services	2023	2023	 

An ethical, legally binding framework of rules sets the basis for our work as a globally active company.

All our policies follow the UN Global Compact principles on issues concerning human rights, working conditions, the environment, and anti-corruption.

Reporting of Violations

Compliance plays a crucial role in helping KAEFER avoid fundamental risks, ensure sustainable business success, and build up and maintain trusting and reliable relationships with colleagues and business partners. This is of the highest value and must be protected.

Suspected or actual misconduct can be reported via various channels. Direct exchange on a personal level is KAEFER's preferred approach to building a culture of open communication and a trusting working environment. Where personal communication is not an option, KAEFER's Compliance Helpline is also available.

KAEFER's well established global speak-up facility called the KAEFER Compliance Helpline includes an appropriate response and escalation process. The KAEFER Compliance Helpline is a secure, web-based reporting system – hosted by an external provider – which can be used by employees, suppliers, clients and other stakeholders to report suspected or actual violations of applicable law and/or KAEFER standards and policies in a structured process. It is also possible to report anonymously.

When a report is received, a member of the compliance organisation evaluates whether an in-depth investigation is required and initiates the relevant steps. All information received is treated confidentially in line with legal requirements and KAEFER's Speak-up Rule to ensure data protection, compliance with privacy laws, and whistleblower protection.

KAEFER does not tolerate retaliation against persons who report misconduct (suspected or actual) in good faith. Any person, including supervisors or managers, who tolerates or is involved in an act of retaliation against an individual in response to the report of a violation (suspected or actual) made in good faith will be subject to disciplinary measures, up to and including termination of employment. In 2023, no such cases were reported to Corporate Group Compliance.





Internal Audit

Internal audits provide objective assurance and insight into the effectiveness and efficiency of risk management, internal control, and governance processes.

A team of internal auditors regularly monitor and evaluate KAEFER's risk management processes and controls. Within the three lines of defence model, they ensure that internal governance processes are operating effectively and advise on improvements. Where their evaluations identify issues, the auditors draw up action plans with the relevant managers and put measures in place to monitor progress against agreed goals.

KAEFER internal audits include on-site inspections of processes and management systems. The annual internal audit plan is submitted up-front to the Executive Board and Administrative Board for approval. Internal Audit reports are discussed with the Executive Board. In addition, a summary of key findings is presented twice a year to the Administrative Board.



ESG AT KAEFER & SUSTAINABILITY COMMITMENTS

ESG at KAEFER

Taking an ESG-based approach to management and operational processes allows us to achieve commercial success, exceed applicable standards, and pursue meaningful environmental, social, and ethical improvements.

The topic of sustainability was anchored in the organisation as early as 2008 by systematically seeking stakeholder engagement and producing annual sustainability reports from 2011. Since March 2023, sustainability is part of the corporate department Strategy & ESG. The department continues to develop KAEFER's ESG Strategy, raising awareness and ensuring that the environmental, social, and community-based efforts of our employees are properly resourced and effectively implemented.

KAEFER's comprehensive ESG strategy is in line with the United Nation's Sustainable Development Goals, regulatory and science-based frameworks, and the expectations of our stakeholders – including employees, clients, shareholders, and financing partners.

Our approach is based on an ESG structure that clarifies responsibilities and governance at every level of the company. KAEFER's systematic approach is based on rigorous and robust double materiality analysis that meets upcoming regulatory (EU Corporate Sustainability Reporting Directive / European Sustainability Reporting Standards) and already existing reporting (GRI) requirements. We see this also as a starting point to further drive our transition to a more quantitative approach on all ESG topics – from labour practices and GHG emissions to leadership and supplier assessments. At all times, we assess the risks and opportunities we face, the impact(s) we have globally as a company – both positive and negative – and the concerns and priorities of our stakeholders.



Stakeholder Engagement

As a necessary element of its comprehensive strategic approach, KAEFER engages with a wide range of stakeholders, including employees, clients, suppliers, financial market participants, governments, regulators, NGOs, and the public, to explore their perceptions of material ESG issues and demonstrate a commitment to incorporating diverse viewpoints into its strategic planning, ensuring the ESG strategy addresses external concerns and priorities.

Within our ESG strategic approach, the following three internal stakeholder groups have been identified to be key and thus require a regular and intensive involvement:

- > Employees
- > KAEFER’s operative entities
- > Shareholders

Representatives of these groups have been closely involved via focus groups into our initial impact assessment in 2022.

Stakeholder	Channels	Crucial Topics
Clients	> Client meetings and assignments > Client events	> Health and safety > Environmental and climate impact > Equity and diversity > Recycling/ circular economy
Employees	> Intranet and social media > Employee survey (including eNPS) > Meetings > Trainings > Dialogues with managers	> Working conditions > Health and safety > Values and ethical issues > Training > Equity and diversity
Suppliers & Partners	> Suppliers’ meetings > Contract negotiations	> Anti-corruption and bribery > Work environment, labour conditions and human rights > Environmental and climate impact
Shareholders	> Financial reporting > Investor meetings > Stakeholder surveys > Press releases	> Development and value creation > Corporate governance and ethics > Environmental impact > Sustainable investments
General Public	> Meetings with authorities, politicians and researchers > Traditional and social media	> Delivering from a sustainability perspective > Sustainable products > Circular economy



Double Materiality

To prepare for the EU Corporate Sustainability Reporting Directive and the resulting European Sustainability Reporting Standards, we have implemented a double materiality assessment process to identify topics relevant to our sustainability performance in line with the GRI Universal Standards 2021. This process started in 2022 with an impact and financial assessment and was expanded in 2023 to incorporate latest principles provided by EFRAG. Additionally, we have mapped our findings to the UN's Sustainable Development Goals (SDG).

The outcome of this approach plays a crucial role in helping us understand and address sustainability matters which KAEFER has on an economy, environment, or people because of its activities and/or business relationships (inside-out perspective) as well as external aspects that impact KAEFER financially and that might turn into risks and opportunities (outside-in perspective).

Finally, we engaged with our key stakeholders. This stakeholder dialogue includes consultation from shareholders, selected business units, and our internal HSEQ and sustainability community to complete the material topics as a basis for KAEFER's ESG Strategy. Following our methodology, we clustered some of the matters to avoid duplication and used stakeholder dialogue to verify and assess impacts.

The concept of double materiality considers both the environmental and social impact of our actions (Impact Materiality), but also the financial implications of sustainability issues on the organisation (Financial Materiality).

Impact Materiality

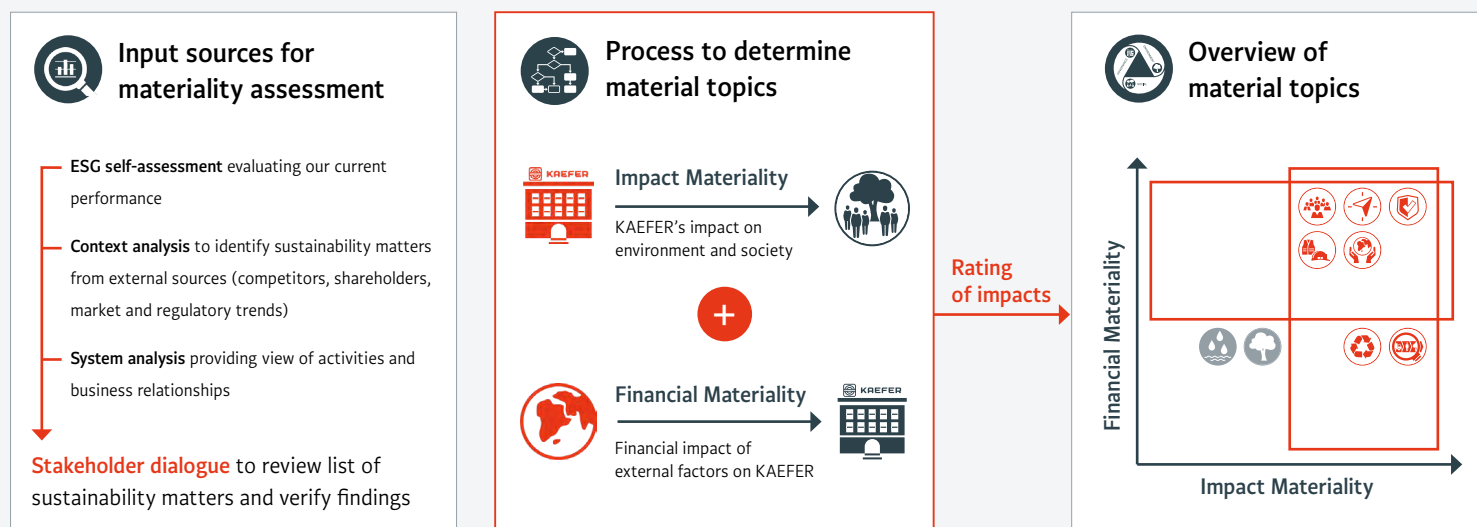
In order to determine the impact materiality, we started with an overview of environmental and social issues as a result of our business activities and relationships. In this context, sustainability matters and resulting impacts can be actual or potential, negative or positive, short-term or long-term, intended or unintended, reversible or irreversible. Impacts can occur in our own operations, but also in our upstream or downstream value chain.

We have identified 80 topics, where each impact has been rated by its severity, which is the scale (how grave/beneficial the impact is for people or the environment), scope (widespread of impact or number of people affected) and, in the case of a negative impact, the irreversible

nature of the impact. For potential impacts, the likelihood of occurrence has been rated as well. In all cases, we identified opportunities to drive positive change and providing decision-makers with clear, evidence-based information. Overall, we have identified 21 material impacts.

Financial Materiality

Secondly, we assessed the financial materiality by evaluating risks and opportunities based on the potential magnitude of their financial effects and the likelihood of occurrence. An identified sustainability matter becomes material from a financial perspective if it has or is expected to have a significant financial impact on the company. Overall, we identified two opportunities and seven risks as material.



The final assessment of impact materiality and financial materiality was made by the corporate department in charge using company-specific criteria and assumptions.

Although some of the identified topics could result in material risks and opportunities for future cash flows, no significant risk of a material adjustment is anticipated within the next annual reporting period.

Following the results of our double materiality assessment, the use of water is not considered a material topic for KAEFER. No water is used in production at our workshops (prefabrication of insulation, etc.) and only for drinking and sanitary purposes at our facilities. Even though water is not a material topic for KAEFER, we encourage everyone to be mindful about the use of water.

While we recognise that biodiversity is vital to the achievement of most SDGs and underpins human well-being and livelihoods, the aspect is not a material sustainability matter for KAEFER's business operations. At KAEFER, we want our organisation to have a minimal impact on natural ecosystems throughout the entire value chain and aim to conserve biodiversity and avoid negative impacts. Our direct impacts are limited by the fact that we provide services in established industrial areas.

The identified material impacts, risks and opportunities have been confirmed by the Executive Board and discussed with the Administrative Board. The results of the due diligence process, as well as established mitigation and remediation measures, are presented at the end of the report.

For 2023, there were no significant changes to the process or list of material topics compared to the previous year. However, a refined wording for some sustainability matters have resulted in an updated impact and/ or financial materiality based on our deeper understanding through additional analyses we developed in 2023, particularly for our assessment on climate-related risks and opportunities, among others.

In addition, we have adapted our double materiality assessment according to the future requirements of the ESRS. Based on our current understanding, we are already on a good level to reach overall compliance with these requirements.



KAEFER Sustainability Commitment (related to GRI)		UN SDG	Sustainability Matter	Perspective	Context	Implication	Impact Materiality	Financial Materiality
	GHG Emissions		> Energy consumption causes GHG emissions (Scope 1, 2 & 3) > Perform energy efficiency services to reduce client's footprint and mitigate climate change	 			  	  
				 			  	  
	Waste		> Environmental impacts of waste				  	—
	Health & Safety		> Mental and general health impacts on own workforce > Risk exposure to health and safety from business activities > Provide Personal Protective Equipment (PPE) for own workforce & value chain workers	 			  	—
	Employment		> Attractiveness of industry for early careers > Limited influence on working conditions (incl. social distance from home) > Secure employment proved by long term employee loyalty	 			—	  
	Training & Education		> Training and skills development reducing inequalities > Foster sustainability awareness among own workforce	 			  	  
	Diversity & Equal Opportunity		> Limited actions on diversity and inclusion to cope with difficult industry, societal and occupational circumstances > Transparency on adequate wages and equal compensation > Balanced age structure diversity in own workforce	 			  	—
	Freedom of Association & Collective Bargaining		> Benefits of local unions, social dialogue and collective bargaining > Formalised employee participation rights and consultation through workers council (e.g., European Works Council)	 			  	—
	Non-Discrimination		> Measures against violence and harassment in the workplace	 			  	—
				 			  	—
	Anti-Corruption		> Business dependency on political and legal environment > Corporate culture based on strong governance & compliance	 			—	  
	Supply Chain Sustainability		> Dependency on relationships with suppliers (social and environmental performance)				  	—
	Economic Performance		> Impacts on society based activities in industries that are perceived as controversial/climate damaging > ESG governance, reporting & risk management requirements pose a challenge to the organisation > Business processes designed to ensure most efficient use of resources	 			  	  



Inside-out (Impact)



Outside-in (Risk & Opportunity)



Upstream value chain



Own activities



Downstream value chain



Negative impact



Positive impact



Non-material



Important impact | Significant for future cash flows



Significant impact | Critical for future cash flows



Critical/effective impact | Highly/extraordinary influence on future cash flows/endangers existence of company

Sustainability Commitments

From showing and knowing to doing and ensuring – seven commitments for a more sustainable KAEFER



KAEFER's materiality & risk assessment process allows us to understand where our activities have the greatest impact – and where external factors are likely to have the greatest impact on KAEFER.

High priority impacts, risks and opportunities are transformed into eleven material topics for KAEFER and addressed in one of our seven commitments.

The commitment of "People" covers Employment, Training & Education, Diversity & Equal Opportunities, Freedom of Association & Collective Bargaining, and Non-Discrimination.

Interlinked where appropriate, these commitments address key strategic objectives and transparent, measurable plans to reinforce positive impacts and opportunities and mitigate risks around the world. The targets, KPIs and initiatives set out in KAEFER's ESG Strategy are based on seven clear visions.

GHG Emissions

We want to enable our customers to become GHG neutral, fulfilling net zero throughout our value chain by 2050.

Impacts, Risks and Opportunities

131 countries have signed the Paris Agreement, and more than 30 have translated the agreement’s net zero emission targets into law. Simultaneously, energy prices are rising sharply and awareness of the climate crisis is gathering pace. For regulatory, economic, and social reasons, our clients are more conscious than ever of the importance of reducing and eliminating GHG emissions from their industrial processes, with many committed to becoming net zero by 2050.

At KAEFER, our services are designed to improve the efficiency of industrial facilities. Our ability to make a direct contribution to GHG emissions reduction by virtue of these services provides us with substantial opportunities now and in the future. At the same time, it is essential we understand our own impact on GHG emissions from the consumption of energy in our activities (Scope 1 & 2), as well as emissions throughout our value chain (Scope 3), as future carbon pricing may have an impact on our cost base. As a result, KAEFER is committed to setting near-term company-wide emission reduction and net zero targets in line with Science Based Targets initiative (SBTi) recommendations (2023).

The Science Based Targets initiative (SBTi) is a global body enabling businesses to set ambitious emissions reductions targets in line with the latest climate science. It is focused on helping companies across the world halve emissions by 2030 and achieve net-zero emissions by 2050.

The initiative is a collaboration between the CDP, the United Nations Global Compact, the World Resources Institute (WRI), the World Wide Fund for Nature (WWF), and is also a "We Mean Business Coalition" commitment. The SBTi defines and promotes best practices in science-based target setting, offers resources and guidance to reduce barriers to action, and independently assesses and approves companies’ targets.



SCIENCE
BASED
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Actions, Metrics and Targets

Sustainability commitment: To half our emissions by 2030, including emissions produced by our business activities (Scope 1) and from purchased electricity (Scope 2).

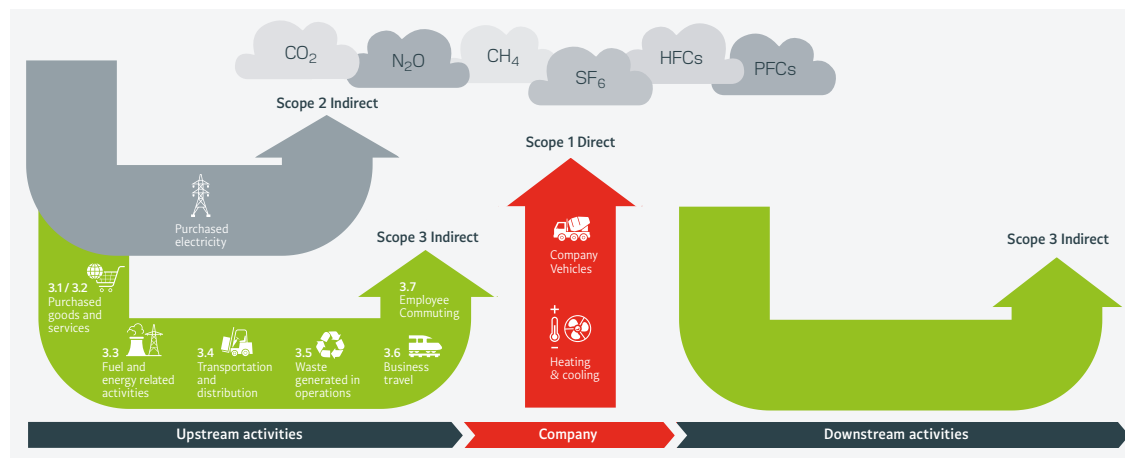
At KAEFER, we have decided to tackle our ambitious sustainability commitments via a step-by-step approach.

A group-wide emissions inventory and the development of a data reporting process for our direct and indirect emissions (Scope 1 & 2) marked the starting point for raising awareness of our current position relative to our commitment to halve emissions by 2030.

The process identified two categories of emissions important for the decarbonisation of KAEFER’s business activities: mobility and energy consumption of facilities, which are owned or controlled by KAEFER.

Energy Consumption (Basis for Scope 1 & 2 Emission Calculation)

Energy consumption and mix	Unit	2022	2023
Total energy consumption	MWh	135,117	152,731



Source: GHG Protocol covering only Scope 3 categories that are relevant for KAEFER.

KAEFER reports its emissions in accordance with the GHG Protocol Corporate Accounting and Reporting Principles for Scopes 1, 2 and 3. Overall data collection is managed via a software solution which incorporates internationally applicable and recognised emission factors from DEFRA, MLC (formerly GaBi) and USEEIO.

KAEFER discloses reporting boundaries on GHG emissions across all legal entities operationally and financially controlled by the company. This includes buildings and offices, as well as vehicles owned or controlled by the company (i.e. for which KAEFER pays and influences energy consumption). Emissions for Scope 1 and 2 are reported in the year in which they occur. Scope 3 emissions can occur simultaneously, upstream, or downstream of our business activities. Due to KAEFER's business model, not all Scope 3 categories are relevant.

Scope 3 emissions

In 2023, KAEFER performed an assessment of Scope 3 emissions for the first time. Based on this evaluation, several Scope 3 categories were excluded due to a lack of relevance to our business model. These included: "Upstream Leased Assets" (3.8), "Downstream Transportation and Distribution" (3.9), "Processing of Sold Products" (3.10), "Use of Sold Products" (3.11), "End-of-Life-Treatment" (3.12), "Downstream Leased Assets" (3.13), "Franchises" (3.14) and "Investments" (3.15).

1) As only spend-based data were available for about 84% of the total activities, the remaining share was interpolated as the missing activities are comparable.

For Scope 3.1 – "Purchased Goods & Services" – a hybrid approach was used and the following methodology applied:

- > To calculate GHG emissions from a number of material categories (Insulation, Metals, Interior Outfitting etc.), KAEFER used physical data (m², m, thickness etc.) and technical specifications from selected items to define use cases. Working with external experts we calculated emission factors from this data, extrapolating where necessary to assess items in the same material categories where no physical data was available.
- > For subcontractors and temporary workers, we calculated emissions based on KAEFER's emission profile.
- > For the majority of products and services, where no physical data was available, we used spend-based¹ emission factors from the EEIO database, adjusted for inflation. In the case of multiple emission factors, the highest value was selected in line with a conservative approach. A weighted average emission factor was applied to the material group "not categorised".

For Scope 3.2 – "Capital Goods" – we applied a spend-based approach to calculate emissions, using the Supply Chain Greenhouse Gas Emissions Factors from NAICS with reference to the relevant code in USEEIO.

Scope 3.3 – "Fuel and Energy-related Emissions" – is based on Scope 1 and Scope 2 activity data. Emissions were calculated using the physical-unit-approach, as well as a location-based approach for Scope 2 data.

Scope 3.4 – "Upstream Transport and Distribution" – we applied a spend-based approach using emission factors from NAICS with reference to the relevant code in USEEIO.

For 3.5 – "Waste" – we used company specific waste type-specific data and waste treatments methods multiplied by the emission factors from the MLC v15.1 (04/2023) data set.

For Scope 3.6 – "Business Travel" – a hybrid approach was applied to reflect differences in data availability. In most cases, supplier-specific data from travel management tools was available. Where it wasn't available, we applied a distance-based calculation, multiplied by the emission factors from the MLC v15.1 (04/2023) data set. For hotel stays, we applied emission factors from UK's Department for Environment, Food & Rural Affairs (DEFRA).

For Scope 3.7 – "Employee Commuting" – estimates for each entity have been provided in regards to commuting mode, average commuting days per week, distances, as well as access to transportation provided by KAEFER (e.g. company cars) for Blue and White Collars. Reported data has been multiplied

with respective emission factors from Sphera LCA for expert software database.

The following Scope 3 GHG emission categories were excluded:

- > **Scope 3.8** – "Upstream Leased Assets": KAEFER does not lease upstream assets during normal operations.
- > **Scope 3.9** – "Downstream Transportation and Distribution": KAEFER activities with downstream transportation account for less than 0.5% of total group turnover. This category has no significant impact on GHG inventory results, nor influences the intended user, and can therefore be treated as non-material.
- > **Scope 3.10** – "Processing of Sold Products": This category can be treated as non-material as KAEFER is mainly a service provider.
- > **Scope 3.11** – "Use of Sold Products": A case study designed to show direct energy use during the performance of services on a client site showed a non-material outcome.
- > **Scope 3.12** – "End-of-life Treatment": As a service provider the majority of these emissions originates from the waste disposal and treatment of products (e.g. landfilling, incineration). KAEFER should account for the emissions from disposing the intermediate product at the end of its life, not the final product. As this category accounts for less than 1 % of KAEFER's overall Scope 3 emissions, it can be treated as non-material.
- > **Scope 3.13** – "Downstream Leased Assets": KAEFER does not lease downstream assets in the course of normal operations.
- > **Scope 3.14** – "Operation of Franchises": KAEFER does not have franchised operations.
- > **Scope 3.15** – "Investments": KAEFER has only one joint venture with limited emissions consumption (less than 10 employees), so this category does not have a significant impact on the GHG inventory results, nor does it influence the intended user. Therefore, this category can be treated as non-material.

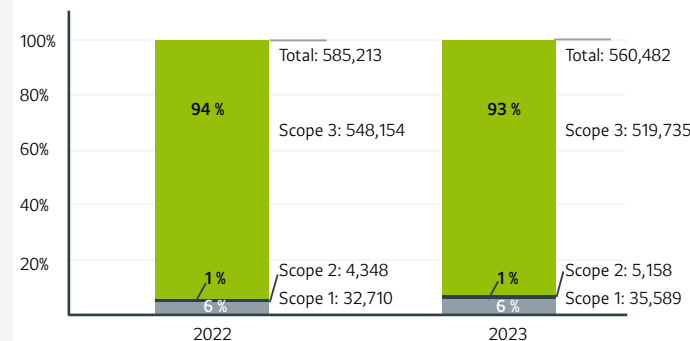
We regard the possibility of actions within the category "Purchased Goods & Services" (3.1) as low since all material orders are based on client specifications. Nevertheless, we recognise our responsibility to engage in dialogue with our suppliers on the subject of emissions reduction, engage ourselves in the optimisation of logistic flows, as well as to provide technical consultancy to our clients – also in terms of material selection – wherever we can.

Space for improvement in the categories "Business Travel" (3.6) and "Employee Commuting" (3.7) is limited as the nature of our business requires employees worldwide to commute to client sites to perform their work. Here, the access to low-carbon emission transportation also depends on availability of electric vehicles as well as general technological developments. Due to the manual/physical nature of the work carried out on remote sites, mobile working options are only feasible for a very small proportion of our employees (mainly engaged in administrative roles).

Due to our asset-light business model with low direct emissions, we have no projects that directly remove or store greenhouse gases. Nor have we financed (or plan to finance) material GHG emission reduction or removal via climate change mitigation projects outside our value chain through the purchase of carbon credits in the foreseeable future. In addition, our low operational emissions make it unnecessary for us to implement an internal carbon pricing scheme.

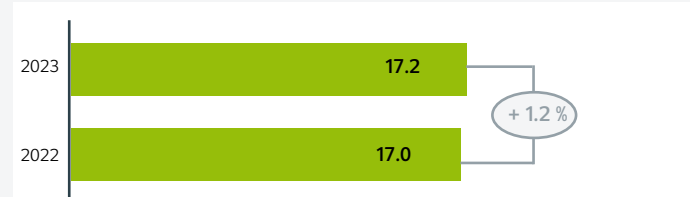
Despite the nature of our business model, we take the topic of GHG emissions very seriously. Our Scope 1 and 2 emission performance is not only integrated into our syndicated credit facility, but we have also emphasised reduction targets with our operating entities.

GHG Emissions in tCO₂e (market-based)



Percentage of delivered emission numbers for Scope 1, 2 and 3 may not add up to 100% because of rounding.

Emission Intensity (gCO₂e/EUR) ☒



Figures for Scope 1 & 2 (market-based). ☒ Audited with limited assurance

Total Operating Performance for Intensity Calculation

Energy consumption and mix	Unit	2022	2023
Total Operating Performance (in financial statements)	mEUR	2,063.6	2,256.8
Add back of Intragroup Business	mEUR	112.4	108.6
Total Operating Performance used to calculate GHG intensity	mEUR	2,176.0	2,365.4

GHG Emissions (Scope 1, 2 and 3)

	Unit	2022	2023	Change (in %)
Scope 1 GHG Emissions				
Gross Scope 1 GHG Emissions	tCO ₂ e	32,710	35,589	8.8 %
Scope 2 GHG Emissions				
Gross location-based Scope 2 GHG Emissions	tCO ₂ e	3,653	4,319	18.2 %
Gross market-based Scope 2 GHG Emissions	tCO ₂ e	4,348	5,158	18.6 %
Significant Scope 3 Emissions				
Total Gross indirect (Scope 3) GHG Emissions (covering 3.1, 3.2, 3.3, 3.4, 3.5, 3.6, 3.7)	tCO ₂ e	548,154	519,735	- 5.2 %
Total GHG Emissions				
Total GHG Emissions (location-based)	tCO ₂ e	584,518	559,643	- 4.3 %
Total GHG Emissions (market-based)	tCO ₂ e	585,213	560,482	- 4.2 %
Intensity				
Intensity (Scope 1 & 2) – market-based	gCO ₂ e/EUR	☑ 17.0	☑ 17.2	1.2 %

Outlook

While we take pride in the work carried out during 2023, we recognised that we still have much to do over the coming years. Looking ahead, our priorities include continuing the dialogue with our main suppliers and scoping the creation of an automatic process to gather product carbon footprint information with a view to improving data accuracy.

In line with our commitment to SBTi, we are currently preparing our emission reduction targets for science-based verification and continue to refine our transition plan to better support decarbonisation and the long-term resilience of our business model.

Data on past emission are based on information and assumptions available on the date of publication. As some service charge settlements are made after the reporting date, some historical data points may differ from previous year statements. ☑ Audited with limited assurance

Waste

We strive for a waste-free business environment, pursuing the concept of circularity by reducing, reusing, and recycling.

Impacts, Risks and Opportunities

We have a responsibility to continuously improve our resource consumption, minimise waste, and avoid environmental contamination. KAEFER fosters best practices and explores opportunities to leverage our global volume as a large-scale purchaser and worldwide operating service provider to avoid material waste and promotes circular economies.

Our material consumption and related waste factors are strongly dependent on the individual character of the service, that we execute. Furthermore, the different locations and characteristics of clients site, changing technical specifications and varying operational processes have significant impact on the individual material consumption.

Within our upstream value chain, waste streams occur due to production and packaging in accordance with local logistics, which are out of control from KAEFER. Nevertheless, KAEFER is strongly committed to minimise waste within all areas of direct access.

This includes best practice sharing for operational equipment and applying LEAN principles through monitoring our administration, project planning and execution to optimise material flow and redundant process elements.

However, as we serve our clients directly on their premises, our waste management is normally incorporated into the clients' waste handling process. This allows us to adapt recycling schemes established from the clients but has limitations in the ability to control material flows and monitor specific waste volumes.

Within our own facilities, such as offices and prefabrication workshops, waste management concepts are implemented to monitor, separate, and reduce waste streams.



Actions, Metrics and Targets

Sustainability commitment: To ensure that 80% of waste in all buildings owned or controlled by KAEFER is correctly sorted by 2030.

Acting as a service provider incorporates already little material consumption, thus – based on our experience - we have already a very low level of waste. LEAN principles are a proper tool which has been implemented along all KAEFER entities in order to maintain a level of efficient and reliable operation in all services.

Furthermore, the ratio of recyclable material within the waste is very high as packaging material consists of cardboard, plastics and wood which can be feed back into the recycling loop. 88 % of our waste is correctly sorted which means that all items that have been separated out for recycling, composting or other specific disposal methods.

The aim for 2024 is to create more awareness on the correct sorting of waste in line with our sustainability commitment. To achieve this, a standardised waste reporting is part of our HSEQ reporting tool for all our entities since 2023. This includes all KAEFER facilities under our operational control requiring each legal entity worldwide to provide data.

Moreover, we have engaged with our biggest suppliers and gained insights about their waste management in order to further reduce waste generation in collaboration along our value chain.

In order to continuously improve our waste management performance, we are committed to embed highest standards into our business routines, such as ISO certifications.

ISO 14001 Certification

	Unit	2022	2023
Share of ISO 14001 certification per turnover	Share	71 %	73 %

Share of ISO 14001 certification is based on annual total operating performance before consolidation.

Outlook

The execution of our services results in respectively small volumes which are distributed widely along remote project locations. The challenge we are facing aims towards an integration of our small waste volumes with high fragmentation into an existing infrastructure for large scale recycling streams. In this context we will evaluate potential synergies with our suppliers, who might take back used materials to integrate them into the manufacturing processes again. The material handling will benefit in this case from the well-established logistics and processes in accordance with their existing distribution network.

ESG Highlights

Recycling initiative in the UK & Ireland

In the UK & Ireland, KAEFER is working with waste management contractors to identify diversion from landfill opportunities. One measure is to collect waste solvents from painting operations at nominated sites to send them for processing and recycling into reusable thinners.

Reuse of air conditioning water

In Brazil, we started to use the condensed water from AC units for internal use on the construction site. The water is used to water the garden, wash the floor and other activities.

Carry on!

At our last management workshop in Brazil, held in the first week of December, the participants received a very special gift: A handmade backpack from the Uni Arte Cooperative - which generates employment and income for women in the local community. The items are made from discarded automotive materials such as fabric and leather from seats, seat belts and other materials which were made to resist highest quality standards in terms of safety and durability.

The cooperative, located in the Oliveira Camargo neighbourhood in Indaiatuba, Brazil, is supported by several companies in the region that believe in its potential for social and environmental transformation.



Health & Safety

We strive for zero work-related incidents by caring for the well-being and safety of our employees and everyone we work with.

Impacts, Risks and Opportunities

At KAEFER, we employ over 32,000 people and work in approximately 30 countries around the world. Most of our employees work on building sites around the world giving their all by braving the heights, the cold, the heat and wind and rain. Due to the work in these sometimes extreme environmental conditions and/or isolated locations we need to take appropriate measures to ensure a safe and healthy working environment including continuous improvement our local and global programmes, minimisation of risks and proactive optimisation of processes.

Although it is our utmost priority to avoid any harmful incidents we are well aware that they may happen regardless of using only the right equipment, high-quality personal protective equipment and extensive training. If they do happen, we need to ensure they don't happen again by learning from our experiences and sharing that knowledge across the organisation. We invest substantial resources in fostering an inclusive safety culture. We perform regular assessments looking at a range of different issues, including typical behaviours within a given working culture, risks posed by specific working environments, and risks posed by particular activities.

Our commitment to the active promotion of a mutually supportive health and safety culture throughout the company is formalised in our Health & Safety Policy– which includes our HSEQ guiding principles, risk related guidelines, and recommended best practices.

Our corporate HSEQ department facilitates networking and learning between the different operational entities based the HSEQ guiding principles.

Actions, Metrics and Targets

Sustainability commitment: To achieve a 50% reduction in group-wide LTIF by 2030, compared with 2022 figures.

Our global HSEQ network consists of more than 700 HSEQ managers and officers. They are empowered to further develop HSEQ in their

own business units based on the unique challenges, environment, and priorities inherent in every market. This allows our HSEQ Excellence Network to continuously set and maintain the highest standards.

KAEFER attaches great importance to the cultural maturity of the company. To assess the status quo, we carried out a company-wide cultural maturity assessment in 2023 using best practices from our HSEQ network.

The assessment was based on the Safety Culture Ladder model, taking into account different business areas and stages of development, with the aim of providing an opportunity to guide the business units in their safety work and to highlight areas for improvement. This will contribute to a generative maturity and the development of a learning organisation with the associated value creation. Progress will be monitored annually.



The key is to emphasise action, transparency, and proactivity and this is expressed in a new, centrally developed philosophy that has been implemented in early 2023: We take action 4 our HSEQ. Each quarter was dedicated to programmes, initiatives and best practices covering health, safety, environment and quality based on our guiding principles. These provide best practice and cultural criteria to help KAEFER business units to develop standards and ensure adherence to highest quality standards.

As part of the "We take Action 4 Our Quality" campaign, HSEQ launched the Quality Control and Quality Assurance Guiding Principles in 2023. They provide best practice and cultural criteria to help KAEFER business units develop standards that ensure effective operational techniques and their implementation in the quality system.

The principles focus on the use of approved methods and procedures, material conservation and the documentation of all production steps to ensure traceability and quality compliance. To meet quality standards and customer requirements, standardised processes are implemented, and non-conformances are reported. Solutions for complaints or deviations which have been reported are sought through team discussions.

Achieving our goals requires improved risk management systems and improved communications around health & safety. Thereby, improved data helps us identify trends and isolate issues before they become problems.

Therefore, we have introduced a new HSEQ incident management app called ProtAct to further increase line management and people involvement. The main idea was to have a simple tool for everyone at KAEFER to be able to report an observation, a near miss or an incident directly on any appliance.

Gathering all events and statistics in one system strengthens our safety culture and provides us with a tool to standardise the level of detail in investigations. In this application we also manage behavioural assessments, HSEQ inspections and audits.



ESG Highlights

Using digital tools to prevent unhealthy movements

Performing scaffolding services incorporates physical stress on the body as well as critical movements due to bending, twisting and repetitive movements with heavy load items. To reduce the risk of incidents and long-term damages to the anatomical apparatus, the application of a digital monitoring tool based on wearables and vision recognition software is tested. In the event of an unsafe posture, the wearable emits an acoustic signal to warn the worker. This will help to raise awareness, set the grounds for employees to self-correct their movements and receive tips for improvements. A proof of concept has been initiated at KAEFER in Spain in 2023.

"Safe Hands" Campaign

Safety training is an important part of our daily lives at KAEFER and therefore needs to be practical, relevant, and well received by our colleagues. This is particularly important when it comes to hand injuries, which are a major problem in our industry and account for almost half of all work-related hospital admissions in Australia. In response, KAEFER developed an interactive campaign called "Safe Hands". The campaign took a multi-faceted approach to maximise awareness and reduce hand injuries. Hand safety toolboxes were held at all sites and an updated evidence-based matrix was introduced to determine the most appropriate glove for each task.

World Day of Safety

KAEFER took part in the World Day of Safety and Health at Work on 28th of April to raise awareness of accident prevention and occupational diseases. During this day, various activities took place at all KAEFER sites and best practices were shared online.

Brazil: The "Watch your step" campaign focused on safety boots and how to wear them correctly. Safety toolbox meetings were held with the operational team to explain the importance of this topic, including safety advice to prevent falls and incidents.

UAE: KAEFER organised several activities at all sites to promote good work habits and reduce the number of injuries at work.

In 2023, the main causes of injury at KAEFER were slips, trips, and falls, typically affecting hands, fingers, legs or ankles. As a result, KAEFER’s Lost Time Injury Frequency (LTIF) figures from 2023 demonstrate a slight increase on a year-to-year basis.

The key message that health and safety must be a priority is a most welcome step towards promoting a true safety culture and reducing the number of incidents and accidents in an organisation. Because behind every number and statistic there is a person. That’s what we need to remember when it comes to health and safety figures.

As a learning organisation and in the spirit of continuous improvement, we can all make a difference in keeping our working environment safe and keeping ourselves healthy, which is all part of KAEFER’s safety culture.

Health & Safety Statistics

KPI	Unit	2021	2022	2023
LTIF	Rate	0.69	☒ 0.52	☒ 0.59
TRCF	Rate	2.30	1.78	1.64
HSEQ Resources per 100 Employees	Rate	-	2.29	2.47
Share of ISO 45001 certification per turnover	%	84 %	89 %	90 %

YTD - Year-To-Date, LTIF - "Lost Time Incident Frequency" refers to lost time incidents per one million man-hours, "Lost time" being a situation where a worker needs to stay home following an injury. TRCF - also counted per one million manhours, stands for "Total Recordable Cases Frequency" and consists of all incidents which have to be included in the statistics. Share of ISO 45001 certification is based on annual total operating performance before consolidation.

☒ Audited with limited assurance

ESG Highlights

Health & Safety – Awards and notable achievements in 2023

Middle East: In Saudi Arabia, our Ju'aymah NGL fractionation team received a Safety Award from for its remarkable achievements and contribution to safety. KAEFER UAE was recognised for its contribution to 10 million safe man-hours on the Optimum Shah Gas Expansion Project, and in Oman, the Insulation LLC division was recognised as the top contractor in the programme for Safety Excellence Award for the first half of 2023.

Netherlands: KAEFER received safety awards at the Claus Gas Fired Power Plant in Maasbracht. On top, one of our foreman also received an individual award.

Spain: KAEFER received the SaFer Fertiberia Award for their safety performance as well as the bronze medal of Europe Contractor EHSS Award.

Thailand: We have been awarded with a certificate of achievement for "Excellence Safety Practice" from our client from PTT Global Chemical Company.

UK & Ireland: Our sites in UK and Ireland were awarded with the RWE "Mission Zero" award for our outstanding safety performance in working under difficult conditions during a power outage.



ESG Highlights

Mental Health Awareness

At KAEFER we care about the physical and mental well-being of our employees. Our guiding principles are to ensure that we care about the well-being of everyone we work with and to maintain a trusting relationship with our employees, customers, contractors, suppliers and other stakeholders.

To raise awareness and promote positive change for everyone's mental health, we launched the Mental Health Awareness Week in May and participated in the World Mental Health Day on 10th of October. The day was an opportunity to conduct awareness sessions for employees at all project sites to improve knowledge, raise awareness and drive action to promote and protect everyone's mental health as a universal human right.

Working with the Mental Health Foundation, KAEFER in the UK and Ireland shared tips on how to manage anxiety and joined the "Mates in Mind" campaign. Mates in Mind is a registered charity that provides a framework for raising awareness and tackling the stigma of poor mental health. Their service includes support and advice available to our employees and how we as a business can actively address and improve mental wellbeing as well as access to a range of training programmes. As part of this, KAEFER employees attended a training course to become mental health first aiders and support their colleagues and friends with mental health problems.

Outlook

The global roll-out of our HSEQ app will be continued providing additional valuable insights. This will enable us to learn from root cause trends based on a harmonised analysis of high potentials for unsafe conditions.

According to Sandro Barrach, Chief Operating Officer of the KAEFER Group, "a consistently successful safety culture requires, above everything else, that Health & Safety is the undisputed priority both on the shop floor and in the boardroom. To further support this, in 2024 we will focus on rewarding performance, backed-up by leading indicators. This will ensure that line managers and employees are engaged and act for our HSEQ. ProtAct will certainly support this process."



People

We are the employer of choice, offering excellent development opportunities, supporting personal growth, and embracing diversity.

Impacts, Risks and Opportunities

As an industrial service provider, KAEFER is a people business. We can only succeed if our people are engaged, motivated, loyal and skilled – and if we provide a professional working environment, ensuring social dialogue, work-related rights, equal treatment and career development for all. KAEFER's company culture demands leadership by example, participation and zero tolerance for any form of discrimination or harassment.

Our approach foresees the employment of our own operational workers providing them with secure, long-term employment. More than 82% of our workforce is site personnel and mainly working and living directly at our clients' locations to be near to the location of service delivery. However, due to the seasonal nature of our business, we also rely on subcontractors.

KAEFER drives progress across employment, training, and diversity within specific cultural and legal environments through its central and local human resource departments.



82% of our employees are working on site ("Blue Collars")

Skilled workers providing hands-on manual labour work, mainly on clients' sites such as insulators and scaffolders.



18% of our employees are working in offices ("White Collars")

Colleagues involved in administrative, managerial and planning roles.

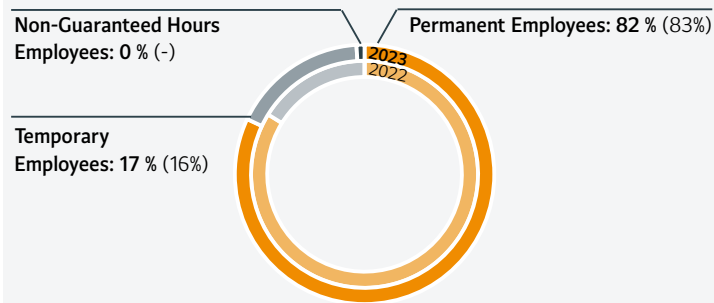
Employee-related Figures 2022/2023

	Unit	2022	2023
Total employees figures	Head Count	30,223	32,065
Thereof full-time employees	Share	99 %	98 %
Thereof part-time employees	Share	1 %	2 %
Gender split			
Female	Share	8 %	9 %
Male	Share	92 %	91 %
Non-employee workers	Head count	-	2,557
Self-employed workers	Head count	-	550
Workers provided through labour agencies	Head count	-	2,007

As a service provider, KAEFER's strength is our team. When taking a look at the figures, almost all of our employees are working full-time. Due to the nature of our business which depends to some extent on projects with different durations and contractual characteristics, we have a significant share of temporary workers among our workforce supporting us during peak-times.

In order to get an even more granular picture, non-guaranteed hours employees as well as non-employee workers in own workforce have been added as new data points into our global reporting.

Employees by Employment Status 2023 (2022)



To ensure that we have the right talents in place, we promote life-long learning. KAEFER wants to train tomorrow's experts and leaders through apprenticeships, develop people skills by enabling a prosperous career and foster ambitious talents within the organisation. Talent development tools such as annual performance reviews, succession planning as well as development plans for high potentials are integral parts of our people management approach.

As a group, KAEFER also sets an overall framework of rights and responsibilities, applicable wherever we operate. As well as formalising our responsibilities towards employees, for example through our Code of Business Conduct and Human Rights policies, we launched initiatives at various locations designed to reduce inequalities.

We have strengthened our internal human rights risk management and designed it to not only prevent, but also to address any negative impacts caused or contributed to by our activities. Our human rights risk management is dynamic; we regularly review and update it to keep our finger on the pulse.

Employee dialogue

In addition, we have established our independent KAEFER Compliance Helpline to identify perceived people-related grievances on management and labour relations, and to actively and decisively address them.

Direct dialogue with employees and their union representatives, such as the European Works Council, helps to ensure our people take a personal interest in determining the conditions for their future. It also ensures that all employees are fully involved in our corporate objectives. We have regular discussions on working conditions and health and safety.

In accordance with national laws, KAEFER respects the right of all employees to form and join a trade union without fear of intimidation. In addition, we see this as an important part of building a culture of mutual respect and trust within our company, especially as we support a fairer and more ethical work environment.

We take pride in being different and foster a culture that embraces the many facets of diversity inherent in our workforce. This brings out the best in our people, who embody our values and live them every day.

Actions, Metrics and Targets

To validate our holistic people-centric approach, KAEFER conducted a comprehensive Sustainability & ESG survey in summer 2023, involving employees and external stakeholders such as suppliers and customers.

The responses from our employees confirmed that our increased focus on sustainability is being seen by internal stakeholders. The results highlighted several notable aspects of our organisation's performance and provided valuable feedback in regard to employee satisfaction based on the Net Promoter Score methodology (NPS). KAEFER's eNPS score of 30 indicates that a significant proportion



of our employees would recommend the company as a place to work. Compared to other industries and peers, KAEFER's eNPS score outperformed, for example, the construction industry (eNPS 6) and professional services (eNPS 27).

Net Promoter Score

Employee Net Promoter Score (eNPS) indicates the extent to which our employees would recommend us as an employer to others. The eNPS scale ranges from -100 to +100.

Employee satisfaction is a measure for our company’s health. In order to keep our results on a high level, we need to invest into our people’s skills through different kinds of training schemes.

In Germany, KAEFER’s apprenticeship scheme has been assessed and recognised for our excellent promotion of young talents in 2023. Only the best of the certified training companies receives the "TOP-NACHWUCHSFÖRDERER®" training seal. For the certification, trainees, training managers and young professionals were surveyed in an online questionnaire which covered a wide range of topics, such as the start of training and digitalisation. Based on their feedback, KAEFER achieved an excellent rating.

European Champions

We are proud to present Niklas von Tungeln from KAEFER in Germany being the winner of the 2023 FESI European Insulation Championship followed by our apprentices from KAEFER in Poland Maciej Szatko and Tomasz Pawłowicz who came second.

To attract and retain talents and train our employees, we offer comprehensive programmes and opportunities for professional and personal development fostering talent, drive, and determination. Training programmes are available for different target groups to meet local needs. One example is KAEFER Akademia for Project Managers in Spain that has been launched in 2023 providing tailor-made trainings to improve our Project Managers’ skills. To balance theoretical and practical skills, the approach combines formal training sessions, mentoring and on-the-job-development.

In Germany, employees for instance benefit from the trainings concept IND/up which is easily accessible via the employee app.

People can choose from a catalogue of training courses that match their individual ideas and career paths to individually plan their professional development in the long term. So far, over 600 employees, especially site personnel, participated in one of the more than 60 available training courses.

ESG Highlights

New personal development programme

To further strengthen our training approach, the KAEFER Group has launched a new personal development programme for high potentials called "Grow". Designed as a flexible nine-month training programme, employees are given the opportunity to develop their skills in different areas, expand their multicultural network and advance their careers.

Indigenous training & employment programme

KAEFER in Australia has entered into a partnership agreement with our client Santos Ltd to provide a joint indigenous training & employment programme in the Northern Territory. The programme will support indigenous people by equipping participants with the necessary skills and knowledge to prepare them for long-term employment opportunities. The purpose is to identify, attract, employ, train and support indigenous candidates through traineeships, apprenticeships and tertiary study, with the aim of increasing skills and qualifications of Indigenous people across Northern Territory communities. Available roles include scaffolding cadetships, HSE advisor traineeships, trade apprenticeships as well as administrative positions.

Training-related Figures

	Unit	2022	2023	Change (in %)
Training per employee	Hours	17	20	18 %

We encourage our employees to continue to develop their knowledge and skills. This is also reflected in increased figures for training hours per employee in 2023.

To further strengthen our approach on personal development, we offer regular performance and career reviews – mainly on a voluntary basis – aligned with business strategic objectives.

Skills Development

	Unit	2023
Employees participated in regular performance and career development review		
Employees in total	Share	33 %
Thereof female employees	Share	49 %
Thereof male employees	Share	32 %
Thereof Blue Collar employees	Share	26 %
Thereof White Collar employees	Share	67 %
Thereof Senior Management ¹	Share	100 %

1) Senior Management: Highest management level, that oversee key strategic decisions. These include, for example, the Chief Executive Officer (CEO)/ Managing Director, Chief Financial Officer (CFO), Chief Operating Officer (COO) on group as well as on local level.

ESG Highlights

Celebrating diversity around the KAEFER world

Australia: KAEFER took part in National NAIDOC Week, a campaign to celebrate and recognise the history, culture and achievements of Aboriginal and Torres Strait Islander people in Australia. Furthermore, our West Australian team had the privilege of taking part in the "On Country" Cultural Experience near Cairns, Queensland, an event hosted by the Mandingalbay Yidinji people to learn about ancient Aboriginal traditions, customs, and artefacts.

Brazil: KAEFER's entity in Brazil conducted a diversity survey in line with their programme "PLURAL" which aims to create an inclusive and equitable environment for all employees. To achieve this goal, the survey asks about the needs of employees to gather information that will help develop internal policies and actions to create a more inclusive environment.

UK & Ireland: KAEFER took part in World Down Syndrome Day on 21st of March. A team of 27 employees embarked on a fundraising challenge, running or cycling 2.1 miles a day for 21 days. At the end of the three weeks, they had covered 2,685.33 miles and raised £3,129 for the Down Syndrome charities. Since partnering with the charities in 2021, KAEFER has collected more than £67,000 and helped raise awareness of people living with an extra chromosome and their right to full and equal participation. KAEFER was also proud to be the headline sponsor of Down Syndrome Scotland's Forever 21 Ball in March 2023.



KAEFER operates in traditionally male-dominated industries. While we have made significant progress in improving the diversity of our administrative workforce in terms of age and gender, we want to keep the level high on providing equal opportunities on site and in workshops.

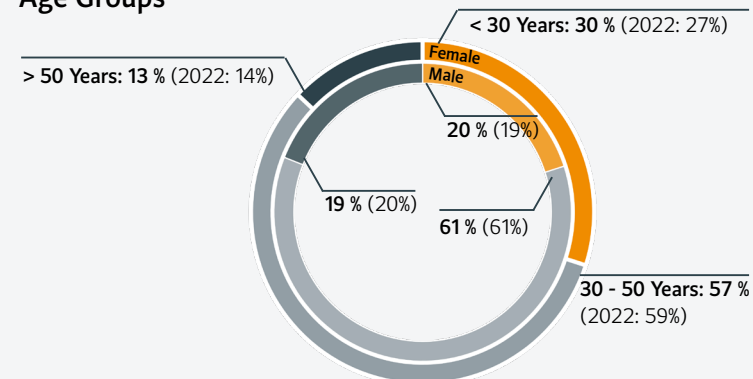
The success of attracting new talents and supporting people growth, is validated by a balanced age-split among our employees and long employment with the company. We are proud to see that some of our colleagues spend their entire career with us. In Germany, three colleagues celebrated remarkable 45 years with the company in 2023 – all of them started as apprentices on 29th of June 1978.

Diversity-related Figures

Employee Category	Unit	2022	2023
Blue Collar employees	Head Count	25,720	26,273
Female	Share	4 %	5 %
Male	Share	96 %	95 %
White Collar employees	Head Count	4,448	5,734
Female	Share	30 %	27 %
Male	Share	70 %	73 %
Senior Management	Head Count	66	58
Female	Share	18 %	14 %
Male	Share	82 %	86 %
Thereof persons with disabilities¹	Head Count	-	273

1) As there are incomparable legal definitions of persons with disabilities in the different countries in which KAEFER has operations, the local definition always prevails.

Age Groups





In order to shed some light on the different people related topics, we have further enlarged our reporting in 2023. The additional data points provide us with further insights into diversity aspects, non-employee workers, as well as work-life balance indicators.

Other aspects, such as coverage in regard to collective bargaining and employee representatives, have already been inserted into last years’ report for the very first time, but have been refined to get a more granular picture. The share of employees covered by collective bargaining agreements for 2023 accounts for 48%.

Work-life Balance

	Unit	2023
Family-related leaves		
Employees entitled to family-related leaves	Share	92 %
Employees that took family-related leaves	Share	7 %

ESG Highlight

Scholarships for academic excellence

To maintain our level of excellence and ensure that our work continues to be in good hands, we made a commitment to our potential future experts, the children of our employees. KAEFER Saudi Arabia regularly supports the careers of the next generation of employees who excel in their studies. All children who score at least 85% in their final exams are eligible for a scholarship.

Outlook

For the upcoming years, our focus will be on further developing activities and strategic approaches that have already been initiated mainly in areas of gender pay, diversity programs, and extending our reporting approach. Also, a mandatory internal e-learning on human rights and discrimination will be developed and rolled-out.

Anti-Corruption

We reject all forms of corruption and shape a business environment based on trust and integrity.

Impacts, Risks and Opportunities

Bribery and corruption are one of the largest compliance risks in KAEFER's business model. Our dealings with third parties, their decision makers and employees, must be characterised by competence, reliability and trust.

Everyone at KAEFER influences and shapes the company on a local as well as global scale. Our diversity implies a variety of cultures, legal forms and moral norms. At the same time, a shared commitment to our values is essential to transcend the borders of the individual KAEFER countries, based on trust and a common set of norms. We are convinced that corruption jeopardises business relations, distorts competition and endangers our existence.

As a result, KAEFER is strongly committed to risk management and compliance. This not only protects our clients, employees and society as a whole, but also contributes to the security of our company against white collar crime.

Sustainability commitment: To maintain our annual risk assessment process for corruption risks and continue improving our prevention and mitigation measures for elevated risks.

Actions, Metrics and Targets

We operate an appropriate and effective Compliance Management System (CMS) based on the pillars "Prevent, Detect, Respond". First and foremost, we want to prevent misconduct or violations. Where misconduct occurs, it needs to be detected as quickly as possible, so that we can respond. We continually review and improve our CMS to ensure it remains fit for purpose.

In 2023, KAEFER has subjected its group-wide compliance program to an external audit by KPMG Germany according to the Compliance Standard AsS 980 of the Institute of Public Auditors in Germany (IDW PS 980 n.F.) and with due consideration to ISO 19600 in relation to the areas of anti-corruption, antitrust and fraud. Thereby the implementation and appropriateness of KAEFER's Compliance Management System was externally confirmed. You can see the details of the audit in the official assurance report which is available on KAEFER's webpage.

ESG Highlight

#StandUpFor Compliance

As it needs everyone within the KAEFER Group to keep an eye on this important topic, the #StandUpFor Compliance campaign has been launched in 2023.

Annual group-wide compliance risk assessments targeting all entities allow us to focus resources more effectively to counter material risks. These individual assessments add up to the overall compliance risk profile for KAEFER. As a result of the overall more robust risk responses (e.g. by implementation of further compliance controls throughout the group), KAEFER's residual compliance risk in 2023 was significantly lower than in previous years.



In 2023, KAEFER conducted a group-wide compliance survey for the second time. The personal feedback helps us to continuously develop and improve our CMS.

The survey received approx. 3,200 responses representing close to 50% of total group-wide target group. The results showed that over 90% of respondents were familiar with the KAEFER Code of Business Conduct and would report observed violations. Additionally, the overwhelming majority of respondents knew their responsible Local Compliance Officer and the KAEFER Compliance Helpline. In addition they confirm that they received sufficient and understandable information through compliance trainings.

Compliance training was established at KAEFER in 2018 and has been regularly expanded and supplemented ever since. These

training modules are carried out via e-learning or in person and were developed by KAEFER and tailored to the needs of the learners.

They are currently available in thirteen languages. For employees without a company e-mail account, compliance trainings take place in person, e.g. during toolbox meetings (pre-start or regularly scheduled meetings for the workforce on site), making use of compliance booklets and training material produced for this purpose.

Sponsorship and donations are common practice in professional relationships. All sponsorships and donations made by KAEFER must be in line with our corporate values and reflect our commitment to ethical business practices. KAEFER has an internal binding rule that prohibits sponsorship and donations to political parties and their affiliated organisations, as well as religious movements and institutions. Therefore, KAEFER does not engage in any activities or commitments, or make any monetary or in-kind contributions related to exerting political influence through political contributions, including the nature and purpose of lobbying activities.

When it comes to memberships, KAEFER has no significant role in an association or advocacy organisation and does not provide substantive funding beyond routine membership fees. KAEFER is a member of many local industry associations (covering relevant activities such as industrial insulation, scaffolding and construction). Typical memberships include the European Industrial Insulation Foundation, Thermal Insulation Contractors Association in the UK, the National Shipbuilding association Finland, and the Constructional Engineering Association of South Africa. Although we take an active role in some of these associations, we do not regard it as within our remit to seek to influence their mission(s) and/or objective(s).

Outlook

With increasing globalisation, a more connected world, ongoing digitalisation and the current global political challenges, we are constantly facing with a growing number of new regulations and laws to comply with and a need to improve our internal systems regularly.

To keep path, a review and update of KAEFER’s Code of Business Conduct is planned for the year 2024 also ensuring a clearer differentiation towards policies that have been added during the last years. This will also lead to a refreshed content of KAEFER’s Compliance training.

KAEFER Compliance Trainings

	Unit	2023
Code of Business Conduct (e-learning)	Share	95 %
Thereof Senior Management	Share	100 %
Code of Business Conduct (offline)	Share	96 %
Anti-Corruption	Share	94 %
Thereof Senior Management	Share	100 %
Anti-Trust	Share	96 %
Conflicts of Interest	Share	93 %
Thereof Senior Management	Share	100 %
Fraud Prevention	Share	93 %

ESG Highlight

Pró-Ética in Brazil

For the second year running, RIP, KAEFER’s entity in Brazil, has been awarded with the "Pró-Etica" Seal in December 2023 recognising our efforts towards a culture of integrity, ethics and transparency.

Pró-Ética is the result of joint efforts between the public and private sectors to promote a more upstanding, ethical and transparent corporate environment in Brazil. By taking part in the programme, companies undergo a rigorous assessment of their compliance programmes and corporate governance practices. Organisations that meet the criteria receive this public recognition which is valid for one year.

Supply Chain Sustainability

We expect our suppliers to share the same values and meet the standards we have implemented and live in our company. We have zero tolerance for human rights violations or environmental hazards and are aiming for decarbonisation of our supply chain by 2050.

Impacts, Risks and Opportunities

As a global industrial service provider, we sourced materials and services from nearly 20,000 suppliers in 2023 alone, of whom more than 50% are also service providers.

KAEFER has established a comprehensive risk management system for human rights within the company and in the supply chain based on the UN Guiding Principles for Business and Human Rights and OECD Guidelines for Multinational Enterprises. Efficient risk management process structures ensure the success of our measures. We regularly review the effectiveness of all risk management measures and make adjustments where necessary to continuously improve the risk management. The management of the KAEFER Group is informed regularly about risk management and the status quo. Risk management is divided into the following sub-processes: Risk analysis, preventive and corrective measures, complaints procedure, effectiveness review, documentation and reporting.

We work with an external provider to provide an objective, holistic and understandable assessment of our global operations related to our suppliers with respect to ESG issues based on the country of operation and industry we work in. In addition, we incorporate past experience and assessments from our local procurement units into our risk analyses to assess the actual risk in our own operations and those of our suppliers.

Through our abstract risk assessment of our global supplier portfolio, we have identified our highest human rights and environmental risks are through procurement of services, thus leading to prioritisation in our concrete risk assessment of service providers and measures in regard to workers of subcontractors. Individual material categories play a subordinate role in our procurement, as the selection of materials is largely based on customer specifications that meet high industrial quality standards.



Actions, Metrics and Targets

Sustainability commitment: To rate all relevant suppliers and ensure their compliance with KAEFER's Supplier Code of Conduct by 2030.

In 2023 we have nominated Supply Chain Sustainability Officers in the operating units, who are responsible for human rights and environmental risk management in our supply chains. Building on the risk management in day-to-day business, local implementation is monitored by a central function on group level and regularly reports

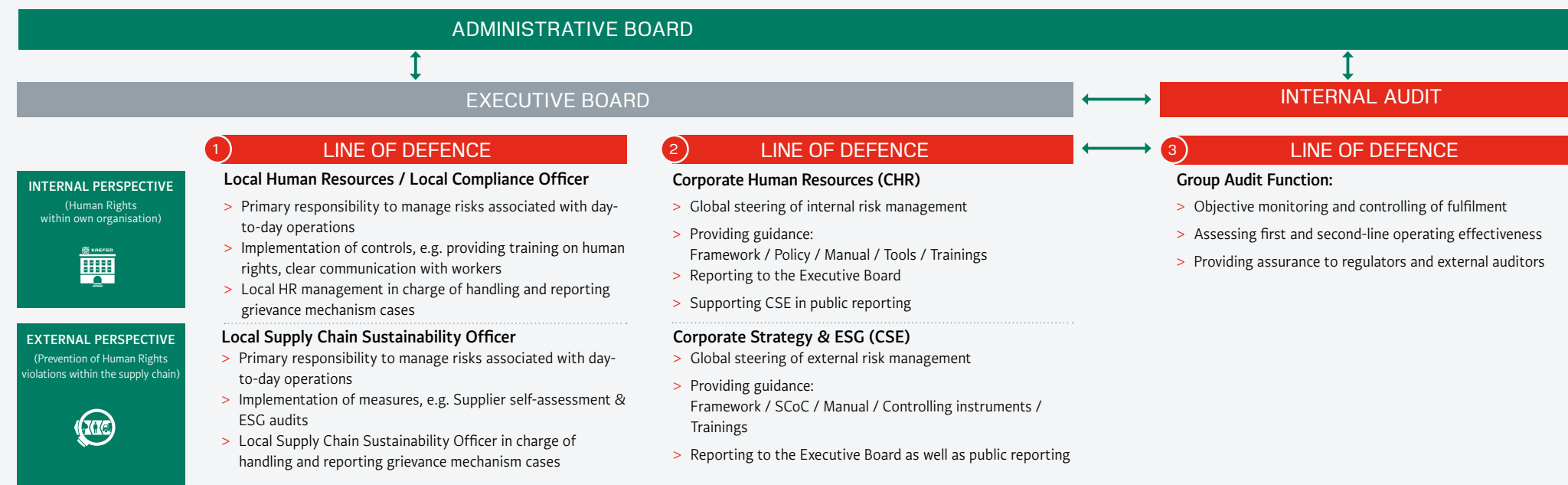
to the Executive Board. To secure the flow of communication we have installed feedback-loops and minimum meeting frequencies to keep all involved departments up to speed on developments and new approaches.

We have defined and formalised the processes that need to be followed in an internal guidance, which is a common basis for our decentralised procurement organisation.

We have requested prioritised suppliers to provide us with an ESG self-assessment on their internal sustainability related procedures to confirm that they fulfil the standards that we defined as requirements in our Supplier Code of Conduct.

A digital platform provides suppliers with the possibility to transparently demonstrate their ESG practices and gives an immediate rating of the performance. Certifications on Health and Safety, Environmental Management and others can be uploaded and are included in the scoring. In 2023, KAEFER added the highest priority suppliers – which comprises over 50% of our global spend.

We have further developed our preventive measures by providing an audit scheme to our global procurement organisations. Our procurement colleagues have started to use the audit scheme and integrated it into existing audits on local level.



ESG Highlight

Supply Chain Sustainability in practice – Interview with Rodrigo Natal, General Manager Supply Chain, RIP Serviços Industriais (KAEFER's entity in Brazil).



Supply Chain Sustainability is a rather new topic for some industries and companies. What were your initial thoughts when you've first learned about the topic?

In the beginning I had some concerns. Mainly regarding how to implement and how to control all the new aspects. In Brazil, RIP has lots of different projects and activities throughout the country and we deal with many materials and suppliers. If you then also consider the lack of familiarity of suppliers with the topic, the possible impact on service deadlines, among other aspects, were doubts in the beginning. All in all, I was concerned to slow down procurement processes and therefore threaten our service provision process demands.

But the more I learnt, the more confident I got as I could already identify some potential actions to raise security and quality to the procurement of our company. I think this will be beneficial for all of us – KAEFER, as well as for the planet and society.

Brazil is one of our biggest entities within the KAEFER Group dealing with roundabout 3,000 direct suppliers. How have you incorporated/embedded Supply Chain Sustainability in your day-to-day procurement operations?

We started with having three procurement team members being nominated and trained with the guidelines presented by KAEFER's ESG team and RIP's ESG board. These key people collaborated on strategies and execution. The first steps were to communicate the supplier code of conduct, making sure that it was not only included in tender document and general supply conditions, but also accompany purchase orders. As a second step we defined which suppliers should provide self-assessments and when necessary, contacting suppliers, understanding their doubts, and resolving these.

Since the basis is now set, we are looking into including an initial ESG assessment of suppliers directly in the beginning of our business partnership with suppliers.

For 2024, we have a roadmap to include further suppliers to fill an ESG self-assessment and we will review the supplier self-assessments from 2023 to define which issues need to be prioritised in due diligence visits.

What were the reactions of your suppliers when you've asked them about their ESG performance?

The first assessments were carried out with larger suppliers, where the understanding was clear and the perception was positive. There were only doubts about the applicability of certain ESG topics to the respective type of supply and impacts of possible deficiencies at some point. The doubts have been clarified and we advise everyone that when we identify deficiencies, the first action should be to jointly evaluate possible adaptation measures. But we also explain that ESG assumptions will increasingly be observed and will serve as criteria for defining supply.

What are the biggest changes/improvements that you have noticed?

For now, more awareness and transparency on ESG risks are the biggest improvement. Raising awareness among everyone – our procurement team and our business partners – on the importance of complying with ESG criteria will support the implementation of actions. Our goal is that the concept is incorporate throughout the entire value chain one day. For the future, obviously, the selection of suppliers will be based on clearer ESG criteria. So that, supplier companies will realise, that if they do not adapt, they will have much more difficulties in sustaining themselves in the market.

Outlook

For the next years we have defined Supply Chain Sustainability roadmaps with all our operational entities to include further large suppliers in the preventive ESG self-assessment scheme. In these roadmaps we have clearly prioritised suppliers where we see a higher risk for human rights and environmental risks. Above that, the following topics are on our action list for 2024:

- > ESG audits as standard operational practice of supplier life cycle
- > Training of operational procurement employees to be rolled out: Supplier Code of Conduct as standard training content for all

Economic Performance

We are the reliable facilitator for the transition to a sustainable future –for the benefit of our clients and society.

Impacts, Risks and Opportunities

Our client portfolio is extremely diverse, and we do everything in our power to help grow local economies where we operate. We take steps to reduce and/or mitigate our impact on the environment through our own activities and in the design of our value chain for resource management, we continually seek ways to improve our sales and purchasing processes and we aim to create secure employment opportunities for our global workforce.

All our sustainability ambitions are conditional on our continued success as a company. Enhancing KAEFER’s economic performance in the short- and long-term means pursuing continuous improvement and managing risk. Increasingly, our clients – as well as financial markets, measure economic performance according to ESG criteria besides purely financial criteria.

Today’s industrial assets must change to meet future requirements of the energy transition. As an industrial service provider with technical know-how and expertise in realising complex projects, KAEFER has an important role to play in this transition phase. At a bare minimum, this means engaging with social, legislative and regulatory developments in order to anticipate and plan for upcoming changes. Our goal, however, is to set the pace, pioneer change and actively assist our clients to realise opportunities and avoid threats.

Actions, Metrics and Targets

*Sustainability commitment:
To be ranked in the first quartile of Environment, Social and Governance (ESG) investment ratings within our sector by 2025.*

At KAEFER, analysis by the Sustainalytics rating agency serves as one of the bases for assessing our sustainability performance. In the Sustainalytics rating, KAEFER was assessed with a moderate ESG risk, a lower ESG risk than in the previous year mainly due to our expanded ESG strategy and governance.

In line with our forward-thinking approach, KAEFER has joined "econsense" as a member of their sustainability competence programme in 2023.

Quality-related figures

	Unit	2021	2022	2023
ISO 9001 certification	Share	84 %	89 %	94 %

Share of ISO 9001 certification is based on annual total operating performance before consolidation.

To evaluate our current status, an initial 3rd party audit with limited assurance has been conducted to validate our Scope 1 and 2 emissions, as well as our safety statistics for 2022 and 2023. This will also help us to further continue our dialogue with our stakeholders – internally and externally. The limited assurance performed on these two KPIs can serve as a readiness parameter for audit-proof documentation in relation to the CSRD's audit requirements.

ESG Highlight

Econsense Membership


In 2023, KAEFER became a member of the sustainability competence programme at econsense – Forum for Sustainable Development of German Business e.V. connecting SMEs from different industries on various ESG and sustainability topics.

Current and upcoming focus areas cover – among others:

- > Corporate Sustainability Reporting Directive (CSRD) & EU Taxonomy implementation
- > ESG/Sustainability Governance
- > Sustainable Supply Chains (including LkSG and Supply Chain Due Diligence Directive)
- > Emissions (e.g. Science Based Targets)

KAEFER benefits from exchange of ideas and experiences with other members on latest developments and regulations.

EU Taxonomy Disclosure

KAEFER supports the transformational objectives of the EU Taxonomy Regulation, which matches our ambition to accelerate our industry's transition to a net zero world. However, for good reasons, the regulation currently prioritises activities with a large share of overall emissions and huge reduction potential, including the manufacturing, transportation, and construction industry. This approach excludes many activities in our industry, where the potential impact could be significant but is currently not covered by the available guidelines.

In 2023, we conducted an initial assessment, taking into account not only the existing climate change mitigation and adaptation objectives, but also the newly published four non-climate related environmental objectives approved by the EU Commission in June 2023. Overall, KAEFER appears to have limited activities that could be considered as being taxonomy-eligible but further analysis is required to verify the initial assessment. Changes to our current reporting have been identified and are initiated to better identify eligible activities as a starting point for this reporting.

While the four Minimum Safeguards Criteria appear to be achievable, documentation to meet the technical screening and "no significant harm" criteria may become an obstacle as some of the required information is typically available to the asset owner only but not for service providers like us. A more in-depth examination of this issue is planned. OpEx according to the EU Taxonomy – which focuses on the costs of day-to-day maintenance of company's own assets – is also based on our evaluation a rather immaterial issue for KAEFER, as we have an asset-light business.

Looking ahead, we hope the role of industrial service providers with manual workers expertise will be better reflected in the EU Taxonomy Regulation in order to fully leverage the transformational benefits we all aspire to.



Outlook

We intend to take measures to make better distinction in order to identify sustainable economic activities and CapEx investments.



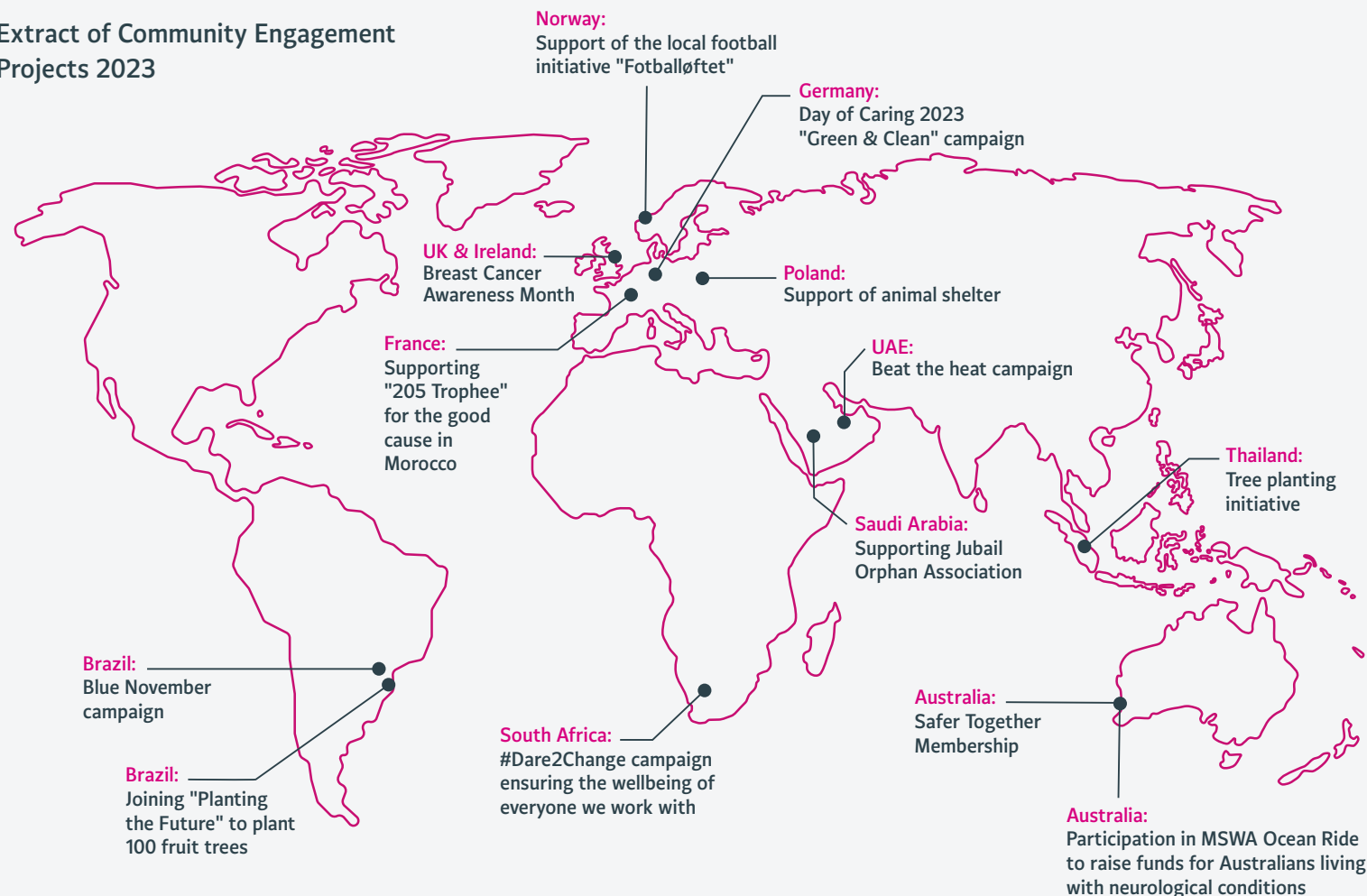
COMMUNITY ENGAGEMENT

Community Engagement

War, political upheavals, the climate crisis, and a global pandemic – in 2023, the KAEFER Team engaged with a host of important causes with energy and generosity, while still maintaining our commitment to long-standing initiatives.

The KAEFER Team takes action. The inspiration to make a difference can come from anywhere. Perfect examples occurred in many different countries as KAEFER employees participated in numerous initiatives around the world:

Extract of Community Engagement Projects 2023



KAEFER FOUNDATION

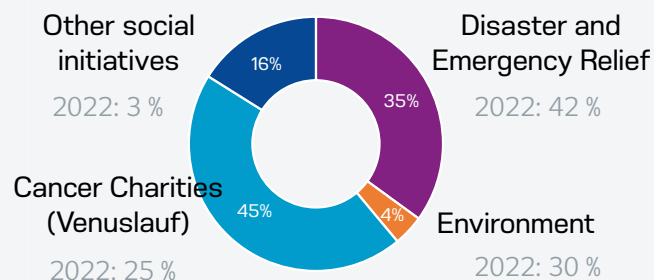
A year of giving generously

Founded in 2010, the KAEFER FOUNDATION is the centrepiece of our charitable work. Financed through donations, the organisation supports people in times of acute crisis as well as those in need worldwide. The KAEFER FOUNDATION is active in areas such as academic and scientific research, youth development, health care and environmental protection.

In general, the KAEFER FOUNDATION pursues the implementation of long-term goals making a contribution to the common good, both internally and externally with annual focus topics that are highly dependent on current needs. In 2023, the focus was mainly on the areas of emergency aid, social initiatives, health care related projects and the support of international charities.



Split of KAEFER FOUNDATION donations in 2023



The focus of the individual years depends on funding requests, project duration as well as short-term priorities due to current events.

Highlight Projects 2023

Global movement to support cancer charities – the "Venuslauf"

The KAEFER team raised an impressive sum for charity at the "Venuslauf" this year. The distance covered resulted in a donation of 23,000 EUR, making us the world's biggest donor to the Bremen Cancer Society this year!

Colleagues from the UK, Ireland, South Africa, Australia and France also ran many kilometres. KAEFER in France, for example, raised 5,000 EUR, which was donated to the Gustav Roussy Hospital, one of Europe's leading cancer centres.

In total, the kilometres run resulted in a donation of 32,200 EUR. What a great achievement by our KAEFER team to help in the fight against cancer!

Fundraising campaign for the victims of the earthquakes in Turkey and Syria

After the earthquakes in Turkey and Syria in February 2023 the KAEFER FOUNDATION launched a global campaign to raise funds for the victims of the natural disaster.

We would like to thank everyone – colleagues, shareholders, and business units around the world – who helped raise a total amount of 15,000 EUR that have been donated to @fire, the Red Cross, and Red Crescent organisations for their humanitarian assistance in the earthquake zone.

Highlight Projects 2023

Protecting the Environment

KAEFER was part of the World Environment Day on 5th of June, an UN campaign to promote global awareness and action to protect the environment. Several initiatives were undertaken to reduce plastic waste, including site clean-ups and recycling programs worldwide.

As part of our "Green and Clean" movement, we launched an online information campaign and quiz on the topic of "Solving plastic pollution". The winner of the quiz was allowed to choose the recipient of this year's donation from the KAEFER FOUNDATION. It was the Spanish NGO "Asociación Biodiverso – Conserving Nature through Education and Awareness-Raising". Since 2011, the organisation has been raising awareness and teaching about nature and environmental protection to create a sustainable future.

KAEFER UAE organised a photo competition to give employees the opportunity to express their thoughts on the theme of World Environment Day. The top ten photos and messages were selected and displayed online.

Actions for a more equal society

Inequality is on the rise around the world. Recent events, from the pandemic to the climate crisis, have only served to exacerbate the problem. Recognising this, and the terrible impact that inequality has on individuals and society, is a vital first step in making a difference. That's why KAEFER in Australia and KAEFER FOUNDATION are once again proud to have supported Vinnie's CEO Sleepout initiative in Adelaide on the 22nd of June to raise funds and awareness for the many Australians experiencing homelessness.

The KAEFER FOUNDATION also provided financial support for people in need during the European winter. Throughout December, the windows at KAEFER's head office displayed the familiar advent calendar pictures, each representing a donation to a charitable organisation in Bremen and the surrounding area.

To donate, or for more information on past and present projects, visit our webpage or look us up on LinkedIn. The KAEFER Foundation gGmbH is a non-profit organisation that is funded solely through donations. If you would like to support us, donations are highly appreciated:

KAEFER Foundation gGmbH, Deutsche Bank AG, IBAN DE62 2907 0050 0169 0049 00, BIC (SWIFT) DEUTDEHBXXX





CLOSING LETTER

Closing Letter

We see sustainability not only as part of our motivation and corporate responsibility, but also as a mean to do smart business in this decade.



Looking back on 2023, I am proud of all the great work, progress, and achievements that we at KAEFER have made towards our ESG goals. My sincere thanks go out to all our colleagues in the local entities worldwide acknowledging their efforts and support of our entire ESG journey during the last years. Since 2022, we have strengthened our approach by firmly embedding ESG into our strategy and it is now gradually being reflected in our processes. We see sustainability not only as part of our motivation and corporate responsibility, but also as a mean to do smart business in this decade. We believe it's essential for stakeholder value creation.

Over the past year, we made significant progress in sustainability. We fast-tracked a company-wide climate risk assessment, implemented systems for tracking GHG emissions, and established a risk-based approach to supply chain sustainability, engaging with a large portion of our key suppliers. These advances supported our decision to commit to science-based targets at the end of 2023 ahead of schedule, cementing our sustainability ambition in regards to carbon neutrality.

The path towards a sustainable future can feel overwhelming. But a powerful quote offers a framework for tackling this challenge: "Plan in decades. Think in years. Work in months. Live in days." Following this approach long-term visions, some spanning decades, are the foundation of our sustainability journey. To make these sometimes-far-reaching targets more tangible, a detailed roadmap is needed, broken down on a year-by-year basis. By implementing these goals through a focus on daily actions, we're not just dreaming of a sustainable future, we're building it, day by day.

Our ambition towards sustainability puts us in the perfect position to address the growing demand for sustainability in the industry – driven by stricter regulations and rising energy costs. As an industrial service

provider, we are uniquely positioned to thrive in this environment, and our proactive approach ensures we're well-equipped to meet the evolving needs of our customers.

Even amidst big challenges, the momentum behind the global sustainability agenda is growing. This positive trend aligns perfectly with our focus on providing services for energy efficiency and longevity of assets. Regardless of economic climate, the demand for reliable industrial services remains constant, creating stability for our business, while we contribute to a more sustainable future at the same time.

While we strive to make our disclosures as clear as possible, we acknowledge there's room for improvement. Open to interpretation and occasional misunderstandings can sometimes arise with complex frameworks. We're committed to continuously clarifying and correcting information to ensure transparency. We believe in this ongoing process of learning and improvement, as it demonstrates our commitment to providing the information that matters. This focus on transparency is a core value in our sustainability journey.

Looking ahead, I am excited to continue our sustainability journey. Driven by upcoming regulations such as the CSRD, corporate due diligence obligations and pay gap transparency, we see a lot of work ahead of us. Not only the implementation of regulations, but also the continuous improvement of our business, for example to meet our climate targets, will require a lot of commitment from the entire KAEFER team around the world and I'm delighted to be part of this passionate team to tackle the challenges ahead.

Erhard Dubs, Head of Strategy & ESG



REPORTING DETAILS

Reporting details

This is the 13th KAEFER Sustainability & ESG Report, intended to demonstrate how sustainability affect us as a company – both globally and locally.

This is the 13th KAEFER Sustainability & ESG Report, intended to demonstrate how topics of Sustainability and ESG affect us as a company – both globally and locally.

Published in a digital format, the report provides information on our performance from 1st of January to 31st of December 2023 and illustrates how KAEFER integrates sustainability into daily business activities. Since 2012, KAEFER has published sustainability reports on an annual basis, combining statistical data with articles about relevant events, projects, and initiatives.

The KAEFER Sustainability & ESG Report is intended to inform our stakeholders about sustainability at KAEFER and is also used for pre-qualifications, audits, and ratings. The consolidated financial statements and the financial statements of the individual companies included in the consolidated financial statements were prepared in accordance with the provisions set out in Secs. 290 of the German Commercial Code (Handelsgesetzbuch).

Restatements of information made in previous reports:

- > Changes in KAEFER's Executive Board as of 1st of January 2023 and 1st of April 2023
- > The purchase of TestTorque Engineering in Brazil
- > The sale of KAEFER Shipbuilding Contracting S.R.L. (Romania)

External assurance for the entire report was not obtained for the development of this document. However, for the indicators Scope 1 and 2 emissions intensity as well as LTIF figures limited assurance has been obtained through an external audit. These indicators are

highlighted throughout the report (☑). The audit report can be made available upon request.

We strongly believe that the data, along with earlier reports and the KAEFER website, is sufficient to meet GRI requirements. As we have started the transition process towards fulfilling the Corporate Sustainability Reporting Directive (CSRD) with the corresponding European Sustainability Reporting Standards (ESRS), additional data points have been integrated and parts of our reporting adopted. These changes refer mainly to terminology and composition. The report is structured according to ESG criteria and includes all KAEFER entities with reporting closing date of 31st of December 2023 (with any exceptions marked accordingly). Overall, the same entities are covered in this report as in KAEFER's financial statements what extent the sustainability statement covers the undertaking's upstream and downstream value chain. Differences are highlighted in notes next to the relevant graphs and/or charts, as well as in the GRI Content Index.

As our stakeholders – including investors, banks, and the general public – place increasing importance on the external verification of sustainability data, we intend to obtain extended assurance on our reported information in the future. At KAEFER, we already work with internal and external subject matter experts to produce sustainability and ESG data in line with the GRI Universal Standards 2021 – and remain on schedule to beat the EU CSRD/ESRS reporting deadline that becomes mandatory for KAEFER as a group as of financial year 2025.

We have taken great care when collecting and analysing the data, but mistakes cannot be excluded with absolute certainty. We are confident that as we learn and progress, we will continue to improve our approach and performance regarding our responsibilities as a company and our sustainability strategy and activities. Our aim is to share best practices and communicate effectively in order to present an accurate picture of sustainability at KAEFER. We would like to take this opportunity to thank everyone involved in the creation of this report.

Prior editions of this report, as well as additional information on our approach to Sustainability and ESG, can be found on our website www.kaefer.com. Information on the KAEFER FOUNDATION is available at www.kaefer.foundation.

As always, we seek to fulfil the expectations of our stakeholders by integrating their feedback into planning for the next edition of the Sustainability Report. If you'd like to join the conversation, we'd love to hear from you at ESG@kaefer.com.



To help our stakeholders and other interested parties find information in this report, we have included an overview in which the various topics are mapped against the separate sustainability guidelines used by KAEFER.

Relevant frameworks and standards for KAEFER's Sustainability & ESG Report 2023:



Global Reporting Initiative (GRI)

KAEFER SE & Co. KG has reported in accordance with the GRI Standards for the period 1st of January to 31st of December 2023. A non-profit organisation, GRI provides the world's most widely used standard framework for sustainability reporting. The framework helps companies identify, gather, and report their sustainability activities in a clear and comparable manner. Further information can be found in the GRI Content Index.



UN Sustainable Development Goals (SDG)

The UN's Sustainable Development Goals are the blueprint to achieve a better and more sustainable future for all. They were introduced in 2015 and address the global challenges we face, including poverty, inequality, climate change, environmental degradation, peace, and justice. Only through integrated strategies designed to improve health and education, reduce inequality, spur economic growth, and protect our environment can we hope to end poverty. SDGs have been integrated into KAEFER's Sustainability Report since 2019.

CSRD

Corporate
Sustainability
Reporting Directive

Corporate Sustainability Reporting Directive (CSRD)

KAEFER will be required to comply with Corporate Sustainability Reporting Directive (CSRD) with the corresponding European Sustainability Reporting Standards (ESRS) by fiscal year 2025. To achieve this, a dedicated implementation project has been set up including a step-by-step evolution of our reporting.



Task Force on Climate-Related Financial Disclosures (TCFD)

Recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) have become established as the standard for reporting on the risks and opportunities of climate change for companies. KAEFER has adopted these recommendations and is reporting in line with TCFD criteria.



Science Based Targets initiative (SBTi)

KAEFER is committed to setting near-term company-wide emission reduction and net zero targets in line with Science Based Targets initiative (SBTi) recommendations (2023).

Entities covered

If not indicated differently, the following entities have been covered in this KAEFER Sustainability & ESG Report.



1) Note: in Canada, there are no business activities as of June 2023 as all projects are terminated.
2) Part of KAEFER Group as of 31st of August 2023.

- > GLOBAL WORK Sp. z o.o.
- > Isoliertechnik Holding Ltd.
- > Isologics Pty Ltd.
- > KAEFER AB
- > KAEFER Bahrain W.L.L.
- > KAEFER België N.V.
- > KAEFER Blu AS
- > KAEFER Borneo SDN. BHD.
- > KAEFER Canada Inc.¹
- > KAEFER China Holding Ltd.
- > KAEFER Construction AS
- > KAEFER Construction GmbH
- > KAEFER Energy AS
- > KAEFER Energy Projects (Pty) Ltd.
- > KAEFER Engineering (Thailand) Ltd.
- > KAEFER Engineering (Vietnam) Ltd.
- > KAEFER Foundation gGmbH
- > KAEFER GmbH
- > KAEFER GT GmbH
- > KAEFER Holding, Inc.
- > KAEFER Immobilien Beteiligungs GmbH
- > KAEFER Immobilien GmbH & Co. KG
- > KAEFER Industrial Services Ltd.
- > KAEFER Industrie GmbH
- > KAEFER Industrieholding GmbH
- > KAEFER Insulation Engineering (Shanghai) Co., Ltd.
- > KAEFER Insulation LLC
- > KAEFER INTEGRATED SERVICES KOREA LTD
- > KAEFER Integrated Services Ltd.
- > KAEFER Integrated Services Pty Ltd.
- > KAEFER International AG
- > KAEFER Kuwait General Trading & Contracting Company W.L.L
- > KAEFER Limited
- > KAEFER, LLC.
- > KAEFER L.L.C. (Qatar)
- > KAEFER L.L.C. (UAE)
- > KAEFER LUXEMBOURG S. à r.l.
- > KAEFER (Malaysia) SDN. BHD.
- > KAEFER Marken Beteiligungs-GmbH
- > KAEFER Marken GmbH & Co. KG
- > KAEFER NC SARL
- > KAEFER Nederland B.V.
- > KAEFER Oy
- > KAEFER PROSTAR Pte. Ltd.
- > KAEFER S.A.
- > KAEFER Saudi Arabia M.L.L. Co.
- > KAEFER Schiffsausbau GmbH
- > KAEFER SE & Co. KG (Holding)
- > KAEFER Servicios Industriales S.A.U.
- > KAEFER Shipbuilding Contracting S.R.L.
- > KAEFER Thermal Contracting Services (Pty) Ltd.
- > KAEFER UAB
- > KAEFER Unterstützungskasse e.V.
- > KAEFER WANNER S.A.S.
- > KLH Australia Pty Ltd
- > PT KAEFER
- > RIP Serviços Industriais Ltda.
- > RIP Comércio Ltda.
- > SEDISA Black Womens Education Trust
- > SIZANI Technical Skills Training Centre (PTY) Ltd.
- > TERMOKOR KAEFER Sp. z o.o.
- > Testtorque do Brasil Ltda/ KAEFER TestTorque Engineering Ltda.²

Statement on Impact Due Diligence (Impact Overview)

Sustainability Matters	Negative Impacts & Risks identified Impact Materiality	Type of impact (Actual / Potential)	Context (Dependencies)	Risk Identified via Financial Materiality	Mitigation / Remediation actions (incl. Consultation with affected stakeholder)	Further information Paragraphs in the sustainability statement also covering metrics to track effectiveness
Climate change > Energy	Energy consumption causes GHG emissions (Scope 1,2 & 3)	Actual	Own operations and business relationships	Rising costs of emissions due to carbon pricing schemes being introduced	> Development of a decarbonisation plan to reduce our own emissions as well as those in the value chain to comply with the Paris Agreement	> GHG Emissions > Risk Management
Climate change > Climate change mitigation	Impacts on society based on activities in industries that are perceived as controversial/climate damaging	Actual	Own activities and business relationships	Risk related to decline in certain markets or industries	> Accept risk and ensure diversification > Monitoring of customer behaviour (Sales, Corporate Market Intelligence)	> Economic Performance > Strategy > Risk Management
Circular economy > Resource inflow > Waste	Environmental impacts of waste	Actual	Own operations and business relationships	Rising waste handling costs as well as risks of costs for remediation	> Establishing of transparency in waste management and taking corrective actions minimises waste generation and exposure to potential fines or environmental damage	> Waste > Risk Management
		Actual	Own operations			
Own workforce > Health & Safety	Mental and general health impacts on own workforce	Actual	Own operations	Working in remote locations and sometimes under critical circumstances results in elevated risk levels for occupational injuries and overall well-being. From a financial point of view, this might result in costs for medical treatment, declining productivity, as well as fines in regards to safety regulation violations	> Reduce stress, absenteeism, and turnover by promoting working conditions that support mental and physical well-being through our guiding principles. > KAEFER FOUNDATION and KAEFER company insurance supports affected individuals as well as their families and communities	> Health & Safety > KAEFER FOUNDATION > Risk Management
	Risk exposure to health and safety from business activities	Actual	Own operations		> We invest substantial resources in fostering an inclusive safety culture, as well as in providing state of the art equipment, tools, and training for our employees. We perform regular assessments looking at a range of different issues, including typical behaviours within a given working culture, specific working environments and particular activities.	> Health & Safety > Risk Management
Own workforce > Equal treatment and opportunities for all	Attractiveness of industry for early careers	Actual	Own operations and business relationships	Risk related to diverse workplaces and at the same time lack of interest of younger generation to work in trade may result in labour shortage which negatively impacts the ability to deliver our services	> KAEFER has initiated Employer branding, local recruiting/staffing strategy (including working student and bachelor/master thesis offerings), apprenticeship recruiting, talent management process) to mitigate negative impacts	> People > Risk Management
	Limited actions on diversity and inclusion to cope with difficult industry, societal and occupational circumstances	Actual	Own operations and business relationships		> KAEFER started initiatives to promote equal opportunities for all, regardless of background or identity > Cooperation with external partners in some countries to provide guidance on DE & I.	> People > Risk Management

Sustainability Matters	Negative Impacts & Risks identified Impact Materiality	Type of impact (Actual / Potential)	Context (Dependencies)	Risk Identified via Financial Materiality	Mitigation / Remediation actions (incl. Consultation with affected stakeholder)	Further information Paragraphs in the sustainability statement also covering metrics to track effectiveness
Own workforce > Working conditions	Limited influence on working conditions (incl. social distance from home)	Actual	Own operations and business relationships	Risk related to costs for medical treatment, declining productivity, as well as fines in regards to occupational safety regulation violations	> Mitigation measures taken (medical checks, health initiatives and leisure time activities for employees in camps as well as extra payments for time abroad) > Initiatives focus on guiding principles and audits designed to make sure we retain our people	> People > Risk Management
	Transparency on adequate wages and equal compensation	Actual	Own operations	In some of the markets in which we operate, the availability of labour is prone to rapid swings based on the wages offered by other industry employers. This may result in a need for wage adjustments, that lead to lower competitiveness. Overall, we believe that this is not really material as we are paying in most places according to collective bargaining agreements	> Project to evaluate and eliminate gender pay gap has been initiated > Some countries have performed salary and remuneration comparisons to ensure equal pay (gender diversity). A group overview will be set up in accordance with the EU Pay Transparency Directive coming into effect in 2025 with the aim to eliminate potential inequalities	> People > Risk Management
Business conduct > Corporate culture	Business dependency on political and legal environment	Actual	Business relationships	Wars, crisis, and economic and financial instability in some countries may – due to globalisation – result in supply chain disruptions, wide-ranging sanctions regimes, and increased inflation that might have a negative impact on our financial performance	> We make a conscious effort to avoid operating in markets where we have concerns about the political and regulatory environment. Moreover, KAEFER's Compliance Management System aims to mitigate negative impacts and foster good governance according to international standards. Training for employees is available to raise awareness and a whistleblowing system for all stakeholders is in place > KAEFER cannot be considered to have contributed to the negative impacts in recent years as we exert no influence on political systems. Therefore, no remediation measures are currently in place. Where we do contribute to a negative impact, KAEFER will follow the appropriate legal or internal remediation processes	> Anti-Corruption > Compliance > Risk Management
	ESG governance, reporting & risk management requirements pose a challenge to the organisation	Potential	Own activities and business relationships	Reduce our competitive to tender leading to reduced business activities, as well as higher costs of financing, as well as risk for financial penalties and costs	> Dedicated roles and responsibilities within existing structures group-wide strategic and operational risk management while further developing strong ESG governance > Integrate ESG requirements into executive decision-making processes	> Economic Performance > ESG Governance > About this Report > Risk Management
Business conduct > Management of relationships with suppliers including payment practices	Dependency on relationships with suppliers (social and environmental performance)	Actual	Business relationships	Suppliers may not have the same level of awareness or commitment to ESG issues, leading to potential gaps in compliance and/or performance. Failure to comply with applicable regulations and ESG might decrease the list of potential suppliers to source from	> Implementation of global supplier ESG risk management approach > Roll out of grievance mechanism with dedicated responsibilities to investigate grievances and provide remediation, where possible	> Supply Chain Sustainability > Procurement > Risk Management

GRI Content Index

KAEFER SE & Co. KG has reported in accordance with the GRI Standards for the period 1st of January to 31st of December 2023.

GRI Indicator		Comment / Omission	Page
General Disclosures			
Disclosure 2	2-1 Organisational details		18, 70, 72, 81
	2-2 Entities included in the organisation’s sustainability reporting	Non-consolidated companies are not included in this report. However, they also reflect an non-material scope. Moreover, our acquired business TestTorque Engineering Ltda is not reflected in our emission calculation. Given their size and the limited time they are part of the KAEFER Group, they can be considered non-material for 2023.	70, 72
	2-3 Reporting period, frequency and contact point		70 - 71
	2-4 Restatements of information	Restatments if applicable can be found next to the respective charts and tables that include figures from previous reports.	70
	2-5 External assurance		70
	2-6 Activities, value chain and other business relationships		10 - 13
	2-7 Employees	Blue Collar: Performing manual labour through physical work White Collar: Performing desk or administrative work (office) Senior Management: Highest management level, that oversee key strategic decisions. These include, for example, the Chief Executive Officer (CEO)/ Managing Director, Chief Financial Officer (CFO), Chief Operating Officer (COO) on group as well as on local level.	51 - 52, 54
	2-8 Workers who are not employees		51
	2-9 Governance structure and composition	KAEFER SE & Co. KG’s Administrative Board is the KAEFER Group’s highest governance body.	18
	2-10 Nomination and selection of the highest governance body	Parts of this information will not be publicly disclosed (Confidentiality constraints)	18
	2-11 Chair of the highest governance body	This information will not be publicly disclosed (Confidentiality constraints).	18
	2-12 Role of the highest governance body in overseeing the management of impacts		18 - 19
	2-13 Delegation of responsibility for managing impacts		18 - 19

GRI Indicator		Comment / Omission	Page
General Disclosures			
Disclosure 2	2-14 Role of the highest governance body in sustainability reporting		18 -19
	2-15 Conflicts of interest	a) The rules of procedure for the Administrative Board state that any member of the Administrative Board is bound to act in the interest of the company. With regard to his/her decisions, he/she must neither pursue personal interests nor make use for himself/herself of business opportunities to which the company is entitled. Any member of the Administrative Board must disclose conflicts of interest to the Administrative Board, in particular those which could arise from performing advisory or board functions with clients, suppliers, lenders or other third parties. b) So far, conflicts of interest are not publicly disclosed (Confidentiality constraints).	18
	2-16 Communication of critical concerns	a) The KAEFER Crisis Management Policy is part of the KAEFER Rules and seeks to provide guidance in the event of an incident, emergency, or crisis. It defines roles and responsibilities as well as reporting channels with the aim of reducing to a minimum the negative impacts and risks on KAEFER entities and KAEFER as a group. The information flow within this rule provides a detailed overview regarding responsibilities, target groups, and timings. Compliance Committee Rule: The Group Compliance Committee is a monitoring and advisory body. Its purpose is to monitor investigations and to advise the Executive Board (EB) in respect of measures to be taken in cases classified as major. b) Will not be disclosed due to confidentiality constraints.	30, 32
	2-17 Collective knowledge of the highest governance body	Some members of the Administrative Board have access to specialist knowledge in their organisation of origin.	18
	2-18 Evaluation of the performance of the highest governance body	Not available as company currently is not tracking the requirement of the disclosure.	
	2-19 Remuneration policies	Will not be disclosed due to confidentiality constraints.	
	2-20 Process to determine remuneration	Will not be further disclosed due to confidentiality constraints.	18
	2-21 Annual total compensation ratio	Will not be disclosed due to confidentiality constraints.	
	2-22 Statement on sustainable development strategy		4 - 5
	2-23 Policy commitments	KAEFER's policies are available on our webpage: Compliance - KAEFER SE & Co. KG	31
	2-24 Embedding policy commitments		30 - 31
	2-25 Processes to remediate negative impacts		73 - 74
	2-26 Mechanisms for seeking advice and raising concerns	Feedback from KAEFER's operational units is considered when creating new rules.	19, 30, 32
	2-27 Compliance with laws and regulations	Will not be disclosed due to confidentiality constraints.	
	2-28 Membership associations		57
	2-29 Approach to stakeholder engagement		11, 36, 52, 61, 69, 73 - 74
	2-30 Collective bargaining agreements	Group-wide: 48 %.	39, 74

GRI Indicator		Comment / Omission	Page
Topic Disclosures			
GRI 3	3-1 Process to determine material topics	Our most recent assessment was carried out in 2022 in line with the 2021 GRI Universal Standards requirements on double materiality and was re-confirmed in 2023.	35 - 39
	3-2 List of material topics		39
201 Economic Performance 2016	3-3 Management of material topics		23, 61
	201-1 Direct economic value generated and distributed		11
	201-2 Financial implications and other risks and opportunities due to climate change	Partly disclosed: Initial assessment according to TCFD has been conducted in 2023.	24, 28
	201-3 Defined benefit plan obligations and other retirement plans	Will not be disclosed due to confidentiality constraints.	
	201-4 Assistance received from government	We operate training centre facilities (vocational schools) in many different countries. For some of them, we receive public funding.	
205 Anti-Corruption	3-3 Management of material topics		23, 30, 56 - 57
	205-1 Operations assessed for risks related to corruption	100%. All entities are assessed for risks related to corruption.	
	205-2 Communication and training about anti-corruption policies and procedures	Communication is done via our internal and external channels such as our intranet, newsletters, the webpage and social media.	56 - 57
	205-3 Confirmed incidents of corruption and actions taken	Will not be disclosed due to confidentiality constraints.	
305 Emissions 2016	3-3 Management of material topics	Reported according to Greenhouse Gas Protocol. Conversion factors provided by Sphera. The GHG emissions refer to all business units which are operationally controlled by KAEFER, e.g. for buildings, offices and vehicles where KAEFER is paying and influencing energy consumption.	23, 41
	305-1 Direct (Scope 1) GHG emissions		43 - 44
	305-2 Energy indirect (Scope 2) GHG emissions	Partial omission: biogenic carbon dioxide (CO ₂) emission of CO ₂ from the combustion or biodegradation of biomass is not relevant for KAEFER.	43 - 44
	305-3 Other indirect (Scope 3) GHG emissions		42 - 44
	305-4 GHG emissions intensity ☒		43 - 44
	305-5 Reduction of GHG emissions	Partly available, as management approach is in progress.	41, 43 - 44
	305-6 Emissions of ozone-depleting substances (ODS)	Not available.	
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Not applicable: Insignificant air pollution through company's processes.	

GRI Indicator		Comment / Omission	Page
Topic Disclosures			
306 Waste 2020	3-3 Management of material topics	Waste data refers to all business units which are operationally controlled by KAEFER, e.g. for buildings where KAEFER is influencing waste generation.	23, 43
	306-1 Waste generation and significant waste-related impacts	Information incomplete.	43
	306-2 Management of significant waste related impacts	Information unavailable / incomplete.	43
	306-3 Waste generated	Information unavailable / incomplete.	43
	306-4 Waste diverted from disposal	Information incomplete.	43
	306-5 Waste directed to disposal	Information incomplete.	43
308 Supplier Environmental Assessment 2016	3-3 Management of material topics		23, 58
	308-1 New suppliers that were screened using environmental criteria	Information unavailable/ incomplete.	
	308-2 Negative environmental impacts in the supply chain and actions taken		39, 73 - 74
401 Employment 2016	3-3 Management of material topics		23, 51
	401-1 New employee hires and employee turnover	Information incomplete: Expected to be disclosed in future reports.	51
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Information unavailable: To our best knowledge, there is no different treatment of temporary/part-time employees. However, cases where this might occur, can not be excluded completely.	
	401-3 Parental leave		55
403 Occupational Health and Safety 2018	3-3 Management of material topics		23, 47
	403-1 Occupational health and safety management system		49
	403-2 Hazard identification, risk assessment, and incident investigation		47 - 48
	403-3 Occupational health services	Information unavailable / incomplete. Legal and ISO 45001 requirements are met. Definition of quality criteria and monitoring to be established first.	49
	403-4 Worker participation, consultation, and communication on occupational health and safety		47 - 48
	403-5 Worker training on occupational health and safety		47 - 48
	403-6 Promotion of worker health		47, 50

GRI Indicator		Comment / Omission	Page
Topic Disclosures			
403 Occupational Health and Safety 2018	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships		73 - 74
	403-8 Workers covered by an occupational health and safety management system	Information unavailable / incomplete.	49
	403-9 Work-related injuries		49
	403-10 Work-related ill health	Information unavailable / incomplete.	49
404 Training and Education 2016	3-3 Management of material topics		23, 53
	404-1 Average hours of training per year per employee		53
	404-2 Programs for upgrading employee skills and transition assistance programs		53
	404-3 Percentage of employees receiving regular performance and career development reviews		53
405 Diversity and Equal Opportunity 2016	3-3 Management of material topics		23, 54
	405-1 Diversity of governance bodies and employees		18, 54
	405-2 Ratio of basic salary and remuneration of women to men	Information unavailable / incomplete: Data collection process at a global level to be set up.	
406 Non-discrimination 2016	3-3 Management of material topics		23, 51 - 52
	406-1 Incidents of discrimination and corrective actions taken	Information unavailable / incomplete: Expected to be disclosed in future reports.	
407 Freedom of Association and Collective Bargaining 2016	3-3 Management of material topics		23, 55
	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Information unavailable / incomplete.	
414 Supplier Social Assessment 2016	3-3 Management of material topics		23, 58 - 59
	414-1 New suppliers that were screened using social criteria	Information unavailable/ incomplete.	
	414-2 Negative social impacts in the supply chain and actions taken		39, 73 - 74

TCFD Recommendations

	Recommended disclosures	KAEFER (Location of Disclosure)
Governance		
Disclose the organisation's governance around climate-related risks and opportunities	a. Describe the board's oversight of climate-related risks and opportunities	Risk Management, ESG Governance & Monitoring
	b. Describe management's role in assessing and managing climate-related risks and opportunities	Risk Management, ESG Governance & Monitoring
Strategy		
Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material	a. Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term	Climate-related Risks & Opportunities
	b. Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning	Climate-related Risks & Opportunities
	c. Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	Climate-related Risks & Opportunities
Risk Management		
Disclose how the organisation identifies, assesses, and manages climate-related risks	a. Describe the organisation's processes for identifying and assessing climate-related risks	Climate-related Risks & Opportunities
	b. Describe the organisation's processes for managing climate-related risks	Climate-related Risks & Opportunities
	c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management	Risk Management, Climate-related Risks & Opportunities
Metrics and Targets		
Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material	a. Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	Climate-related Risks & Opportunities
	b. Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks	GHG Emissions, Climate-related Risks & Opportunities
	c. Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	GHG Emissions

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