Turner & Townsend

Task Force on Climate-related Financial Disclosures (TCFD)

Report 2023

This is an **interactive** brochure

making the **difference**

Contents

Foreword

"The year 2023 has seen increasingly devastating droughts, wildfires and floods, with the month of July cited as the hottest month on record. The Intergovernmental Panel on Climate Change (IPCC) is clear that the risks and projected adverse impacts from climate change escalate with every increment of global warming, and their research shows that 3.6 billion people already live in areas highly susceptible to climate change."

– James Dand, Chief Operating Officer

As the global economy has emerged from the pandemic, a combination of inflationary pressure, banking instability and geopolitical risk means that legacy constraints to tackling the climate crisis have persisted.

Our Purpose at Turner & Townsend is to transform performance for a green, inclusive and productive world. Against a backdrop of increasing complexity, we are living this Purpose through our work supporting clients globally to deliver on their net-zero commitments and transition to clean energy. This involves understanding their energy and climate risk challenges and working with them to balance these.

Equally, we are working hard to decarbonise our own business. Reflecting on the IPCC's warning of the increasing complexity around risk, this year we have further improved our approach to climate risk management through more robust risk assessment methodology and more detailed scenario analysis.

This is our second TCFD disclosure, which reflects our commitment to understanding and integrating climate risk into our risk management governance, processes and strategies, as well as our commitment to achieving our net-zero goals.

James Dand
Chief Operating Officer

Introduction

For over 75 years, we have delivered transformational programmes to our clients and been making the difference to people's lives. We continue to support our clients by future-proofing our services with climate considerations in mind.

As a purposeful and responsible business, we want to transform performance for a green, inclusive and productive world. The challenges our industry faces – including economic, climate-related or social –, require fresh thinking and new solutions.

A Purpose-led business, designed with all our stakeholders in mind.

As a global professional services business operating across real estate, natural resources and infrastructure with various stakeholders across the regions in which we operate, Turner & Townsend understands the importance of maintaining global temperatures below 2°C of pre-industrial temperatures.

Through our investment in our talent, in our proposition and in technology, we have continued to build our reputation and our business. For this reason, we have taken strong and measurable steps to strengthen our environmental capabilities and create a holistic adaptation strategy to mitigate the complex risks that the climate crisis poses. We know that inaction towards the climate crisis would lead to devastating environmental, social and economic consequences, which is why we have incorporated the climate crisis into our strategy through provision of market-leading sustainability and net-zero services.

Environmental and Social Governance (ESG) reporting helps us to not only be transparent in how we are managing climate-related issues internally and externally to our business, but it also allows us to review our progress year on year on our journey towards net zero. Disclosing how we manage climate-related risks and opportunities provides us the tools and frameworks to take tangible action in our daily operations and provide reassurance to our clients and stakeholders on our performance.

Since the inception of our sustainability and net-zero teams, we have seen rapid growth in the requirement for these services but also the need to demonstrate our own ESG-related performance. Our internal corporate sustainability strategy, NewLeaf, addresses our own climate impact and is a key part of growing our business and service offerings with integrity. Through our NewLeaf strategy, we also made strides to improve our data capture for all scopes of emissions, as well as carrying out a rebasing of our overall emissions to account for our growth and more accurately align our strategic plans against our targets year-on-year.

We are committed to supporting our operation, and our clients to decarbonise and mitigate climate risks and so our net-zero and sustainability services will remain as one of the five core elements of our business strategy. Our efforts to date have allowed us to seek out and gain access to new opportunities within the markets we operate as well as maintain key partnerships to strengthen our capability in the environmental space. We are bringing solutions to our clients' and society's biggest challenges.

Everything we do as a business enables us to operate through our purpose of transforming performance for a green, inclusive and productive world.

Executive summary

Recognising the increasing significance in climate risk, we are proud to have greatly expanded our TCFD methodology and research in 2023.

TCFD and Turner & Townsend

The Task Force on Climate-related Financial Disclosures (TCFD) framework helps to provide information to investors about how companies plan to mitigate the risks of climate change. It was established in December 2015 by the Group of 20 (G20) and the Financial Stability Board (FSB). Disclosure is required governance, strategy, risk management, and metrics and targets.

The climate crisis poses increasingly significant risks and for this reason we have incorporated the recommendations of TCFD and embedded them into our climate-related considerations as a business. This is the first TCFD report to be published by Turner & Townsend since it became mandatory by UK law in 2022, and the second report to be published overall. This report is published in addition to the disclosure in the Turner & Townsend Holdings Limited Financial Statements for year ended 30 April 2023.

Since our first publication in 2022, we have reviewed how we operate under the four pillars of TCFD, redefining our overall governance, strategy and how our risks and opportunities are managed, which are outlined in this 2023 report. We have also expanded our report to cover the United Kingdom, Europe and North America.

The categories we analysed were:

- Physical risks: rated through a scoring system assessing the probability and impact against a range of physical hazards occurring across future reference points under 2.5°C and 4.5°C warming scenarios.
- Transition risks: assessed risks that follow societal and economic shifts toward a low-carbon and more climate-conscious future. These risks can include policy and regulatory risks, technological risks, market risks, reputational risks and legal risks.

Our commitment

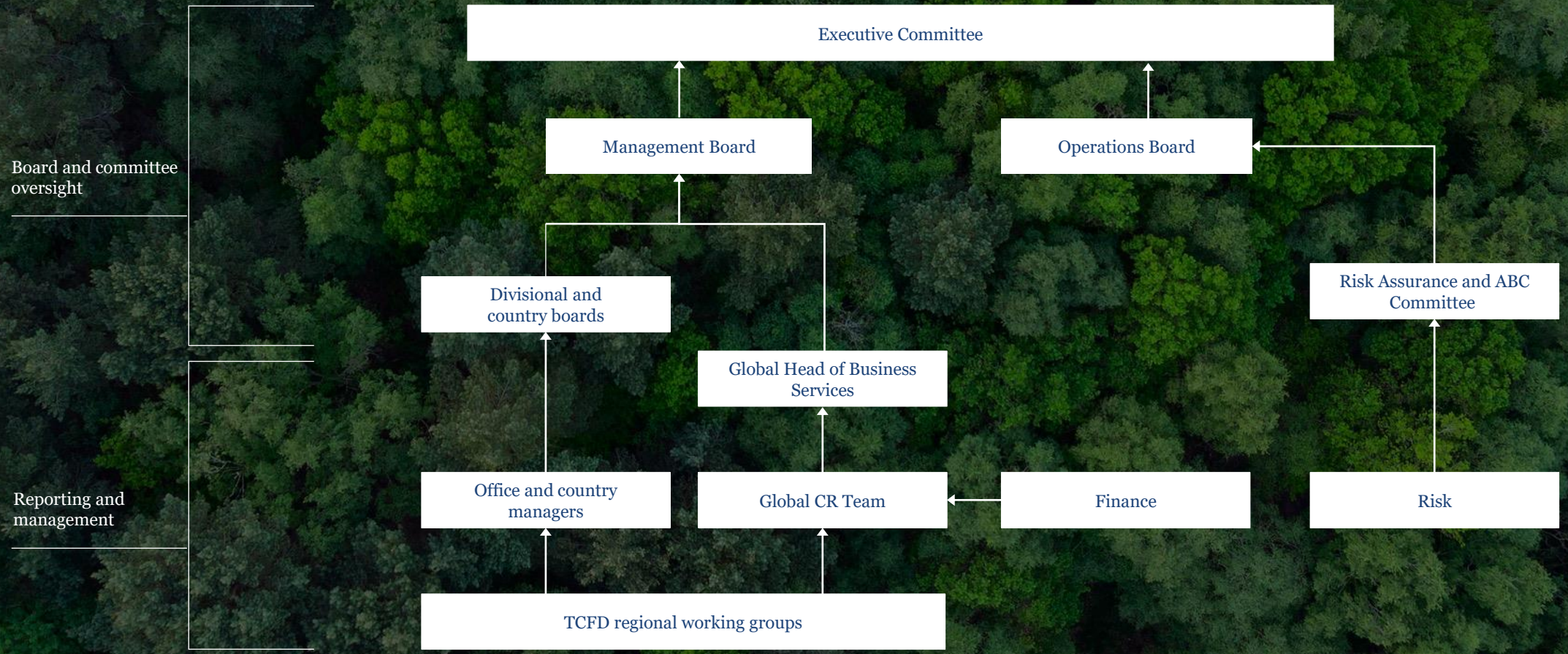
Since we launched our commitment in 2021 to become net zero across our entire value chain, Turner & Townsend has made steady progress in achieving this goal. In addition to the adoption of TCFD climate risk methodology at group level, we have aligned our net-zero ambitions to SBTi standards, as well as other accomplishments, such as accrediting 38 offices to ISO 14001, signing up to the UNFCCC Race to Net Zero, and submitting to relevant ESG reporting frameworks and standards including EcoVadis, CDP, UN Global Compact.

It is important that we continue to remain aware and compliant as we see year-on-year growth to our business, not only through growing capabilities, but through partnerships and acquisitions as well.
In the last year, we achieved many milestones, having:

- Re-baselined our emissions for financial year 2021–2022 to accommodate the exponential growth we achieved since launching our net-zero commitment. This has informed updates to our NewLeaf net-zero approach and is reflected in the expansion of our sustainability strategy and service offering.
- Made a number of acquisitions and business transfers as a part of our growth. This year, our global workforce reached over 10,700 people.
- Challenges to global energy security, combined with the need to meet net-zero targets, have propelled investment in renewable energy. As a result, our natural resources business grew by 53 percent in the past year.

Governance

This organisation chart and subsequent overview, illustrates how climate risk is reported, managed, and overseen in our business.



Governance

Board oversight

Executive Committee – Executive Committee is responsible for overseeing our purpose, values and vision 2025; these have formed the basis of all decision-making. Currently, all decisions sit at Executive Committee level inclusive of disclosed information, policy sign-off, financial plans and strategies. James Dand, our Chief Operating Officer and NewLeaf board sponsor, who sits on the Executive Committee, has accountability of our environmental strategy, globally.

Management Board – The Management Board is held on a quarterly basis and has key decision-making responsibilities, including those related to climate-related risks and opportunities. Our global net-zero strategy and our Environmental Management System (EMS) are presented to the Management Board by our Global Head of Business Services, Duncan McIndoe, who has management responsibility for our Corporate Responsibility agenda.

Operations Board – James Dand is the chair of our Operations Board which meets quarterly. All regional managing directors (RMDs) and global segment leads sit on this board. In this board risks and opportunities are escalated and reviewed, including climate related risks.

Risk Assurance and ABC (Anti-Bribery and Corruption) Committee – The Risk, Assurance and ABC Committee oversee reporting on the Enterprise Risk Management framework (ERM), incorporating the implementation of management actions to address risks and ensure that they are being suitably managed by the appropriate owners.

Divisional, Regional and Country Boards – Chaired by each RMD or Global Segment Lead, as appropriate, these boards take direction from the Operations Board and are responsible for delivering against corporate objectives locally. Each board has a NewLeaf sponsor. Each regional and country board sponsor is responsible for delivering their local route map to net zero with clear KPIs and interim targets which drive Turner & Townsend's service offering and climate risks at a local level. Progress is assessed quarterly. Each of these boards is responsible for undertaking financial planning, integrating the outputs of the climate risk and opportunities identified by the TCFD regional working groups.

Reporting and management

Global Head of Business Services – The Global Head of Business Services is responsible for the climate-related risks and opportunities of the company in relation to our facilities, our people, corporate responsibility, IT, digital and risk management. These are reported through to the Management Board, chaired by Turner & Townsend's Chief Executive Officer (CEO).

Risk – The Risk Management team support our regions in their identification and management of the physical and transition risks they face. They provide support to the regional working groups through review and endorsement of the final top risks and opportunities from the risk analyses alongside the finance team.

Office and Country Managers – Each office and country manager are responsible for overseeing the work that is produced by the TCFD working groups and supporting them with their knowledge of the company and our assets, the markets we operate in, and laws and legislations that apply to us at a local and regional level.

Global Corporate Responsibility (CR) Team – The Global CR team manages enterprise-wide climate-related matters and reports directly to the Global Head of Business Services. The CR team is instrumental in supporting all workstreams that identify climate-related risks and help produce our TCFD report. This team coordinates with risk and finance functions to strengthen implementation of TCFD guidance into business processes.

Finance – Our finance team is responsible for reviewing the risk analysis work produced by regional TCFD working groups to confirm that the top transition and physical risks are consistent across all regions and any differences between the regional assessments are justified and supported and that the assessment is overall sensible.

TCFD Regional Working Groups – Our regional TCFD working groups are responsible for analysing and assessing the physical climate-related risks and opportunities in relation to our assets, people, services and the transition risks and opportunities in relation to our people, wider society, value chain and operations. These analyses are then brought to office and country managers, regional business function leads, and global business function leads for peer reviews and endorsements. These analyses are undertaken annually as part of our TCFD reporting process.

Strategy: climate risk

We hold ourselves to a high standard when it comes to implementation of our environmental commitments, sustainability strategy (NewLeaf), and disclosure standards into the business. We echo these best practices in the work we carry out.

Our commitment

Since Turner & Townsend launched its NewLeaf strategy in 2021, the business has changed dramatically; including strong year-on-year growth, development of new sustainable service offerings from acquisitions, asset transfers, and expanded department capabilities across our global portfolio. We have managed this significant impact on our carbon footprint and increase in greenhouse gas (GHG) emissions through our business management system and reporting and disclosures cadence. This year, we took an important step to update our net-zero strategy. Our sustainability strategy and detailed roadmap to 2040, which includes a more holistic target for the short, medium and long term, adheres to the UN-backed SBTi standards and follows guidance from the IPCC.

Our work

Our Purpose is to transform performance for a green, inclusive and productive world. At our core we are supporting clients globally with delivering on their net-zero commitments and their transition to clean energy. To be at the forefront of the world's largest green and sustainable programmes we have also worked to demonstrate that we can deliver net zero ourselves.

We have greatly expanded our capability and expertise around sustainability. Our sustainability advisory, of nearly 200 subject matter experts, includes providing environmental sustainability, energy, carbon strategy and management and whole-life cost support and guidance at every stage of the asset lifecycle. We have made significant updates to our corporate policies around environment, supply chain and sustainable procurement.

These updates will allow us to improve management of environmental and climate-related information at every level of our business and improve our ability to assess and respond to climate risk.

We align with TCFD guidance which maintains that a company should provide a transparent, clear description of the resilience of our company's climate strategy, taking into consideration different climate-related scenarios.

Our net-zero strategy, NewLeaf, addresses our goals through targets, actions, management and collective responsibility for reduction of our total GHG emissions. NewLeaf complements our industry-leading market services to accelerate our clients' own decarbonisation goals. Following the re-baselining of our carbon inventory to financial year 2021-2022, we have revised our targets accordingly.

Using the TCFD methodology, we identify opportunities to respond to climate risk, and to strategically align these actions with our NewLeaf sustainability strategy and net-zero ambitions.

Our ambitions to reduce emissions and maintain our position as an industry leader include:

- ✓ Targeting a 68 percent reduction across scopes 1, 2 and 3 by 2035, and 90 percent reduction by 2040
- ✓ Expanding our renewable energy capability to all our permanent offices
- ✓ Introducing new and enhanced policies around sustainable procurement, green purchasing, people and travel

Our global team continue to develop some of the world's most exciting, complex and purposeful programmes. Through our work we aim to be at the centre of the world's clean energy and decarbonisation transition, whilst sustainably managing our natural resources to enable security and social prosperity. Our strategy is to mitigate the worst effects of the climate crisis and incorporate resilience into our operations, supply chain, and our work with clients across the globe.

Strategy: our clients

Putting sustainability at the heart of our client strategy.

Our purpose is to transform performance for a green, inclusive and productive world. To achieve this our sustainability advisory practice works with national and global clients to enhance their:

Strategic thinking: Our clients recognise the opportunity of embracing low-carbon thinking and the risks associated with failing to do so.

Ability to measure: Quantifying social and environmental benefits alongside economic gains is vital if our clients are to demonstrate positive outcomes for communities and justify investment.

Skills and capability: Our clients need new skills to understand the challenges and build new business models. Every job will change; designs that put future generations at risk are unacceptable.

Our leading sustainability practice is comprised of strategic and technical specialists who support our clients in their decarbonisation efforts and provide cross-sectoral expertise on sustainability. Our advisory services have grown into a mature and capable market-leading team of nearly 200, supported by our investment strategy and business growth. We work across the private and public sectors to tackle new challenges, such as disclosure requirements, scope 3 emissions, decarbonising supply chains, as well as long-term sustainability roadmaps and funding.

Housing
Specialising in social housing, net-zero strategies and retrofit programmes

Corporate occupier
Supporting global organisations to define their pathway to net zero

Healthcare
Specialising in NHS Trusts and delivering green plans and net-zero estate plans

Power
Providing sustainability support to renewables and nuclear sectors with a pedigree in establishing local energy systems

Utilities
Delivering net-zero and sustainability services to the water industry

Central and local Government
Programme partner for UK Government and local authorities on buildings and energy decarbonisation

Investor and developer
Establishing project sustainability and targets and reducing Scope 3 emissions

Education
Supporting over 250 schools and universities to save energy and carbon

Defence
Working across the defence sector, providing leadership, coherence and efficiencies

Transport
Providing sustainability expertise in support to rail, road, maritime and aviation sectors

TCFD risk methodology

Climate risk management is one of the four core elements identified in the TCFD report. Risks are categorised into two groups: transition and physical.

This year, as part of our commitment to continuous improvement, we expanded the scope of our disclosures to include both North America and Europe. You can find the disclosures for each region on pages 16–21 (transition) and 22–26 (physical) of this report.

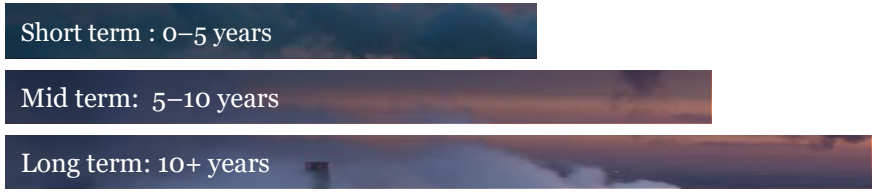
Transition risk

Any risk associated with the pace and extent at which an organisation manages and adapts to the internal and external pace of change to reduce greenhouse gas emissions and transition to renewable energy.

Physical risk

Any risk arising from the physical effects of climate change and environmental degradation including weather-related events (such as floods) and chronic risks (such as temperature increase or sea-level rise).

Scenarios were considered against three timeframes:



Scenario analysis

To assess the potential risks and opportunities the climate crisis poses to our business, we used internationally recognised Representative Concentration Pathways (RCPs) provided by the UN IPCC to conduct our scenario analysis. RCP 4.5 represents a 2.5°C warming scenario by the end of the century, while RCP 8.5 represents a 4°C scenario by the end of the century. Considering multiple scenarios allows us to step out of the Business as Usual (BAU) mindset to better prepare and protect our business against any potential future impacts to our business, strategy and financial performance.

Assessing climate risks

Our methodology is underpinned by an extensive, stratified review and analysis process. Physical risks were assessed against each scenario using a combination of quantitative and qualitive sources, including publicly available and regionally appropriate open-source climate data, such as the UK's Met Office climate projections, supported by journalistic reports of climatic events. Transition risks were assessed against each scenario by several well-placed, internal subject matter experts combining regional research – such as existing and emerging regulatory requirements – with their deep knowledge of our business and operations.

This year, we refined our climate risk assessment methodology informed by the Climate Change Risk Assessment Guidance set out by C40 Cities. This guidance has been at the forefront of climate leadership for over 15 years, providing best practice recommendations on climate action and environmental justice. By improving our risk matrices to define and assess impacts across our people, assets, supply chain, operations and society, we can better determine the materiality of climate-related risks. Through this assessment process, all risks were given a quantitative risk score [probability x impact] that was used to identify our top three physical and transition risks in each region disclosed in this report.

The scenario analyses we have conducted enable us to identify and understand our vulnerabilities and prepare and respond to them effectively. All decisions are implemented into our risk management approach, and as part of our ISO 14001 certified environmental management system.

Our approach to risk

We are continuously striving to protect our clients and our business against the threats of the climate crisis. We are committed to reporting annually against the TCFD climate risk framework and adopting these principles into our corporate risk framework.

Managing climate risk in our operations

At Turner & Townsend, our aim is to build a business that enables and leads the low-carbon transition in our industry. We draw on our technical and local experts from across the business to identify relevant risks and assess these against our pre-defined assessment methodology.

Our sustainability advisory team has highlighted areas of potential risk to our built assets and the transition risks arising from possible changes to our current global economic context. Through completing this annual exercise of identifying transition and physical risks to our business (pages 22–26), we have also identified opportunities to respond to these risks and make improvements to our operations at regional levels. We aim to continuously embed the analysis and mitigation of environmental risks into our risk management approach. Our ability to conduct this analysis showcases our own commitment to embedding climate resilience into the business, and to do the same for our clients.

For example, we have secured ISO 14001 accreditations for 38 of our offices across the globe, and we are committed to improving all offices to these standards over time; certifying all offices by 2040. This requires us to have effective governance and environmental risk management at a local level supported by metrics and targets and clear actions to address our emissions, waste, water and resource consumption.

Each office is required to understand and complete an environmental risk register which focuses predominantly on physical risks. In addition, we have linked our credit facility to ESG targets and will be continually reviewing our governance climate risk management at a national and international level as our business scales.

Managing climate risk for our clients

Our growing sustainability advisory business continues to integrate robust sustainability services to tackle environmental issues for our clients. As a business, we see a major market opportunity in supporting our clients to realise their net-zero ambitions. The needs of our clients are diverse, but we foresee a greater need for our services in direct response to the climate crisis, whether that be mitigating the worst effects through addressing the environmental impact of their built assets or building resilience into their programmes to adapt to changing climates.

To address climate risk, our sustainability advisory and net-zero teams provide bespoke advice and support for clients across the built environment sector to help mitigate and adapt to the effects of the climate crisis.

Metrics and targets

Our NewLeaf commitments, transition plan, and net-zero ambitions

Our NewLeaf commitments

Our strategy to mitigate the worst effects of the climate crisis and increase resilience is incorporated into our operations, supply chain and our work with clients across the globe.

In 2021, we launched our NewLeaf strategy, which is our commitment to adopting green technologies and behaviours that will guarantee that we will achieve net zero across our whole global value chain, whilst working with our industries to do the same for a greener and more sustainable world. Since we launched our NewLeaf strategy, the business has changed dramatically; including strong year-on-year growth, development of new sustainable service offerings from acquisitions, asset transfers, and expanded department capabilities across our global portfolio.

To reflect changes in our environmental strategy, as well as significant growth of the wider business, and in accordance with SBTi guidance, we have updated our baseline year from FY 2018/19 to FY 2021/2022. Our FY 2021/22 baseline year includes a precise assessment of our GHG Inventory and recalibrated emissions' profile. Additionally, we are assessing the net-zero commitments and carbon footprint of our acquisitions. We have developed our NewLeaf strategy and a detailed roadmap to 2040, which includes a more holistic approach for short, mid and long-term targets.

Our updated strategy to achieve net zero adheres to the UN-backed SBTi standards and follows guidance from the Intergovernmental Panel on Climate Change (IPCC). Our net-zero building blocks remain:

- 50 percent reduction in scope 1 and 2 by 2030
- transition to 100 percent renewable electricity by 2030 as absolute target
- 90 percent reduction in each scope by 2040

Turn over a new leaf

For scope 3 emissions, we are taking tangible steps to address each category through our detailed roadmap, recognising the evolving nature of supply chain standards and sustainability regulation. Our aim is that our scope 1, 2 and 3 targets deliver net zero in operations by 2040, including the use of carbon offsets for the final 10 percent, in line with current SBTi guidance

Our achievements

- We have certified 38 offices to ISO 14001 accreditation, and have set a goal to update all offices across our portfolio to ISO 14001 standards, with the aim of achieving accreditation globally by 2040. To do so, we have developed a net-zero fit-out guide aligned to BREEAM guidelines.
- Aligned with the United Nations (UN) 'Race to Net Zero' and 'World Green Building Council Net Zero Carbon Buildings' commitments.
- New environment deployment policy at group level in place covering energy, waste, water and carbon. This is an additional environmental improvement to our Business Management System (BMS).
- The approach we take ourselves, and for our clients, is recognised through the UK award from Unlock Net Zero, 'Consultancy of the year' 2023.
- 38 percent of all office equipment bought for home working was sourced from energy-efficient and/or green product brands.
- All permanent lease buildings in our UK portfolio now operate with 100 percent renewable electricity supplies.

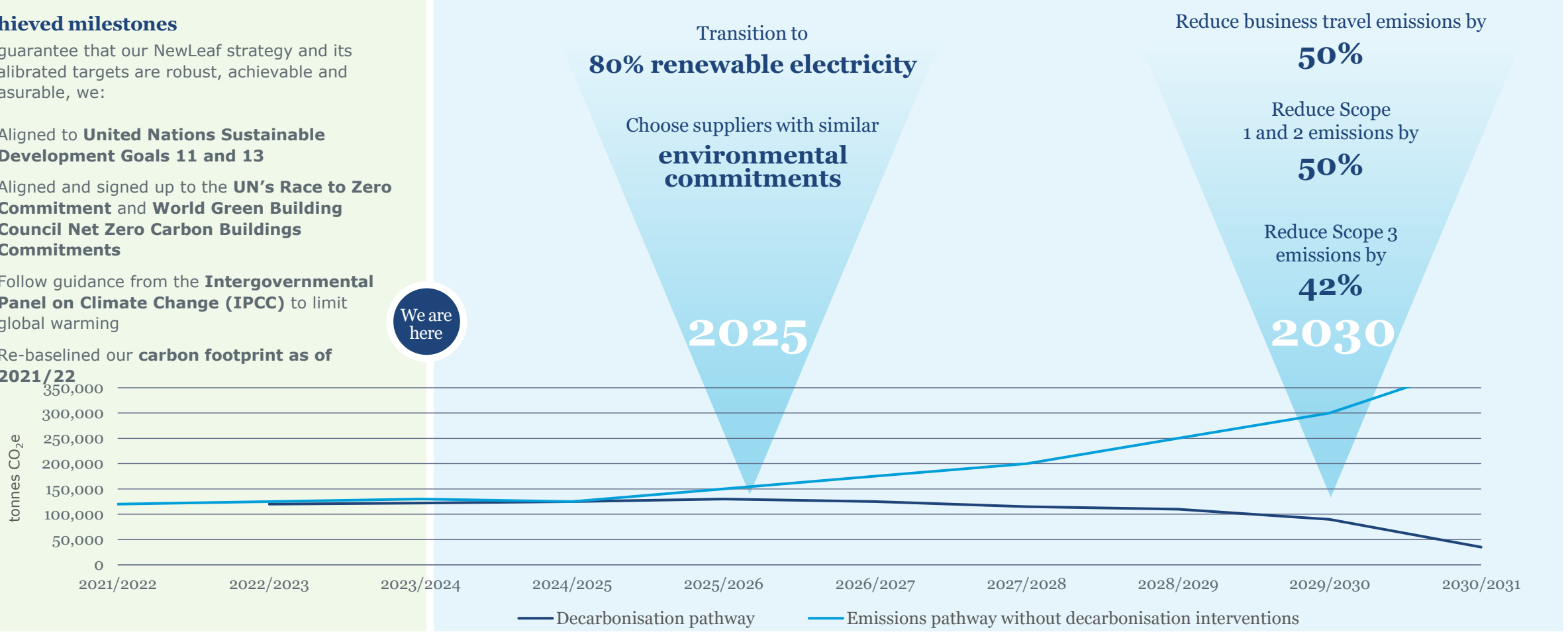
Transition plan

Our previous baseline was FY 2018/19. However, since then our company has experienced 76 percent headcount growth. This growth has not only expanded the reach of our business operations, but it has also strengthened our capabilities. This growth and expanded capability mean we are even better placed to deliver on our net-zero goals. Set out below is our interim transition plan until 2030, which will be reviewed each time we re-baseline and review periodically. We have evolved our NewLeaf strategy and developed a detailed roadmap to 2040, which includes a more holistic focal point for short, mid and long-term targets.

Achieved milestones

To guarantee that our NewLeaf strategy and its recalibrated targets are robust, achievable and measurable, we:

- Aligned to **United Nations Sustainable Development Goals 11 and 13**
- Aligned and signed up to the **UN's Race to Zero Commitment** and **World Green Building Council Net Zero Carbon Buildings Commitments**
- Follow guidance from the **Intergovernmental Panel on Climate Change (IPCC)** to limit global warming
- Re-baselined our **carbon footprint as of 2021/22**



Transitioning to a net-zero society

Our objectives to enable scope 1, 2 and 3 emissions' reduction by 2040 across our business.

Assets

- Incorporate energy generation, climate risk, biodiversity and water stress into site selection and location strategy
- Implement Environmental Management Systems across all permanent offices (ISO 14001)
- Establish low-carbon design and construction standards
- Implement green lease clauses into all future lease negotiations
- Integrate circular economy principles into our offices
- Set and manage carbon budgets for fit-out projects
- Secure 80 percent renewable electricity by (2025), and 100 percent by (2030)

Supply chain

- Support small and minority-owned businesses to register reporting with EcoVadis
- Establish a system to capture activity-based emission data from suppliers at contract award
- Introduce an education campaign across our supply chain to improve awareness and prepare suppliers for improved reporting against activities
- Engage with suppliers to capture activity-based emissions for a more accurate assessment
- Review relationships with suppliers without net-zero targets

People

- Introduce a sustainability evaluation and management criterion into procurement procedures
- Appointed Environmental Champions in each of our offices across all regions, supporting the wider green business transition
- Implement structural changes to role requirements (accepting remote working)
- Reduce office space per headcount

Key:

Scope 1 and 2 emissions

Scope 3 emissions

Transition risks

United Kingdom, Europe and North America

Transition risks across regions

Our research and analysis on climate-related financial disclosures has been undertaken at a group level, and through collaboration with our global regions. In our analysis, we have observed common trends within our global portfolio. The principal transition risks identified across the United Kingdom, Europe and North America are regulatory. Whilst these regulations might not directly impact Turner & Townsend in the short term, they will extend to our clients. Through understanding these challenges, we are ready to work within our industries and with our clients by demonstrating our own commitment to climate action and positioning ourselves as a leader in the sustainability services market.

Opportunities and improvements

We have identified common transition risks across all regions. These risks are mainly regulatory, related to carbon pricing and reporting obligations. We are already well placed to respond to market shifts and carbon reporting requirements, but these regulations will put pressure on our clients, which will extend to the work we carry out at Turner & Townsend. Our clients will not only require us to be compliant, but they will also seek out the knowledge and expertise to support this requirement.

There are two main challenges and opportunities that we have identified for our business:

- **Expectations from our clients to commit to climate action and improve our performance**: As a business, we will need to continue incorporating technical expertise to address our own legal and market-based requirements in areas like carbon pricing and environmental disclosures; even where these are currently voluntary. However, we are already acting on this as a business. Over the past year, we have invested in the expansion of our client-facing sustainability services rooted in our own environmental commitments, as well as improving on our corporate sustainability and net-zero ambitions through our official sustainability strategy, aptly named NewLeaf. We continue to demonstrate commitment to climate action and acknowledge that this requires ongoing investment, but we view this as an opportunity to our business. Our commitment to placing ourselves as industry leaders in this space can improve our access to investors and financial institutions that are already taking into consideration climate performance for their portfolios.

- **Adapt our services to address new and upcoming challenges our clients are facing:** Our clients will require us to stay on top of the complex environment, so we will need to demonstrate our technical expertise and confirm that our services are up to par with the highest level of quality to assure our clients that they are getting the highest value from our work. We will do this by ensuring that our own strategic actions are in alignment with the services and technical expertise which we offer our clients. Additionally, we will continue to expand our service expertise across sectors as we prioritise our growth through meaningful partnerships and acquisition, as well as hiring knowledgeable, passionate and experienced professionals who embody and align with our commitment to a green, inclusive and productive world.

In summary, we believe that these 'risks' are better suited to become our largest opportunity for continuous improvement. The increased demand for sustainability-related services creates an upcoming market that Turner & Townsend is ready to capitalise on. By staying on top of the newest trends and service requirement and demonstrating our own commitment to climate action, we are bringing solutions to our clients' and society's biggest challenges.

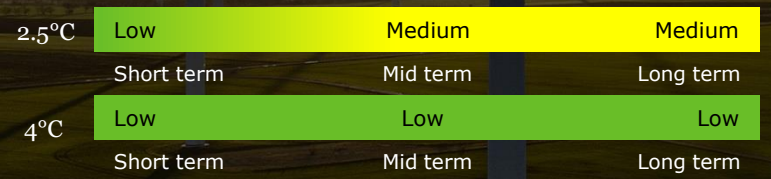
Transition risks: United Kingdom

Using the most recently available market, technology, policy and legal data in relation to our industry, the following transition risks were identified as most material to our people, operations, value chain and the wider society over the short, mid and long term.

Changing consumer behaviour

Although Turner & Townsend is not directly dependent on consumers for revenue, our clients are increasingly looking to adapt their work to satisfy changing consumer preferences. Due to increasing requirements to demonstrate sustainable business performance, our clients will also increasingly look to engage service providers that can address sustainability-related issues as part of their service. If we fail to continue strategically adapting our service offering to support sustainable business transformation, there is a risk that we will not meet the expectations of clients in our market, resulting in a loss of business opportunities.

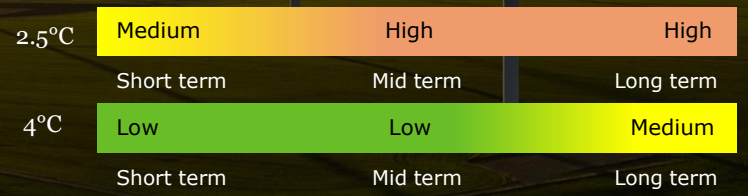
We expect the impact of changing consumer behaviour on our business to change under the 2.5°C scenario, due to more drastic shift in consumer behaviours expected under this scenario:



Additionally, there is a risk of failing to maintain alignment with market shifts and implementing this through both our operations and our services, which will prevent us from maintaining our position as an industry leader, leading to brand damage.

Uncertainty through market signals

Turner & Townsend currently operates in markets that are constantly evolving in an abrupt and unpredictable way. There is always a risk that external events can cause disruptions in these markets, including economic instability or geopolitical unrest. These disruptions can negatively impact our business by inhibiting our ability to deliver our services effectively, creating supply-chain shortages or shifts in the demands for our services. If Turner & Townsend fails to prepare for or anticipate changes in the global market, there is a risk that we will lack organisational readiness to tackle market-based challenges, which may result in loss of capital and revenue in the areas we operate. We expect the impact of uncertainty through market signals on our business to change under the following warming scenarios, with impacts being higher under a 2.5°C scenario due to the more urgent nature of this scenario:



Furthermore, uncertainty in the market may affect our ability to access capital, as some credit agencies are already adopting climate transition assessments outside of their traditional credit ratings. If we fail to adapt to market signals around climate and sustainability, this may downgrade our credit worthiness with banks therefore inhibiting our ability to gain access to funding or investment.

Environmental reporting obligations

Turner & Townsend is currently subject to several climate change-related legislations, including SECR (UK). The reporting landscape is growing, and we will need to address the operational cost associated with the production of environmental reports. There is a risk that Turner & Townsend will continue to fall under additional environmental reporting requirements, requiring more resources to meet them. Failing to monitor developments in the reporting landscape, reviewing their impact on our business and our ability to meet these reporting obligations, could lead to additional costs, including financial penalties.

We expect the impact of environmental reporting obligations on our business to change more drastically under the 2.5°C scenario due to the level of existing and upcoming standards of environmental reporting obligations within the UK:

Moreover, this could negatively impact the organisation's reputation, resulting in loss of business from concerned clients, as well as reduced capital availability from creditors and investors. Some clients and investors require certain disclosures to be completed, as well as certain scores to be attained which showcase our level of compliance.

Transition risks: Europe

Using the most recently available market, technology, policy and legal data in relation to our industry, the following transition risks were identified as most material to our people, operations, value chain and the wider society over the short, mid and long term.

Carbon pricing

The Emission Trading Schemes (ETS) are part of EU policy to combat climate change and reduce greenhouse gases. Europe has a comprehensive approach to climate policy through the EU ETS, and there is a risk that Turner & Townsend must comply with these tightened ETS policies. Legal requirements for certain companies to accurately price and effectively trade their carbon place environmental considerations into the heart of corporate governance and decision-making. The industries in which Turner & Townsend works (real estate, natural resources, infrastructure etc) can have significant carbon footprints, and these costs can directly impact the profitability and viability of projects. We expect the impact of carbon pricing on our business to change at the same rate under both warming scenarios, with potential to become more critical after 2030:

	Short term	Mid term	Long term
2.5°C	Medium	High	High
4°C	Medium	High	High

While Turner & Townsend does not operate in industries that require ETS compliance, we do operate in locations where there is a risk of having to comply to mandatory EU ETS. The UK has implemented carbon pricing mechanisms like the Carbon Price Support (CPS) for power generation, but the scope may differ from the broader EU approach.

Increased costs of raw materials

There is a risk that rising prices of raw materials will pose significant business risks to ongoing projects and client relationships; this could cause management difficulties and potential contractual disputes should prices fluctuate. As raw material prices become increasingly volatile, businesses face the challenge of uncertain costs that can disrupt budgets and profitability. These disputes can drain time, money and legal resources. Moreover, they may trigger a surge in contractor claims due to supply-chain disruptions linked to geopolitical instability caused by the climate crisis.

We expect the impact of increased costs of raw materials on our business to change at the same rate under both warming scenarios due to not expecting any drastic cost increases for raw materials until at least the long term:

	Short term	Mid term	Long term
2.5°C	Low	Medium	High
4°C	Low	Medium	High

Managing these claims escalates project budget and operational costs harming reputation and leave clients dissatisfied. These cost fluctuations can even threaten projects' viability in their early stages, leading to potential recommendations against undertaking certain projects, thereby affecting overall profitability.

Uncertainty through market signals

There is a risk that we are unable to resource our commissions due to climate change disrupting resource markets through wage instability, war and other geopolitical events. Our business is aware of the intricate challenges posed by the unstable market conditions, and Turner & Townsend has previously responded to sudden global market signals effectively and in the best interests of all stakeholders. These intertwined factors have created a landscape of uncertainty in both scenarios with profound implications for the stock market, our projects and our clients.

We expect the impact of increased uncertainty through market signals on our business to change under both warming scenarios, with greater uncertainty and risk expected under the 4°C scenario:

	Short term	Mid term	Long term
2.5°C	Medium	Medium	High
4°C	Medium	High	High

The climate crisis puts pressure on markets through increased cost of raw materials, resource substitution due to increased scarcity, and supply chain and operational cost issues, affecting our ability to maintain a competitive offer. We will continue to proactively address these issues to enforce resilience in the face of climate-related disruptions.

Transition risks: North America

Using the most recently available market, technology, policy and legal data in relation to our industry, the following transition risks were identified as most material to our people, operations, value chain and the wider society over the short, mid and long term.

Carbon pricing

Emissions Trading Schemes are increasing in complexity and expanding globally. In recent years, legal requirements have been implemented, requiring certain companies to accurately price and effectively trade their carbon. Additionally, voluntary carbon pricing is also on the rise, which is dependent on accurate baselining and measurement of emissions. Due to increased use of carbon pricing/trading to decarbonise economies or companies' operations, there is a risk that Turner & Townsend will need to comply with an Emission Trading Scheme (ETS), which may result in increased operating costs.

We expect the impact of carbon pricing on our business to change under the following warming scenarios due to the levels of existing carbon pricing policies in several states:

2.5°C	Low	Medium	High
	Short term	Mid term	Long term
4°C	High	High	Very High
	Short term	Mid term	Long term

Carbon pricing is dependent on governmental policies/regulations and therefore may increase exponentially in cost, due to requirements imposed by governmental agencies and the cost avoidance through procurement of increased carbon offsets is still less than the avoided penalty rate.

Exposure to litigation

Since 2015, over 1,000 new climate-related cases have been brought worldwide, spanning 40 countries, with most brought in the US courts. There is a risk that Turner & Townsend will be exposed to climate litigation cases based on increased scrutiny around environmental impact and mandatory climate-related financial disclosures. Failing to adhere to climate commitments could result in profit loss and have a negative impact on reputation. Since we offer a sustainability consultancy service that directly supports our clients, there is a reputational risk should we not align with market shifts and implement proper changes into our operations and services. We expect the impact of exposure to litigation on our business to change under the following warming scenarios due to the proportionately high levels of global litigations already existing within the US alone:

2.5°C	Medium	High	Very High
	Short term	Mid term	Long term
4°C	High	High	Very High
	Short term	Mid term	Long term

We work with multiple stakeholders or asset groups across sectors ranging from technology, real estate, infrastructure and more, which are interrelated to environment and sustainability. With increased scrutiny on an organisation's contribution to environmental impact and climate change, there is a risk that our business will be exposed to climate litigation cases should our work or operations be non-compliant, harmful to the environment, or not in alignment with net-zero targets.

Substitution of existing products and services with lower emissions options

There is a growing market around climate risk and net-zero programmes with consumers expecting organisations to be acting internally to mitigate the impacts of climate change. The substitution
of current products, services and inputs (such as raw materials and energy) with lower-emission alternatives carries the risk of operational disruptions and supply-chain complexities. There is a risk that Turner & Townsend and its suppliers will be required to reduce carbon emissions, especially Scope 3 emissions, to avoid the loss of existing/potential clients.

We expect the impact of this risk to our business to change under the following warming scenarios due to the current reliance on oil throughout the value chain:

2.5°C	Low	Medium	High
	Short term	Mid term	Long term
4°C	Low	High	Very High
	Short term	Mid term	Long term

Due to regulatory policies or shifts in consumer demand to sustainable alternatives, our business will be at risk because of increased demand for lower emission products, leading to higher capital and operating costs. There is a risk involved in the write off of capital assets that are no longer economically viable and/or permissible to use due to rapid change of market expectations for renewable energy, battery storage, etc. Additionally, failure to demonstrate a commitment to climate change mitigation, sustainable business practice, and align with market shifts could have a financial and reputational impact, through loss of business opportunities.

Transition risks: adaptation measures

United Kingdom

Changing consumer behaviours

Employees and clients are attracted to organisations that demonstrate tangible positive action to address the world's environmental, social and economic issues. Early adoption of new policy arrangements and responding to market shifts will be required. The business can conduct a materiality assessment with our internal and external stakeholders to understand this.

Uncertainty through market signals

Turner & Townsend aims to keep abreast of these new market risks and volatile signals by identifying dependencies on those who could potentially be significantly impacted from a value chain perspective and outline mitigations in local and regional business plans and liaising closely with other regions to respond to fluctuations in demands.

Environmental reporting obligations

We announced a net-zero target by 2040, supported by a roadmap which is being validated under the Science Based Targets initiative. We prepare our mandatory disclosures (in 2023: ESOS, SECR, UNGC, CDP, EcoVadis, SBTi). We upskill our team on these frameworks, and we are developing ESG reporting as a service to enforce our own compliance, and to respond to client demand for this service.

Europe

Carbon pricing

Our business will need to support our clients in the EU on their sustainability and decarbonisation journeys.

By offering specialised knowledge and expertise in sustainability, carbon reduction, and policy compliance, we are able to remain ahead of legal requirements and changing reporting obligations.

Increased cost of raw materials

We see this risk as a chance to offer tailored sustainability solutions to our clients, leveraging our expertise to anticipate and mitigate these fluctuations in the raw material market. We aim to be a trusted partner in times of economic uncertainty and as a go-to resource for effective risk management strategies around raw materials within a scope of work.

Uncertainty through market signals

Turner & Townsend in the EU has previously responded to sudden global market signals effectively and in the best interests of all stakeholders. We will continue to proactively address these issues through operational resilience and remain aware of these trends in the region to up-to-date information on market costs, policies, rates, materials and services.

North America

Carbon pricing

Further investment needed for data management, controls and reporting processes, as well as working closely with suppliers to identify their Scope 3 data is comprehensive and accurate. Turner & Townsend should assess whether it is, or will be, in range of multiple disclosure obligations, and make certain of data integrity to confirm proper alignment among various disclosure requirements.

Exposure to litigation

Failing to demonstrate a commitment to climate change mitigation and sustainable business could have a financial impact on Turner & Townsend, through loss of business opportunities. The business should maintain transparency of targets and continue to improve compliance measures to avoid this. Failure to adapt and comply, could result in litigation measures against the business.

Substitution of existing products and services with lower emissions options

Early adoption of new policy arrangements and internal actions will be required to respond to market shifts and mitigate the impacts of climate change. We have grown our sustainability and net-zero service offering considerably and keep upskilling our staff to meet client requirements that a transition to net zero will bring.

Physical risks

United Kingdom, Europe and North America

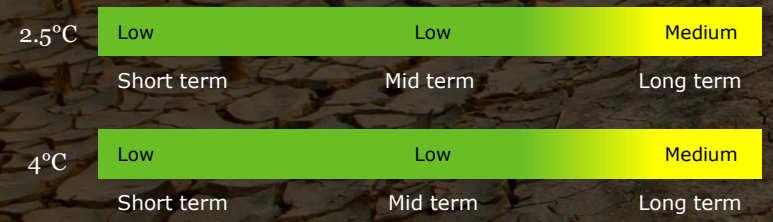
Physical risks: United Kingdom

Using the most recently available climate data and hazard mapping tools, the following hazards were identified as most material to our people, assets, and supply chain over the short, mid and long-term.

Flooding

There can be two sources of flood risk: fluvial (river flooding) and pluvial (rain-induced flooding). Due to climate change, the frequency and intensity of flood events will increase in many cities and towns across the UK. Heavy rainfall can overwhelm drainage systems and with increasing urbanisation, there has been a rise in impermeable surfaces which can exacerbate flood events. In addition, climate models suggest precipitation will increase and the UK may experience more extreme weather events, which can also contribute to heightened flood risks.

In both a 2.5°C and 4°C scenario, we expect the impact of flooding to increase from:



The potential impacts of flooding on our business include:

- Structural damage to building assets resulting in unsafe working conditions and increased repair costs.
- Risk to the safety of our employees.
- Damage to equipment and company vehicles, resulting in reduced productivity, increased maintenance and higher replacement costs.
- Power outages resulting in loss of communication, data, lighting, heating, cooling and security.
- Reduced water supply and/or water quality.

Heat stress

Climate change is causing temperatures to rise, and UK weather services are expecting summers to be warmer and drier. Recently, the UK has been experiencing much hotter temperatures including the occurrence of three consecutive 'tropical nights' (temperature above 20°C), which will become more frequent over time. Heat stress events can be exacerbated in the locations of our offices due to the urban heat island effect. Furthermore, the relationship between heat stress and other 'dry' hazards (droughts and wildfires) can compound the impacts of heat stress, leading to widespread and prolonged disruption.

In both a 2.5°C and 4°C scenario, we expect the impact of heat stress to increase from:

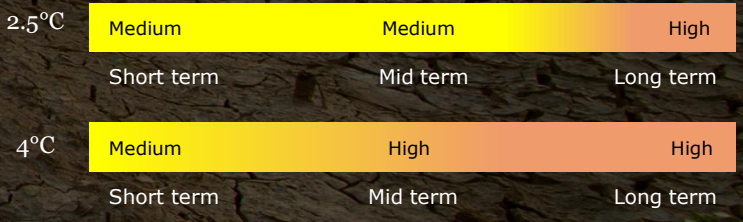
The potential impacts of heat stress on our business include:

- Increased energy consumption to regulate office temperatures.
- Cost of installation or improvements to current air-cooling systems.
- Increased cost due to repair and maintenance works.
- Generation of fugitive emissions from the use of HVAC.
- Power outages and equipment failure.
- Supply chain interruptions.
- Increased insurance costs.
- Risk of heat-related illnesses in our employees.
- Extreme discomfort, leading to reduced productivity.
- Employee travel delays.

Wildfires

Climate change is leading to warmer, drier weather conditions in spring and summer, and more frequent, prolonged droughts, which increase the risk of wildfires. Alongside warming temperatures, increased urbanisation in rural areas has led to the fire season starting earlier and ending later. Wildfire events are becoming more extreme in terms of areas burned, duration and intensity. With our offices being predominantly in urban areas, their proximity to wildfire sources is low. However, the effects can be far reaching, posing significant risk of disruption.

In both a 2.5°C and 4°C scenario, we expect the impact of wildfires to increase from:



The potential impacts of wildfires on our business include:

- Reduced or dangerous air quality, also affecting HVAC systems.
- Damage to building assets resulting in unsafe working conditions and increased repair costs.
- Damage to equipment and company vehicles, resulting in reduced productivity, increased maintenance and higher replacement costs.
- Power outages and equipment failure, resulting in loss of communication, data, lighting, heating, cooling and security.
- Increased insurance costs.
- Employee travel delays.
- Supply chain interruptions.
- Reduced water supply and/or water quality, threat to life.

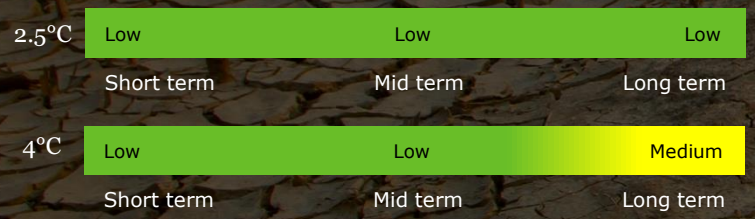
Physical risks: Europe

Using the most recently available climate data and hazard mapping tools, the following hazards were identified as most material to our people, assets, and supply chain over the short, mid and long-term.

Flooding

Floods are the most common natural disasters in Europe, and their frequency is on the rise due to climate change. Rainfall is projected to increase in both quantity and frequency, which can overwhelm drainage systems. River floods in Europe are also projected to increase, driven by rising sea levels, altered weather patterns, and melting glaciers. This contributes to higher river water volumes. Furthermore, an increase in impermeable surfaces due to urbanisation can exacerbate flooding. Collectively, these factors significantly heighten the risk of flooding in Europe due to climate change.

In a 2.5°C scenario, we expect the impact of flooding to remain low:



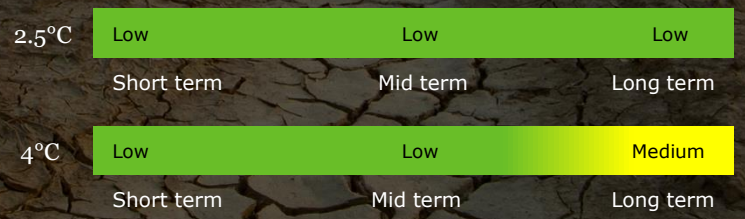
The potential impacts of flooding on our business include:

- Structural damage to building assets resulting in unsafe working conditions and increased repair costs.
- Risk to the safety of our employees.
- Damage to equipment and company vehicles, resulting in reduced productivity, increased maintenance and higher replacement costs.
- Power outages resulting in loss of communication, data, lighting, heating, cooling and security.
- Reduced water supply and/or water quality.

Extreme rainfall

Extreme rainfall events are short, intense events, characterised by rainfall greater than 100mm in 24 hours. This reduces the ground's ability to absorb water, increasing run-off, and the risk of flooding, which is further exacerbated by increasing urbanisation. Changes in rainfall are expected to differ considerably throughout Europe, mostly affecting Northern and Central Europe. These changes are driven by increased water vapour in the atmosphere, shifts in atmospheric circulation patterns, warmer sea surface temperatures fuelling intense storms, and melting ice and glaciers contributing to rising sea levels.

In a 2.5°C scenario, we expect the impact of extreme rainfall to remain low:



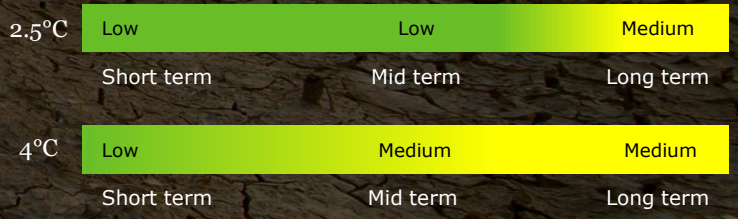
The potential impacts of extreme rainfall on our business include:

- Damage or destruction to the structure of the building, resulting in unsafe working conditions and increased repair costs.
- Reduced water supply and/or water quality.
- Power outages, resulting in loss of communication, data, lighting, heating, cooling and security.
- Damage to equipment resulting in reduced productivity, increased maintenance, and higher replacement costs.
- Increased risk of flooding and its associated impacts to flood risk.

Heat stress

European weather services are expecting summers to be warmer and drier. The frequency of summer days with high heat stress is increasing, which is particularly extreme in southern Europe. The number of tropical nights (temperatures above 20°C) has increased throughout Europe, particularly in southern Europe, where up to 100 tropical nights per year could occur by the end of the century under a 4°C warming scenario. Furthermore, the relationship between heat stress and other 'dry' hazards (droughts and wildfires) can compound the impacts of heat stress, leading to widespread, prolonged disruption.

In a 2.5°C scenario, we expect the impact of heat stress to increase from:



The potential impacts of heat stress on our business include:

- Increased energy consumption to regulate office temperatures.
- Cost of installation or improvements to current air-cooling systems.
- Increased cost due to repair and maintenance works.
- Generation of fugitive emissions from the use of HVAC.
- Power outages and equipment failure.
- Supply-chain interruptions.
- Increased insurance costs.
- Risk of heat-related illnesses in our employees.
- Extreme discomfort, leading to reduced productivity.
- Employee travel delays.

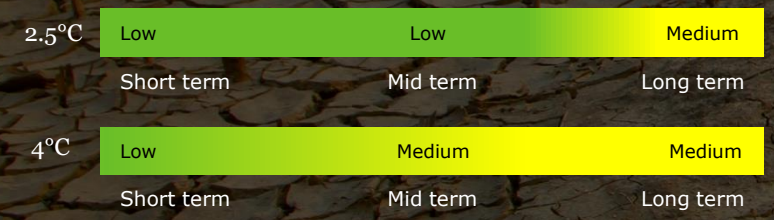
Physical risks: North America

Using the most recently available climate data and hazard mapping tools, the following hazards were identified as most material to our people, assets, and supply chain over the short, mid and long-term.

Storm and wind events

In North America, climate change is causing higher temperatures, increasing air moisture, which can lead to more extreme storm and wind events. In Canada, it is likely that snowstorms and storm floods will become more extreme. Meanwhile, in the United States, tropical cyclones, severe storms and dust storms are expected to become more extreme, particularly on the East Coast and Southeastern region. Storm events pose a significant risk of disruption to our people, assets and supply chain.

In both a 2.5°C and 4°C scenario, we expect the impact of storm and wind events to increase from:



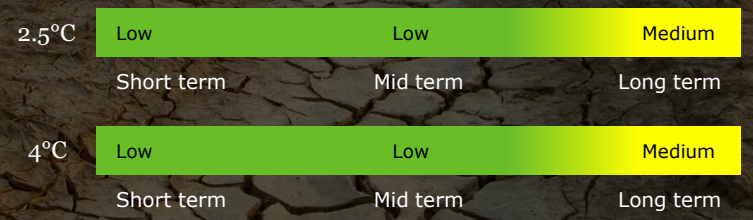
The potential impacts of storm and wind events on our business include:

- Damage to infrastructure used in the delivery of commissions.
- Delays to client projects leading to reduced revenue.
- Risk to the safety of our employees.
- Damage or destruction to the structure of building assets, resulting in unsafe working conditions and increased repair costs.
- Reduced water supply and/or quality.
- Power outages, resulting loss of communication, data, lighting, heating, cooling and security.
- Damage to equipment and company vehicles resulting in reduced productivity, increased maintenance and higher replacement costs.

Heat stress

Climate change is causing temperatures to increase around the globe, increasing our exposure to heatwaves significantly. In North America, extreme high temperatures are expected to increase in frequency and severity, particularly in Canada. Such heat stress events can be exacerbated in the city locations of our offices due to the urban heat island effect. Furthermore, the relationship between heat stress and other 'dry' hazards (droughts and wildfires) can compound the impacts of heat stress, leading to widespread and prolonged disruption.

In both a 2.5°C and 4°C scenario, we expect the impact of heat stress to increase from:



The potential impacts of heat stress on our business include:

- Increased energy consumption to regulate office temperatures.
- Cost of installation or improvements to current air-cooling systems.
- Increased cost due to repair and maintenance works.
- Generation of fugitive emissions from the use of HVAC.
- Power outages and equipment failure.
- Supply-chain interruptions.
- Increased insurance costs.
- Risk of heat-related illnesses in our employees.
- Extreme discomfort, leading to reduced productivity.
- Employee travel delays.

Extreme rainfall

Extreme rainfall events are short, intense events, characterised by rainfall greater than 100mm in 24 hours. This reduces the ground's ability to absorb water, increasing runoff and the risk of flooding, which is further exacerbated by increasing urbanisation. Central, Eastern and Western North America and Canada are projected to see an increase in extreme rainfall events. These changes are driven by increased water vapour in the atmosphere, shifts in atmospheric circulation patterns, warmer sea-surface temperatures, and melting ice and glaciers contributing to rising sea levels.

In both a 2.5°C and 4°C scenario, we expect the impact of extreme rainfall to increase from:

The potential impacts of extreme rainfall on our business include:

- Damage or destruction to the structure of the building, resulting in unsafe working conditions and increased repair costs.
- Reduced water supply and/or water quality.
- Power outages, resulting in loss of communication, data, lighting, heating, cooling and security.
- Damage to equipment resulting in reduced productivity, increased maintenance, and higher replacement costs.
- Increased risk of flooding and associated impacts.

Physical risks: adaptation measures

To mitigate the impacts of these physical hazards on our people, assets and supply chain, Turner & Townsend has identified the following adaptation measures:

Extreme rainfall and flooding

- Review owned and leased asset locations and consider relocation opportunities that afford greater climate resilience.
- Encourage flexible working in case physical hazards prevent office attendance.
- Undertake asset risk assessments.
- Assess flood risk management plans and improve risk assessment unique to each office, given the diversity of the EU region and its exposure to flooding in different areas.
- Assess occupational exposure on workers' safety and health, productivity and social welfare.
- Reviewing health and safety policy and evacuation policies.
- Establish a weather alert programme connected to local weather services.
- Develop transition plans internally and externally in collaboration with stakeholders and clients to establish net-zero pathways.

Heat stress and wildfires

- Review owned and leased asset locations and consider relocation opportunities that afford greater climate resilience.
- Assess and improve HVAC systems where needed.
- Encourage flexible working.
- Develop a business continuity plan to confirm that any potential impacts of heat stress events are considered.
- Increase employee awareness of the health implications of heat stress.
- Assess occupational exposure on workers' safety and health, productivity and social welfare.
- Reviewing health and safety policy and evacuation policies.
- Establish a heat alert programme connected to local weather services.
- Continue to operate within the guidelines of frameworks, such as LEED.
- Develop transition plans internally and externally in collaboration with stakeholders and clients to establish net-zero pathways.

Storm and wind events

- Review owned and leased asset locations and consider relocation opportunities that afford greater climate resilience.
- Encourage flexible working.
- Develop a business continuity plan to confirm that any potential impacts of storm and wind events are considered.
- Assess occupational exposure on workers' health and safety, productivity and social welfare.
- Review health and safety policy and building evacuation policies.
- Establish a weather alert programme connected to local weather services.
- Develop transition plans internally and externally in collaboration with stakeholders and clients to establish net-zero pathways.

Opportunities

United Kingdom, Europe and North America

Opportunities: United Kingdom

Transitioning to a low-carbon economy presents opportunities for our business. We acknowledge that there is opportunity to respond to our regional climate risk analysis in a variety of ways, ranging from developing new services, positioning ourselves in new markets, and by driving resource efficiency and cost savings.

Changing consumer behaviour

Opportunity

Changing consumer behaviour will have a direct effect on our service offering. Increasing focus is being placed on priorities such as security, resilience, and sustainability, which means that we will need to continue expanding our existing services to cater for these priorities. The opportunity inherently lies in our ability to capitalise upon this by adapting our services, including climate change consultancy, strategy formulation, and climate reporting and disclosure. This is an opportunity to increase our revenue by meeting the needs of our consumers/clients.

Resources required

The ability to expand our services as a business would require investment, both in financial and operational, to continuously strengthen our service offering to clients based on their needs. This would involve potential new hires to manage capacity and increased workload; and software and technical training for new services.

Uncertainty through market signals

Opportunity

In response to fluctuations in the market, there is an opportunity to diversify our offering and better position ourselves for the transition to a lower-carbon economy. There is an opportunity to access new markets through collaboration with governments, development banks, small-scale local entrepreneurs, and community groups as they work to shift to a lower-carbon economy. Collaborating with efforts on the ground could allow the business to become more adaptable to market shifts. New opportunities can look like financing green bonds or innovative infrastructure projects (eg low-emission energy production, energy efficiency, grid connectivity, or transport networks).

Resources required

The business will need to consider the pace of change they wish to adopt when engaging in diversification or expansion of existing services in response to market demand, as well as carefully assess market risks and volatile market signals, evaluating response to them. This would necessitate dedicated effort within the business to become resilient to market volatility and ensure any externally facing stakeholder engagement is privy to market awareness. This may look like establishing new scopes of work for a role as relationship manager, capital investment specialist, and client-related risk management.

Environmental reporting obligations

Opportunity

This opportunity can be observed on two levels; opportunities for ourselves as a professional services firm to improve our ability to report to and comply with ESG reporting standards internally, and to offer this as a service to our clients. Internally, compliance and reporting to environmental standards would support continuous improvement to our business and allow us to benchmark ourselves as a best practice example to our stakeholders. Externally, our ability to utilise this expertise could help capture additional opportunities with clients, and attain first mover advantages in the market by getting a head start on certain reporting.

Resources required

This would require our business to continuously monitor changes in legislation and environmental regulation; training consultants with the same technical knowledge to help advise clients throughout projects and software resources to assist technically. Additionally, adequate compliance for the business could grant us access to funding and capital investment, and this will require market-based knowledge as well as time and effort to communicate with the relevant stakeholders to implement this opportunity.

Opportunities: Europe

We acknowledge the opportunities below, to mitigate and adapt to transitioning to a low-carbon economy for us in Europe through developing new services, the adoption of low-carbon energy sources, building resilience along the supply chain, and positioning ourselves in a new manner in markets.

Carbon pricing

Opportunity

There is an opportunity for the business to help our clients to understand the EU carbon pricing policy, including its goals, regulations, and pricing mechanisms. Turner & Townsend can guide clients throughout their journey by doing the following: support our clients to implement sustainable construction practices that reduce carbon emissions, mitigate risks associated with non-compliance or inadequate carbon reduction efforts, and regularly review and update our client's carbon reduction strategies based on changing regulations and advancements in sustainable technologies.

Resources required

We can offer specialised knowledge and expertise in sustainability, carbon reduction, and policy compliance. Within Europe, Turner & Townsend (EU) leverages the industry expertise of our colleagues in the UK. Within Europe, the Sustainability and Net Zero teams are in a very early stage of development and there is an opportunity to continue investing in our staff capabilities to grow the sustainability team local to the EU. This may require engaging with or hiring dedicated carbon accounting specialists, as well as, working with an independent third-party assurance body. Additionally, resources with sharpened carbon fluency and language around climate regulation are key.

Increased cost of raw materials

Opportunity

Turner & Townsend has an opportunity to evolve its services to support clients by staying abreast of changes in the market around cost of raw materials. We can conduct cost analysis on the impact of raw material price increases on project budgets, draft contracts to minimise any risk for clients and avoid disputes over price fluctuations. We can also help clients implement circular economy practices and energy efficient practices to optimise value and reduce reliance on raw materials as well as overall costs.

Resources required

This will necessitate resources with knowledge on sustainability and circular economy practices and initiatives; experience in project and cost management; and legal expertise in drafting contracts. This may require access to construction market data and investment in technology and software.

Uncertainty through market signals

Opportunity

In response to fluctuations in the market, there is an opportunity to diversify our offering and better position ourselves for the transition to a lower-carbon economy. We can continue to improve on our expertise in risk management by monitoring fluctuations across all markets in which we operate. With a strong focus on risk assessment and mitigation, our business can offer clients strategies to navigate and minimise the impacts of market volatility, making us indispensable to our clients and partners.

Resources required

This will require more resources with knowledge and expertise in risk management; market intelligence to anticipate changes and adjust accordingly strategies; and specialists to support more demand for sustainability and circular economy practices and initiatives.

Opportunities: North America

Efforts to mitigate and adapt to transitioning to a low-carbon economy also present the following opportunities for us in North America, through cost savings and developing new services and resource efficiency. We acknowledge that there is opportunity to respond to our regional climate risk analysis in a variety of ways.

Carbon pricing

Opportunity

Turner & Townsend has an opportunity to use the costs of carbon pricing as a financial management tool to oversee a range of revenue opportunities that will help drive energy innovation, thereby reducing costs as well as guide strategic investment in overall carbon reduction. This is also an opportunity to diversify our sustainability and net zero service offerings by providing carbon pricing consulting services to our clients. This will be a relatively unique opportunity for the company due to its current operations supporting the natural resource sector.

Resources required

This may require engaging with or hiring dedicated carbon accounting specialists, as well as working with independent third-party assurance bodies. Additionally, resources with sharpened carbon fluency and language around climate regulation are key. Turner & Townsend (NAM) leverages the industry expertise of our colleagues in the UK. In this region, the Sustainability and Net Zero teams are in a very early stage of development and there is an opportunity to continue investing in our staff capabilities to grow the sustainability team local to the United States and therefore, the wider North America region.

Exposure to litigation

Opportunity

There is an opportunity to implement a controls committee and establish ongoing responsibility to assess and measure the climate-related disclosures both internally, and throughout our clients and supply chain. Additionally, we can develop systems to support carbon reporting and reduction measures in the market. We can capitalise on existing business functions and take a proactive approach to litigation. This inherently creates employment opportunities to train and recruit specialists in climate-related litigation risks and disclosure. If we continue to act as first movers to adopt industry standard best practices, we could generate new advantages and mitigate our litigation risk for reporting.

Resources required

This may necessitate the engagement of new expertise, internal and external; related to management, operations, legal ramifications related to disclosures, and new initiatives designed to support them. A set framework is required for the teams involved in gathering, reviewing, and publishing climate-related disclosures. This is critical for accuracy and data integrity that will sustain transparency and prevent exposure to any cases of litigation.

Substitution of products and services with lower emissions options

Opportunity

There is opportunity to utilise our net zero proposition and access into new markets through collaboration with governments, development banks, high-tech, oil and gas, mining and manufacturing clients where we have existing relationships. Identifying incentives with clients can be facilitated to help them obtain potential savings through their portfolio of projects where they are utilising energy-efficient technology and/or lower emission technologies.

Resources required

This may require expanding our team to include carbon accounting professionals and programme managers with sustainability and net zero backgrounds. This will also a require an understanding of carbon reduction best practice; implementing tools and services to optimise operations that would include lower emissions solutions, like software, supplier selection, and employee awareness.

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