

Task Force on Climate- Related Financial Disclosure (TCFD) Report

The Walsh Group

Fiscal Year: 2025 ending 12/31/2025

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Introduction

About The Walsh Group

The Walsh Group, founded in 1898, is a fourth-generation, family-owned enterprise and one of North America's largest and most respected construction services providers. Headquartered in Chicago, Illinois, the company operates through four main subsidiaries - Walsh Construction, Walsh Federal, Archer Western, and Walsh Canada with 21 regional offices strategically located across the United States and Canada.

The Walsh Group offers a full lifecycle of services, including planning, financing, building, outfitting, operating, and maintaining projects. Its integrated approach covers preconstruction planning, design-build delivery, public-private partnerships, and facility management. Walsh serves diverse market sectors such as building, transportation, water, hydro/power, and industrial infrastructure. Its portfolio includes complex projects like bridges, highways, mass transit systems, airports, water treatment plants, hydroelectric facilities, and industrial plants.

Guided by its mission to be the builder of choice for customers and the employer of choice for its people, The Walsh Group emphasizes safety, sustainability, and innovation. Its vision is to be recognized as the most valued construction services provider in North America, fostering trust through technical excellence, ethical practices, and long-term partnerships.

About This Report

This report was prepared in alignment with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD 2017), the globally recognized framework for climate risk reporting, which also supports compliance with California's Climate-Related Financial Risk Act (SB 261).

This TCFD framework provides guidance on recommended disclosures grouped in four areas:

- Governance
- Strategy
- Risk Management
- Metrics & Targets

Climate Risks

Climate change presents significant risks to the company, which can impact operations, financial performance, and long-term resilience. Climate-related risks fall into two categories:

1. Physical Risks – Harm to people, property, and productivity from climate events.
 - Acute: Short-term, event-driven (e.g., hurricanes, floods, droughts, wildfires, heatwaves, storm surges, cold waves).
 - Chronic: Long-term shifts (e.g., changing precipitation and temperature patterns, sea level rise).
2. Transition Risks – Business impacts from moving to a low-carbon economy, including:
 - Policy and regulatory changes
 - Technological innovation
 - Market and consumer shifts
 - Reputational pressures

Climate Opportunities

Climate-related opportunities are the potential benefits organizations can realize by addressing climate challenges. These include gaining competitive advantage, creating new revenue streams, and improving resilience through sustainable practices. Common areas of opportunity identified by TCFD include:

- Resource efficiency
- Alternative Energy
- Climate-friendly products and services
- Emerging markets
- Organizational resilience

Together, these risks and opportunities guide strategic planning and help build a more sustainable, future-ready business.

Management Note

Certain information set forth in this report contains forward-looking statements including company's climate-related strategies, risk management practices and anticipated actions. The measurement of future climate-related impacts involves inherent complexity and uncertainty. Accordingly, the information contained in this report represents the best information and data reasonably available as of the date of publication. To date, the Company has not experienced climate-related events that have resulted in a material adverse effect on its operations or financial performance.

This report may include information based on current assumptions and expectations. These are subject to change due to various risk factors and uncertainties, and actual outcomes may differ materially from those described. The Company undertakes no obligation to update or revise forward-looking statements except as required by law. The Company remains committed to providing a safe and healthy work environment for employees, subcontractors, and the public across all projects

Governance

Executive Committee Oversight

The Walsh Group applies a structured governance approach to non-financial performance indicators, including climate considerations, through its Health, Safety, and Environmental (HSE) program. Strategic oversight of the business is provided by the Executive Committee which serves as the organization's functional board.

The Executive Committee is responsible for setting strategic goals, allocating resources, and monitoring HSE performance across projects. Oversight of HSE matters is embedded within executive leadership's responsibilities. This leadership group includes senior business leaders, legal and financial representatives, family ownership, and an independent, external member. It is responsible for setting company-wide strategy and managing risks faced by the organization. The group meets quarterly and maintains formal records of its proceedings. Meeting agendas follow a standardized structure and cover core governance areas such as Safety, Quality, Ethics and Compliance, and Administration. Additional topics, including climate-related issues, may be added to the agenda to reflect evolving priorities or operational needs.

The Executive Committee plays a central role in guiding the organization's focus and performance. Responsibilities include setting expectations for outcomes, supporting continuous improvement across operational teams, and ensuring that resources are appropriately allocated to maintain program effectiveness. Leadership also reviews performance at the project level to inform future planning and decision-making.

Management's Role in Environmental and Safety Oversight

The Walsh Group's environmental and safety responsibilities are carried out through a multi-tiered management structure anchored by the HSE program. Environmental factors such as weather-related events that may influence operations are considered through this program.

The Senior VP of HSE leads program implementation, oversees audits, and maintains training systems to ensure compliance with evolving regulations and management of changed conditions. Divisional HSE Directors and Regional HSE Managers support this effort by monitoring regulatory developments and auditing field operations.

Project Managers are responsible for site-specific HSE planning, including pre-construction assessments that incorporate risk mitigation. Superintendents and HSE Professionals conduct inspections, deliver training, and investigate incidents to ensure safe and compliant project execution.

To reinforce its sustainability commitments, the Walsh Group integrates environmental leadership into its governance and project delivery practices. The company assigns Leadership in Energy and Environmental Design (LEED) Accredited Professionals to projects to promote environmentally conscious design and maintain adherence to construction standards. Management supports annual LEED Accredited Professional (AP) training programs, promotes initiatives to reduce water and energy consumption, and implements operational practices aimed at lowering carbon emissions. Demonstrating its commitment at the highest level, the Walsh Group's headquarters in Chicago, Illinois holds LEED Platinum certification, which is the highest designation under the LEED framework.

Strategy

In 2025, the Walsh Group engaged a third-party to support the organization's identification, assessment and mitigation of climate-related physical and transition risks. Through this process, the Walsh Group conducted qualitative scenario analysis for both physical and transition risks. The scenario analysis was qualitative drawing on industry guidance, peer benchmarking, and the financial and strategic planning process.

Two International Energy Agency (IEA) scenarios were considered during the risk assessment process—Stated Policies Scenario (STEPS) and Net Zero Scenario (NZE)—due to their relevance to the Walsh Group's operations. STEPS assumes current policies remain in place, while NZE reflects accelerated decarbonization with net-zero carbon dioxide (CO₂) emissions by 2050. The NZE scenario also aligns with the TCFD's recommendation to evaluate a 2°C or lower pathway. Using multiple scenarios allows for exploration of a range of possible impacts, including at least one scenario considered to be most disruptive for each of the respective risk types (physical and transition).

The risks and opportunities were evaluated across time horizons:

- Short-term - 0–1 year
- Medium-term - 2–5 years
- Long-term - 5+ years

A prioritized list of climate-related risks and opportunities was presented to a cross-functional leadership team in a workshop setting to discuss their potential impact on the organization under the different climate futures. Below are the most significant risks and opportunities discussed during the scenario analysis workshop.

Type	Description	Business Impact and Resiliency	Time Horizon	
Risks				
Physical	Heightened occurrence and magnitude of extreme weather events could cause damage and disruption to the business	More frequent and severe weather events can delay projects, damage assets and increase insurance premiums	Extreme weather increases costs through project delays and inefficiencies, with insurance offsetting some but not all associated expenses. Contracting mechanisms and assumed production rates are used to mitigate both acute and chronic weather-related events. Volatile weather conditions raise risk-adjusted return rates (cost of capital) and increase cost of insurance premiums available for jobs in high-hazard geographies.	Short-term Medium-term
	Industry standards and regulations may change to require low-carbon buildings and construction methods	Changes to building codes and construction regulations require design modifications and compliance measures, leading to higher material, labor, and administrative costs	Costs may be materially impacted in the short-term due to immediate response pricing changes on resources and uncertainty in the market. Once the new regulation is fully implemented, the business is able to adjust pricing strategies to account for increased compliance costs. While the overall increase in cost may be material depending on the regulatory burden, the business is able to absorb the change and mitigate the risk in the medium and long term. Changes in standards or regulations may qualify for contractual reliefs within a project lifecycle and advance purchasing of materials is used as a strategy to dampen this impact. The likelihood and magnitude of this risk presenting is expected to be higher under a NZE scenario and may result in a greater impact to the business.	Short-term
Transition	Opportunity			
	Supporting clients in transitioning to lower emission technologies and/or climate resilient infrastructure	Growing demand for low-emission technologies and climate-resilient infrastructure creates revenue potential by offering design, consulting, and implementation services to help clients meet sustainability goals	In a transition to a low-carbon economy, revenue would increase from growing demand for green buildings, particularly under a NZE scenario. Company's leadership in sustainable design and expertise in LEED-certified buildings has and will continue to provide a competitive advantage in markets prioritizing more efficient and environmentally friendly construction. In the event that this method of construction becomes mandatory (NZE), our current market position is expected to present a differentiator for our business in the short- and medium-term while others build out their capabilities for minimum compliance.	Short-term Medium-term

The risks and opportunities identified above are focused on the short and medium terms. Risks are expected to be mitigated through competitive market adjustments before they reach the long-term time horizon. Investments in LEED-accredited expertise and continuous evaluation of green technologies strengthen the company's ability to adapt to potential future-state climate changes and maintain market position.

Risk Management

Recently, the Walsh Group partnered with third-party consultants to conduct climate scenario analysis addressing both physical and transition risks. Using internationally recognized scenarios, the Walsh Group evaluated potential climate futures to identify how key risks and opportunities may materialize, as outlined in the Strategy section. These risks and opportunities were initially identified through a query of historical Executive Committee agenda items, peer benchmarking, and industry guidance, then refined through a screening process. A cross-functional workshop with leaders from operations, finance, and legal assessed the likelihood and timing of risks under multiple scenarios. These risks will continue to be evaluated in the quarterly Executive Committee meetings to maintain effective mitigation strategies and to identify new risks and opportunities presented by climate, as needed. At the project level, risk management and mitigation is embedded in operational protocols through training programs, inspections, and incident investigations. Project Managers and Superintendents implement site-level controls, supported by HSE professionals for execution and reporting. To meet growing demand for green buildings, the Walsh Group has long prioritized LEED certification and compliance with applicable laws. Green equipment is adopted where practical and permitted by project conditions.

Metrics and Targets

The Walsh Group is in the process of calculating Scope 1 and Scope 2 greenhouse gas (GHG) emissions along with underlying activity data. Internal stakeholders will support these efforts by identifying additional climate-related metrics for measurement and management. These climate-related metrics will play an important role in monitoring progress and informing strategic decisions.

Once Scope 1 and Scope 2 calculations are complete, an independent assurance provider will verify the data and provide a limited assurance opinion. These emissions data and metrics may inform the development of climate-related targets in the future. This phased approach strengthens confidence in emissions accounting while ensuring disclosures remain accurate, actionable, and aligned with stakeholder expectations.

The Walsh Group is committed to continuously improving data quality and aligning with industry best practices as it considers climate-related metrics and targets in the future.