



SUSTAINABILITY REPORT 2023

The time is now



Sustainability is our business

The time is now

Together with our clients and partners, we are stepping up our impact and leadership across the climate, biodiversity and social challenges facing society.



This image of a red fox, taken by Austin Groff, United States, from his home office, was the winner of our annual employee photo competition. Austin commented “when COVID hit and employees were mostly working at home, ERM emphasized the importance of flexibility in the face of challenges. This image reminded me that we thrive as a company while adapting to change.”



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All images used in ERM’s Sustainability Report 2023 were provided by ERM employees, except where noted in the photo credits. Our thanks to the many talented ERM employees who contributed these images.

ERM’s Sustainability Report 2023 covers the fiscal year 2023 (FY23) from 1 April 2022 to 31 March 2023.

We report financial data in United States dollars, unless otherwise noted.

Photo credits:

1. Luana Kwai, Brazil
2. Aranzazu Salgado, Mexico
3. Kirsten Tillotson, United Kingdom
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In the interest of sustainability, view this report in digital form only – **please do not print.**

[Quick link to supplementary information →](#)

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Overview

As the largest global pure play sustainability consultancy, we partner with the world's leading organizations, creating innovative solutions to sustainability challenges and unlocking commercial opportunities that meet the needs of today while preserving opportunity for future generations.

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CEO message

At ERM,
sustainability
is our business.

As the world’s largest pure play sustainability consultancy, we know that the greatest impact we can have on the world is through the work we do for our clients. Many organizations have now made commitments, set targets and articulated their sustainability strategies. But that’s when the hard work really starts. And that’s where ERM is ideally placed to help companies deliver on the ground. We partner with clients to help them operationalize sustainability at pace and scale, through our unique combination of strategic transformation and technical delivery capabilities.

The impact we have stems from the passion of our 8,000+ diverse professionals. I am constantly amazed by the talents and achievements of our people, who together help us deliver the change we want to see in the world.

Harnessing their talents and the wider capabilities that exist within the sustainability ecosystem is essential given the scale of the challenges we face as a society. That’s why it is so exciting to see how ERM is

collaborating to shift the needle on progress, for example by establishing a partnership with leading organizations including Salesforce to help organizations achieve net-zero emissions, joining the Make it Mandatory campaign alongside 400 business and finance institutions at the United Nations Biodiversity Conference of the Parties (COP15) and supporting the launch of the Business Commission to Tackle Inequality (BCTI) flagship report on tackling inequality.



Tom Reichert, Group CEO, ERM



CEO MESSAGE

Partnership is a central element to how we work with our clients, run our business and increase our positive impact on society. Over the last 12 months, together with our clients we have installed over 160 gigawatts of renewable energy capacity, and remediated 279 hectares of land to beneficial use.

We have increased project sales helping clients transition to a lower-carbon economy by 34% from the previous year. And we have also made a number of new acquisitions that strengthen our capabilities across new energies, sustainability and digital solutions. NINT, Coho, Libryo, Shelton Group and MarineSpace all bring huge and unique expertise, and we are delighted they are all now part of the ERM family.

ERM is proud to be a Global Reporting Initiative (GRI) Community member. As highlighted in this Sustainability Report 2023, we strongly support the Sustainable Development Goals (SDGs).

ERM endorses the United Nations Guiding Principles on Business and Human Rights and supports the principles contained within the Declaration of Human Rights, the Task Force for Climate-related Financial Disclosures (TCFD), Principles for Responsible Investment (PRI), Women’s Empowerment Principles, and other internationally recognized standards and initiatives.

There is a significant amount of work that goes into the development of this report, showcasing the impact that our people have had over the last 12 months as we deliver on our purpose of shaping a sustainable future with the world’s leading organizations. I would like to thank everyone involved in this process and across ERM for the impact they have every day.

Tom Reichert
Group CEO, ERM



Read the translation of the CEO message in [French](#), [Japanese](#), [Korean](#), [Mandarin](#), [Portuguese](#) and [Spanish](#).

**The time is now
to shape a more
sustainable future.**

Photo credit: Mark Wilson, United Kingdom

ERM's perspective

The sustainability agenda continues to evolve rapidly, buffeted and accelerated by new events and trends. Within that context, every year the SustainAbility Institute by ERM publishes a major study exploring 10 key sustainability trends reshaping the global economy. This is the context in which ERM operates and has been taken into account as we determine our material topics and strategic direction.



The Ongoing Evolution of Sustainable Business, 2023 Trends Report



The Institute's 2023 trends report provides the basis for the summary below, looking at the long-term issues that are driving the sustainability agenda as well as the short-term dynamics surrounding these.

Integrating ESG

Environmental, social and governance (ESG) concepts are dramatically changing the way business works. This is partly in response to stakeholder demands that the private sector do more to address issues such as climate change, social injustice and data privacy.

Despite recent criticism of climate-related shareholder proposals and ESG in general, momentum behind the concept continues to push it forward. For example, executive compensation is increasingly tied to ESG factors, and many governments are generating new guidelines that integrate ESG elements, suggesting recent objections may be temporary distractions on the way to deeper integration of responsible and sustainable business practices. Corporate action related to ESG is likely to evolve in the following ways over the next 12 months:

- Corporate ESG activity and disclosure will become more standardized across geographies and sectors.
- Growing challenges like scoring discrepancies from different ratings agencies will amplify calls for ESG ratings regulation.
- ESG investing will continue to grow.

The time is now
for integrating ESG
into business strategy.



Photo credit: Vikrant Wankhede, India

Valuing human capital

The workplace of 2023 is dramatically different than pre-COVID-19. Changes such as more flexible and remote work options and the increased pursuit of purposeful work have redefined the employee-employer relationship. In this environment, expectations for valuing human capital continue to grow.

As internal and external factors – including employees’ pursuit of greater purpose and the lingering effects of the COVID-19 pandemic – continue to shape human capital practices in the modern workplace, corporate action is likely to evolve in the following ways:

- Pay transparency will become more important for both companies and employees.
- “Quiet quitting” will help redefine the relationship between employees and their employers.
- Companies will strengthen human capital development as the value employees bring to business is increasingly recognized.



OVERVIEW > ERM'S PERSPECTIVE

Responding to climate change

Combating the climate crisis is a generation-defining challenge. While society is working to accelerate its efforts to secure a livable future, the pace of corporate climate action is not yet fast enough. Despite this and disruptive events like the war in Ukraine, companies continue to seek better ways to address climate change.

Even with significant setbacks in 2022, progress made towards addressing climate change impacts and reducing global greenhouse gas (GHG) emissions is promising. While 2023 is likely to present its own hurdles, more climate action by governments, businesses and nongovernmental organizations can be expected. In this environment, corporate action is likely to evolve in the following ways:

- The global energy crisis will help accelerate the energy transition.
- Carbon credits, particularly those sourced from Natural Climate Solutions (NCS), will be increasingly utilized in net-zero strategies.
- Demand for electric vehicles will continue to increase, but supply chains and infrastructure may struggle to keep up.

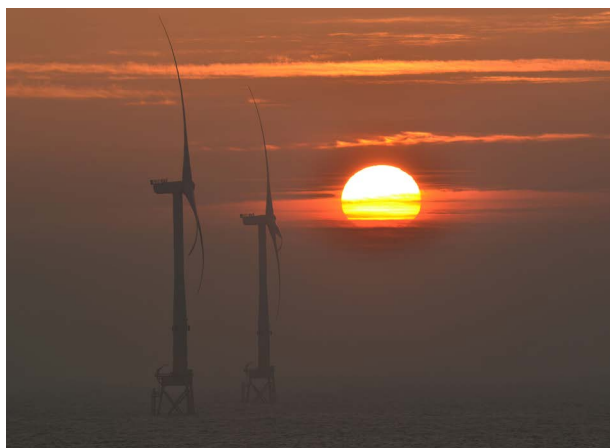


Photo credit: Steve Woolham, United Kingdom



Photo credit: ERM

Safeguarding natural systems

Concern about nature and biodiversity has lagged the attention drawn by the climate crisis, but that is changing. The nature agenda moved top of mind after the United Nations 15th Biodiversity Conference of the Parties (COP15) in December 2022 agreed to the Kunming-Montreal Global Biodiversity Framework and as the linkages between biodiversity and climate were recognized.

Despite an uncertain picture for nature and biodiversity, developments in the past year provide reasons for hope, most notably COP15's ambitious outcomes. In this context, corporate action is likely to evolve in the following ways:

- The Taskforce on Nature-related Financial Disclosures (TNFD) will transform nature-related reporting.
- Financial companies will increase focus on nature-related impacts and risks.
- Natural capital accounting will help companies better assess their nature-related impacts and dependencies.



Photo credit: Nicolas Pineros, Colombia

Building sustainable and resilient supply chains

Supply chain challenges have been front and center in recent years, especially since COVID-19 emerged. The pandemic and other complications have increased consumer awareness of where and how goods originate. At the same time, companies are finding that better understanding of complex supply chains is key to solving the most complicated ESG issues.

The pursuit of supply chain sustainability advanced this past year thanks to both corporate and governmental action. As the world continues to build more sustainable and resilient supply chains, corporate action is likely to evolve in the following ways:

- Companies will increase supply chain resiliency through production site shifts.
- Companies will increase spending with diverse suppliers.
- Companies' ESG goals will impact suppliers.

Enabling sustainable consumption and production

The urgency of figuring out what to do with the world's waste is underlined by the phenomenon that even low-waste production regions are overwhelmed with discarded goods. Businesses and governments are making headway developing circular strategies and models aimed at transitioning from take-make-waste to take-make-reuse approaches, but these efforts must accelerate.

With companies continuing to pursue responsible production and consumption, we expect that corporate action is likely to evolve in the following ways:

- Circularity requirements will surge, driving businesses to develop more sustainable business models.
- Businesses will pursue more circularity-focused initiatives.
- Governments will increase their focus on eliminating per- and polyfluoroalkyl substances (PFAS), also known as "forever chemicals."

Applying technology to sustainability

Technological advancements support the rapid development of more sustainable economies and societies. As technological capability and accessibility grow, companies must grapple with important and complex questions about the ethical and sustainable application of the technologies available to them.

Questions about data security, energy usage and ethical implementation of technology have increased in priority in recent years. In 2023, tech companies will need to further integrate sustainability into their processes and products to keep up. As a result, corporate action is likely to evolve in the following ways:

- The role of the metaverse in business will become clearer.
- Waste and recycling will remain top tech industry concerns.
- Increasing use of artificial intelligence (AI) will continue to generate ethical questions.



Respecting fundamental rights

Numerous events across the world influenced the human rights landscape of 2022, from Russia's invasion of Ukraine and massive protests against the Iranian government, to the overturning of Roe v. Wade in the United States. Stakeholders will continue to demand that companies respect the fundamental rights of every person they interact with directly and indirectly.

While preventing the suffering of fellow humans should always be top of mind, the detrimental impacts of the Ukraine war and the progress signaled by new human rights regulations were among the developments bringing new energy to fundamental rights issues in 2022. With attention only likely to grow, corporate action is likely to evolve in the following ways:

- Investor interest in corporate DEI practices will increase.
- More companies are likely to issue social-related bonds.
- Companies will continue to respond to fundamental rights issues as consumer pressure rises.

Shaping policy, regulations and norms

Geopolitical instability, regulatory initiatives and civil society activism are redefining how businesses approach sustainability. With further changes and pressures certain in 2023, companies need to constantly update their sustainability playbook.

Given the government initiatives, corporate action and stakeholder demands seen in 2022, it is anticipated that sustainability will continue to be a major consideration in policy regulation and norms into 2023 and beyond. As such, corporate action is likely to evolve in the following ways:

- ESG-related disclosure proposals will have rippling effects across geographies.
- United States divisions on ESG will deepen.
- Companies will reassess how geopolitical risks impact their operations.

Moving towards stakeholder capitalism

Stakeholder capitalism continued to shape the business world in 2022. However, after years of relatively broad support and rapid advancement, the concept is beginning to be challenged by those who characterize it as political theater disguised as free enterprise, most notably in the form of anti-ESG shareholder proposals. With controversy rising, corporate action is likely to evolve in the following ways:

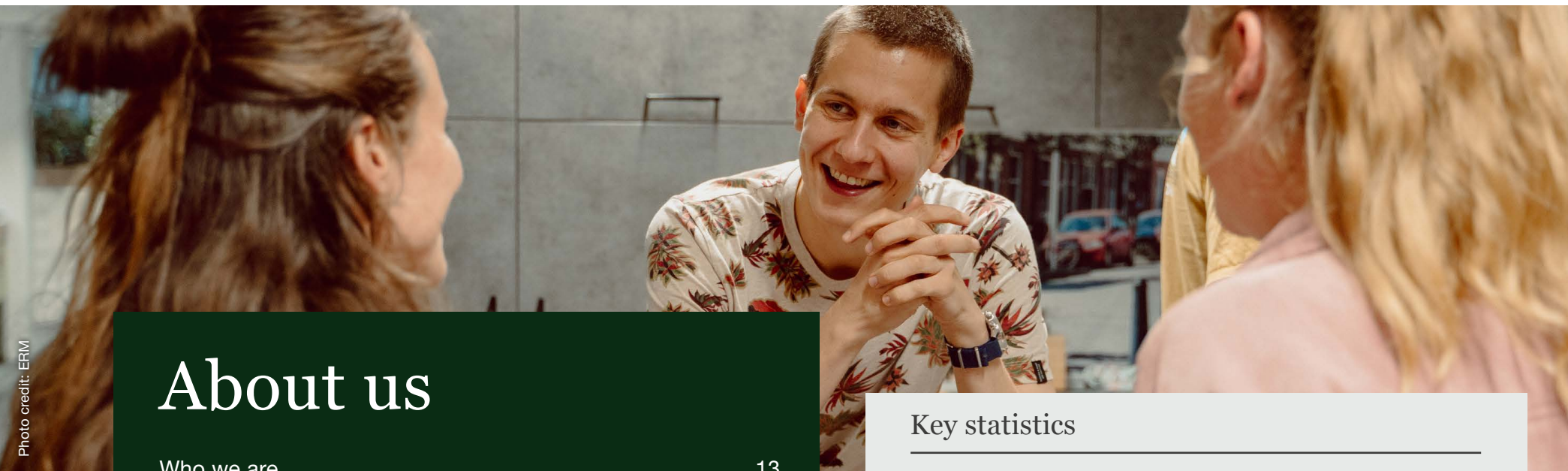
- With stakeholder capitalism-related actions proliferating, companies are likely to face more greenwashing accusations.
- Companies will increasingly align stakeholder capitalism-related lobbying with public positions.
- Shareholders will redefine stakeholder capitalism.



Photo credit: Maritza Castro, Colombia



Photo credit: ERM



About us

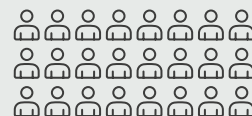
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The sustainability challenges facing the world are unprecedented. ERM exists to be part of the solution, combining our strategic and technical capabilities to help transform businesses and make a real impact in the world – at a time when it is most needed.

Key statistics

23,000 PROJECTS WORKED ON IN FY23

8,000+ EMPLOYEES



\$1 billion+ ANNUAL REVENUE

152 COUNTRIES where we worked on projects

1,200+ EMPLOYEE PROMOTIONS

3,000+ CLIENTS

Who we are

At ERM, our unique purpose sets us apart: we exist to shape a sustainable future with the world’s leading organizations.

“**Shape**” means we are actively influencing, collaborating and co-creating; “a **sustainable future**” has been defined through the United Nations Sustainable Development Goals (SDGs); and “with the **world’s leading organizations**” inspires collaboration with our clients and society’s most prominent change-makers alike in order to make a difference through our work.

As the largest global pure play sustainability consultancy, we partner with the world’s leading organizations, creating innovative solutions to sustainability challenges and unlocking commercial opportunities that meet the needs of today while preserving opportunity for future generations.

What we do matters in the world. Whether we are in client-facing, technical or enabling roles, everything we do starts with our unique purpose. Our diverse team of world-class experts supports clients across the breadth of their organizations to operationalize sustainability, combining strategic transformation and technical delivery capabilities. Numerous industry benchmarks attest to our market leadership, and the majority of our work is sole-sourced, reflecting the trusted partnerships we build with our clients.



Our beliefs unite and guide us every day towards impact and value for our clients and the people and planet that we serve.

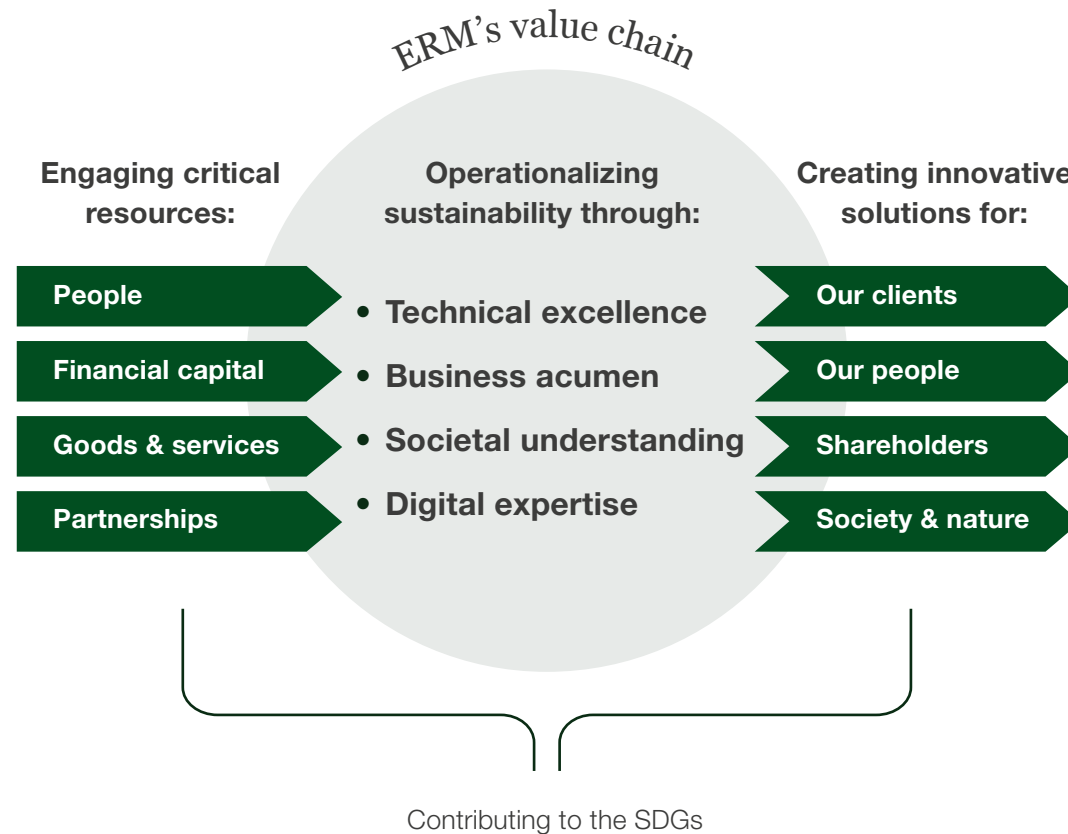
These beliefs set a bar around who we are and how we operate, reflecting and inspiring us to be the best we can be, every day. With our purpose as our guiding star, our beliefs guide our actions day to day.

Our value chain

We put our purpose, beliefs and behaviors at the core of everything we do. They serve as the compass to guide decision-making and wider stakeholder value to maximize our impact, drive value for clients and foster engagement and meaning for our employees.

ERM's value chain encompasses the business activities across the life cycle of our services:

- We work with partners and suppliers who augment and increase the impact we can have on the world through serving our clients more effectively.
- We engage thousands of contractors who provide specialized expertise, from construction and heavy equipment operators to local and Indigenous natural and social scientists.
- We purchase or lease equipment, materials, travel services and office space.





Our impact

ERM's impact on sustainability is driven by:

- Our work with clients
- Our own operations
- Our collaborations and partnerships

The case studies throughout this report bring to life each of these areas of impact.

Our work with clients

ERM partners with clients to operationalize sustainability at pace and scale, through our unique combination of strategic transformation and technical delivery capabilities.

As outlined in the **ERM perspective** section, businesses today are facing many challenges that continue to grow in complexity and scale. Within this context, business is under pressure to drive profitable annual growth while at the same time integrating sustainability into their strategy and operations.

Business and the finance sector have set many commitments and targets around sustainability in

recent years – the challenge is how to deliver on these. The pace and scale of business transformation needed requires integrated implementation across the whole business. Leaders in all functions and operations are now required to deliver on a company's sustainability agenda – and many tell us they need support to innovate, collaborate and accelerate their work programs.

With more than 50 years' experience of helping companies meet the evolving landscape, ERM continues to partner with organizations as they operationalize sustainability. We work across industries, including: energy; chemical and pharmaceutical; finance; technology, media and telecommunications; mining and metals; manufacturing; and other important industries.

Our breadth of **services** supports our clients across the business life cycle and at all levels of the organization. We bring an unrivaled depth of technical capability as our professionals collaborate, share knowledge and problem solve together in **technical communities**, which foster leading talent and capability, service innovation and play a significant role in delivering our business strategy.

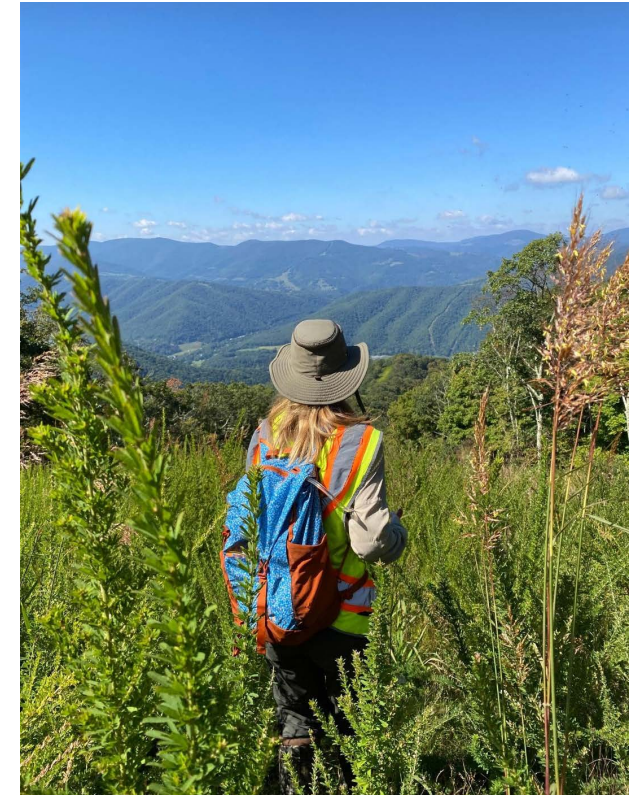


Photo credit: Autumn Dunn, United States



OVERVIEW > ABOUT US

Our own operations

ERM's comprehensive approach to sustainability is embedded in our corporate strategy, which includes our own approach to operationalizing sustainability. Through our materiality assessment, we determine the material topics for our organization that are then integrated into our enterprise risk management approach. Further details of this can be found [here](#).

We are committed to taking a leadership position through "walking the talk" in our own business. Learn more about our [commitments](#).

Our collaborations and partnerships

ERM has a unique opportunity and responsibility to leverage our technical expertise and business acumen to shape a more sustainable world. We recognize the importance of collaborating with other leading organizations to address the societal challenges of our time.

Innovation is at the core of ERM's ability to make a difference in the world. Whether leveraging technology to help meet sustainability challenges or collaborating with business and nongovernmental organizations to develop new tools and approaches, ERM partners and innovates with others. We are building an ecosystem of like-minded organizations to co-create solutions capable of addressing the urgency needed to accelerate progress to a sustainable future.

We lead conversations on key issues through the [SustainAbility Institute by ERM](#), second our experts into important initiatives and actively engage in building the skills and expertise of professionals in their membership associations. We are also deeply involved in developing the standards, tools, guidelines and best practices required to develop alignment in measurement, verification, reporting and disclosure. [The ERM Foundation](#) enables ERM and our employees to provide funding and professional support for nonprofit organizations and social enterprises that share our commitment to creating a more sustainable and equitable world.

[Learn more in the Impact & influence section of this report →](#)



The time is now to deliver impact at pace and scale.



Operationalizing sustainability



ERM’s sustainability program is an overarching framework that enables us to deliver on our ambition and commitments. It is integral to our long-term business strategy and drives continual improvement as we address the sustainability challenges of our time. Our **Sustainability Policy** and **Sustainability Approach** articulate our commitments to sustainability.

The contents of this Sustainability Report 2023 reflect the relevance of sustainable development to ERM and our strategy for contributing to sustainable development.

Corporate strategy

ERM’s strategy is centered on delivering our purpose by measuring and advancing our impact, delivering the breadth of ERM offerings to support clients across their business and innovating with our clients. As a people-focused organization, we will shape the current and next generation of sustainability leaders – driven by passion and leading with confidence.

As we grow and respond to market need, we will focus on long-term value creation and delivering returns for shareholders. To sustain this growth, we need to scale our platforms, systems and internal structures – from health and safety to tech enablement, risk management, and acquisitions and integrations.

The time is now
to deliver on our
commitments.



Highlight: Our company growth



Acquisitions are an important element of our growth strategy, bringing new capabilities, scale and expertise to our company, as well as fresh ideas and perspectives that drive innovation.

In FY23, we welcomed the following companies:

NINT: A consultancy in Latin America focused on sustainable finance and ESG advisory for financial institutions, corporations, civil society and public sector organizations. Acquired February 2023.

Coho: A global climate advisor based in the United States dedicated to helping clients navigate complexity and take ambitious steps on their climate journey. Acquired February 2023.

Libryo: A software company based in the United Kingdom whose automated, cloud-based platform helps organizations know the law that applies to their business, in every jurisdiction. Acquired December 2022.

Shelton Group: A leading marketing communications agency based in the United States that focuses exclusively on sustainability. Acquired September 2022.

MarineSpace: A leading marine environment consultancy in the United Kingdom that advises clients on their largest and most complex marine development projects. Acquired July 2022.

For more information, visit www.erm.com.



Sustainability governance

ERM's Board of Directors (Board) oversees the sustainability performance, targets and goals of the ERM business and our attainment of ESG standards. The Board has established the ESG Risk and Sustainability Steering Group as an advisory group to the ERM Board.

A working group of ERM's Executive Committee provides strategic leadership on sustainability and reports to the full Executive Committee, then via the Group CEO to ERM's Board. Working group members include the Global Leader of Sustainability and Risk, our Chief People Officer, the Regional CEO for Latin America and the Caribbean, and the Regional CEO for North America, with facilitation by the Global Sustainability Director and involvement of the Head of Group Transformation.

For selected sustainability targets, performance is considered in determining senior management annual performance targets and bonuses. The performance of our overall sustainability program is included in bonus considerations for our Global Leader of Sustainability and Risk, who also serves on ERM's Executive Committee, ESG Risk and

Sustainability Steering Group and the Board. In addition, the Executive Committee leaders accountable for material topics, including diversity, equity, inclusion and belonging (DEIB) and wellbeing; health and safety; risk management; service innovation and digital enablement; data protection and cybersecurity; commercial strategy; and business conduct and ethics, have specific targets and bonus considerations.

Given the complexity and speed of changing reporting and disclosure requirements, we established a Sustainability/ESG Reporting Working Group of senior leaders and subject matter experts to provide feedback and insights on our materiality assessment, integration with our enterprise risk management framework, our reporting process and our evolving approach to sustainability/ESG governance, strategy and implementation.

At this time, we use the term ESG to describe the ESG risks to ERM and sustainability as a broader term that includes ERM's impact on the world as set out in our **Sustainability Policy** and **Approach**.

Further details can be found in the **Governance** section of the report.

Our sustainability governance model

Board of Directors & Board steering committee

- Determine strategic responses to ESG, sustainability & related risk topics
- Review & approve enterprise risk management & materiality assessment results
- Evaluate performance results
- Approve sustainability-related policies

Executive committee & Executive committee working group

- Lead strategic decision-making, materiality assessment & material topics
- Set strategy, targets & goals, programmatic priorities & resourcing
- Monitor progress in meeting targets & goals

Senior leaders

- Operational leaders: responsible for sustainability performance & adherence to organizational policies & program priorities
- Selected senior leaders: accountable for specific elements of sustainability performance & regulatory requirements

Sustainability Network members

- Support Regional CEO & Business Unit Managing Partners on developing & implementing Sustainability Action Plans
- Lead local sustainability initiatives & provide input to global sustainability program



OVERVIEW > ABOUT US

Sustainability Network

At ERM, we know that employee engagement is crucial for successfully implementing our sustainability program. Our program is supported by a voluntary Sustainability Network of more than 260 employees across the world.

The network mirrors our operational organization with representatives at regional, business unit (BU) and office levels.

Members of the network are drawn from all ERM employees to ensure that as many diverse perspectives as possible are included, and this in turn strengthens ownership of outcomes. The Sustainability Network helps drive improvements in our sustainability performance and embeds sustainability into the way we operate as a business.

Key areas of focus for the Sustainability Network include:

- **Engagement:** Engaging employees in programs that connect them to the business of sustainability and drive internal performance. Examples include Global Goals Week and International Coastal Cleanup, Low-Carbon Learning Series and Earth Day.
- **Performance:** Contributing to the development of each country or BU Sustainability Action Plans (SAP) to help ERM meet our public commitments on sustainability and identifying local priorities that feed into each SAP.
- **Reporting:** Supporting the collection of sustainability data for internal and external reporting for our Sustainability Report.



Photo credit: ERM Taiwan



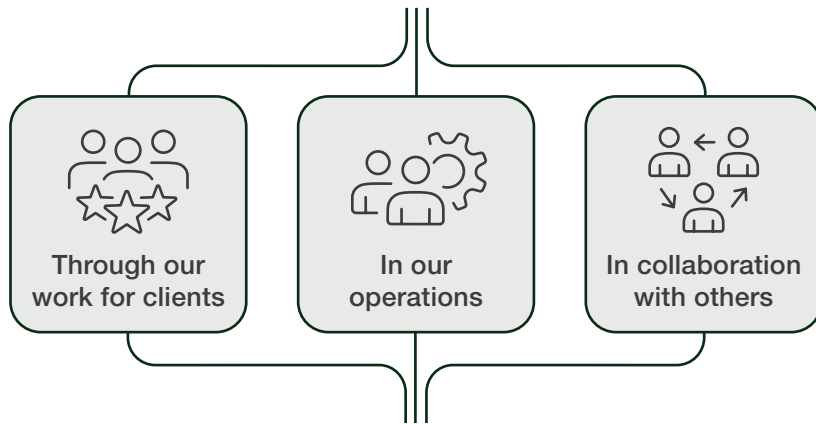
Photo credit: Isotta Bernabei, Italy

Supporting the SDGs

The United Nations adopted the Sustainable Development Goals (SDGs) in September 2015, designed to end poverty, fight inequality and injustice, and tackle climate change by 2030. Reaching these goals will take everyone's contribution, including governments, civil society and businesses.



We contribute to the SDGs in three ways:



Through our work for clients: We use the SDGs to help our clients develop and implement their strategy for contributing to sustainable development. To meet growing client demand, we continue to strengthen our capabilities in this area through acquisitions and ongoing engagement with our account and technical teams. We also conduct research and publish insights that are of interest to our clients.

In our operations: ERM strives to operate sustainably in support of the SDGs. We have adopted several policies and programs that directly contribute to them, as do our sustainability targets and goals. Of particular note, we have adopted ambitious net-zero and science-based targets for greenhouse gas (GHG) emissions. In addition, the ERM Foundation is committed to making a measurable contribution to the SDGs, and we have identified 10 intersecting SDGs where the Foundation can have the greatest impact.

In collaboration with others: Through our partnerships with leading organizations, we are committed to making a meaningful contribution to the SDGs. ERM participates in SDG panels at leading conferences and convenes SDG workshops and webinars with companies across geographies and sectors, sharing our own experiences of contributing to the SDGs.

[Learn more in our SDG supplement →](#)



Photo credit: Blair Van Andel, Canada



Year in review

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FY23 was a year of unprecedented growth for ERM. We are proud of our growing commitment to sustainability through our work with clients, our partnerships with leading organizations and the ERM Foundation and across our own operations and value chain.

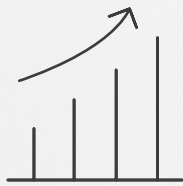
ERM has made notable progress during FY23, and we aspire to achieve even more in the coming year and beyond because the time is now:

- For a world facing multiple challenges that are changing the dynamics of the sustainability agenda;
- For our clients striving to drive profitable revenue growth while simultaneously accelerating the integration of sustainability into their strategy and operations; and
- For ERM to continue to demonstrate the capabilities needed to make a real impact in the world at a time when it is most needed.



FY23 highlights

Working with clients



34% increase
in **PROJECT SALES**
helping clients transition to
a **lower-carbon economy**

279+
HECTARES OF LAND
remediated for beneficial use



5 **NEW ACQUISITIONS**
strengthening capabilities across
new energies, sustainability
and **digital solutions**

Across our operations

ON TRACK TO MEET
SCIENCE BASED TARGETS
aligned to


1.5 degrees



INITIATED

4 **ERM FOUNDATION**
FUTURE FUND
PARTNERSHIPS



 **LAUNCHED**
SUSTAINABLE CONNECTIONS,
a podcast connecting ambition to action

Collaborating with others

SUPPORTED
PILOT FOR TASKFORCE
on **Nature-related Financial**
Disclosures (TNFD) framework



CO-AUTHORED
CEO GUIDE
TO VOLUNTARY
CARBON MARKETS

with
Natural
Climate
Solutions
Alliance

ESTABLISHED

6 **COMMERCIAL**
PARTNERSHIPS
to create **innovative solutions**
for sustainability challenges



FY23 awards & recognition



In partnership with sales training experts Imparta, received **Gold level recognition from the Learning and Performance Institute's Learning Awards** for our Client Development Program, the third consecutive year in which we have been awarded gold by an external organization.

Recognized with **two Business Achievement Awards** in the Information Technology and Social Contribution categories of Environmental Business Journal's annual awards program.



Top 10 performer in *Reporting Matters*, the annual review of companies' sustainability and integrated reporting compiled by the World Business Council for Sustainable Development (WBCSD), for the 4th year in a row.



Named as a leader in Digital Environmental Health & Safety (EHS) Technology Implementation, in the **Verdantix Green Quadrant: Digital EHS Technology Implementation Services Report**.

Highly commended awards for the ESG Innovation Award and the **Net Zero Accelerator Award**, as part of Environment Analyst's inaugural 2022 **Sustainability Consulting Awards**.



Number one position in the Sustainability Services Top 10 report developed by analyst organization HFS Research.



Photo credit: Environment Analyst & ©TonyGallagherPhotography

ERM Consultant Isabella Kong recognized with the Rising Star Award as part of Environment Analyst's **Sustainability Consulting Awards** in July 2022.

ERM Consultant Archana Somasekharan was recognized with a highly commended award for the Rising Star Award.

In December 2022, ERM won the Technical Consultant - Specialist award at the 4th annual **IInvestor Awards**, which celebrates the best funds, advisors, and merger and acquisition activity in the energy and infrastructure markets.



ERM's project on hydrogen transport from Scotland to the Netherlands won the Stronger Together award at the **Netherlands British Chamber of Commerce Awards 2023** in March 2023 with the support of a diverse, international consortium, including Axens, Chiyoda Corporation, EnQuest, Koole Terminals, Port of Rotterdam, The Scottish Government, Shetland Islands Council, Storegga, Peterhead Port Authority and the Net Zero Technology Centre.

Targets & goals

Every year, we set companywide annual targets for each of the material topics identified through our materiality assessment. We also review our longer-term goals, which are an important element of our approach to sustainability.

We made notable progress in meeting our annual targets and longer-term goals.

The following pages provide a snapshot of ERM's performance against our FY23 annual targets. See our progress in achieving our **longer-term goals** and our **annual targets** for FY24.

Performance against FY23 targets


Climate, nature and livelihoods

FY23 target Results

Decarbonization

- Increase sales supporting the low-carbon economy transition by 40% over FY22.  Target partially met
- Remain on track to meet net-zero commitment and science-based targets of 80% reduction in Scopes 1 and 2 and 30% in Scope 3 emissions by 2025.  Target met

Nature & biodiversity

- Publish biodiversity policy.  Target met



Livelihoods & communities

- Integrate impact on society and communities into ERM's methodology for client decarbonization plans.  Target met
- Establish criteria to ensure positive livelihood benefits in offsets strategy.  Target met



People

FY23 target Results


Talent development

- Achieve workforce growth to meet client needs.  Target met
- Develop methodology to measure learning effectiveness.  Target met

Wellbeing

- Achieve net engagement score above industry average.  Target met
- Establish a baseline for ERM's total wellbeing metrics.  Target met

DE&I

- Achieve regional DE&I annual targets.  Target partially met

Performance against FY23 targets, continued

Impact and influence

FY23 target

Results

Thought leadership

- Increase engagement scores on The SustainAbility Institute social channels by 10%.



Collaboration & society

- Contribute 1% of prior year profits to support sustainability initiatives globally.



Measurement

- Develop 3-year road map to enhance measurement of ERM's work with clients.
- Deploy client feedback approach across Key Client Program.



Digital innovation

FY23 target

Results

Digital enablement

- Finalize roadmap for digital enablement of core service offerings.



Client privacy & data security

- No reportable breaches of privacy regulations.



Accountability

FY23 target

Results

Strategic & operational leadership

- Implement formal Board oversight of sustainability and ESG targets.
- Develop methodology for integrating ESG criteria into the Executive Committee and Partner performance management system.



Client & project selection

- Implement updated approach to client and project selection.



Reporting & disclosure

- Develop roadmap for early adoption of emerging standards for reporting.








Progress towards longer-term goals

Based on the results of our FY22 materiality assessment, we launched a new set of longer-term goals, as reported in last year's Sustainability Report. These multiyear goals are reviewed annually and modified only if they are no longer relevant or due to data source changes.

As a result of our most recent review, we refined two climate and nature goals, as noted in the following table.

Unless otherwise noted, goals are to be achieved by the end of FY26.

We are on track to achieve our longer-term goals.

Material topics	Longer-term goals
 <p>People Learn more</p>	<ul style="list-style-type: none"> • Achieve workforce growth to meet client needs. • Achieve year-on-year improvement in learning effectiveness. • Maintain net engagement score about industry average. • Achieve year-on-year improvement in ERM's total wellbeing metrics. • Achieve DEIB goals.
 <p>Digital innovation Learn more</p>	<ul style="list-style-type: none"> • Deliver roadmap for digital enablement of core service offerings. • No reportable breaches of privacy regulations.
 <p>Climate, nature & social challenges Learn more</p>	<ul style="list-style-type: none"> • 40% of total revenue from projects supporting the low-carbon economy transition. • Remain on track to deliver SBTi targets (Scopes 1, 2 and 3).¹ • Implement a roadmap for nature-positive action.² • 100% of ERM's offset projects have demonstrated livelihoods benefits.
 <p>Impact & influence Learn more</p>	<ul style="list-style-type: none"> • Outperform industry benchmarks for thought leadership. • Quantify and report on sustainability impacts across all elements of ERM's business. • Contribute 1% of prior year profits to support sustainability initiatives globally, with a minimum of 0.5% to ERM Foundation grants.
 <p>Governance & accountability Learn more</p>	<ul style="list-style-type: none"> • Increase transparency of Board ESG metrics. • Integrate ESG criteria into performance management system for all line managers. • Assess all clients and projects in alignment with ERM's purpose. • Maintain leadership position for sustainability and ESG reporting requirements in all jurisdictions in which we operate.

¹ Updated to align with SBTi changes.

² Updated to align with our biodiversity policy.



Photo credit: ERM

Material topics

After an extensive materiality assessment process this year, we have seen a shift in our material topics from the previous years as we strive to respond to the changing operational context, reflect stakeholder expectations, the evolution of materiality definitions and new disclosure requirements.

Our material topics	29
People	34
Digital innovation	55
Climate, nature & social challenges	64
Impact & influence	97
Governance & accountability	131



Photo credit: Alexis Marti, Canada

Our material topics

The top sustainability issues identified through our materiality assessment are considered alongside enterprise-level risks, which in turn inform our strategy and strategic plans.

We continue to expand our approach to assessing materiality to take into consideration three different approaches for identifying our material topics:

1. We assessed the potential and actual impacts of ERM on the environment, economy and society (including human rights) and the substantive influence of these impacts on the assessments and decisions of stakeholders, as required under the GRI standards.
2. We considered how sustainability issues affect ERM's performance, position and development and our impact on people and the environment (i.e., double materiality) as defined under the proposed European Corporate Sustainability Reporting Directive (CSRD). Although we are not required to report under CSRD at this time, we considered double materiality in determining our material topics.
3. We also considered topics that are not as material to ERM today but could become material in the coming decade (i.e., dynamic materiality, as defined by the World Economic Forum).



Photo credit: Indradi Soemardjan, Singapore

This Sustainability Report 2023 was developed to meet the GRI Standards.

The time is now
to focus on
what's material.

Based on our materiality assessment, our Executive Committee and Board Steering Group agreed to the following material topics for FY24:

People, including talent development; diversity, equity, inclusion and belonging (DEIB); wellbeing; health and safety.

Digital innovation, including digital enablement; client data security and privacy; cybersecurity.

Climate, nature and social challenges, including decarbonization; nature, water and biodiversity; social impact and human rights.




Impact and influence, including thought leadership; partnerships; measurement; supply chain.

Governance and accountability, including strategic and operational leadership; client, project and partner selection; reporting and disclosure; ethical business conduct; risk management.

[Learn more about our materiality assessment →](#)

Assessing our impacts across our value chain

Use the links in the table to see how ERM manages our material topics and the measures in place to track and monitor progress.

Material topics	Overview of impacts on economy, environment and people, including human rights	Actual/potential	Negative/positive
 People Learn more	If we cannot attract, develop, reward and retain talented employees, we will be unable to help our clients meet their sustainability challenges.	Actual	⊖ Negative ¹
	Growing our diverse and inclusive work environment helps us create better solutions for our clients while respecting the rights of stakeholders.	Actual	⊕ Positive
 Digital innovation Learn more	Digitization of EHS and sustainability systems make our clients' and our own processes more automated and responsive, better connected and insightful.	Actual	⊕ Positive
	Our clients and workforce would lose trust in ERM if we cannot assure the confidentiality, integrity, protection and responsible use of data.	Potential	⊕ Positive ⊖ Negative ^{1,2}
 Climate, nature & social challenges Learn more	As an advisory business, ERM works with many of the largest companies in the world, which in turn have some of the largest impacts on climate, nature and society. Our services are directly related to helping our clients to address these impacts and to operate in a more sustainable way through decarbonizing their businesses, working towards nature-positivity and providing social and economic benefits.	Actual	⊕ Positive
	Some of the activities of the companies we work for may have negative impacts on climate, nature and society – directly or indirectly. We are enhancing our client and project selection processes to identify and respond to client activities that may have negative environmental, economic, social or human rights impacts.	Potential	⊖ Negative ³
	As economies move towards a low-carbon and nature-positive future that addresses the social aspect of ESG with urgency, there will be greater demand for ERM services.	Actual	⊕ Positive

¹ Negative impacts relate to our own operations. ² Negative impacts relate to the services we provide to our clients. ³ Negative impacts relate to the activities of our clients.

Impacts of material topics, continued

Use the links in the table to see how ERM manages our material topics and the measures in place to track and monitor progress.

Material topics	Overview of impacts on economy, environment and people, including human rights	Actual/potential	Negative/positive
 Impact & influence Learn more	<p>ERM has a unique opportunity and responsibility to leverage our technical expertise, societal understanding and business acumen to shape a more sustainable world through the SustainAbility Institute, partnerships and the ERM Foundation.</p> <hr/> <p>As we strengthen our voice on what must be done to address the environmental, social and economic challenges of our time, some key stakeholders may not agree with our insights and perspectives.</p>	<p>Actual</p> <hr/> <p>Potential</p>	<p>⊕ Positive</p> <hr/> <p>⊖ Negative^{1,2}</p>
 Governance & accountability Learn more	<p>Good corporate governance will fulfill our responsibilities to our external investors, lenders, Partners, employees, strategic partnerships, suppliers and contractors, clients, regulators, society and the environment.</p> <hr/> <p>The inability of ERM to effectively respond to stakeholders' increased expectations on ESG performance may negatively affect client engagements, investor and lender support, talent acquisition and retention, and regulatory compliance.</p>	<p>Actual</p> <hr/> <p>Potential</p>	<p>⊕ Positive</p> <hr/> <p>⊖ Negative^{1,2}</p>

¹ Negative impacts relate to our own operations. ² Negative impacts relate to the services we provide to our clients. ³ Negative impacts relate to the activities of our clients.

FY24 targets

We set annual targets and longer-term goals for each of our material sustainability topics based on the review and approval of internal subject matter experts, the Executive Committee and our Board of Directors (Board). We will report on our progress in the ERM Sustainability Report 2024.

Please see our longer-term goals [here](#).






Material topics	FY24 targets
 <p>People Learn more</p>	<ul style="list-style-type: none"> • Achieve workforce growth and strengthen community within ERM to meet client needs and enhance our social impact. • Achieve year-on-year improvement in learning effectiveness. • Maintain net engagement score above industry average. • Achieve global DEIB annual targets.
 <p>Digital innovation Learn more</p>	<ul style="list-style-type: none"> • Achieve annual targets for digital enablement of core service offerings. • No reportable breaches of privacy regulations.
 <p>Climate, nature & social challenges Learn more</p>	<ul style="list-style-type: none"> • Increase sales supporting the low-carbon economy transition by 20% over FY23. • Remain on track to meet SBTi targets. • Finalize and implement ERM's updated decarbonization, nature, social and supplier engagement programs.
 <p>Impact & influence Learn more</p>	<ul style="list-style-type: none"> • Contribute 1% of prior year profits to support sustainability initiatives globally. • Publish initial Impact Report.
 <p>Governance & accountability Learn more</p>	<ul style="list-style-type: none"> • Formalize quarterly reporting of ESG/sustainability metrics to the Board. • 100% of eligible full-time employees complete Contributions Statements. • Implement refreshed enterprise risk management approach.



Photo credit: Ewa Matuszewska, South Africa



<h1>People</h1>	
Talent development	35
Diversity, equity, inclusion & belonging (DEIB)	41
Wellbeing	46
Health & safety	50

Why this topic is material for ERM

People are at the heart of the work that ERM does and who we are. We have a strong community, united by pride in our purpose and the impact of our work. We lean on and learn from each other, collaborating in a way that includes all voices and encourages everyone to thrive.

This warm, diverse, inclusive and community-based collaboration creates a compassionate workplace that focuses on being a culture that encourages and supports both high growth and high performance for our people. Because our work is rich in complexity and crucial to address, we bring our very best and always strive to exceed expectations. Our leaders influence and inspire us to drive real change knowing that ERM is the best platform from which to make that change.

We seek out challenges, tackle complex problems, develop passion into deep technical and consulting expertise, and work with the world's finest. Our colleagues are a global community of experts eager to build each other up and make the world a better place. The work of every employee is essential and invaluable as it constantly shapes a more sustainable future.

Talent development



What we do matters in the world. We work on challenging, interesting and impactful projects with influential and exciting clients to get real results. At ERM, we believe our efforts have real impact, which generates career-defining work that leaves a positive imprint on our planet and its people.

Our people bring their whole selves and unique capabilities to develop the leadership skills that are required to solve the increasingly complex challenges of our time.

At ERM, we have a strong community united by our purpose – *to shape a sustainable future with the world's leading organizations* – and the impact of our work.

In our culture, each individual is celebrated for their unique capability and finds belonging within a warm, vibrant and inclusive community. As part of their experience, each person:

- Makes an impact;
- Has the opportunity to continually develop expertise and progress in their careers;
- Has motivational, simple goals that translate into true impact;
- Is given meaningful feedback and empowering learning tools to help them meet their goals;
- Is recognized and rewarded equitably for their contribution to the success of the ERM community; and
- Is empowered to do their best work, every day, with flexible and progressive ways of working.

In the context of rising global attrition, we have maintained an attrition rate below industry benchmark. We receive feedback through our regular employee engagement surveys, and we offer award-winning learning opportunities to our colleagues in order to keep them engaged, learning and continually growing.



MATERIAL TOPICS > PEOPLE

Regular reports about what is important to our employees are made to the Board, ensuring that consideration is given to employee needs, and regular discussion of people-related topics occurs at Board meetings. For example, our regular employee survey feedback and analysis is shared with the Board as well as the progress and action we are taking against our stated priorities.

We provide reports regarding employee performance and rewards to ensure that we are differentiating for performance and providing equitable outcomes. We also conduct equal pay analysis and equitable pay reporting across our company and share this with executive leadership.

During the past year, we focused on six core areas:

- **Optimized talent attraction:** We reviewed our recruitment processes, technology and operating model; enhanced core capabilities including early talent development and proactive recruitment; and piloted a new staffing solution.
- **Engagement and retention:** We introduced a new engagement model, a continuous listening platform and innovative ways to build connection and community in our hybrid work model.
- **Learning:** We found new ways to make learning easy to access; provided for enhanced feedback, coaching and mentoring; and added new and revised components within our technical and leadership curricula.
- **ERM Careers:** We launched a new career framework to support and accelerate progression, and we ensured that our promotion processes were transparent and operationalized.
- **Rewards:** We designed a market-aligned reward framework, which has equity, fairness and recognition of performance as core principles.
- **Diversity, equity, inclusion and belonging (DEIB):** We continued our journey to ensure a demographically diverse company that reflects the communities in which we live and work, as well as a vibrant, inclusive culture in which our people can thrive.

The time is now for leadership in talent development.



Photo credit: ERM

New training evaluation process

During FY23, our global learning and leadership team developed and launched a companywide learning evaluation for ERM's expansive internal training programs, from leadership and line manager training to technical consulting skills programs.

We based our approach on an internationally recognized framework for measuring the growth and satisfaction of employees, statistically assessing the business impact and value of each of our internal programs.

We are embedding this process initially across carefully selected pilot programs and then systemically across all learning and leadership programs and initiatives. As a result of this process, learning objectives will be more clearly aligned to ERM's business goals.

We will use dashboards to equip ERM's business leaders with key metrics from statistically analyzed data on our program's effectiveness and impact. Dynamic training completion dashboards provide live training completion and in-progress records to help us assess learning completion. Program-specific dashboards, uniquely designed to each program, pull insights from multiple data points to measure the impact on the business and the effectiveness of training.

These metrics will inform future modifications to ERM's internal learning programs.

The time is now to increase the impact of learning.



Photo credit: ERM

FY23 target	Performance results
Achieve workforce growth to meet client needs	Target met Total headcount was 8,021, which was a 14.6% increase (110.6% of our 13.2% growth target).
Develop methodology to measure learning effectiveness	Target met Developed and launched companywide learning evaluation initiative to standardize and elevate the continuous improvement of ERM's internal training programs, such as our line manager, leadership and consulting skills programs.



CASE STUDY: OUR OPERATIONS

Compass program fuels sustainable growth

Compass is a recruiting, onboarding and learning journey for recent graduates from a variety of academic backgrounds, designed to diversify our recruitment approach and offer early-career consultants the opportunity to develop core capabilities in their initial weeks and months at ERM and equip them for long-term success in their career journey. The program brings together globally located new joiners for a blended learning journey that includes facilitated training sessions, group projects and self-paced learning and reflection.

Compass can be viewed as an initial “base camp” training in core personal, professional and consulting skills that can be applied on the job and developed over time. New joiners will discover ERM as an organization: our beliefs, communities, people and processes.

Participants are introduced to ERM’s commercial space including an overview of core services, key clients, growth strategy and our go-to-market approach that highlights ERM’s unique boot-to-boardroom capability.

Through Compass, we are attracting a broad range of top talent to ensure we have a pipeline of diverse, adaptable, curious and skilled individuals. We launched four Compass cohorts in FY23: two in the Europe, Middle East and Africa region and two in North America, with 130 participants in total.

“ Collaborating with people from diverse backgrounds across the Compass cohort helped us envision how ERM wants to lead global companies towards achieving a sustainable future.”



Parikshit Dahiya
Consulting Associate, ERM

“ Learning through the Compass program about the different cultures and approaches of other graduates has been a great development aspect of the program for me.”



Elizabeth Simmons
Consulting Associate, ERM





CASE STUDY: OUR OPERATIONS

Technical communities

Technical communities are where our expertise resides in the company, and where our people engage in leadership activities and innovation. Individuals in the technical communities share a common technical interest and expand their collective knowledge through information sharing.

Technical communities also increase the efficiency by which ERM does work by using data, stories, tools, research and experiences. Overall, the group is driven to challenge one another relative to knowledge expansion and problem solving.

The technical communities provide an opportunity for our people to grow and learn, and importantly, they are the key to winning and expanding work with clients. Our clients come to ERM because we offer unique insights, strategic thinking and technical excellence. We provide innovative solutions to their most challenging problems through our deep technical expertise. It is with our technical experts that we will continue to grow our client relationships and trust.

We have 28 technical communities, and employees may join multiple communities that cover their professional background and expertise and where they would like to develop further skills and understanding.

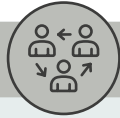
Through our technical communities, we award those who present a technical paper at noted industry conferences or have a paper published in a recognized technical publication. This year, we recognized 52 consultants.



“ I have seen first-hand how being a technical expert can lead to interesting and exciting project work and also provide opportunities to work directly with clients on their most pressing needs.”



Nadine Weinberg
Partner,
ERM Technical
Community Director



CASE STUDY: COLLABORATING WITH OTHERS

Knocking on the door of career opportunities

Laura Thorne and Nick Frederik, hosts of the popular podcast **Environmental Professional’s Radio (EPR)** interviewed Dr. Ricardo Calvo, an ERM Partner based in Washington, DC.

EPR’s weekly podcast discusses “anything and everything related to being an environmental professional.” In a wide-ranging conversation, Ricardo offered insights into career growth, emigrating and building a career in a different country, the importance of being bilingual in the environmental field (“it gave me the opportunity to develop two careers, one in English and one in Spanish”) and work-life balance (Ricardo is an aspiring soccer commentator).

A common thread for budding professionals is to keep an open mind and “knock on the door of opportunity” – the door may not open, or you may not want to walk in, but you will never know unless you knock.

“ With Dr. Calvo’s profound expertise and unique perspective, our episode captivated and resonated with environmental professionals across the United States and beyond. His invaluable insights on career growth, multidisciplinary work and international opportunities have undoubtedly sparked inspiration among our audience.”

Ms. Laura Thorne
Co-Host, EPR

[The podcast is available here](#)

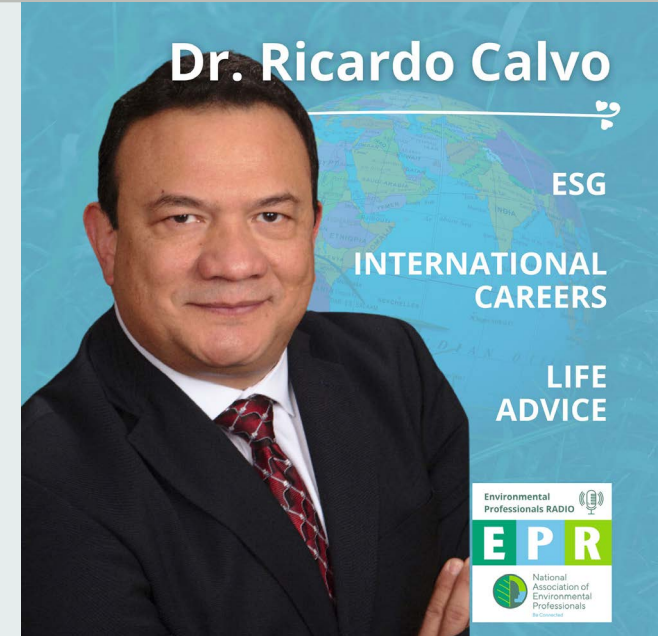


Photo credit: EPR

Diversity, equity, inclusion & belonging (DEIB)

At ERM, we are proud of our diverse, equitable and inclusive culture, in which belonging is nurtured as an essential part of making our company a great place to build a career. We see our diversity as a strength that helps us create better solutions for our clients and the societies we serve.

Only when we reflect the communities in which we work, celebrate and promote difference and diversity of thought, and assume our collective responsibility towards inclusion, do we realize our full potential as an organization.

We confirmed our commitment to this over 10 years ago in the first global company policy on diversity. Through our active approach to building an inclusive culture, we strive to create an environment where every person can bring their full self to their work.

A global perspective

With over 8,000 employees working in 40 countries, we draw on the perspective of our global workforce to develop and implement our strategy for DEIB. Through our engagement work, we have created a network of allies and a number of employee resource groups (ERGs) that provide insight and



Photo credit: Edward Huang, Taiwan

assistance in creating awareness, education and, where appropriate, training across the company. In FY23, we offered inclusive leadership training to 2,000 leaders across our organization. We create opportunity for sharing ideas, listening to feedback and embedding our action plans across the company.

ERM is a signatory to the UN Women's Empowerment Principles (WEP) and use them as our framework for advancing gender equality.

We conducted a region-level assessment last year using the new WEP online gap analysis tool and use the results to prioritize actions for our global gender strategy, as well as giving the ERGs a way of targeting their action and advocacy internally.



Our approach

To build on foundations we established through our initial learn/adapt/engage strategy and guide our forward approach, in 2019 we selected the Centre for Global Inclusion’s Global Diversity & Inclusion Benchmarks model, which helps organizations ensure their program is executed according to globally accepted levels of good practice. Our FY23 annual assessment against the benchmarks model showed continued improvement in our performance:

- We achieved 26 new benchmarks.
- We increased 6 levels in 5 categories, which is ahead of what we expected for the year.
- We have achieved Level 4 or above for 14 of the 15 categories; our long-term (FY26) target is to be at Level 4 in all 15 categories.

Our approach has executive sponsorship, global leadership and regional support. It includes the following actions and resources for our employees:

- Strategy and targets renewed each fiscal year, creating focus for action both globally and regionally.
- Measurement framework, which provides real-time data on progress and informs decision-making.
- Internal training resources on key inclusion topics.
- DEIB resource hub.
- DEIB calendar featuring important dates and global observances throughout the year.
- Support ERGs, which reflect five specific themes.
- Global webinars for all employees, exploring key observances such as Pride, World Mental Health Day and the International Day of Persons with Disabilities.
- Monthly podcast, which explores different topics in the dimensions of diversity.

Employee Resource Groups

At ERM, an ERG is a group of employees who identify with others similar to themselves. ERGs serve as internal communities, providing personal connections and affiliation for its members and with the organization. ERGs assist the organization in fostering an environment that excels in DEIB initiatives by serving as the common voice for employees who identify themselves with a particular dimension of diversity.

Each ERG has two ERM Partners as sponsors, along with a liaison from within the DEIB team and ERG members who take a lead on the group’s activities. Membership is open to all at ERM – you do not need to belong to any dimension of diversity in order to participate. Each ERG also has a charter that outlines the scope and purpose of the group.

ERM’s ERGs	Focus
EmbRACE	Race/Ethnicity and allies
GLOW (Global Women)	Women and allies
PRIDE	LGBTQ+ and allies
EnABLE	People with Disabilities and allies
PACE (Parents and Carers)	Parents, carers and allies



MATERIAL TOPICS > PEOPLE

ERM launched our largest-ever inclusion capability-building program in December 2022. We partnered with the NeuroLeadership Institute because their science-based approach to inclusion offers a comprehensive, yet easily digestible, combination of theory and practical tools. Nearly 2,000 employees explored inclusive leadership, concentrating on three habits that everyone can embody to increase our people’s sense of belonging.

Long-term DEIB goals (end FY26)

- **Gender:** We will strive for overall gender balance across the business. For us, this means 40% women and 40% men at all career levels including Partner, with the other 20% to incorporate other gender identities and allow for sector realities.
- **Race/Ethnicity:** Increase the racial/ethnic diversity across the business over time. For us, this means no more than 60% of any one group globally, but with emphasis on territories where stronger focus is required (e.g., South Africa, United Kingdom and United States).
- **Other Minoritized Groups:** Take clear action to support the inclusion of other minoritized groups (e.g., LGBTQ+, disability, religion). For us this means putting in place recognized workplace standards and increasing voluntary disclosure of these areas of diversity over time.

FY23 target	Performance results
Achieve regional DEIB annual targets	Target partially met Each region achieved several of their stated FY23 targets; however, not all were attained. We are on track to meet our FY26 goals through targeted action in the regions.

Our proof points





CASE STUDY: OUR OPERATIONS

Global Inclusion Week

Each year, we celebrate ERM Global Inclusion Week, which gives us the opportunity to reflect and act on all facets of diversity, and how equality and inclusion unites us. The week builds on the other global events on more specific topics like race and ethnicity, disability, gender and LGBTQ+. The theme for Global Inclusion Week 2023 was “Sustainable Inclusion,” which outlines why diversity, equity, inclusion and belonging (DEIB) is so important to our work on sustainability and how it intersects with environmental, social and governance (ESG).



At ERM, sustainable inclusion means conscious and intentional efforts to seek inclusion every day, not just because it is the right thing to do, but also because inclusion makes our business healthier. Diversity of staff and experience has been repeatedly proven to contribute to financial performance; more important, it drives the collaboration, innovation and creativity necessary to help our clients achieve their sustainability goals.

Watch Sabine Hoefnagel, Global Leader of Sustainability and Risk and ERM Board member share the importance of sustainable inclusion to our business.

[▶ Watch the video here](#)



CASE STUDY: CLIENT

Sustainable mining breakfast at Indaba

ERM’s sustainable mining breakfast has become a regular feature at Mining Indaba, the major industry conference held annually in South Africa. Each year we select a topic that we believe is not yet receiving sufficient visibility and is likely to emerge during the coming year as an important issue for mining companies and investors.

This year’s topic, “releasing women’s full potential in the front line” was selected after a number of ERM’s recent operational transformation engagements included it as a critical project challenge. The panel was moderated by ERM’s Jonathan Molyneux, Senior Partner and Head of ESG Transformation. The four panelists were leaders within the mining industry and shared their experiences and vision of the path forward:

- Tom Palmer, President and CEO, Newmont
- Dr. Stacy Hope, Managing Director, Women in Mining UK
- Froydis Cameron-Johansson, Group Head International Government and Sustainability Relations, Anglo American
- Sophie Bergeron, Managing Director, Minerals and Iron & Titanium, Rio Tinto

The issues of bullying, sexual harassment, violence and racism are rife in society. Mining companies can do something about the culture in their organizations and ensure that they are doing all they can to uproot these behaviors throughout their operations.

Many mining and metals companies have made great strides on diversity and representation in their executive teams and other senior leadership roles. Yet the experiences of women in front-line industrial roles have received far less attention. Through progressive actions on inclusivity and diversity, the sector can show it is an attractive destination for talented people to work and build fulfilling careers.

The mining industry is increasingly awakening to the expectations of stakeholders to be a catalyst for good in spheres of influence “beyond the gate.” Mining companies now have an opportunity to build stronger businesses through inclusive and diverse workforce cultures. They may also be able to influence positive social change around acceptable behavior in local communities.

“The real underpinning of a company’s success is its culture, and a key component of culture is inclusion and diversity. ERM’s focus on this as one of the opening sessions is a testament to the changing times for the mining industry. These strategic topics are being addressed in the mainstream by CEOs who are looking to make real change. The breakfast was a great way to bring the discussion out of the theoretical and into opportunity and solutions.”

Froydis Cameron-Johansson

Group Head International Government and Sustainability Relations, Anglo American

Wellbeing

ERM defines wellbeing as a state of being comfortable, happy and healthy, which encompasses our mental, physical and financial health, sense of self-worth and the ability to make meaningful contributions in our workplace and within our wider communities.



This year, we have chosen to emphasize mental health as a key aspect of wellbeing. This emphasis includes education, resources and destigmatization at its core. The naming of a Global Head of Mental Health and Wellbeing signals the deepened emphasis on this critical area for us. ERM's internal Wellbeing Hub provides employees with access a wealth of physical and emotional wellbeing resources, which include:

- Rapid access to our Employee Assistance Programs, which provide a range of practical information support as well as counseling services and more, plus information on how to access our global employee benefit of Calm membership to support wellbeing;
- Let's Talk guides, particularly useful to help managers spot the signs of stress and provide guidance on how to support people who may be experiencing issues with their mental health or wellbeing;
- Tips to help establish work-life boundaries when working from home, and a repository of ergonomic advice and guidance;
- Resources that support the linkage between DEIB and mental health, including recordings of some highly informative podcasts and webinars; and
- Learning resources, including videos, short e-learning content and other materials that provide employees with knowledge, tips and advice to support their mental health and the mental health of those around them.

Our goal is to ensure that our colleagues have world-class access to psychological support when and where they need it.



Photo credit: Shafikah Sani, Singapore

The time is now for good mental health and wellbeing.

Many factors play into our sense of wellness: socio-economic circumstances, disabilities, gender identity, racial identity, etc. We can only fully experience good mental health and wellbeing when our brains and body feel safe in our various relationships (both at work and in our private lives). This can only happen when we are affirmed by others as having value – being affirmed as who we are. Creating an inclusive environment within ERM is important for many reasons, not least of which is to support all our people in terms of both mental and physical health and safety.

Given the complexities of measuring wellbeing while acknowledging its importance to our employees' health and safety, we established a target in FY23 to collect quarterly data from each business unit (BU) and use this data to establish our internal baseline and further refine the metrics we utilize moving forward.

FY23 target	Performance results
Achieve net engagement score above industry average	Target met We have completed two employee engagement surveys on our new continuous listening platform. The average engagement score across both surveys is 75%, higher than our target.
Establish a baseline for ERM's total wellbeing metrics	Target met For all four quarters of the fiscal year, we have had full regional participation in completing our Total Worker Health report to full completion and on time.



CASE STUDY: OUR OPERATIONS

Global Head of Mental Health and Wellbeing

Mental health and wellbeing are extremely important and something that we take seriously at ERM. Our main objective is to ensure that ERM cultivates a psychologically safe environment for each individual, in line with our overall safety culture. We are delighted to announce that Karen Aitchison has stepped into the new role of Global Head of Mental Health and Wellbeing.

In this new position, Karen works both on ERM's own mental health and wellbeing program and also with clients on their wellbeing-related needs.

Karen is a Partner in the United Kingdom, and outside of client work, she has been supporting some of our internal work around mental health in business, particularly since COVID has changed our ways of work. She has significant

experience of working in the mental health space as a psychotherapist.

One of Karen's earliest accomplishments in her role was developing a mental health champion program, which Karen first introduced in the United Kingdom and is being rolled out globally. Mental health champions are not qualified counselors but have an understanding of the physical, emotional and behavioral signs of stress, anxiety and depression and are here to support staff by offering a first line of defense approach to ensure that colleagues receive support during challenging times and signpost them to relevant external resources.

“ My hope is every ERM employee can access support for their mental health because I know the difference it has made to me in my life.”



Karen Aitchison
Global Head of Mental Health and Wellbeing, ERM



Photo credit: ERM



CASE STUDY: OUR OPERATIONS

Ecosystem preservation in Samoa

Shannon Schulz, a Senior Consultant based in Australia, recently completed a three-month assignment at the UNESCO Office for the Pacific States based in Apia, Samoa, supported by the New Colombo Plan.

During a leave of absence from ERM, Shannon worked on the UN Joint Program “Building Forward Better by Safeguarding Natural Capital and Ecosystem Services.” Highlights of the assignment included:

- Actively participating in the collection and analysis of approximately 200 plant species to establish their traditional medicinal value. The team identified 27 promising candidates with potential antidiabetic properties, which are being considered for preservation in Samoa’s botanical gardens.
- Organizing and conducting a comprehensive data analysis workshop in collaboration with the implementation partners. The workshop aimed to equip participants with effective techniques for data cleansing, management, analysis and the dissemination of findings related to freshwater quality research publications.
- Meeting with the Vice Chancellor of the National University of Samoa to explore opportunities for establishing internships between the university’s Master of Science Students and Scientific Research Organization of Samoa laboratories and drafting a position description to guide candidate selection.
- Collaborating closely with the UNESCO culture sector lead to contribute to the conservation efforts of World Heritage sites in the Pacific region.
- Acquiring an understanding of the triple planetary crisis confronting Samoa, encompassing the

challenges of climate change, biodiversity and nature loss, as well as pollution and waste.

- Working to support Samoa in achieving Sustainable Development Goals 2 to 6 and 11 to 17, while simultaneously pursuing the Aichi Biodiversity Targets.

The outcome of this work is to demonstrate the benefits of ecosystem preservation through genetic safeguarding, intensified reforestation initiatives and improving freshwater quality. By providing policymakers and the private sector with reliable information and data, the program is designed to instill confidence and facilitate investment decisions in ecosystem restoration.

“ I am grateful ERM offered me the flexibility to complete this program following the Covid-19 disruptions.”



Shannon Schulz
Senior consultant, ERM



Health & safety

Safety is of the utmost importance at ERM and an integral part of our culture. ERM continues to perform well from a safety perspective as we adapt to a changing workplace environment and growth in our workforce. We have seen decreasing numbers of incidents and have added new commitments to improve our global safety processes.

We have company procedures and protocols to support our efforts, and we recognize active leadership as the most important element. However, it does not start nor end with ERM's leaders – everyone has a responsibility for doing the safest work possible.

If we cannot operate safely and without incident, then we cannot deliver on our commitment to care for the wellbeing of our people, our clients and our subcontractors. For example, every employee and subcontractor has the authority to stop work if they perceive an unsafe condition or behavior.

We have a responsibility to do everything we can to ensure that everyone is safe while working at or on behalf of ERM. The safety and health of our people, and others under our control, is at the core of the way we do business. It must come first – every time and everywhere.

ERM has a mature and comprehensive Safety Management System (SMS), which incorporates safety-related policies, roles and responsibilities, training, programs and initiatives, and mechanisms to measure the effectiveness of our management approach. The SMS governs our approach to minimizing safety and environmental risk, and it is based on International Organization for Standardization (ISO) requirements.

We have also merged elements of our DEIB process into our safety programs, for example by providing additional travel advice for individuals of certain communities traveling to locations with different legal or cultural contexts and sourcing personal protective equipment (PPE) that is designed for a range of body types.



Photo credit: Quyen Nguyen, Vietnam



Safety AT ERM

Five elements channel our focus to ensure our journey to safety excellence stays true to its course:

Active leadership not only by our Partners, but by every employee. We all have an impact on each other and a personal and collective responsibility to ensure we all go home safe each day.

- The Active Leadership Audit Program allows our employees to periodically and consciously stop and assess the activities that they are responsible for (or routinely observe) with respect to safety. The goal is to drive engagement with colleagues specifically around the topic of safety.
- ERM has five types of audits that can be completed, depending on the type of activities that an employee is typically engaged in. Audits are a leading indicator that can be used as one measure of safety performance, and they can be done by all employees. However, the completion of these audits by Partners is intended to add additional value.

Training and competency of our people and ERM to ensure that everyone has the required skills to perform their tasks safely.

- ERM assesses competency requirements and provides appropriate competency training for all employees. Such training must occur prior to exposure to risk.
- Further, ERM communicates a basic awareness

of the safety management system to all employees, subcontractors and visitors, as appropriate to each respective categorization. Training effectiveness is evaluated both at the time of training and as an employee performs work activities.

Emphasizing positive safety to build a culture where safety successes are celebrated, and incidents are not punished but used as a learning experience. ERM promotes a positive culture through monthly and quarterly recognition programs for exceptional safety behaviors and activities, including:

- Monthly awards for demonstrating behaviors and actions that support and improve our safety program;
- Monthly awards for outstanding contribution to the BU, regional or global health and safety program; or
- Quarterly awards for profoundly impacting our safety program at a regional or global level.

Risk management through both informal and formal processes to ensure that hazards are identified, controlled and monitored at every possible opportunity.

- **Travel:** All international travel requires completion and approval of an online pre-travel risk review. In addition, we offer training on travel health, safety, security, emotional wellbeing and incident response, as well as traveler resources specifically for female and

LGBTQ+ travelers, who can face unique challenges when traveling.

• **See.Own.Share – Beyond Hazard Recognition:**

In April 2022, we launched our companywide Beyond Hazard Recognition curriculum that includes an online module and an instructor-led session. The training reinforces hazard recognition, dilemma management and intervention/coaching techniques and introduces the concepts of consequence prevention and “future proofing” activities. More than 3,500 employees have been assigned training since its launch. Of those trained, 45% of the participants provided feedback, with an impressive overall rating of 95% (4.71 out of 5.00).

Maintaining balance between safety and operational objectives to realize safety as an integrated part of the organization’s operational systems. It is not just the way we do safety; it is the way we do business. We recently completed our 2023 Safety Climate Survey. More than 3,350 employees responded (compared to 2,300 in 2021 and 1,200 in 2018 when we first ran the survey). The survey responses showed increases in favorable ratings in the four domains of leadership, accountability, communication and processes/procedures. Discussions within regions and BUs will help us establish appropriate priorities for the health and safety program over the coming two years.

MATERIAL TOPICS > PEOPLE

Collectively, the five elements of Safety AT ERM will help our entire workforce to both understand and articulate the most important aspects of our overall health and safety program. They will also help us as an organization remain focused as we look to identify opportunities to improve upon our health and safety performance.

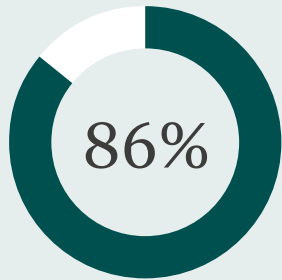
Certifications

ERM's SMS conforms to all requirements of ISO 45001. Many of ERM's BUs have obtained and maintained third-party certifications to the ISO 9001 Quality Management System international standard. Most recently, our Southern Europe BU was awarded "triple certification" to ISO 9001 (quality), ISO 14001 (environment) and ISO 45001 (occupational safety).

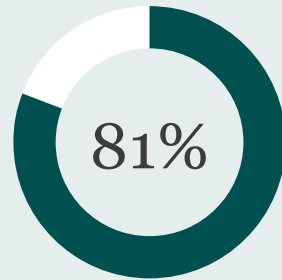
Photo credit: Charissa Tomlin, Australia



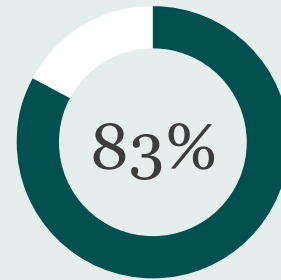
2023 Safety Climate Survey summary of results



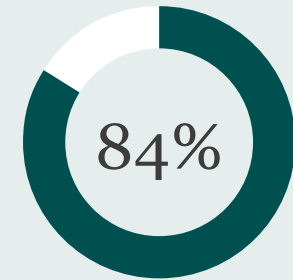
Overall favorable rating from respondents in association with the **Leadership domain**, up from 83% in 2021.



Overall favorable rating from respondents in association with the **Communications domain**, up from 79% in 2021.



Overall favorable rating from respondents in association with the **Accountability domain**, up from 81% in 2021.



Overall favorable rating from respondents in association with the **Processes and Procedures domain**, up from 81% in 2021.



CASE STUDY: OUR OPERATIONS

Global Safety Week 2022: Going Beyond

Each year, we celebrate ERM’s Global Safety Week as an opportunity to reflect on how safety in its broadest sense, including health and wellbeing, affects us all, whether we are in the office, on site or at home. It is also a reminder that safety comes before anything else at ERM.

“Going beyond,” our theme for Global Safety Week 2022, emphasized how each of us contributes to ERM’s safety culture and how it is our responsibility to identify opportunities to go beyond requirements and expectations, both at work and at home, so that we can protect and influence those around us.

In addition to sessions held throughout the week across all our offices, we asked everyone to take the time to pause and consider why safety matters.

A popular aspect of Global Safety week is our media competition. Jacob Clark, Principal Consultant in our

liability portfolio management and remediation team, was the 2022 winner. Jacob’s entry recounts his experience of working with a team on site to rescue an owl that fell down an exhaust stack. The judges said: “Although this isn’t about human safety, it is all about going beyond for what is right and what is good for our planet...a great example of stopping work, getting the project team involved and critical thinking to solve an unexpected circumstance.”

[Read Jacob’s blog to learn more →](#)



Great Horned Owl following rescue

“ Nearly all of our country’s native birds are protected under federal law, so there was really only one option – we needed to free the bird as soon as possible! Plus, ERM prioritizes health and safety more than anything else. It was, in fact, ERM’s robust safety culture that was one of the reasons that I chose to join the company in the first place, as it is something I value so highly.”



Jacob Clark
Principal Consultant, ERM

Watch Tom Reichert, Group CEO, ERM, introduce Global Safety Week 2022 and the importance of “Going Beyond.”

[▶ Watch the video here](#)



CASE STUDY: OUR OPERATIONS

Improving workstation ergonomics



ERM believes that workstation ergonomics is essential to employee wellbeing at work.

In July 2022, we launched a global solution for providing workstation ergonomic support and risk. We encourage all employees to participate in “Healthy Working Plus,” which provides users with e-learning, a risk self-assessment and guidance to keep everyone comfortable while using their computer and other devices.

Completion of Healthy Working Plus helps people identify areas where they can improve their working habits and adjust their workstation layout. Upon completing the e-learning and risk assessment, a personalized Healthy Working Action Plan helps employees resolve any potential issues.

More than half of ERM employees completed both the training modules and the personal risk assessment within six months after launch, resulting in reductions in the number of high-risk ergonomic issues reported by employees of nearly 60% and

reductions in the number of medium-risk ergonomic issues of nearly 70%.

Feedback from employees has been incredibly positive. Many have told us that the simple lessons learned have changed the way they work and feel when working at their home or office workstation.

“ I finally prioritized time to complete the “Healthy Working Plus” assessment and training and was amazed at how incorrectly I had been sitting, typing and positioning my mouse, laptop and seat. I readjusted and alleviated some annoying aches I was having. It will take some getting used to in this new correct position, but I’m glad I did it, and it took less than 20 minutes to complete.”



Rachel J. Davis
Managing Consultant, ERM



Photo credit: ERM

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Why this topic is material for ERM

Around the globe, companies are pursuing innovation and new value-creation opportunities through digital transformation, including the digitization of EHS and sustainability management data. As a result, processes become more automated and data will be more consistent, up to date, connected, verifiable and insightful.

ERM’s digital offerings help organizations achieve improvements in EHS and sustainability performance through tech-enabled innovation and digital products. We deliver business outcomes to our clients through our global network, subject matter expertise, extensive digital capabilities and a range of dedicated software products.

As the value and importance of information assets to organizations continues to increase, ERM has systems in place to ensure the

confidentiality, integrity and appropriate availability of information. Everyone has a responsibility to access information and systems in an acceptable manner, maintain the confidentiality of information and keep our information assets secure. Information security at ERM includes the implementation of policies, procedures and good practices that are designed to protect print and electronic materials from unauthorized access, misuse, disclosure, destruction, modification or disruption.



Digital enablement

ERM designs, develops and implements data-driven digital transformations with our clients so they can fulfill their ESG commitments.

Our advisory and product businesses marry our “boot-to-boardroom” approach, bringing corporate strategy and technical expertise to our digital transformations. We build scalable, user-friendly programs and systems that can integrate into existing networks or function independently, all with the goal to deliver fast and reliable insights.

In response to our clients’ ever-evolving landscape, our digital program encompasses:

- **Consulting:** We advise clients on how to digitally shape and implement their ESG roadmaps through the support of our transformation and engagement, digital systems and innovation incubator teams.
- **Products:** We co-create digital solutions with clients and partners to track and monitor material ESG risks and opportunities through our analytics lab and innovation incubator teams.

Current products

emissions.AI

OPEX, an ERM Group company, developed emissions.AI as a digital solution that helps carbon intensive companies to decarbonize their operations and reduce emissions, energy and fuel costs.

The first of its kind, emissions.AI is a sophisticated technology solution created specifically for complex facilities. It contextualizes operational emissions and leverages engineering first principles, analytics and artificial intelligence (AI) to identify hidden operational inefficiencies, improvements and opportunities for lower emissions and costs.

ESG Fusion

ESG Fusion is an AI-enabled service that provides on-demand ESG ratings and analysis to help investment professionals make better decisions.

ESG Fusion applies ERM’s subject matter and industry expertise across a variety of topics to form a robust methodology, incorporating industry-inherent ESG risk, company-specific ESG risk based on the track record of controversial behavior, and an assessment of a company’s ESG risk mitigation based on management practices.

Connected Safety

Connected Safety is an augmented safety offering that leverages enterprise safety and operational datasets to help inform recommendations around health and safety performance improvement by detecting emerging health and safety risks, predicting the likelihood of their realization and uncovering causal factors and trends.

Connected Safety integrates automated events (e.g., wearables, sensors, telemetry, etc.) with traditional datasets (e.g., incidents, observations) to develop a clean and consistent risk and safety dataset. The tool automatically uncovers emerging hazards, causal factors and trends, thereby protecting worker health and safety while reducing time and costs.



Digitally enabled consulting services

Climate Impact Platform is an ERM-built solution for assessing physical and transportation risks to our clients' assets. Using ERM's own global climate database, our detailed and accumulated knowledge of the vulnerabilities of different asset types, and a range of climate projections allows us to rapidly assess exposure to physical climate risk across the value chain. We have established a database capturing the drivers and impacts of transition risks, which we utilize to do similar screening activities for organizations to assess their transition-related risks from climate change.

This consistent, systematic identification of the emerging financial risks and opportunities to an organization's assets due to climate change and the transition to a low-carbon economy allows organizations to make informed decisions about their future. We use and produce open-source analytical tools and resources that can help decision-makers, both public and private sector, as they look to devise strategies and implementation plans in service of net-zero and decarbonization commitments.

Net Zero Compass

Net Zero Compass is a web-based solution that enables clients to assess their Scopes 1, 2 and 3 greenhouse gas (GHG) emissions baseline and calculate carbon intensity, forecast emissions and carbon costs, set science-aligned targets, identify decarbonization levers and track

performance. Unlike other solutions in the market, Net Zero Compass helps our clients to create an asset-level decarbonization roadmap for each asset in their portfolio, guided by ERM subject matter experts who understand the nuances of abatement in different geographies, industry sectors and operating environments.

Assess

Assess is an app-based tool that allows seamless collaboration across tiers of a supply chain during compliance and certification audits, ESG maturity assessments, due diligence and similar engagements. Even in the absence of internet connectivity, Assess drives consistency across a portfolio of evaluations regardless of geography of the auditor on site, provides real-time knowledge sharing for critical issues and drives efficiency in data amalgamation, visualization and reporting.

Libryo

Acquired by ERM during 2023, Libryo is the world's most advanced legislative monitoring tool. Using cutting-edge technology, a network of legal experts and ERM's domain expertise, Libryo is able to consolidate legislation from thousands of jurisdictions around the world, distill those regulations down to regulatory insights for each client based upon their operations, suggest compliance tasks and track completion – delivering those results through a best-in-class web-based portal.

MATERIAL TOPICS > DIGITAL INNOVATION

Increasingly, ERM is incorporating AI into the digital solutions we develop to help clients address ESG, safety, climate change and other sustainability issues. We designed Responsible AI (R.AI) Framework to ensure we have the appropriate governance, organization and practices in place to continue to be a responsible digital operator. The R.AI Framework consists of three integrated perspectives, each addressing three areas of focus. We follow this framework for all our AI-powered digital products, such as ESG Fusion, Connected Safety and more:

- Framework Bias in SmartFetch (data acquisition) algorithms due to limitations in our training data;
- Bias in AI scoring algorithms as a result of false correlation within data; and
- Greenwashing by companies seeking to inflate their scores by publishing documents that include key phrases such as “GHG emissions,” “climate change” or “net-zero” without making real commitments.

Using the advanced tools and algorithms of the R.AI Framework, we resolved each of the above issues well before we launched digital products.



Photo credit: ERM

The time is now
to create value through innovation
and digital transformation.

FY23 target	Performance results
Finalize roadmap for digital enablement of core service offerings	Target met \$100+ million worth of consulting projects used digital enablers, with consistently reported increases in value-added and financial performance.



CASE STUDY: CLIENT

Pfizer climate risk screening with CIP

Pfizer, a global pharmaceutical leader, conducted an in-depth assessment of its potential exposure to physical and transition risks and opportunities using scenario analysis, informed by data modeling insights and advisory support from ERM. The assessment included items such as the potential impact on Pfizer’s operation from water scarcity and drought, and implementation of decarbonization strategies.

Using Climate Impact Platform, an ERM-built platform that provides a framework and leading data to conduct physical risk assessments aligned with the Taskforce on Climate-related Financial

Disclosures (TCFD), physical climate screening was conducted for research and development, manufacturing and suppliers. As climate scenarios are inherently uncertain, the scenario analysis initially considered the range of potential impacts without considering the likelihood of each scenario developing. ERM and Pfizer then piloted prioritization methods to further evaluate a subset of potential impacts. Pfizer is evaluating the findings from the pilot to refine the methodologies and the data sources.

The outcomes of the assessment are being applied to inform Pfizer’s climate action strategy and enable stakeholder engagement.

“ Pfizer engaged ERM to deepen the assessment of future climate-related physical risks. Through the application of ERM’s scenario planning tool, we gained insights into future predictive models, and the potential climate action priorities for our operations and key external supply chain operations. The outcomes from the project have helped inform our climate resilience and adaptation strategy, to enable operational preparedness.”

Andrei Katsko
Pfizer Project Manager



Wind turbines at Puurs, Belgium Pfizer site. Photo provided by Pfizer.



CASE STUDY: CLIENT

Sasol deploys AI-driven technology

Sasol Chemicals is deploying the emissions.AI solution of data analytics experts OPEX, an ERM Group company, at its Ethylene Unit at the Lake Charles Chemical Complex in Louisiana, United States, with the potential to expand to other units following this pilot program. This innovative, AI-driven technology will measure and monitor energy usage and emissions to identify opportunities to reduce CO2 emissions and improve energy efficiency.

Sasol is the first company in the chemicals manufacturing sector to introduce emissions.AI, which was originally designed for complex oil and gas facilities.

The introduction of the new digital technology is part of Sasol’s roadmap to reduce greenhouse

gas emissions 30% globally by 2030. In addition to increasing its use of renewable energy, Sasol is also focused on maximizing energy efficiency across its sites.

Sasol’s Lake Charles Chemical Complex employs close to 1,200 Southwest Louisiana residents directly and another 1,000 annually through major Louisiana contractors. The company plans to extract further value from the 2,200-acre (890-hectare) site through potential expansion as a sustainability hub.



“Technology and innovation will play a crucial role in helping us achieve our emissions reduction targets. We collaborate with solution providers like OPEX Group to apply proven technology that can inform our emissions reduction strategies and investments. With emissions.AI, we can get accurate data into the hands of our experts so they can make faster, better decisions that improve our performance and drive more sustainable operations.”

André Bonton
Vice President of Technical Services,
Sasol Chemicals America



Client data security & privacy

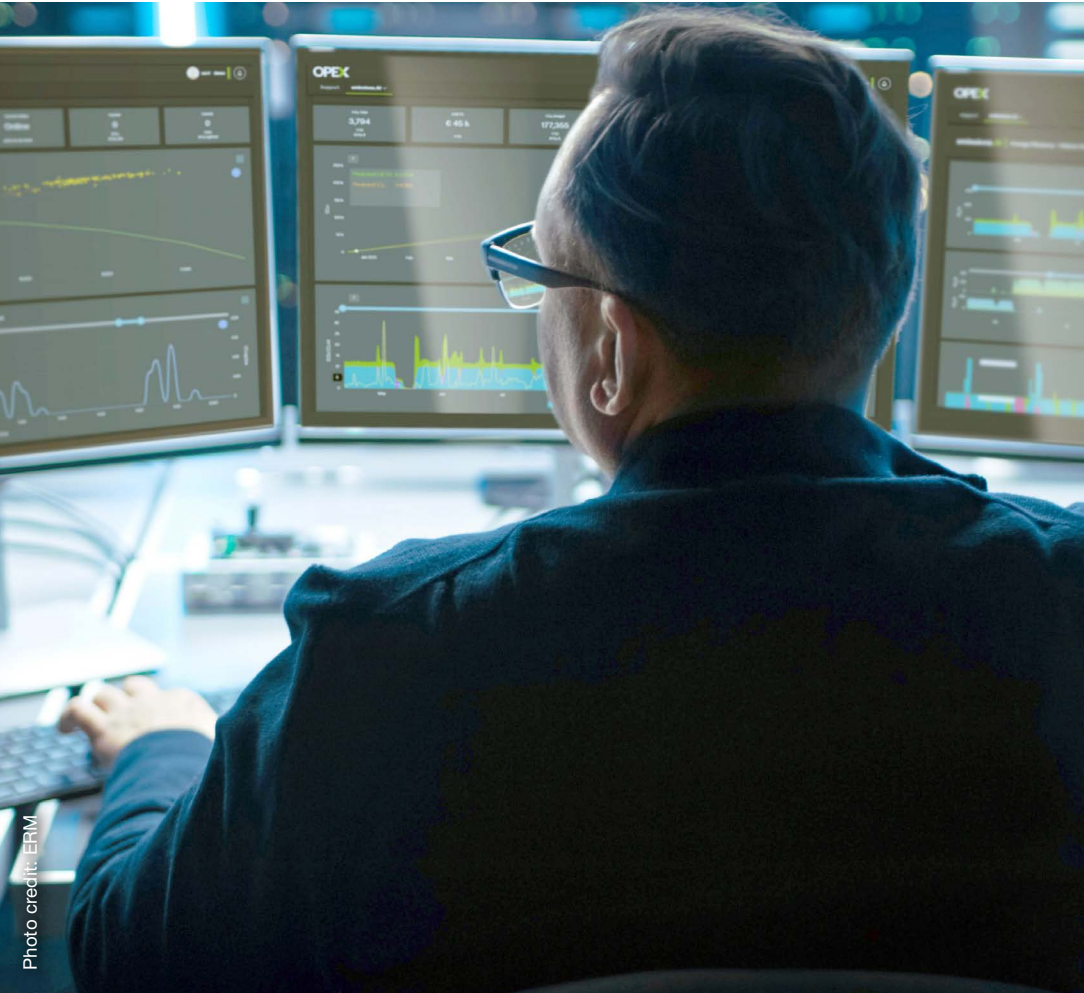
We are committed to protecting the privacy of personal data and maintaining the principles of integrity and trust in the course of ERM’s business.

The ERM Data Privacy Notice provides information on how ERM collects and processes personal data through the use of our website and through interactions with our clients, suppliers and other third parties. This is accompanied with our ERM Cookie Policy to explain to visitors of our website what personal information we are processing and how they can set their preferences.

The procedures for handling personal data support our Global Policy on Data Protection and other global privacy policies, and employees are subject to disciplinary action for noncompliance. We have revised our policies and procedures to reflect the most current legislation. Data privacy training on current standards and policies is part of both our new hire and existing employee training requirements.

ERM’s data processing agreements with third parties stipulate the latest requirements for handling international data transfers. We have a formal online process in place to help identify which specific Data Processing Agreement should be used in any given situation when transferring personal data across jurisdictions.

We continue to review all third parties we share ERM personal data with to ensure their technical operating measures are robust and will provide the protections we expect.





MATERIAL TOPICS > DIGITAL INNOVATION

The ERM Trust Statement allows potential clients to be assured we have the appropriate controls and measures in place to identify and protect personal data.

We monitor all functions of our organization to identify any processes and people that handle personal data and provide the requisite employee training and advice to ensure adequate protections are in place.

Our key websites have cookie mechanisms installed, and we are working with other domain owners within The ERM International Group Limited to implement the same. Our global privacy framework continues to be implemented across all our regions, jurisdictions and group companies.

The time is now for data protection.

FY23 target	Performance results
No reportable breaches of privacy regulations	Target met Privacy awareness in FY23 was expanded to include mandatory training for new hires and acquired employees, as well as mandatory affirmations of key Data Privacy Policies and specific training for personal data handlers. Resources have been added to include self-service Data Processing Agreements, which is raising the education and awareness of commercial employees.

Highlight: Protecting the security and privacy of employee data



With ever-increasing privacy threats in our day-to-day life, we all must remain vigilant to protect our data. To help our employees understand how to do this, in FY22 we launched a mandatory data privacy awareness training program, available in multiple languages. In FY23, we added specific personal data handling content to our training suite covering human resources, marketing and project management.

We also developed a dedicated internal data privacy hub, which provides access to frequently asked questions, policies, guides, links to training and much more to help further employee understanding and awareness in relation to data privacy. The hub is updated regularly to provide up-to-date resources, advice and tools.

“Diversity-related data: what we do with it, how we use it and how we keep it safe” was featured in an internal podcast featuring leaders within Data Privacy and Human Resources. Since 2021, we have expanded the diversity information voluntarily collected from employees to include religion, gender, sexual orientation, disability and additional options in reporting ethnicity and race. This information helps us with understanding the profile of our organization and enables us to make better data-driven decision related to pay equity, promotions, hiring and attrition. To keep this data safe, we follow the principles of privacy by design to make sure we are acting in a lawful, fair and transparent way, with everyone having a part to play.



Cybersecurity

ERM operates across a broad range of sectors where our services must be trusted by our customers; providing assurance of the resilience of our cybersecurity is therefore of key importance. We also operate at a time where cyber threats are ever changing, and the average costs of a data breach is increasing year on year. ERM’s cyber program incorporates best practice frameworks, and we pride ourselves in being independently assessed against these standards.

ERM has built strong security controls in place based on the principles of defense in depth. We ensure data is stored in hardened environments protected in transit and at rest. We also back up data regularly to ensure recovery in the event of a disaster.

We work with leading cloud-based solution providers for critical services, and we leverage their inherent robust reliability and user productivity, with security being continuously updated and enhanced. This is underpinned by continuous monitoring of security events via ERM’s security operations center staffed 24 hours a day, 7 days a week.

ERM takes a threat-led approach to ensure the controls we implement are appropriate and effective. Threat intelligence services are integrated into our cyber operations, giving us actionable insights and allowing us to better understand our adversaries. Simulated threat-based tests and the learnings from these continuously help to refine our approach and improve our defenses.

Despite the technical protections ERM has in place, we know the first layer of protection is our people. ERM provides robust mandatory cybersecurity training to all employees and regularly tests our employees’ ability to identify fake emails via simulation exercises.

ERM has developed appropriate policies, processes and procedures aligned to internationally recognized standards as necessary to comply with the European Union’s General Data Protection Regulation requirements.



Photo credit: Khinsusu Naing, Hong Kong



Photo credit: Anna Bruchhausen, Germany



Climate, nature & social challenges

Decarbonization	65
Nature, water & biodiversity	79
Social impact & human rights	90

Why this topic is material for ERM

Our success as a business is dependent on strengthening and scaling our capabilities to meet our clients’ needs as they respond to climate, nature and social challenges.

These challenges are also evident on ERM’s own business as a large international company, requiring us to understand our risks and opportunities and evolve our own approaches.

Climate-related financial risks and opportunities have a direct impact on ERM’s business, and we ourselves are in a transition as the economy moves to a low-carbon future.

Nature underpins our economy, society, health and wellbeing,

as well as our ability to live on this planet. As a result, nature and biodiversity issues are moving up the priority list for business action – and this includes ERM.

Social inequality and fragmentation erode business resilience. With the current rapid changes in climate, technology and geopolitics, many companies, including ERM, are seeking new ways to build resilience and long-term value by building social capital.



Decarbonization



Photo credit: Elvira Vargas-Lemar, United States

The drivers for decarbonization continue to intensify:

- Climate-related market and technology disruptors and policy changes present material financial risk and opportunity to companies.
- Investors and lenders are demanding net-zero alignment as well as climate risk and opportunity disclosures. Financial institution alliances represent a paradigm shift in capital market expectations.
- Financial regulatory compliance obligations, initially focused on financial institutions, are now expanding to listed corporations and large privately owned businesses.

Over the past 12 months alone, ERM has helped over 1,000 clients on their decarbonization journeys.

Assessing risks, identifying opportunities

ERM works with companies around the world to comprehensively assess the impact of climate change on their business as well as their business's impact on the climate and develop integrated programs that cost-effectively mitigate the material risks, capture opportunities and track progress.

Our deep experience in climate policy, transportation, carbon markets, economics, sustainable energy solutions, adaptation and risk management provides our clients with the broad range of insights required to build these plans. ERM has **20+ years of experience** assessing and delivering energy and climate change services and has developed a range of digital tools to enable companies and investors to access complex data sets and produce decision-ready analyses. In the last year, we have also developed formal partnerships with world-class providers of technology solutions (e.g., Salesforce, Persefoni and Planet) to increase our impact through analyzing and solving our clients' climate challenges.



Low-carbon transition, climate change and TCFD

The Taskforce on Climate-related Financial Disclosures (TCFD) was set up to develop guidelines for analysis and disclosure of climate-related financial risk and opportunity for the benefit of investors, lenders, insurers and other stakeholders. ERM wrote the technical supplement on the use of scenario analysis and, through using our deep understanding of the TCFD requirements, we assist clients to assess financial risk from climate change and deliver strategic responses to capture opportunities emerging from the low-carbon economy transition.

We provide strategic advice on the emerging options for transitioning to a lower-carbon system, including electrification, alternative and renewable fuels, renewable energy, energy storage and hydrogen. We work with clients to consider company and consumer costs, feasibility and technological maturity, as well as other key techno-economic and sustainability-related factors.

Renewables

Renewable energy holds the key to cutting GHG emissions and meeting one of the biggest challenges facing humanity. In 2022, we established our Renewables Accelerator, a program to drive growth in our delivery of renewables support at every level of our clients' organizations and at every decision gateway – be it securing project approvals, supporting day-to-day operations or tackling strategic challenges – all while reducing risk and driving value creation.

Our global team of leading experts in renewable energy combines international best practice with local understanding of regulations to help our clients implement leading renewable energy solutions at pace. This knowledge and expertise is leveraged with proprietary, cutting-edge digital tools and proven workflows to provide integrated ESG, project development and technical advisory solutions on a global scale.

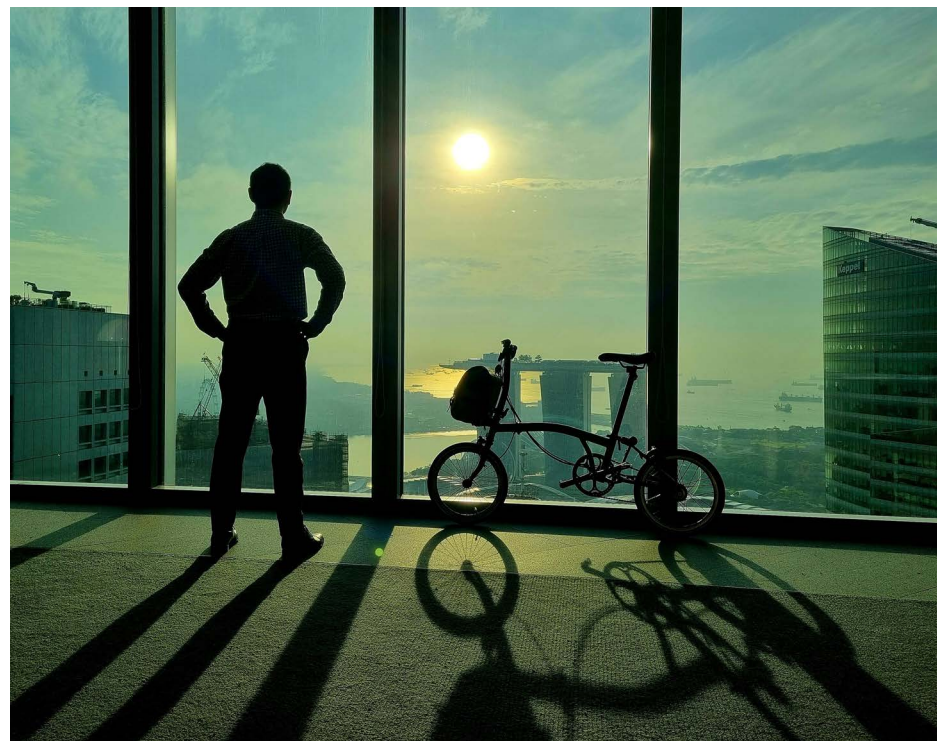


Photo credit: Indradi Soemardjan, Singapore

Watch James Hubbard, Associate Partner speak on stepping up climate scenario analysis.

[▶ Watch the video here](#)



CASE STUDY: CLIENT

McDonald's tackles supply chain emissions

In December 2022, McDonald's Corporation and all five members of the restaurant chain's North American Logistics Council (NALC) signed agreements with Enel North America to purchase renewable energy and the associated renewable energy certificates from Enel Green Power's Blue Jay solar project in Grimes County, Texas.

This innovative aggregation of a major company purchasing power jointly with its logistics partners means all the electricity load of McDonald's USA's logistics supplier distribution centers for all its US restaurants is expected to be 100% supported by renewable energy.

The buyer aggregation was facilitated by Coho, an ERM Group company.

The Blue Jay solar project is expected to be fully operational in 2023. Once complete, McDonald's and its suppliers' combined electricity purchase is expected to amount to an estimated average of over 470,000 megawatt hours (MWh) of renewable energy annually. This is equivalent to avoiding over 170,000 metric tons of carbon emissions annually or the greenhouse gas (GHG) emissions from over 80 million trucking miles driven each year, based on current US Environmental Protection Agency and EU Commission data.

The combined purchase of 189 megawatts (MW) of renewable power, equivalent to the average annual electricity use of more than 39,000 US homes, is intended to help McDonald's and the NALC members meet their ambitious climate commitments.

“Close collaboration among all parties during a challenging time in the renewable energy industry proved crucial to create this impressive agreement.”

Gavin Ahern

Director of Client Services Coho, an ERM Group company



Photo credit: Enel North America's Blue Jay Solar Plus Storage Plant



CASE STUDY: CLIENT

Vivo decarbonization program for suppliers

The Brazilian telecommunication company Vivo, which is part of the Telefónica Group, is moving forward with its program to decarbonize its suppliers, where its most significant indirect greenhouse gases emissions are concentrated. Vivo performed important decarbonization work in the company’s operating model and consequently reduced direct emissions by 88% (Scopes 1 and 2), making indirect emissions increasingly important. At the moment, around 90% of Vivo’s direct and indirect emissions are derived from its value chain (Scope 3), with the majority related to the purchase of products and services.

Telefónica has a global goal to achieve a 56% emissions reduction in the value chain (Scope 3) by 2030 and net-zero emissions by 2040. As one of the main markets of the Group, Vivo is strongly aligned with these challenges, and thus launched an education and engagement campaign for its suppliers in managing emissions and climate change.

With more than 1,500 suppliers, Vivo developed a methodology to identify the most carbon intensive categories, covering 125 companies that account for more than 90% of its Scope 3 emissions. About 75% of these suppliers are local Brazilian companies. This group includes companies of different sizes and segments, such as electronic equipment (B2B and B2C), network equipment (energized), network materials (passive), and network and transport services that use a lot of fuel. ERM was hired by Vivo to provide technical support to its Brazilian suppliers. This has involved panels, training sessions and discussions on the importance of decarbonization. Following this engagement, the needs of the group of suppliers were diagnosed through an initial assessment.

Then ERM conducted a series of company-specific meetings and provided technical guidance and support on the necessary actions for involvement in the decarbonization program, culminating with the signing of terms of commitment.

“ Our objectives and goals extend to the supply chain, and we seek to involve them in this journey towards sustainability. That’s why we promote their development and the training work we do together with ERM.”

Ana Leticia Senatore
Sustainability Manager at Vivo





CASE STUDY: CLIENT

IDB Invest AGRIADAPT tool to evaluate agribusiness climate risks

Working for **IDB Invest**, the private sector arm of the Inter-American Development Bank, ERM developed a geospatial and analytical model that evaluates the climate risks of proposed agribusiness projects and operations. The model was designed for use across Latin America and the Caribbean.

For a given proposed area and crop type, the model assesses the risks due to climate at 10 to 20 years in the future. In addition, the model output also includes crop-specific potential adaptation and mitigation measures. Ultimately, AGRIADAPT will help IDB Invest and its clients manage their climate-related risks, help IDB Invest make better financing decisions, support clients in planning for climate change and encourage the long-term viability of agribusiness clients.

“AGRIADAPT will allow IDB Invest to identify climate-related risks that our agribusiness clients are exposed to across Latin America and the Caribbean. What is particularly exciting about this tool is that it combines state-of-the-art climate modeling with production system-specific data for a variety of crops, for instance on changes in growth cycles and pest pressure. The tool also has the capability to assess livestock operations, to estimate business interruptions and damage due to acute natural hazards, and to suggest adaptation measures based on project characteristics. As a result, the tool will serve various teams within IDB Invest during transaction structuring and due diligence. And above all, it’ll provide valuable insights to IDB Invest clients to help them manage the impacts of the climate crisis in one of the most sensitive sectors.”

Ms. Angela Miller

Chief – Environmental, Social, and Governance Division of IDB Invest



Photo credit: ERM



CASE STUDY: CLIENT

Accelerating the switch to electric trucks

Transport & Environment UK commissioned Element Energy, an ERM Group company, to examine the move to battery electric trucks, looking at both the technological and economic feasibility of this transition across England, Scotland and Wales.

The research was conducted in two phases – a first phase looking at logistics operations that would not need public charging infrastructure and a second phase looking at those use cases that would need public charging.



The study evaluated a wide range of common operational profiles and develops optimal combinations of battery size, depot-based charging infrastructure, opportunity-charging at pick-up/delivery sites and high-power public charging infrastructure. A large number of vehicle duty cycles were studied, capturing a large and representative spread of different Heavy Goods Vehicle (HGV) operations, including those pushing the extremes of payload and journey distances.

Element Energy interviewed fleet operators and used this to develop a set of archetypes representing different HGV duty cycles and then determined the specific infrastructure needs for each duty cycle and when each duty cycle will reach total cost of ownership parity between battery electric and diesel vehicles.

The study's key takeaways are (1) that battery electric rigid heavy good vehicles are on the cusp of cost competitiveness for city and regional deliveries, but policy support is needed to de-risk the transition for fleet operators, and (2) a simple set of policy measures could enable battery electric HGVs to significantly reduce emissions from long-distance, heavy-duty trucking by 2030.

“HGVs are seen as a hard to decarbonise sector with policymakers not expecting diesel sales to end until 2040 or diesel use to end until 2050. This study has shown that the zero emission option considered (battery electric) will be cost effective much earlier than this for many use cases and with the right policy support for fleets and infrastructure can deliver significant emission reductions before 2030. Policymakers have been keen to engage with the report findings and Transport & Environment UK are using the research as the basis for their future work on these issues.”

Richard Hebditch
UK Director, Transport and Environment



CASE STUDY: CLIENT

Financing the transition in Latin America

NINT, an ERM Group company, is among the top 10 providers of second-party opinions globally and has long experience supporting banks and issuers on the issuance of green, social, sustainable and sustainability-linked (GSSS) bonds and loans.

NINT operates the largest sustainable finance practice in Latin America, boasting more than 100 dedicated professionals. As part of its Research & Assessment services, NINT has provided second-party opinions (SPO) for 200+ GSSS bonds and loans across 20+ industries, encompassing renewable energy, storage and grid, bioenergy, agriculture, water and sanitation, buildings, transport, social inclusion and gender equity, among others.

NINT is the first Brazilian organization accredited by the Climate Bonds Initiative (CBI) and has provided SPO to 60% percent of the GSSS bonds issued locally in Brazil. Since 2020, we are among the top 10 providers of SPOs and CBI certifications in the world. In 2022, NINT assessed 90 transactions in the Brazilian ESG debt market.

In addition to independent SPOs, NINT has also provided advisory services enabling more than 20 issuers in Latin America to develop their frameworks to issue GSSS bonds and loans, including commercial banks, development banks, nonfinancial corporates and sovereign and sub-sovereign entities.

Today's marketplace demands greater integrity in ESG finance, and NINT offers the rigor needed to provide credible independent assessments of GSSS debt transactions against internationally respected sustainability standards.

“ Backed by ERM’s international brand and capabilities, we look forward to expanding our GSSS advisory and SPO services globally, thus accelerating our impact with clients in geographies beyond Latin America.”



Gustavo Pimentel
Founding Partner
NINT, an ERM Group company



Photo credit: Daisy De La Haye, United Kingdom



CASE STUDY: CLIENT

First consented Floating Offshore Wind Farm in England or Wales

MarineSpace, an ERM Group company, was commissioned by Simply Blue Group (SBG), an Irish-based renewables developer, to undertake an initial phase of work related to the potential development and consenting of a proposed Floating Offshore Wind Farm (FLOW) in the Celtic Sea region of the United Kingdom in 2019.

This initial phase included verification and updates to initial site selection studies, stakeholder engagement, development of a project-specific consenting strategy and publication of an Environmental Impact Assessment (EIA) Scoping Report. Upon successful completion of this first phase of work, MarineSpace was appointed as the lead offshore EIA consultants for this flagship project.

In recent years, the technology associated with FLOW structures has developed at great pace, leading SBG and TotalEnergies, partners in the newly-formed Blue Gem Wind JV, to commence all relevant surveys and studies required to support the consenting phase of the first proposed FLOW project in English or Welsh waters: Project Erebus, a 100 MW test and demonstration-scale project, aimed at acting as a stepping stone and catalyst for potential larger-scale FLOW development in this region.

MarineSpace coordinated and managed the entire offshore EIA process, including providing a dedicated project management team, delivering technical scopes of work, managing specialist subcontractors and surveys and leading more than 80 marine-focused stakeholder meetings.

The final EIA and consent applications were submitted in December 2021, followed by an intense period of ongoing consultation with licensing and regulatory. All the key consents



Photo courtesy of David Jones of Blue Gem Wind

were subsequently granted by March 2023, making Project Erebus the first fully-consented FLOW project in English or Welsh waters.



CASE STUDY: CLIENT

Decarbonizing industrial hubs

An ERM-led consortium has been selected to develop two industrial decarbonization plans in the Hunter and Illawarra regions of New South Wales (NSW), Australia. The Hunter and Illawarra industrial decarbonization plans will help local energy-intensive businesses gain access to clean infrastructure and technology to fast track their emissions reduction and also attract new low-carbon industry and investment.

At the start of 2023, the NSW government launched the \$3 million first stage of the \$30 million Industrial Decarbonization Plans project, to develop decarbonization pathways and implementation plans that are pivotal to reducing NSW emissions by 70% below 2005 levels by 2035 and achieving net zero by 2050.

The first stage will help regions identify and develop decarbonization plans that recognize their unique economies and business communities. One of the objectives of these plans is to develop low-carbon industrial regions where co-located businesses across multiple industries, having a shared vision of a future low-carbon economy, have access to shared low-carbon infrastructure and supply chain.

NSW has partnered with ERM's Go2Clean consortium to develop the pathways to transform these regions. The Go2Clean consortium consists of Arup, HoustonKemp and the MBB Group, and it incorporates subject matter experts from across ERM's climate change, sustainable energies and stakeholder and engagement teams both local and globally, covering skillsets in decarbonization pathways, engineering, consultation and finance.

The industrial decarbonization plans for the Hunter and Illawarra regions are expected to be completed by late 2023.



“ This is an exciting and critical project to support Australian industry to not just survive but to thrive in a decarbonized future. It builds on ERM’s unique capabilities and experience in industrial cluster decarbonization, such as that recently undertaken in the Humber in the United Kingdom.”



Dr. Michael Ottaviano
Partner, ERM



CASE STUDY: CLIENT

Modernizing municipal lighting in Rio

Smart Luz is a private concessionaire responsible for the modernization, maintenance and operation of the public lighting system of Rio de Janeiro (Rio), Brazil, through a public-private partnership (PPP) contract. A key component of the contract was the replacement of sodium vapor lighting with LED lighting throughout the city.

Smart Luz selected ERM to conduct environmental and social due diligence of the project, in accordance with the requirements of the Environmental and Social Policy and Procedures of the US International Development Finance Corporation, which was critical for securing a financial guarantee for financing of the project through sustainable bonds. The innovative funding of this infrastructure project has been recognized with four awards.

In October 2022, Smart Luz completed the installation and change to LED of approximately

450,000 lighting units – ahead of schedule – resulting in energy conservation cost savings (USD \$60 million annually). The PPP contract also included the installation and management of smart city services, including cameras, Wi-Fi access points, an Internet of Things connectivity network, and connected traffic lights and is aligned with the light shielding measures of the International Dark Skies Association. Through the municipal lighting upgrade, Rio has become a safer and more sustainable municipality, benefitting all its residents.

ERM helped develop an environmental and social management system (ESMS) and is currently working with Smart Luz on the environmental and social due diligence of a planned distributed solar generation project to power the Smart Luz operation. Smart Luz was originally expected to reduce carbon emissions by 100,000 tons of CO₂e/year from the transition of the public lighting fixtures to LED. By moving 100% of the power consumption of the lighting to solar, Smart Luz is expected reduce emissions by an additional 40,000 tons of CO₂e/year and become the first lighting project to be powered entirely from renewable sources.



Photo credit: Smart Luz

Working with the Rio office of historical buildings, Smart Luz installed lighting systems in a sensitive manner that can control effects, including colors.

“The transformative project we have undertaken in Rio, which has slashed carbon emissions and provided an increased quality of life across the city, would not have been possible without the work of the ERM team of Reed Huppman, Flavia Serran and Kara Westerfield helping us to effectively detail these benefits and assist us in setting up a well-structured ESMS that will guide our company moving forward.”

Yan Herreras

Vice-President of Finance, Smart Luz



CASE STUDY: CLIENT

Capital Hydrogen feasibility report

Capital Hydrogen is a 15 to 20 year program that could deliver a transition to hydrogen for gas pipeline networks in London and the East and South east of England. The program could help achieve net zero, generate skilled jobs, boost energy independence and allow greater choice to customers, including the most vulnerable. Capital Hydrogen is a collaboration between Cadent, SGN and National Grid Gas Transmission.

The program roadmap has been informed by a **feasibility study conducted by ERM** that identifies London's hydrogen demand and shows how re-purposed and new pipelines will be developed to carry hydrogen to customers. The study identified:

- How much hydrogen may be needed by the whole region over the next 30 years;
- Where the hydrogen will be produced and stored;
- How it will be transported to where it is needed; and
- The economic benefits of the program.

ERM's strong focus on stakeholder mapping and engagement supported the feasibility study, but also played a key role in initiating a consortium group. Comprised of potential future off-takers of hydrogen, producers of hydrogen and those with future capability as storage facilities, the consortium also includes representation from the transport sector, district heating and local authorities, among others.

ERM worked closely with subcontractors and our internal graphic design team to help develop the Capital Hydrogen name, branding, color palette, logo, imagery and graphics, brochure and website, culminating in a Parliamentary launch event in the House of Commons in October 2022.

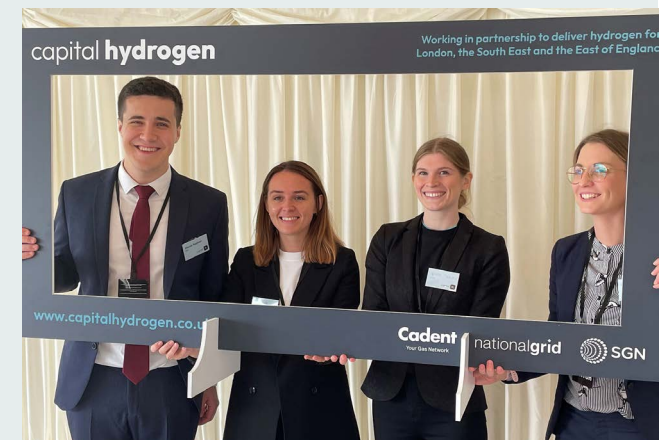


Photo credit: Capital Hydrogen



MATERIAL TOPICS > CLIMATE, NATURE AND SOCIAL CHALLENGES

ERM's response

ERM is focusing our efforts on activities that enable clients to decarbonize, and in FY23 we increased the sales of projects supporting the low-carbon economy by 34% from the previous year.

Delivering on our own decarbonization commitments, ERM is on track to meet our Science Based Target initiative (SBTi) targets aligned to 1.5 degree trajectory, which supports our current target to achieve net zero by 2025.

In the past year, we conducted a full Scope 3 review, rebaselined our data in response to our acquisition activity and established a new baseline year. ERM has committed to the SBTi Net Zero Standard and submitted updated emissions reduction targets for approval to SBTi.

Scopes 1 & 2 emissions

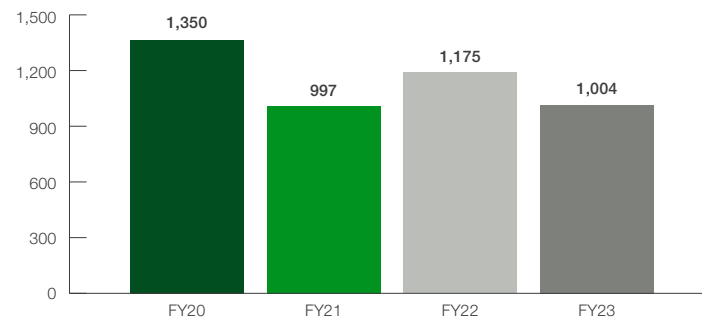
We remain focused on reducing our own emissions, and in FY23 continued to work with our office optimization team to embed sustainability criteria into our planning and decision-making for new offices or those being reviewed at the expiry of a current lease. We have maintained 100% renewable electricity within our changing portfolio of offices by negotiating renewable energy contracts and purchasing renewable energy credits in locations where direct purchase is not yet feasible.

Building on a companywide vehicle fleet review, we have made progress to retire company cars, and we are transitioning to low-emission or electrical vehicles.

[Learn more in our Approach to decarbonization supplement →](#)

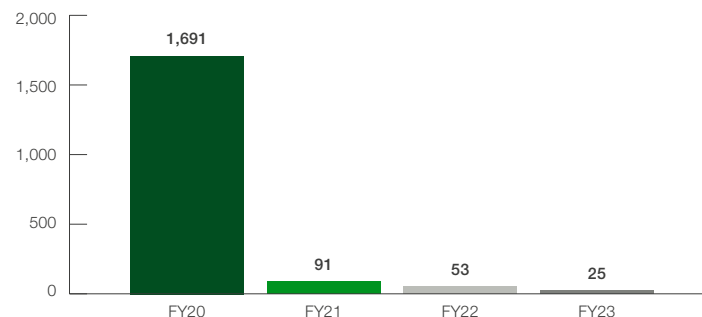
Scope 1 emissions FY20 - FY23 (tCO2e)

GRI 305-1



Scope 2 market-based emissions FY20 - FY23 (tCO2e)

GRI 305-2



Scope 3 emissions

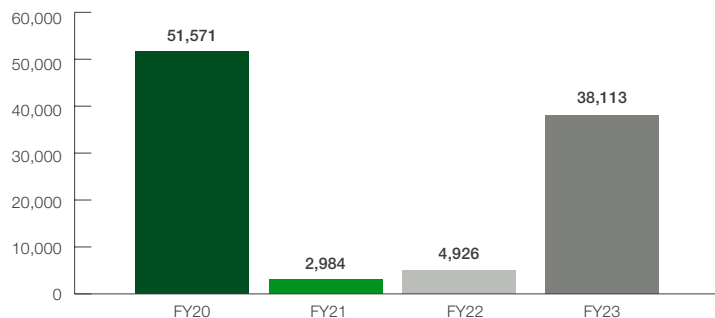
As a professional services firm, Scope 3 emission reductions remain our biggest challenge. We finalized a complete review of our Scope 3 emissions this year, working with our internal teams of experts to consider what the future of work will be like in various locations around the world and how this may impact our emissions profile. The results of this review were incorporated into our updated implementation plan to meet our net-zero and science-based targets. The most significant change to our Scope 3 emissions is the inclusion of capital goods and purchased goods and services. We are launching a supply chain engagement strategy, which will enable us to identify what carbon management is currently in place and how we can work collaboratively to reduce emissions arising from our contracted activities.

Business travel and employee commuting are covered by our ongoing corporate commitment to our SBTi target to reduce Scope 3 emissions. Our travel policy and reduced travel budgets remain in place to address emissions as pandemic travel increases and restrictions have lifted.

For the third year, we have calculated the associated energy use and GHG emissions from home-based working given that many of our employees work a portion of their time at home.

Scope 3 emissions FY20 - FY23 (tCO₂e)¹

GRI 305-3



¹ Our Scope 3 profile in FY20 and FY23 includes our new and rebaselined Scope 3 categories. Learn more on our Scope 3 review in the [Approach to decarbonization](#) supplement.



Photo credit: Kevin Quah, Malaysia

ERM commits to achieving net-zero for Scopes 1, 2 and 3 emissions by 2025.

Our current SBTi targets:

- Reduce absolute Scopes 1 and 2 GHG emissions 80% by 2025 from a 2014 base year.
- Reduce absolute Scope 3 GHG emissions from business travel and employee commuting by 30% by 2025 from a 2018 base year.

[Learn more in our Climate performance data →](#)



Assurance

For the second year, we have undertaken external assurance of our GHG emissions data as part of our approach to continuous improvement and in preparation for enhanced financial disclosure requirements in the United Kingdom and other key jurisdictions in which we operate. Learn more [here](#).

TCFD disclosure

Using the TCFD framework, we have reviewed our physical and transition risks in relation to our future business strategy. Learn more about ERM's climate-related governance, strategy, risk management and quantification, and targets and metrics in our [TCFD disclosure](#).

Residual carbon emissions

ERM has a public commitment to achieve net-zero carbon emissions across our operations by 2025. While all efforts are made to reduce emissions, we anticipate that in 2025 there will be some residual carbon emissions, largely related to travel by employees. Drawing on our pool of subject matter experts as well as emerging best practices, we developed a robust plan to address residual emissions. We have developed a phased approach to compensating residual emissions that commenced in FY23.

For FY23, we are incorporating the following in keeping with industry guidance and recognized best practice:

- **Renewable Energy Certificates (RECs)** to support our reduction of Scope 2 emissions and enable us to use 100% renewable electricity for offices; and
- **High-quality carbon credits** to offset our residual Scopes 1 and 2 emissions and Scope 3 emissions related to internal travel.

We have adopted a portfolio approach to purchasing high-quality carbon emissions with credits from respected carbon registries. We are compensating for a portion of emissions through natural climate solutions. This includes carbon removals and reductions as well as contributions to nature and livelihoods in line with guidance from the Natural Climate Solutions Alliance and other leading entities. Further details can be found in our [Approach to decarbonization](#) supplement.

FY23 target	Performance results
Increase sales supporting the low-carbon economy transition by 40% over FY22	Target partially met We increased our sales associated with the transition to a lower-carbon economy by 34% from FY22.
Remain on track to meet net-zero commitment and science-based targets of 80% reduction in Scopes 1 and 2 and 30% in Scope 3 emissions by 2025	Target met We are on track to meet our science-based targets.



Photo credit: Alana Santana, Brazil



Nature, water & biodiversity

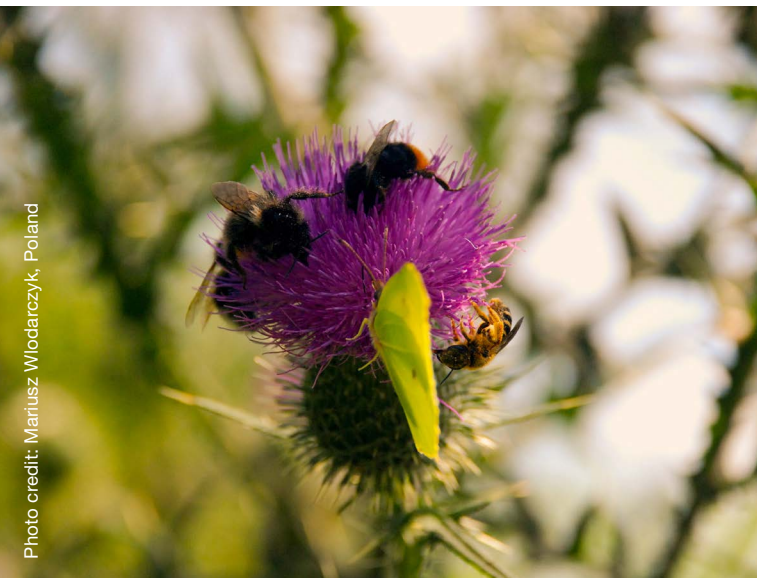


Photo credit: Mariusz Włodarczyk, Poland

Valuing nature as an asset, not solely a resource, is crucial to business resiliency. The dual crises of climate change and biodiversity loss pose accelerated exposure to material risks. Proactively addressing these risks brings opportunity and innovation to business and communities.

Nature, water and biodiversity are rapidly taking on the same financial and strategic importance as carbon. According to the World Economic Forum, more than half of the world’s total gross domestic product (GDP) is dependent on nature and its services. If unchecked, by 2030 a decline in ecosystem services is expected to lead to a loss of global GDP of \$90 to \$225 billion – driven both by climate change and the destruction of nature.

ERM’s clients report feeling increasing pressure from regulators, investors, communities and customers to take action on the nature agenda. In a recent ERM survey, approximately 96% of participants say that nature is important to their business in the near-term and more than half have started moving towards being “nature positive” – halting and reversing nature loss – as a central part of their decarbonization journeys.

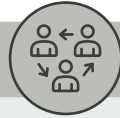
At the United Nations Biodiversity Conference of the Parties (COP15) a new Global Biodiversity Framework (GBF) was finalized, which brought many business stakeholders to the table to influence the negotiations by advocating for more ambitious nature policies. More than

700 businesses – including ERM – and more than 1,000 individual private sector representatives were present at COP15.

The “Make It Mandatory” campaign created a significant amount of attention before and during COP15. The campaign, orchestrated by Business for Nature, had more than 400 signatories, and this united front helped governments agree on a bolder GBF than would have been produced without private sector support. ERM supported “Make it Mandatory” as part of our COP15 participation by joining the media campaign, engaging clients, participating in side events and contributing our technical insights.

Learn more about building nature into business decision-making by Matt Haddon, Global Leader, Nature & Water.

[▶ Watch the video here](#)



CASE STUDY: COLLABORATING WITH OTHERS

Supporting sustainable approaches to nature

ERM supports several global initiatives to encourage efforts by the private sector to preserve and enhance nature and biodiversity. Our experts actively participate in several organizations widely recognized for their ability to influence businesses across sectors and geographies and make a positive difference.

Taskforce for Nature-related Financial Disclosures (TNFD) is a market-led and voluntary global initiative with over 1,000 organizations involved to support a shift in global financial flows away from nature-negative outcomes and toward nature-positive outcomes. TNFD is working to develop and deliver a risk management and disclosure framework for organizations to report and act on evolving nature-related risks.

ERM is a member of the TNFD Forum. We have seconded a Technical Director to the World Business Council for Sustainable Development (WBCSD) to lead the TNFD pilot for the energy system and support the development of nature-positive roadmaps.

Natural Climate Solutions Alliance (NCSA) was convened by WBCSD and the World Economic Forum to identify opportunities and barriers to investment in the natural climate solutions voluntary carbon market. It also serves as a forum for knowledge sharing and technical capacity building to ensure natural climate solutions reach their full potential in abating climate change.

The SustainAbility Institute by ERM collaborated with NCSA to develop **Natural Climate Solutions and the Voluntary Carbon Market: A Guide for C-Suite Executives**. The document provides decision-makers guidance to drive demand for high-quality Natural Climate Solutions (NCS) projects and urge companies to mitigate their emissions beyond their value chains.

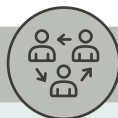
ERM is also a member of the NCS Investment Accelerator, which galvanizes companies to go above and beyond the internal decarbonization required to meet the Paris Agreement by investing in high-quality, high-integrity NCS credits.

Learn more about using high-quality natural climate solutions credits to mitigate a company's carbon footprint.

[Watch the video here](#)

Learn more about ERM's use of natural climate solutions to mitigate our own residual carbon emissions.

[Watch the video here](#)



CASE STUDY: COLLABORATING WITH OTHERS

Technology industry biodiversity & business series

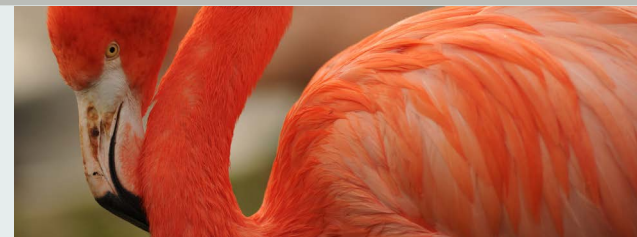


Photo credit: Nico Vermylen, Belgium

ERM provided a four-part roundtable series for our technology clients to hear from industry experts about the implications of COP15, alignment with the TNFD framework, robust water conservation and stewardship strategies, and natural capital accounting and valuation.

Representatives from Fortune 30 technology companies served as panelists along with industry thought leaders and ERM subject matter experts, including Salesforce, Intel Corporation, Capitals Coalition, Business for Nature, TNFD, and Alliance for Water Stewardship.

Session 1: COP15 outcomes

Clients tell us that nature is important to their business in the near-term and many have started moving towards being “nature positive.” This roundtable discussed the key takeaways for technology companies from COP15 and the new Global Biodiversity Framework (GBF).

Section 2: TNFD disclosures

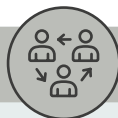
During COP15, governments committed to protect 30% of the world’s land, coastal areas and oceans by 2030. The TNFD framework aims to help companies develop a strategic biodiversity roadmap and disclose information about nature-related risks and opportunities critical to the GBF. This roundtable focused on the TNFD framework, how technology companies are getting started and how TNFD can help shape and deliver climate action plans.

Session 3: Robust water conservation and stewardship strategies

The latest research suggests training artificial intelligence is an incredibly thirsty process – using the same amount of water in a half-liter bottle to answer 20 to 50 user questions to ChatGPT – which helps to frame why water is the next priority for technology companies. This roundtable explored water stewardship, conservation and ways to reach net positive in water.

Session 4: The value of natural capital accounting (NCA)

The final roundtable in the series explored how NCA and valuation supports corporate nature and biodiversity strategy, performance, assessment and disclosure. NCA focuses on accurately measuring and valuing impacts on ecosystems and biodiversity in an auditable and repeatable manner.



CASE STUDY: COLLABORATING WITH OTHERS

Asian elephants & climate change



Arun Venkataraman, ERM Technical Consulting Director based in India, heads the International Union for Conservation of Nature (IUCN) Asian Elephant Specialist Working Group on Asian Elephants and Climate Change.

The Asian elephant is considered a flagship species highly susceptible to climate change. The working group’s vision is to raise awareness and stimulate policy action for securing species populations and habitats while recognizing an imminent and escalating need for managing coexistence with humans.

The working group includes several leading Asian elephant experts, including Intergovernmental Panel on Climate Change (IPCC) members and ecologists from several range states.

Securing elephant habitat quality and contiguity in the face of climate change can safeguard against

the impacts of climate change for an iconic species, and thereby significantly facilitate attainment of some of the Global Biodiversity Framework Goals set at COP15.

The working group is currently working on a paper intended to be published by a leading scientific journal.

“ This has been a most fascinating initiative working with some of the best scientific minds in the discipline, to affirmatively open the world’s eyes to how iconic species need to be managed in future scenarios of climate change and nature loss.”



Arun Venkataraman
Technical Director, ERM



CASE STUDY: CLIENT

Building nature into business strategy: a conversation with ERM & Salesforce

In our seventh episode of ERM’s Sustainable Connections podcast, Mark Lee, Director of the SustainAbility Institute by ERM, talks to Julie Moorad, Senior Manager, Global Climate Action at Salesforce, and Caitlin Brown, Senior Consultant at ERM, about how businesses can better assess and respond to their nature-related risks and opportunities.

Julie and Caitlin come together to share learnings from their experience of conducting TNFD aligned assessments to shape nature positive strategies. Their conversation covers:

- Creating a nature positive business strategy;
- Integrating nature into corporate climate action; and
- How to apply the Taskforce on Nature-related Financial Disclosures framework to understand business risk and opportunity.

To learn more, visit [Nature Positive Strategy \(salesforce.com\)](https://www.salesforce.com) and [Prepare to LEAP: Updates to the TNFD framework and planning for the future \(sustainability.com\)](https://www.sustainability.com).

“ Leaders within corporates, NGOs, governments and civil society are sitting up to the reality that we cannot meet our climate action targets or other sustainable development goals without a nature-first lens. Nature supports carbon sequestration and storage while underpinning global GDP through free ecosystem services of water, land, pollination and remediation. Nature can thrive without us; without nature we cannot survive.”



Caitlin Brown
Managing Consultant,
ERM



The podcast is available here



CASE STUDY: CLIENT

Protecting biodiversity in developing countries

ERM is helping the **Legacy Landscapes Fund** (LLF) invest in landscape protection by developing an environmental and social management system (ESMS).

LLF seeks to support a significant share of important global biodiversity in developing countries by effectively protecting and managing the most important landscapes where permanent funding for their management is scarce or missing. LLF aims to have at least 30 legacy landscapes in its portfolio by 2030.

“ We are thankful to ERM for their invaluable support in developing our ESMS. ERM’s commitment to our shared vision that human rights are inherent to and improve conservation strategies has inspired us to foster a culture of environmental stewardship and societal wellbeing that is aligned with the most advanced internationally recognized standards. The ESMS allows LLF to work towards a future where protected areas thrive, and indigenous peoples and local communities flourish, so that these legacy landscapes are preserved for generations to come.”

Dr. Ilka Herbinger
Director Environmental and Social Safeguards,
Legacy Landscapes Fund

LLF’s ESMS governs and guides LLF-supported programs on social, human rights and environmental matters. The ESMS recognizes the critical links between biodiversity conservation and human rights in developing countries and addressed sensitive topics like security in protected areas, human-wildlife conflict mitigation and involuntary access and use restrictions, among others.

The recent report of the United Nations Human Rights Office of the High Commissioner **“Benchmarking Study of Development Finance Institution’s Safeguard Policies”** highlights LLF’s “clear guidance for risk-based Environmental and Social Due Diligence” in the conservation sector.

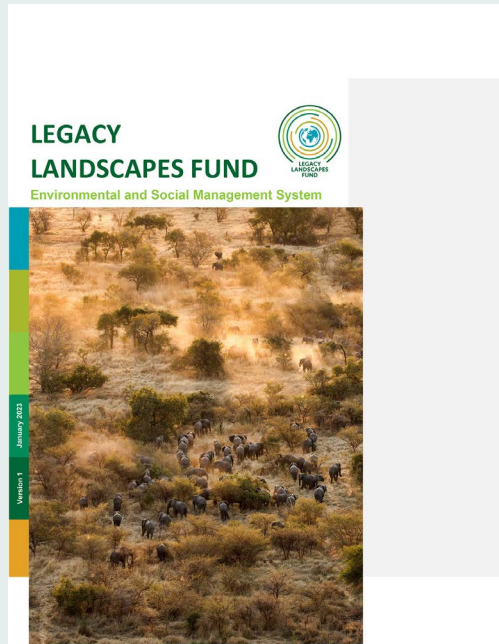


Photo credit: LLF



CASE STUDY: CLIENT

Nature & business roundtable

ERM is helping our clients proactively embed nature in decision-making and business strategies, building on our deep experience with integrating nature and biodiversity in environmental and social impact assessments as part of capital project development.

The United Nations Global Biodiversity Framework is driving action by business, with its clear goal to halt and reverse biodiversity loss to land and water by 30% by 2030; the agreement to require all large business and financial institutions to assess and disclose their risks, impacts and dependencies on nature; and a target for governments to redirect or eliminate \$500 billion environmentally harmful subsidies to industry.

Other developments in 2023 include the release by the Taskforce on Nature-related Financial Disclosures of its final draft framework in March, with its final recommendations expected in

September, and the May publication of corporate science-based targets by the Science Based Targets Network.

To explore the integration of nature into mainstream business strategy and operations, ERM hosted a roundtable in Paris on “Nature and business: enhancing business resilience through nature-positive strategies,” with the participation of:

- Claire Tutenuit, Managing Director, EpE (the French branch of the WBCSD)
- Elsa Favrot-Monier, Head of CSR in Business, ENGIE
- Noëlla de Bermingham, Chief Sustainability Officer, Andera Partners
- Sébastien Pinchon, Noé (a nongovernmental organization focused on the protection and restoration of biodiversity) and member of the International Union for Conservation of Nature French Committee

More than 30 business leaders attended from a range of sectors, including energy, chemicals,

manufacturing, financial services, private equity, consumer goods and healthcare, among others.

The panel discussion affirmed the rise in nature as a key strategic topic for business and emphasized:

- The need for leadership on nature at the highest decision-making level;
- A strong commitment to transition underpinned by a roadmap of pragmatic and workable solutions; and
- The importance of collaborating closely with Indigenous peoples and local communities.





Water

Water availability and quality is a growing global challenge for many organizations as they struggle to meet regulatory requirements, stem rising costs, reduce impacts and ensure business sustainability.

Access to water is becoming business critical for ongoing operations, new assets and across supply chains – and considering water, beyond the fence line, is becoming the new norm.

We help clients identify the areas of their corporate strategy, business processes and license to operate that may be at risk due to water constraints and help them evaluate the resiliency of their business.

Organizations need to take into account technical complexity, local specificity and community sensitivities in their management of water assets. Our deep subject matter expertise – honed in thousands of landscapes and watersheds over 50 years – enables informed decision-making by our clients.

The time is now to reverse trends related to habitat and species loss, climate change and water availability.



Photo credit: Kevin Lundmark, United States



CASE STUDY: CLIENT

Sustainable Ocean Principles

ERM is a proud signatory of the **Sustainable Oceans Principles** – an initiative of the United Nations Global Compact to provide a framework for a healthy and productive ocean.

Since adopting the principles last year, ERM has been working to integrate the requirements into our processes, recognizing the urgency and global importance of healthy, sustainable oceans.

ERM's global marine technical community is responsible for sharing the knowledge and technical information generated in all our operations. The principles and updated management procedures will be effectively disseminated thus supporting the development of standards and good practices recognized in the industry.

The marine technical community recently launched an initiative called "KPIs development for Sustainable Ocean Principles implementation" to develop indicators and their respective protocols and questionnaires that allow us to track "in situ" the footprint of our operations in or near water. The team anticipates completing a draft by the end of the calendar year.

We have implemented a global program for aquatic work management that includes a series

of procedures, work instructions and guidance documents intended to guide the planning, mobilization and execution of ERM activities that occur on, over, under or near water. ERM's existing program is based on a robust health and safety approach that enabled us to include additional aspects such as governance, relations with authorities, subcontractors and clients, pollution prevention, waste management and energy efficiency.

“Knowing that with our day-to-day activities we are driving towards a lasting positive impact on our ocean is what makes every step worth it.”



Ana Lucia Yapur
Consultant, ERM



CASE STUDY: CLIENT

Nature-based remediation solution

A confidential aeronautical management service facility released perchlorate and nitroaromatic explosives from an evaporation pond in the 1970s and 1980s. The operations ceased in 1992, and the site was closed under the US Resource Conservation and Recovery Act. Subsequent investigations identified elevated concentrations of contaminants in the shallow soils of the former evaporation pond that were continuing to impact the shallow groundwater.

ERM worked with the client and regulatory agency to determine that a series of bioremediation pilot tests were warranted to act as interim remedial measures as well as to identify a long-term sustainable and resilient remediation strategy that includes nature-based remediation solutions.

An engineered wetland was selected for testing that would stimulate and augment the indigenous microbial population to biodegrade the contaminants. Locally sourced mulch was added initially as an organic carbon source and electron donor to establish anaerobic reducing conditions.

The initial construction of the wetland was completed in the fall of 2022, including the planting of local wetland species. The wetland is expected to be filled by August 2023.

Monthly sampling will provide baseline biogeochemical data and track progress of the anaerobic reducing conditions and biodegradation of the contaminants. Wetland flora and fauna will be monitored for two years to track progress of wetland treatment as a remedial strategy, with the intent to incorporate the engineered wetland as part of the final cleanup remedy.



Photo credit: Autumn Dunn, United States



ERM's response

Our Biodiversity Policy sets forth our commitment to taking a leadership role in the protection and restoration of biodiversity. The policy integrates the protection and restoration of biodiversity into ERM's own operations, our work with clients and into our partnerships, including the ERM Foundation. This is aligned with the Sustainable Development Goals emphasizing both life below water and life on land.

In accordance with commitments made in the policy, we have been progressing the following activities:

- Developing a roadmap for nature-positive action;
- Integrating NCS into ERM's net-zero strategy, following the guidance of the NCSA for high-integrity NCS credits;
- Including nature in our supply chain approach;
- Protecting and restoring biodiversity through the ERM Foundation; and
- Raising awareness with ERM employees to protect and restore biodiversity in the communities where they live and work.

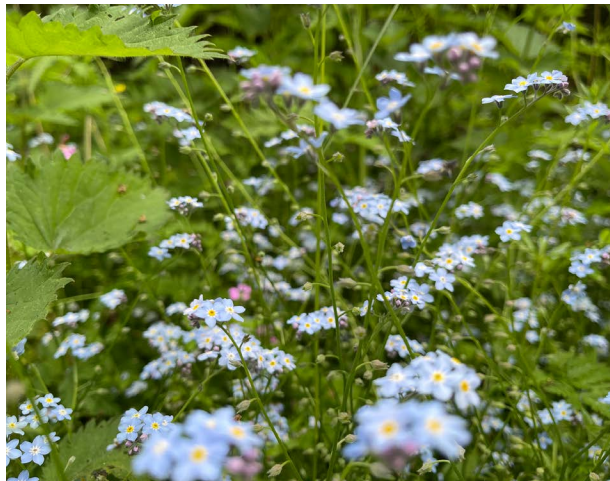


Photo credit: Kirsten Tillotson, United Kingdom

We also recently reported on our 2022 progress on commitments made to Act4nature international, which included completing the following:

- Aligning our Global Employee Travel Policy with ERM's overall decarbonization strategy to reduce emissions from business travel.
- Contributing to biodiversity thought leadership by sending a delegation of nine specialists to COP15 in December 2022. ERM participated in a WBCSD panel on NCS and a WBCSD workshop on the development of nature-positive policies and targets.
- Ongoing ERM employee participation in the Wind Wildlife Working Group in North America, a collaboration of scientists and business involved in conducting leading-edge research on the impacts of offshore wind development on wildlife and approaches for impact avoidance and mitigation.
- Organizing several all-staff calls to help raise awareness on ERM's newly published Biodiversity Policy and for the ERM team to provide reflections on COP15.
- Convening all-staff webinars to launch the ERM Foundation Annual Review, reaching more than 1,000 employees. These webinars featured biodiversity case studies and included a challenge for employees to demonstrate how they were contributing to the Earth Day theme "Invest in our planet."

In the year ahead, we will finalize our nature strategy and progress work on TNFD.

[Learn more in our Approach to nature supplement →](#)

FY23 target	Performance results
Publish biodiversity policy	Target met We published our Biodiversity Policy in December 2022.



Social impact & human rights

Today’s energy, technological and geopolitical transitions risk amplifying inequality and social fragmentation. This has led to a greater focus on the “S” in ESG.



Image of local fisherman, taken during field reconnaissance of environmental and social impacts in Peru. Photo credit: Gonzalo Sanson, Mexico

In our experience, companies whose business models recognize their wider societal role and the value they receive from people and communities are better positioned to earn and maintain a social license to operate, by ensuring they prevent adverse impacts in their own operations and across their value chains and by embedding inclusivity in the way they innovate, operate and make business decisions.

As we respond to our client’s changing needs to decarbonize, build or close industrial sites, redeploy capital or adopt nature-positive strategies, we are incorporating the social impact and human rights elements to strengthen their resilience as a business and support the organizational capabilities required to navigate these deep transitions.

Inclusion and respect for human rights are imperative for the collective action required to deliver a sustainable planet and peaceful societies. ERM helps clients adapt to this business reality by building productive relationships with rights holders and stakeholders and by effectively managing social impacts, risks and opportunities. Our key competencies underpin the many complex issues that flow across diverse company functions.

Highlight: Beyond compliance framework at Albemarle



In 2022, ERM began supporting Albemarle, a chemicals and mining company contributing to the energy transition, seeking to develop a lithium mine in North America.

A member of the Initiative for Responsible Mining Assurance, Albemarle is the first company in the United States to implement a rights-based approach to early and transparent community engagement, going beyond regulatory requirements for permitting.

This is allowing Albemarle to work towards broad social acceptance; identify, prevent and mitigate potential adverse impacts; and set the foundation for greater social inclusion in the community.



Securing social license & building social capital with ERM

Social impact & performance

- Conduct participatory baseline and impact assessments for successful permitting and expansions
- Formulate corporate and asset-level social impact strategies, identify goals and metrics, report and communicate to stakeholders
- Update and roll out social performance policies and standards following international frameworks
- Design and implement social systems and create dashboards

Human rights

- Expertise on UN Guiding Principles on Business and Human Rights
- Conduct gap assessments against EU and US regulation
- Conduct salient and detailed human rights impact and risk assessments, identify human rights risks related to climate
- Update human rights policies, train leadership and staff
- Identify and address supply-chain impacts and risks
- Set up and upgrade grievance mechanisms
- Report on human rights and modern slavery due diligence
- Improve human rights rankings and ratings

Diversity, equity & inclusion

- Set targets and programs on DE&I
- Consult, engage and involve employees
- Report on DE&I
- Understand and address energy and digital transition risks and opportunities for your workforce

Stakeholder engagement & trusted communications

- Identify and map stakeholders, including local communities, public officials, development partners and NGOs
- Develop and implement meaningful stakeholder engagement and trusted communication approaches
- Set up and facilitate community advisory panels
- Design websites and digital media campaigns

Transformation

- Translate the stewardship of social outcomes into leadership language, business processes and workforce behaviors
- Accelerate growth of brand and asset value by elevating social trust and human capital through stories and campaigns

Political risk advisory

- Monitor geopolitical and societal risks and opportunities based on human intelligence gathering
- Conduct political and reputational due diligence, supply chain risk analysis for mergers and acquisitions
- Support innovative solutions to complex political and social contexts
- Develop best practice government relations governance structures, tools and processes, aligned with social, legal and permitting needs

Cultural heritage & archaeology

- Generate cultural heritage baseline mapping
- Identify, evaluate and mitigate cultural resources
- Develop plans for historic preservation and unanticipated discovery
- Conduct interpretive programming, public outreach and education
- Support compliance reporting
- Design research for data recovery and investigations
- Conduct architectural inventories and assessments
- Analyze artifacts



CASE STUDY: CLIENT

A just transition in Ukraine

The Ukraine government has committed to reduce its greenhouse gas emissions by 65% by 2030 from 1990 levels. This reduction can only be achieved through a combination of solutions, which includes developing additional renewable energy sources and increasing their contribution to the total energy mix in Ukraine. This inevitably requires a shift away from coal, which requires a just transition of the workforce and the creation of decent work and quality jobs in accordance with nationally defined development priorities.

The UK government supported this process by funding a pilot study and partnered with ERM to develop a regeneration framework for two mine sites located close to the Ukrainian-Polish border, employing around 1,000 miners, and their surrounding communities. ERM’s services included:

- Conducting a socio-economic assessment to understand the impact of the mine closure on the host communities;
- Reviewing European, national and regional legislation and policies to draw connections with existing government programs;
- Identifying engineering, environmental constraints and opportunities to understand the major issues associated with closure and redevelopment;
- Developing a master vision to provide focus for action and guide a regeneration program that provides a pathway for a just transition; and
- Engaging with stakeholders on the master planning process.



“ [at the Ukrainian Government’s request], ERM drew on the UK’s extensive experience in coal regions’ Just Transition, and on systematic stakeholder engagement, to produce a realistic, sustainable vision for two coal mine sites in the west of the country. We look forward to seeing it realized, as a model for adoption right across the country.”

Peter Wickenden

1st Secretary, Energy, British Embassy, Kyiv



CASE STUDY: CLIENT

Supporting Indigenous workforce

Stratos, an ERM Group company, worked with Kitikmeot Corporation (KC) and regional partners to develop a strategy to support the Inuit workforce in the major projects sector. This work involved Indigenous engagement and multi-party collaboration in the western part of Nunavut, a northern territory within Canada.

We conducted a document review and interviews with employers and employment influencers in the region to gather information on the current state of Inuit employment in the Kitikmeot region.

Stratos facilitated several workshops with regional partners, including the Kitikmeot Inuit Association, the Government of Nunavut, mining companies and contractors, to inform coordinated priorities and develop an action plan that will support Kitikmeot Inuit workforce readiness and success in major projects over a five-year timeline.

Stratos is currently working with the regional partners to implement the workforce strategy.

Project results and benefits included:

- Identifying the need for a focused, collective strategy in the major projects sector;
- Increasing recognition of the mandates and roles of various parties with respect to the employment system;
- Greater sharing between parties, leading to improved knowledge and coordination on efforts in the region;
- Reframing emphasis from company actions and success to regional efforts to help Inuit in their employment journey; and
- Developing a process to help build consensus around priorities and roles.

“ Our work with Stratos has required the participation and collaborative efforts of various community and territorial stakeholders. Stratos’ strategic expertise and willingness to understand and work with Kitikmeot Inuit cultural values has been a critical factor in our project’s ongoing success.”

Dino Forlin

Chief Operating Officer, Kitikmeot Corporation



Photo credit: Kathryn Lupton, Canada



CASE STUDY: CLIENT

Independent report for Rio Tinto

Rio Tinto in March 2023 published an independent report based on a global audit of its Cultural Heritage Management compliance and performance – one of a number of steps taken to continue to find better ways to manage and protect heritage.

The audit identified areas where Rio Tinto is achieving leading cultural heritage practices, but also identified other practices where the company needs to improve its performance.

The report was produced by ERM following an audit of 37 Rio Tinto assets. The audit was completed throughout 2021 and 2022 across 20 assets in Australia and 17 assets in other countries where Rio Tinto operates, including Canada, South Africa, United States and Mongolia.

ERM followed a multi-step approach, which included:

- A desktop review of documentation provided as evidence by Rio Tinto;
- A series of interviews with employees and leaders with a focus on roles in managing cultural heritage;
- Views and feedback from community partners;
- Follow-up interviews to address gaps;
- A presentation of the findings to asset leadership;
- Presentation of asset audit reports; and
- Presentation of the final independent report.

Commissioning an independent audit was a commitment made in response to the findings from the Rio Tinto Board Review of Cultural Heritage Management, which identified priorities for change following the destruction of the rock shelters at Juukan Gorge in May 2020.

“The report highlights some good progress, in particular in Australia, where we started. We know we have more work to do, and the report gives us areas for further improvement across our global operations, and we will adopt all of its recommendations.”

Kellie Parker
Rio Tinto Chief Executive, Australia



Photo credit: Rio Tinto



ERM's response

ERM endorses the Universal Declaration of Human Rights, the United Nations Guiding Principles on Business and Human Rights and supports the principles contained within the International Bill of Human Rights and the International Labor Organization's Declaration on Fundamental Principles and Rights at Work. We embody these in our **Human Rights, Modern Slavery and Child Labor Policy** along with our Health and safety, supplier and other policies.

We are signatories to the UN Global Compact and thereby commit to uphold its 10 principles, two of which focus on human rights. We report our performance annually via the **Communication on Progress**, which is published on the UN Global Compact website.

We have introduced a risk-based project screening requirement to help us identify more systematically the potential adverse human rights impacts of our work with clients, enabling us to take the appropriate measures to avoid causing, contributing or being linked to such impacts.

We are strengthening our engagement on human rights with our supply chain through our Sustainable Procurement Policy and our Supplier Code of Business Conduct and Ethics. This will be a focus of our efforts in the coming year. See the **Supply chain section** of this report for more information.



Photo credit: Efren Aviles, Mexico

FY23 target	Performance results
<p>Integrate impact on society and communities into ERM's methodology for client decarbonization plans</p>	<p>Target met Refreshed decarbonization approaches for clients include social elements.</p>
<p>Establish criteria to ensure positive livelihood benefits in offsets strategy</p>	<p>Target met Criteria applied in purchase of credits.</p>



MATERIAL TOPICS > CLIMATE, NATURE AND SOCIAL CHALLENGES

Modern slavery is both a crime and a violation of fundamental human rights. ERM is committed to the elimination of all forms of modern slavery and to the international effort to abolish child labor. ERM takes a zero-tolerance approach to such activities and seeks to identify and address such risks in our offices, operations and wider supply chains. This year, we refreshed our modern slavery and human trafficking training, which is mandatory for all manager level and above roles. We will extend this to all employees in the coming year. We publish an annual **Modern Slavery Statement** that outlines our activities and performance during the year.

As outlined in the Decarbonization section, ERM has purchased carbon credits to voluntarily compensate for some of our residual emissions, as part of our net zero approach. We developed detailed criteria for the selection of carbon credits, which included ensuring positive livelihood benefits. More detail can be found in the **Approach to decarbonization** supplement.

Highlight: ERM appointed as human rights service provider for Open-es Development Hub



Open-es, a digital platform dedicated to the development of sustainable industrial supply chains, is currently used by over 1,000 businesses to measure, improve and collaborate on ESG topics.

As a human rights service provider for the **Open-es Development Hub**, ERM will support companies in managing human rights across their operations and value chains, including mitigating risks, ensuring access to remediation and improving transparency and disclosure.

The time is now to address the ‘S’ in ESG.



Photo credit: Thuy Nguyen, Vietnam



Photo credit: ERM

Impact & influence

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Why this topic is material for ERM

ERM has the opportunity and responsibility to leverage our technical expertise, societal understanding and business acumen to shape a more sustainable world.

We have been delivering on our purpose for over 50 years; now more than ever, ERM has the capacity and knowledge to make a real contribution to shaping a sustainable future.

ERM's global footprint and extensive experience gives us a deep appreciation of the complex sustainability challenges facing our clients and society. We recognize the importance of collaborating with other leading organizations and stakeholders to address these challenges.

We deliver impact and influence on key sustainability challenges by:

- Supporting the world’s leading companies and the finance sector to integrate sustainability into business decision-making and actions;
- Developing and publishing thought leadership;
- Driving change through partnerships with leading organizations;
- Innovating with other leading organizations;
- Engaging our people in the work of the ERM Foundation and its partners; and
- Articulating and measuring the impact of our work with clients within our own operations and through our partnerships with others.



Photo credit: Noriko Sakuraoka, Japan



Photo credit: Bruana Freire, Brazil

“ **Impact ignites us.** We do not stop at good enough. ERM seeks out difficult spaces to get the most meaningful results. That means we move fast and in the right way. Guided by the highest ethics, we turn everyday actions into lasting efforts because our accountability is to the clients we serve and the people and planet we sustain.”

Ellis Griffith
Chief People Officer, ERM



Thought leadership

Thought leadership influences the sustainability debate and challenges norms, which in turn grows client relationships and amplifies our positive impact on the environment, society and the economy. It is also an effective way to share the ideas and insights gleaned from our work with clients and our broader understanding of sustainability issues.



Photo credit: ERM

Our content is designed to respond to the needs of our stakeholders. We provide practical and thought-provoking insights using multiple channels, ranging from in-depth research papers and global surveys to blogs and interviews.

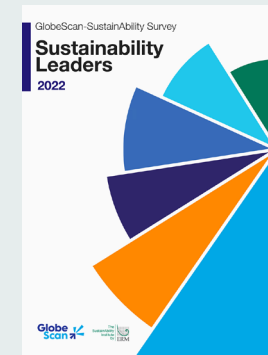
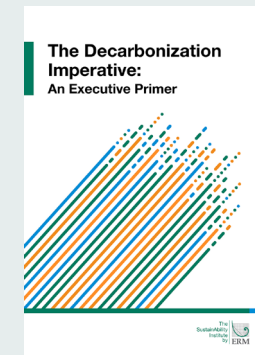
The **SustainAbility Institute by ERM** (Institute) is our primary platform for thought leadership on sustainability. Engaging with experts across ERM and external partners, the Institute addresses the critical sustainability challenges facing private sector leaders and policymakers across all sectors and geographies. Our analysis informs decisions that accelerate development of circular business models and the creation of a more just and sustainable society and economy.

Building on ERM's more than 50 years of experience at the forefront of helping business integrate environmental and social elements, the Institute produces a wide range of cutting-edge materials linked to our areas of expertise in a variety of formats, including:

- Insights
- Reports
- Interviews
- Surveys
- Interactive tools
- Analytical resources
- Blogs
- Interviews and podcasts

Selected FY23 publications by Sustainability Institute by ERM

- ***Rate the Raters***, the Institute's latest assessment of the ESG ratings landscape.
- ***The Ongoing Evolution of Sustainable Business: 2023 Trends Report*** details the progress companies are making in working toward a more just and sustainable world.
- ***The Ongoing Evolution of Sustainable Business: Mining and Metals Supplement***, in which ERM explores the 2023 trends from the perspective of the mining and metals sector.
- ***Temperature Check: Ensuring SDG and Paris Agreement Success*** survey presents findings by GlobeScan and the Institute.
- ***Natural Climate Solutions and the Voluntary Carbon Market***, a guide by the Natural Climate Solutions Alliance in partnership with the Institute.
- ***Valuing Nature: The case for nature-related assessment and disclosure***, co-authored by the Institute and the Capitals Coalition.
- ***The Decarbonization Imperative: An Executive Primer***, the Institute's executive guide to navigating the energy transition in the midst of climate uncertainties.
- ***A Better Blueprint for Corporate Climate Analysis***, a framework for corporate climate scenario analysis.
- ***18th Edition of the Benchmarking Air Emissions report***, which compares the emissions performance of the 100 largest power producers in the United States.
- ***Benchmarking Methane and other GHG Emissions of Oil and Natural Gas Production in the United States***, which analyzes exploration and production emissions on behalf of Ceres and Clean Air Task Force.
- ***GlobeScan/SustainAbility: 2022 Sustainability Leaders Survey*** based on responses from more than 700 sustainability professionals across 73 countries.
- ***The Evolution of Sustainability Disclosure*** report by the Institute and Persefoni to help companies and investors make sense of proposed climate disclosure standards.
- ***Costs and Benefits of Climate-Related Disclosure Activities by Corporate Issuers and Institutional Investors***, which presents the results from a survey conducted by the Institute for Ceres and Persefoni.
- ***Greenhouse gas accounting and reporting for the private equity sector***, a new standard for GHG accounting and reporting in private equity, published by ERM together with Initiative Climat International (iCI).



ERM Insights

ERM consultants provide deep-dive reviews of issues facing our clients.

We distribute policy alerts and issue briefs, such as [Meeting environmental requirements for the CHIPS and Science Act grant program](#) and the [Inflation Reduction Act of 2022: Climate and Energy Provisions](#).

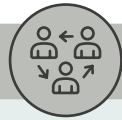
We publish articles on a broad range of topics, for example [Beyond commitments: Reaching net zero targets in the US banking sector](#), [The next global resource crisis](#), [Enhancing business resilience through a nature-first approach to net zero](#) and [Four key actions to support employees through climate anxiety](#).



Photo credit: ERM

The time is now for greater insights into the sustainability challenges affecting business, nature and society.

FY23 target	Performance results
<p>Increase engagement scores on The SustainAbility Institute social channels by 10%</p>	<p>Target met Over 135% increase in the total number of engagements, which we attribute to producing more content, incorporating more expert voices from across ERM, increased use of graphics and video and the support of high-profile research partners.</p>



CASE STUDY: COLLABORATING WITH OTHERS

Thought leadership across recent acquisitions

Recent acquisitions to the ERM Group share their insights on sustainability issues facing our clients. Below is a sampling of selected publications from FY23:

Coho's **Guide to Water Risk** is a resource for sustainability, facilities, operations and risk management professionals responsible for business continuity or water resources stewardship.

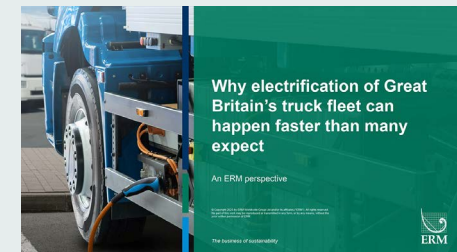
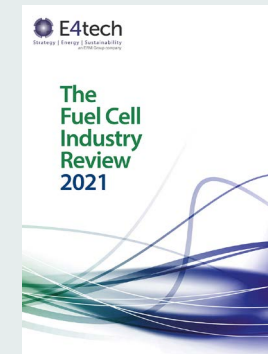
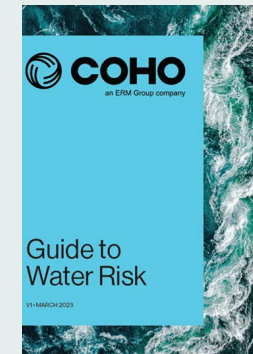
Libryo's shares insights on the EU Taxonomy, the Sustainable Finance Disclosure Regulations and the Non-Financial Reporting Directive in its blog post **How the black box of ESG disclosures and ratings is being blown open**.

E4tech's eight annual **Fuel Cell Industry Review** finds the industry showing favorable signs, with continued investment in capacity by manufacturers and strategic partnerships being formed at greater pace.

Element Energy's **Why electrification of Great Britain's truck fleet can happen faster than many expect** shows that around half of Great Britain's truck fleet could switch to battery electric today without needing to wait for a public charging network.

Shelton Group report **The Buzz on Buzzwords** covers the latest research data and insights for brands on the evolution of understanding, and attitudes towards, the vocabulary used for sustainability topics.

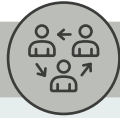
Renewables Consulting Group's **Offshore Wind Market Report: Global Highlights for COP27** reveals that only Vietnam, Poland and Denmark are set to meet or exceed their net-zero 2030 offshore wind targets.



Learn more about offshore wind.

[▶ Watch the video here](#)





CASE STUDY: COLLABORATING WITH OTHERS

Sharing our expertise at COP27

ERM’s regional lead partner for climate change in Latin America and the Caribbean, Ricardo Zibas, presented at COP27 with the Brazilian delegation, which he has been a part of since COP12 in 2006.

Ricardo spoke of ERM’s work to improve agricultural and forestry emissions accounting in the national greenhouse gas inventory of Brazil. ERM is bringing a more granular approach on emission sources, so the inventory better reflects the reality of emissions in the county. This work will help increase credibility and transparency and strengthen the foundation for future commitments and negotiations for Brazil and the entire region.

Ricardo was part of ERM’s team of 14 consultants from across our global operations who attended COP27 and shared our expertise on how to operationalize sustainability and help business move from ambition to action on climate change.

During proprietary and sponsored events, our experts covered a range of topics including:

- Accelerating deployment of offshore wind in the developing world;
- Hydrogen transition funding and investment opportunities;
- Can your assets survive a 2-degree world?;
- A new blueprint for corporate climate scenario analysis;
- The role of Natural Climate Solutions and the voluntary carbon market in your decarbonization strategy;
- Deploying climate-resilient infrastructure in the developing world: the adaptation challenge;
- Decarbonizing industries – green hydrogen x offshore wind: a solutions collaboration; and
- New regulatory frameworks of Gulf Cooperation Council countries on carbon capture and storage.

Plans are underway for ERM’s participation in COP28 in Dubai.



Photo credit: ERM

Learn more about Ricardo’s insights into COP27 and some of its biggest challenges.

[▶ Watch the video here](#)



CASE STUDY: CLIENT

Piloting the GHG Protocol Land Sector and Removals Guidance

In September 2022, World Resources Institute (WRI) and World Business Council for Sustainable Development (WBCSD) published the GHG Protocol Land Sector and Removals Guidance as a draft for pilot testing and review. This document provides guidelines on how companies should account for and report land-related activities in their corporate inventories, including land use, land use change, carbon removals and storage, bioenergy and other biogenic products.

Since 2020, ERM Technical Director Braulio Pickman has participated in the Technical Working Group responsible for drafting the guidance.

Following the draft launch, ERM has been involved in pilot testing the guidance for companies in three sectors: timber and forest, pulp and paper, and agribusiness. During the pilots, ERM identified risks and opportunities across various sections in the draft guidance and supported the pilot companies in providing technical feedback to WRI and WBCSD. ERM also developed a GHG inventory for the pilot companies in accordance with the accounting procedures provided in the draft guidance.

Based on the feedback provided, WRI and the Technical Working Group are working to consolidate the final version of the guidance.

As part of this work, ERM also developed a case study for inclusion in the final guidance, which highlights best practice for agricultural product manufacturers for reporting reduced emissions from the use of their products.



Photo credit: Linden Edgell, United Kingdom

“ It has been a challenging and exciting activity exploring new options on reporting for the land sector.”



Braulio Pickman
Technical Director, ERM

Partnerships



Photo credit: ERM

The time is now to work in collaboration with others for positive change.

We maximize our impact on the world and deliver on our purpose by developing meaningful partnerships with the world’s leading organizations.

Business partnerships

ERM partners with organizations to create innovative solutions to sustainability challenges and unlock commercial opportunities.

We work with technology companies, competitors, policymakers and ERM clients. The objective is to leverage our business partners’ technical capabilities, market reach and client base to develop superior capabilities collectively compared to acting alone.

Global Council on Sustainability Transformation

Thousands of major companies have committed to action on climate and other sustainability issues. But how do firms move from ambition to the transformational change that may be required? There is often little clarity on how to achieve such change amid the competing pressures and trade-offs business leaders face. For many, the actual

steps taken so far have been modest, focusing on reporting and disclosure, for example.

To address this question, ERM is convening the Global Council on Sustainability Transformation to act as a critical guide for those seeking practical ways to navigate more effectively through this complex context. The council is a small group of renowned corporate and global leaders focused on accelerating private-sector action on critical sustainability challenges. It will take a hard-edged look at the obstacles to progress in this area, marshalling the experience of its members and other experts to develop incisive recommendations on how to overcome them.

FY23 target	Performance results
Contribute 1% of prior year profits to support sustainability initiatives globally	Target met ERM contributed 1% of prior year profits to support sustainability initiatives in FY23.



We have a number of collaborations in place aligned with our new strategy on partnerships, which include:

- **Salesforce**, the global leader in customer relationship management, will work with ERM to bring clients decarbonization services and Net Zero Cloud to help organizations establish operational excellence to track and report on ESG goals.
- **Persefoni**, a climate accounting solutions software company, formed a strategic alliance to help organizations accelerate their efforts to

deliver on the Paris Agreement and navigate the transition to net zero.

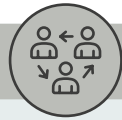
- **Planet Labs PBC**, the leading provider of global near-daily satellite imagery and earth data with the highest frequency satellite data commercially available, will expand the imagery use cases, applications and reporting capabilities for our clients.
- **Novata**, a leading ESG data management platform, complements ERM's sustainability services to provide private companies and their owners with the actionable insights required to enhance ESG decision-making and reporting

and deliver on their sustainability commitments.

- **Sphera**, a leading global provider of ESG performance and risk management software, data and consulting services, combined efforts with ERM aimed at supporting customers with their ESG and sustainability strategies in the Latin American market.
- Element Energy, an ERM Group company, is working with **Wallbox and UK Power Networks** to help drive the commercialization of Vehicle-to-Building (V2B) technology through the V2B User Interface Learning Device project.



Image of community members taken during project site visit for environmental and social impact assessment in India. Photo credit: Teena Deshwal, India



CASE STUDY: COLLABORATING WITH OTHERS

Valuing nature and human capital

ERM and the Capitals Coalition collaborated on two recent publications to help companies transform their management of sustainability challenges.

In **Valuing Nature: The case for nature-related assessment and disclosure**, the SustainAbility Institute by ERM and the Capitals Coalition set out the business case for defining nature-related impacts and dependencies and measuring the associated risks and opportunities. The report outlines four key steps businesses should take as they navigate the nature agenda and prepare to align their reporting with the Taskforce on Nature-related Financial Disclosures (TNFD). The guide explains how to develop a strategy and governance structure to manage these risks and opportunities, then outlines how businesses can operationalize their strategies and prepare related disclosures to align with the TNFD Framework, which is scheduled to launch in September 2023.

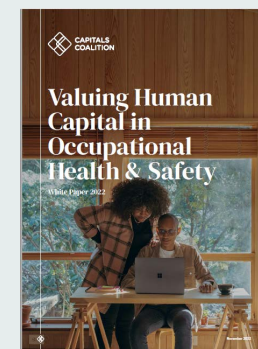
The Capitals Coalition and L'Oréal commissioned **Valuing Human Capital in Occupational Health & Safety**, a white paper authored by ERM that presents how the value provided by people should be core to decision-making. Doug MacNair, Technical Director, was principal author. Valuation of occupational health and safety programs is emerging as a key component of human capital management for companies. The paper discusses the business case for investing in these programs and their value to workers and society and explores how health and safety programs can impact wellbeing.

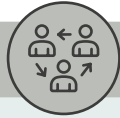
The Royal Society for the Prevention of Accidents joined L'Oréal and the Capitals Coalition to host **People Sustainability: The Future** to launch the paper. This event shared information on motivators and incentives, standards and key performance indicators surrounding the value of people and their health, safety and wellbeing in companies. Sabine Hoefnagel, Global Leader of Sustainability and Risk at ERM, served as a panel member at the event.

“ There are many drivers for holistic thinking about occupational health and safety and sustainability, including the health impacts of climate change and the significance of people in a just transition.”



Sabine Hoefnagel
Global Leader of Sustainability and Risk, ERM





CASE STUDY: COLLABORATING WITH OTHERS

World Business Council for Sustainable Development (WBCSD)

ERM is a founding member of the WBCSD and remains active across many work programs through secondments, the involvement of the SustainAbility Institute by ERM and engagement of ERM’s Group CEO and other senior leaders.

Within the broad scope of WBCSD’s work programs, we focus on: climate, nature, equity and redefining value, products and materials, energy, education and policy advocacy member mobilization.

- Tom Reichert, ERM Group CEO, serves as Co-Chair of the Energy Pathway Board, Co-Leader on the nature workstream and a member of the Program Board for the Redefining Value Program.
- We seconded a Technical Director to the TNFD pilot for the energy sector and a consultant to the development of the Nature Positive Roadmap. We are also working on a project for strategic investment in nature-based solutions.
- Since 2020, Technical Director Braulio Pikman from Brazil has been involved in the Greenhouse Gas Protocol Land Sector and Removals Guidance. ERM has pilot tested the guidance with clients in three sectors.
- An ERM team is supporting the chemical sector working group with the industry transformation roadmap for the sector.
- Group CEO Tom Reichert and consultant Summer Chen spoke at the WBCSD leadership dinner at COP27.
- Partner James Stacey participates in the CFO Network, and we are supporting several projects within the Redefining Value Program.
- We seconded consultant Fia Fuchs to work on Financial Sector Architecture Program with the CFO Network, and we are supporting a project to engage companies with integrating ESG into risk management.
- Regional CEO Tim Strawn serves as a commissioner on the Business Commission for Tackling Inequality.
- Consultant Loic le Gars is seconded to the Hydrogen Workstream and supported the development of a hydrogen policy paper.
- We are a member of the Circular Electronics partnership and actively lead several programs.
- We are a member of the Education Program working group, supporting the development of new online courses.



Photo credit: ERM

Secondments

Every year, ERM employees are seconded to work with leading organizations around the world. We look carefully for strategic opportunities that align with the issues that matter to our clients.

The benefits of secondment flow both ways. Organizations get access to ERM's expertise and insights, we strengthen our networks and deepen relationships, and our people return with new knowledge and insights that they bring to our work for clients.

We set aside a certain amount of our pro bono budget each year to support these secondments as we recognize the value to the partner organization, to ERM and to the individual involved.

During FY23, several ERM consultants were seconded to support organizations, including:

- WBCSD's Redefining Value program, part of the CFO Network on Financial System Architecture;
- COP27 Climate Champions team, to lead engagement with the Mining and Metals sector;
- WBCSD nature positive roadmap for the energy system and piloting of TNFD framework with select companies; and
- WBCSD hydrogen workstream.

Public policy

Our work with organizations and clients has helped push for public policy that drives the sustainability agenda. We have a long and successful track record of providing advisory services to companies and other clients on public policy and advocacy strategies.

For nearly three decades, we have brought together companies and other stakeholders with similar interests to advance common goals in sustainability-related policy:

- Developing strategies to promote policies that support climate, nature and human rights;
- Providing detailed regulatory and legislative analysis and policy coordination including timely, in-depth summaries and analyses of new and emerging regulatory and legislative initiatives, deep technical analysis, regulatory assessments and discussions with regulators and other policymakers;
- Engaging in national, regional and local discussions regarding programs and regulations;
- Contributing to stakeholder engagement with policymakers through the rule-making processes; and
- Maintaining connections with non-member stakeholders and policymakers through conference calls and regular meetings.

Coalitions

ERM works with leading organizations to leverage and provide technical, regulatory and economic analysis of emerging regulations through multi-company coalitions.

- [The Clean Energy Group](#)
- [Natural Gas Supply Collaborative](#)
- [Downstream Natural Gas Initiative](#)

Multistakeholder organizations

Through our relationships with leading multistakeholder organizations, we are working alongside leaders from industry, government, nongovernmental organizations and academia to shape a sustainable future for all.





Business Commission to Tackle Inequality

(BCTI) is a cross-sector, multistakeholder coalition of nearly 60 organizations and their leaders launched in July 2021 with the mission of mobilizing the private sector to tackle inequality. ERM's Regional CEO for Europe, Middle East and Africa serves as a Commissioner to BCTI.



The Campbell Institute is the environmental, health, safety and sustainability center of excellence of the US National Safety Council.

ERM has been a member of the Campbell Institute since June 2017 and actively participates in Campbell Institute committees, working groups and meetings.



Capitals Coalition develops, advocates for and advances the capitals approach, which integrates measurement and valuation of natural, social, human and produced capital. ERM sits on the Advisory Board of the Coalition and contributes to technical and strategic support on topics such as the living wage and valuation of occupational health and safety. We have also collaborated on research and publications including the Social and Human Capital Protocol – a Primer for Business. Doug MacNair, Technical Director, serves as a Commissioner on the Value Commission.



The Climate Pledge is a call to businesses and organizations to take collective action on the world's greatest crisis and to work together to build towards a safe and healthy planet for the next generations. ERM is a signatory to the Climate Pledge.



Ceres advances leadership among investors, companies and capital market influencers to drive solutions and take action on the world's most pressing sustainability issues. Through the SustainAbility Institute and ERM's subject matter experts we collaborated on a number of activities and reports, including Benchmarking Methane and Other GHG Emissions of Oil and Natural Gas Production in the United States and The Changing Climate for Private Equity.



Circular Electronics Partnership (CEP) is a partnership between WBCSD, GESI, the World Economic Forum, the Global Electronics Council and the Responsible Business Alliance (RBA). ERM is a member of the CEP. Through the RBA, ERM has been engaged to develop the ESG assurance development process for the due diligence of e-waste recyclers.



2023

The Global Reporting Initiative (GRI) helps organizations understand and communicate their impact on critical sustainability issues such as climate change, human rights, governance and social wellbeing. As part of ERM's efforts to advance sustainability reporting, we support the activities of GRI as a community member.



Natural Climate Solutions Alliance (NCSA) is focused on enabling NCS including biodiversity and forest loss, land degradation, sustainable water management and sustainable community livelihoods. ERM is a member of this multistakeholder alliance and supports the use of high-quality NCS carbon credits.

Signatory of:



The Principles for Responsible Investment (PRI) is the world's leading proponent of responsible investment, have published guidance on ESG monitoring, reporting and dialogue in private equity. ERM is a PRI signatory and conducted research with PRI to help develop a framework for ESG disclosure during the lifetime of a private equity fund.



Race to Zero is a global campaign that aims to rally leadership and support from businesses, cities, regions and investors for a healthy, resilient, zero-carbon recovery. ERM is a member of the Race to Zero campaign through our own net zero commitment to reduce carbon emissions across our operations by 2025.



The Science Based Targets initiative (SBTI) champions science-based target setting as a powerful way of boosting companies' competitive advantage in the transition to the low-carbon economy. ERM has set ambitious science-based targets aligned with the pathway to reduce greenhouse gas emissions to levels that will limit global warming to 1.5°C above pre-industrial levels.



The Task Force on Climate-related Financial Disclosures (TCFD) is developing voluntary, consistent climate-related financial risk disclosures for use by companies to provide information for investors, lenders, insurers, and other stakeholders. ERM has been a supporter of the Task Force on Climate-related Financial Disclosures (TCFD) since 2018, and this is our third annual reporting with the addition of a stand-alone TCFD disclosure.



The Taskforce for Nature-related Financial Disclosures (TNFD Forum) is a global multi-disciplinary consultative group of over 1,000 institutions, which supports the Taskforce on Nature-related Financial Disclosures. ERM is a member and has supported the piloting of TNFD with energy companies through the WBCSD.



The UN Global Compact (UNCG) brings companies together with UN agencies, international labor organizations and civil society to support universal environmental and social principles in the areas of human rights, labor, the environment and anti-corruption. ERM is a signatory of the UN Global Compact and strives to embrace and promote these values within our sphere of influence. ERM is a signatory of the Women’s Empowerment Principles as part of our commitment. [Click here to read our Communication on Progress.](#)



The World Business Council for Sustainable Development (WBCSD) is a global, CEO-led organization of over 200 leading businesses working together to accelerate the transition to a sustainable world. ERM has been actively involved in WBCSD since we joined as a founding member in 1995 through secondments, the involvement of the SustainAbility Institute by ERM and engagement of our Group CEO and other senior leaders.



World Environment Center (WEC) is an independent, nonprofit, nonadvocacy organization that advances sustainable development through member companies’ business practices in partnership with stakeholders. ERM engages in a range of WEC forums including Group CEO Tom Reichert participating in an Executive Roundtable on Decarbonizing Value Chains: Hard-to-Abate Industries.



Photo credit: ERM



Photo credit: ERM

ERM Foundation

Creating impact through our people and partnerships.

The ERM Foundation is an employee-led foundation that works in **partnership** with smaller nonprofit organizations and social enterprises.

The ERM Foundation was established in 1995 to enable ERM and its employees to provide funding and professional support for nonprofit organizations and social enterprises that share our commitment to creating a more sustainable and equitable world.

ERM provides an annual budget to the ERM Foundation in the form of grants and probono time which is further leveraged by employee donations and volunteer time. Our focus areas seek to create a lasting impact at the intersection between biodiversity protection, climate action, women's livelihoods and improving access to clean water and sanitation.

Through these areas, the ERM Foundation is committed to making a measurable contribution to the Sustainable Development Goals.



Photo credit: image courtesy of SolarAid/Chris Gagnon



Protecting and restoring biodiversity



Improving access to low-carbon products and services



Investing in women's livelihoods in the low-carbon economy



Improving access to clean water and sanitation



MATERIAL TOPICS > IMPACT AND INFLUENCE

Volunteering in the community

In addition to core funding and programs through the ERM Foundation, our employees make a difference in their communities through local actions to help people and the planet. Here are just a few examples of ERM employees working together in many areas around the world.



Photo credit: Gonzalo Bilbao, Italy

Tree planting

The ERM Iberia sustainability team partnered with the Spanish Ornithological Society to plant local species of trees and bushes in Madrid's Casa de Campo park, where 12 ERM employees and their families volunteered their time to take part in the activity.

Learn more in the [ERM Foundation Annual Review 2023](#) →



Photo credit: ERM

Volunteering to support food security

A team from ERM's Boston and Hartford offices in the United States spent the day volunteering at The Food Project to prepare the seed beds for planting.

Sustainable management of coral reefs

Thirty employees took part in the annual Hong Kong Reef Check event by providing both pro bono and volunteer time to support in training the volunteers.



Photo credit: ERM

Creating digital platforms to increase access to clean water

ERM employees provided pro bono support for the nonprofit organization Fundación Cántaro Azu to develop a digital platform to raise awareness and accountability for water in public schools in Mexico.

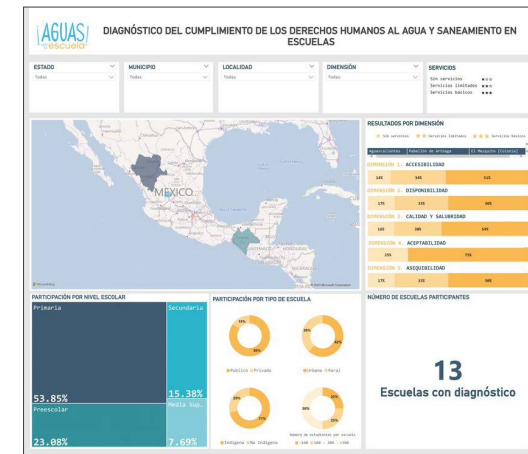


Photo credit: Victoria Ortega & Mariana Dorantes, Mexico



The ERM Foundation Future Fund

The ERM Foundation is proud to launch our new program, the ERM Foundation Future Fund, thanks to the generous donations of ERM shareholders.

The objective of this program is to accelerate progress towards the SDGs by investing in multi-year projects and programs at the intersection of biodiversity, climate and livelihoods. We will be supporting one project per ERM region.

We are excited to introduce our Future Fund partners and begin our work together to deliver impact during this decade of action:

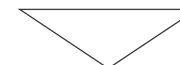
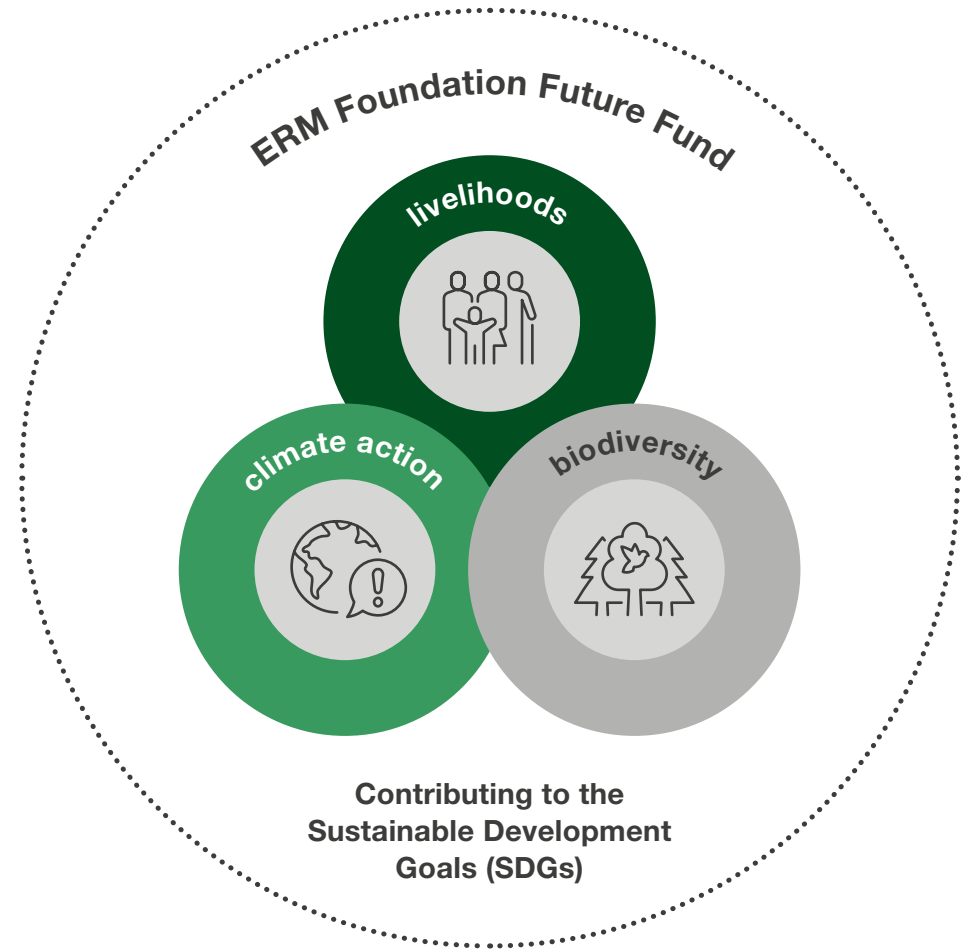
- Asia Pacific: [Center for Rural Development in Central Vietnam](#)
- Europe, Middle East and Africa: [SolarAid](#)
- Latin America and the Caribbean: [The Ocean Foundation](#)
- North America: [Ocean Wise Conservation Association](#)

ERM volunteers will help support our Future Fund partners with project implementation by sharing their expertise.

The time is now
to focus on the intersection
of biodiversity, climate and livelihoods.

Learn more about our Future Fund partners.

[Watch the video here](#)



Measuring our impact

What is ERM's impact on the world? It is a simple question, asked by many stakeholders, but complex to answer. We need a holistic, rigorous and credible response to be transparent about the value of our work and to help inform our decisions on which projects we will undertake.

Our impact on sustainability is driven by our own operations, through our partnerships with leading organizations and the ERM Foundation, but **our greatest impact is through the work we do for our clients.**

This section focuses on client impacts, with further details on the impacts from our operations and partnerships covered throughout this report.

In line with the GRI Standards, we have **assessed our impacts** on the economy, the environment and people, including human rights. We have considered the impacts from our own operations as well through the work we do for our clients. Some of the impacts are direct while others are indirect. For example, the clients we work for may have a range of impacts through a particular activity or project, which we may or may not have had direct involvement with.





Photo credit: Venkata Ponnada, India

Impact for clients

We continue to evolve our methodology for measuring and communicating our impact – particularly through client work. We conduct impact measurement projects for clients, and we have engaged the subject matter experts who conduct this work to help establish ERM’s own approach.

While we strive to deliver positive impacts through our work, we recognize and seek to address any unforeseen or potential negative impacts from projects or activities being delivered on behalf of our clients. We are often one of many firms involved with a client’s organizational change, capital projects, financing, compliance activities or reporting, so attributing ERM’s specific impact can be complex. We remain committed to working through these complexities in order to identify, manage and communicate our impacts in a robust and comprehensive way.

We have developed a 3-year roadmap to enhance the measurement of ERM’s work with clients. This roadmap also captures how we intend to evolve our impact measurement for our own operations and our collaborations. In the longer term, we have set a goal to quantify and report sustainability impacts across all elements of ERM’s business.

This year, we commenced the development of client impact methodologies to enable us to capture, measure and describe the impact we are delivering with our clients at an account level. We have engaged a number of clients across six major industries who will co-create an approach for measuring impact across a range of projects within a portfolio.

Our intent is to support clients in quantifying the impact of our work with them, globally and in aggregate, towards achieving their own company goals, such as net zero, societal (e.g., SDGs) and commercial. Additionally, through this measurement, our consultants will better understand and appreciate the material impacts they are contributing to in each project they support.



CASE STUDY: CLIENT

GenOn assets divestiture strategy

GenOn is one of the largest independent power producers in the United States, delivering electricity to wholesale customers primarily in the Northeast and Mid-Atlantic. As part of the company’s contribution to a lower-carbon economy, ERM has helped to strategize the closure of more than 20 former operating coal, gas and oil-fired power plants.

For three recently retired coal plants in the state of Maryland, ERM assisted GenOn with the preparation of site studies, material surveys, cost estimates and sell-side documentation and strategy in advance of refinancing and eventual sale of this portfolio. The work utilized ERM experts from across the United States who specialize in transactional due diligence, environmental compliance, land development, decommissioning, decontamination and demolition, renewable development and asset management.

ERM assisted with the subdivision of all three of the co-located sites to divide the operating facilities from the environmental liabilities of the retired

coal sites. Additionally, the three operating facilities had excess undeveloped land that was subdivided to allow sale of the undeveloped land separately from the facility. We developed renewable strategies including solar and battery storage scenarios to enhance the facilities future use potential. We also provided a respected third-party expert to meet with and present the portfolio to potential investors and buyers.

The reduction in GHG emissions from the closure of these three coal-fired power plants is equivalent to the CO2 emissions from more than 700,000 homes each year.

“ERM provided GenOn with the environmental, asset valuation and infrastructure separation expertise to market the facilities for refinance and sale.”

Jon Sacks
Senior Vice President of Strategy, GenOn



Photo credit: ERM



CASE STUDY: OUR OPERATIONS

Introducing Dolphyn Hydrogen



Dolphyn is an example of ERM turning a vision into a reality: creating a first-of-a-kind transformative solution for our society.

ERM has been proudly developing Dolphyn since 2018, focusing on the production of ultra-low-carbon hydrogen at scale. Our approach combines electrolysis, desalination and hydrogen production

on a floating wind platform, bringing hydrogen to shore via pipeline to the sectors that need it most. It needs no electrical grid connection, and the hydrogen produced generates zero carbon emissions at the point of use.

To maximize Dolphyn’s positive impact on a low-carbon future, ERM has launched Dolphyn Hydrogen, an independent company responsible for commercializing the Dolphyn green hydrogen production process in the United Kingdom and around the world.

With over \$15 million of support from governments in the United Kingdom, Scotland and Wales, ERM has taken Dolphyn’s development from early concept feasibility through detailed engineering and evaluating site selection options. In November 2023, we are undertaking small-scale hydrogen generation trials in Milford Haven, Wales. This will be followed in 2026 by the deployment of a commercial-scale demonstrator (10 MW) at a site southeast of Aberdeen, Scotland. Plans are also accelerating for the first commercial scale development (100 MW-300 MW) in the Celtic Sea, off the coast of Wales in 2028.

Dolphyn Hydrogen will work in partnership with energy developers, investors and governments across the globe to stimulate job creation and skills development in the green economy. Additional commercial-scale projects will become operational from 2026 onwards in multiple geographies around the world. To follow the journey of Dolphyn, please visit www.dolphynhydrogen.com.

“ We believe now more than ever that green hydrogen has a critical role to play in decarbonizing, improving energy security, and generating skilled green-economy jobs. Dolphyn aims to accelerate this transition for the benefit of all.”



Steve Matthews
Partner, ERM and CEO,
Dolphyn Hydrogen



CASE STUDY: CLIENT

Reviewing and refining WE Soda’s sustainability strategy



WE Soda is the largest manufacturer of natural soda ash, producing 5 million metric tons per year from its facilities located in Turkey, which it sells to customers in almost 80 countries around the world. The company has always operated sustainably, with the lowest CO₂e and water intensity within its industry and a strong focus on its people and its communities.

The company already had a very good Sustainability ESG risk rating score of 14.7, making it the leader within bulk commodity chemicals globally, but it lacked a coherent narrative that brought together all the company’s sustainable practices and aligned these with its long-term plans.

The company partnered with ERM to refine and focus its sustainability strategy. ERM initially developed a strategic action plan based on a gap analysis and materiality assessment, working closely with the company’s executive leadership, Board and operational teams. This work involved engaging with more than 50 internal and external stakeholders and culminated in workshops with senior leadership to agree on a purpose statement and implementation plan. WE Soda seconded two ERM consultants on a full-time basis to help accelerate the progress and used these to leverage a large multidisciplinary project team from across ERM to support WE Soda on a range of workstreams, including:

- Designing an organizational structure with defined roles and responsibilities related to sustainability;
- Designing the Group’s approach to sustainability governance, including a risk register;
- Alignment with and disclosures based on the TCFD recommendations and CDP;

- Supporting WE Soda’s Scopes 1, 2 and 3 carbon emission calculations;
- Defining medium-term decarbonization plans and targets, to support the development of a net-zero roadmap to 2050;
- Refining and refocusing the Group’s water management and stewardship strategy;
- Helping to produce the Group’s 2022 integrated sustainability and annual report;
- The design and implementation of a nonfinancial data management strategy; and
- Refining a responsible sourcing approach to enhance the Group’s visibility of risks across its supply chain.

“ Our work to help refine and refocus WE Soda’s sustainability strategy has allowed the company to further differentiate versus its peers and position itself even more favorably towards customers, investors and other stakeholders.”

Alasdair Warren
CEO, WE Soda Limited



Impact on society

To measure the impact on society, we established a framework for tracking a project's inputs, outputs and outcomes, aligned to the Sustainable Development Goals.

We have a range of metrics for describing the societal impact of ERM's work with clients. We first piloted our approach to measuring impact on a growing part of our business, the low-carbon economy transition (LCET), focusing on the deployment of renewable energy. Beginning in FY21, we tracked project inputs and outputs associated with renewable energy capital project delivery.

In FY22, we reported on the growth of our renewable energy capital project delivery projects, which contributed in excess of 100 GW of installed renewable energy capacity – equivalent to saving the annual carbon emissions of more than 22 million US households.

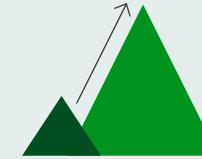
This year, we continue to report the number of renewable energy capital projects and gigawatt capacity enabled.

**The time is now
to demonstrate impact.**

FY23 renewable energy capital project delivery



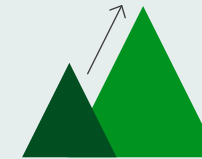
900+
PROJECTS



229%
GROWTH
compared to FY22

CONTRIBUTING TO

160+ GW
OF INSTALLED
RENEWABLE
ENERGY CAPACITY



60%
INCREASE
compared to FY22

EQUIVALENT TO



the annual
carbon emissions of
36 million+
US HOUSEHOLDS



An interview with Todd Hall on ERM’s impact on renewable energy capital project delivery



Left: Linden Edgell, ERM Sustainability Director; Right: Todd Hall, ERM Global Service Co-Lead for Capital Project Delivery and Global Lead for Renewables

Linden Edgell, ERM Global Sustainability Director, interviewed Todd Hall, ERM Global Service Co-Lead for Capital Project Delivery and Global Lead for Renewables, about building the renewable energy future.

Linden: What do you see as ERM’s role in helping the world achieve targets for clean energy?

political and technical considerations for capital project development.

Todd: With the surge in investment in the renewables industry, ERM’s expertise will be instrumental in addressing the full range of environmental, social, economic,

We’ve mastered the art of delivering complex projects on time while mitigating potentially negative impacts and capturing opportunities to create lasting positive effects.



MATERIAL TOPICS > IMPACT AND INFLUENCE

By combining our legacy learnings with innovative ways of approaching our clients' business imperatives, we can play a critical role in a cleaner, fairer and more sustainable energy future.

Linden: What are the main challenges facing developers of renewable energy projects?

Todd: Traditionally, financing and access to investment capital has been a chief concern. While this is still an important factor for our clients, with renewables development proliferating around the globe, particularly in emerging markets, developers are becoming increasingly focused on other factors. Two in particular are timelines for approvals and supply chain certainty.

Linden: How is ERM helping project developers overcome these challenges?

Todd: The advantage we have is that we've been supporting these types of developments for over half a century – in all the same geographies that are

currently the focus for renewables development. So we know the likely roadblocks, and we know how to take measures early in the project to address them.

Linden: This is the third year we have published our contribution to the installation capacity for renewables. Why is this so important?

Todd: Renewables is arguably the most important component of the energy transition journey the world is on, and to that end we decided to begin tracking our contribution to that part of the journey. We're fortunate in that we made the decision about the same time the renewables industry growth rate started to really skyrocket, so we can watch our impact grow alongside this critical growth phase in the market.

Linden: The impact data numbers are impressive – how does this help to motivate our teams?

Todd: The numbers tell us we're in the right place alongside our clients, growing our contributions to the

global renewables energy build-out at a rate that matches or even exceeds the growth in the industry. Our typical team member chose this career because they want to make a difference in global sustainability, and these numbers demonstrate to our team that we are living up to our mission to drive a sustainable future for our clients.

We've mastered the art of delivering complex projects.



Photo credit: Terence de Penhery O'Kelly, United States



FY23 remediation project delivery



169
PROJECTS

CONTRIBUTING TO

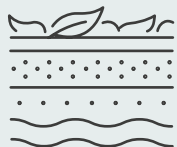


241 billion+
litres of **WATER** treated



1 million+
cubic metres of **SOIL** treated

CONTRIBUTING TO



3.4 million+
KG OF CONTAMINANTS
treated / destroyed / removed

CONTRIBUTING TO



279+
HECTARES OF LAND
remediated for beneficial use

This year, we are also reporting on the impact of our Liability Portfolio Management and Remediation (LPMR) services.

Environmental liabilities are a part of almost every company's asset portfolio and balance sheet. The regulatory, technical and social complexities of identifying, assessing, remedying and managing liabilities associated with site investigation, remediation and decommissioning, decontamination and demolition (DDD) create an opportunity to identify value and reduce risk.

For each liability portfolio management and remediation (LPMR) project, we track the inputs and outputs and share the aggregate data in this report. In the future, we intend to report on how much carbon dioxide has been abated or avoided as a result of client projects. Our current methodology focuses on the positive outcomes of projects, and we have not yet undertaken an equivalent exercise to quantify any potential negative impacts of projects, which we will incorporate into our comprehensive approach to net-zero.



An interview with Truong Mai on the impact of liability portfolio management & remediation (LPMR)



Left: Truong Mai, ERM Global Service Lead; Right: Linden Edgell, ERM Sustainability Director

Linden Edgell, ERM Global Sustainability Director, interviewed Truong Mai, ERM Global Service Lead for LPMR about the impact of our work with clients.

Linden: Why is LPMR so important for companies and indeed society?

Truong: One of the unintended and unwanted consequences of the industrial revolution (be it the first, second, third or fourth Industrial Revolution) is the resulting polluted land from industrial activities. Nearly every company has environmental liabilities. Leading companies seek

to address these liabilities by concurrently achieving regulatory compliance, optimizing resources with strategic and innovative remedies, proactively managing non-technical risks and aligning to corporate sustainability commitments.

Addressing these liabilities effectively will result in benefits for companies and society, which may include:



MATERIAL TOPICS > IMPACT AND INFLUENCE

- Management of financial obligations: positive impact to company bottom line and shareholder value;
- Decarbonization and sustainability performance: direct reduction of environmental impacts, biodiversity net gain, honoring asset retirement obligations and reduction of corporate reputational risk; and
- Societal impacts: repurposing of assets to new beneficial uses and contributing to address social and environmental justice.

Linden: Why have you spent your career in this field?

Truong: I have always wanted to do something that has a direct, positive impact on society. I have been very fortunate to work on teams that literally clean up the environment, one project at a time. Seeing our teams' contributions first-hand is among the most rewarding aspects of my current role and career, giving me the motivation and drive to find new ways to create societal impact.

Linden: This year your team has been involved in developing a methodology to measure the impact of our LPMR work. Why is this so important?

Truong: There are over 1,400 ERM employees who list LPMR as their primary service area. It is vitally important that this diverse global team is aligned in our mission, client service, people development, technical expertise and commercial ambitions. In other words, it is very important that this team truly behaves as one team.

Seeing our collective societal impact in one place is a helpful bond for this global team. The materials presented in this Sustainability Report represents the first iteration of how we are documenting the impacts from LPMR projects. We intend to refine the methodology and data collection to be more comprehensive in subsequent years.

Linden: The numbers in your impact data are impressive. Your team must be feeling very motivated?

Truong: Indeed, our team is proud of our collective results and will surely use them as motivation to further support our clients in their journeys to contribute to society.

Our LPMR team is very proud of our collective results.



Photo credit: Kirsten Tillotson, United Kingdom



CASE STUDY: CLIENT

Applying sustainable remediation

A confidential agrichemical manufacturing client operated a facility for approximately 50 years, resulting in various organic constituents in the site soil and groundwater. Remediation was required to surrender the environmental permit and to prepare the site for future development.

ERM collaborated with the client to identify appropriate sustainability indicators for the remediation based on a combination of the client’s sustainability policies and site-specific considerations. These included:

- Measure and reduce greenhouse gas emissions where possible.
- Encourage circular economy principles and if practical minimize waste to landfill.
- Promote soil health.
- Minimize overall direct economic costs.

ERM developed an extensive program of site investigation, which included a greenhouse gas emission footprint assessment of technically feasible technologies and appraisal of remedial options. Based on the site investigation results, on-site bioremediation was selected as the preferred remedial strategy.

Following agreement with regulators, sustainability was incorporated as part of the contractor procurement process and was carried forward

into the remediation implementation phase by the contractor proposing and adopting several sustainable management practices. The sustainability highlights from the remediation implementation included:

- On-site bioremediation generated approximately 50% less greenhouse gas emissions (165 metric tons) compared to the modelled offsite solution (326 metric tons).
- With few exceptions, all other wastes were treated, recovered and reused on site.
- The local procurement of amendments for bioremediation resulted in several positive environmental, economic and social benefits to the local farmers involved.

Incorporating practical and easily applied sustainable management practices during the implementation phase helped identify further opportunities for improving the sustainability of future projects.



Photo credit: Stephanie Beck, United States



Moving forward

For societal impact measures, we are working with our subject matter experts and service leads to more effectively measure impact on a range of other key services and intend to add additional impact measures.

During FY24, we will continue work on a replicable, robust and credible tool that can be applied at account level on an annual basis and at an aggregate level across our consulting services. The process will be piloted with selected clients, focusing on the impact of ERM projects in helping the client achieve specific societal goals (e.g., reflective of SDGs, Paris agreement for GHG emissions, etc.).

We envision the pilots will result in fiscal-year-end impact reports for each of the participating clients, with aggregate impacts included in our Sustainability Report 2024. Additional clients and metrics will be included in the impact measurement process over time.

FY23 target	Performance results
Develop 3-year roadmap to enhance measurement of ERM’s work with clients	Target met Roadmap completed and implementation is ongoing.
Deploy client feedback approach across the Key Client Program	Target met Deployed refreshed client feedback program.

Client engagement and satisfaction

Meeting or exceeding our client expectations, thereby delivering client satisfaction, is a core value at ERM. This includes ensuring that we listen to our clients and implement an appropriate chain and schedule of communications.

As part of our refreshed approach to client excellence, we are implementing a new client feedback approach aligned to our client journey. The approach uses a global project and client management tool, based on the Salesforce platform, to document, internally publicize and respond to client feedback. Every project has an identified Account Director/Manager and Partner in Charge who are directly accountable and fully responsible for ensuring client feedback is received and actioned.

A range of stakeholders – including Account Directors, Industry Leaders, Service Leaders and Operational Leaders – are engaged in the feedback approach to share insights, provide support and respond to client needs. Where warranted, client concerns are elevated within the organization to assess whether changes are needed within our quality management system, governing procedures or training requirements.

Members of our account teams, service leaders and technical communities engage with our clients on how to generate greater impact and how we can make an even greater contribution to addressing their key business and societal issues.

**The time is now
to listen and respond.**



Supply chain

ERM works with suppliers and subcontractors that demonstrate the following attributes:

- Incorporating safe practices in all commercial decisions;
- Exhibiting a high level of integrity at all times and in all dealings;
- Commitment to enhancing sustainability performance;
- Outstanding quality of work; and
- Cost savings innovation.

ERM's process for engaging subcontractors includes the use of a third-party supply-chain risk management solution to pre-screen our subcontractors. Combined with our own Active Leadership Audit Program audits and subcontractor qualification assessments, ERM regularly collects and evaluates data on our use of subcontractors.

Our Supplier Code of Business Conduct and Ethics supplements our supply chain management system. Specifically, the supplier code consolidates updates on key international terms such as anti-bribery and corruption, human rights (including prohibitions for all forms of modern slavery) and our health and safety contractual requirements. Our standard form subcontractor agreements and supplier-relationship management system requirements were all updated with the supplier code as part of its implementation. Learn more about [ERM's global requirements for suppliers and subcontractors](#).

In line with our commitment to implementing sustainable practices across our business operations and supply chain, ERM also requests suppliers to adhere to our Sustainable Procurement Policy and provide ESG related data. Supplier ESG performance management will continue to be a focus for development throughout the coming year.

[Download ERM's Sustainable Procurement Policy →](#)

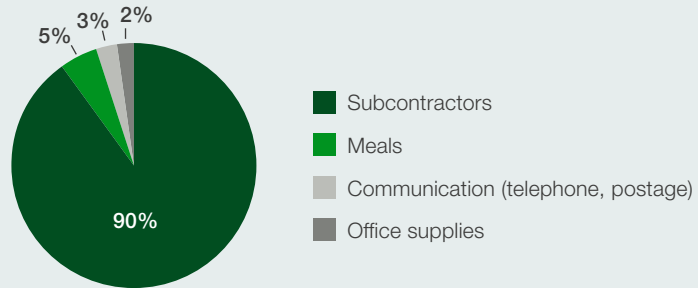




Climate impacts of purchased goods and services

Purchased goods and services account for 67% of our Scope 3 emissions and 90% of emissions within this category derive from our subcontractors. Addressing the supply chain is, therefore, a priority action for our decarbonization strategy.

Purchased Goods & Services: Breakdown of Emission Sources



In the coming year, we will engage with our supply chain with the aim to set targets for purchased goods and services that aligns with our net-zero strategy.

Our initial focus will be on top-tier suppliers where engagement can generate the most impact in terms of emissions reductions. We will support capacity building in our top-tier and business-critical suppliers to improve their own decarbonization efforts.

As we work to achieve our long-term targets to reduce emissions across Scope 3 emissions, we plan to monitor performance among our suppliers, intervene in the event suppliers are failing to align with our net-zero strategy and strengthen low-carbon supplier choices.

Human trafficking and the supply chain

ERM has established internal procedures for vetting third parties to help ensure that our business partners are not engaged in suspected practices relating to human trafficking. This year, we implemented mandatory training for all those engaged in, or managing, our activities to strengthen their awareness of the issue, and how to take action if they have concerns with any of our business partner activities.

Hiring

We review our supplier’s hiring practices, from asking how they recruit employees to requesting records that verify they follow anti-trafficking efforts. This can include thorough background checks and efforts to confirm submitted documents. A high degree of due diligence is conducted when engaging labor brokers, especially in high-risk jurisdictions.

Policies

In our Sustainable Procurement Policy, we encourage companies in our supply chain to promote transparency in their own supply chains.

Monitoring

ERM has implemented an on-going monitoring process to stay alert to forced labor and other human trafficking risks. We commit to performing regular engagement with businesses along our supply chain to determine if their practices remain aligned to ERM’s ethical standards and goals.



Photo credit: ERM LAC Marine Team



Governance & accountability

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Why this topic is material for ERM

Governance guides the direction and strategy of our company and provides checks and balances at the Group level.

In a privately held organization such as ERM, good corporate governance is required to fulfill our responsibilities to our external investors, lenders, Partners, employees, suppliers and contractors, clients, society and the environment. Good governance relies on strong accountability mechanisms across strategic and operational leadership, including clear performance metrics and reporting.

With good governance, we gain the confidence from our stakeholders and ensure our ability to attract capital, serve our clients, partner with suppliers and contractors, meet the expectations of local communities and society as well as attract, develop, reward and retain our talented employees.

Strategic & operational leadership

The ERM Board and Executive Committee are ERM’s most significant governing bodies. They are responsible for the strategic direction of the organization and the effective monitoring of operations and performance.

The Board is the highest authority and ultimately responsible for the strategic direction, governance and oversight of The ERM International Group Limited (as parent company of the ERM “Group”) on behalf of its stakeholders, including shareholders.

The ERM Corporate Governance Principles and Board Terms of Reference sets out ERM’s business purpose, the role of the Board and its processes and its relationship to Executive Management, and it explicitly recognizes that the Board has ultimate responsibility for ESG.

The Board convenes at least six times per year to review performance and consider key strategic growth plans and material issues and risks. In addition, there are subcommittees that provide oversight of audit, risk and remuneration and report regularly to the Board. The Board delegates its authority for the executive management and operations of the Group to the Group CEO and, through the CEO, to the Executive Committee (subject to defined limits and monitoring by the Board).

The Board will ensure that systems and processes are in place for the succession, evaluation and compensation (where applicable) of the CEO, the other Executive Directors, the Non-Executive Directors, the members of the Executive Committee and other key members of senior management. The Board promotes executive remuneration structures and policies, appropriately aligned to the long-term sustainable success of the Group and the external market.

The time is now
for leadership and
accountability.





MATERIAL TOPICS > GOVERNANCE AND ACCOUNTABILITY

Effective Board composition requires an effective chair and a balance of skills, backgrounds, experience and knowledge, with individual directors having sufficient capacity to make a valuable contribution. The size of the Board is appropriate to the scale and complexity of the Group and the shareholder base.

The Board comprises a mix of individuals that ensures an appropriate range of knowledge, views and experience. The Board promotes a diverse and inclusive culture within the Group and will seek to ensure the Board membership represents **diversity** to the fullest extent practicable. The Board will maintain plans for the succession of the directors.

The Board is currently made up of Executive Directors and Non-Executive Directors (who are directors nominated by KKR and its co-investors). The chairperson of the Board is Non-Executive Director Tim Franks.

The ESG Risk and Sustainability Steering Group serves as an advisory group to the ERM Board. ERM’s Executive Committee members are responsible for the strategic and operational leadership and management of the business. The Executive Committee meets monthly to discuss operational performance and ensure key strategic growth initiatives are being implemented effectively.

ERM uses delegated authority matrices to provide the framework for all decision-making and policies related to corporate governance. These include approval levels for corporate governance and project contracts. The Executive Committee has accountability for managing the sustainability impacts of the organization.

Executive Committee members with accountability for ESG and sustainability material topics have related performance criteria in their annual goals and targets, and this also extends to a range of functional and operational leaders.

This will enable us to deliver on our published short-term and longer-term sustainability targets.

In FY24, we are introducing the Contribution Statement for all eligible full-time employees, an evolution on the balanced scorecard approach. The Contribution Statement relates everyone’s goals to the purpose and strategy of ERM and aligns us as a community to common goals based on the ERM career framework. This framework enables all employees to have goals contributing to sustainability at ERM.

We operationalize our own sustainability ambition through our Sustainability Action Plan (SAP) process. SAPs are developed for every business unit with the Business Unit Managing Partner accountable for delivery of the plans, working closely with the Sustainability Network.

For information on the governance of ERM’s sustainability program, see [Sustainability at ERM](#).

FY23 target	Performance results
<p>Implement formal Board oversight of sustainability and ESG topics</p>	<p>Target met Board ESG Risk and Sustainability Committee established.</p>
<p>Develop methodology for integrating ESG criteria into the Executive Committee and Partner performance management system</p>	<p>Target met Contribution Statements introduced for all eligible full-time employees in the new fiscal year.</p>

Risk management

To execute our vision, deliver on our growth ambitions and meet the needs of stakeholders, our risk and sustainability programs are tied directly to each other in support of our business strategy. The top sustainability issues identified through our materiality assessment are considered alongside enterprise-level risks, which in turn informs our strategy and strategic plans. Strategic risks, including sustainability and ESG-related risks are identified and assessed through our risk management processes and included on our risk register.

The world is demanding ever increasing sustainability performance and transparency. Simultaneously, all businesses are navigating a landscape increasingly fraught with uncertainty and complexity. At ERM, this presents us with great opportunity to achieve our growth ambitions. We also recognize that our license to operate depends on getting this right. To navigate this landscape and manage our critical uncertainties in line with our purpose, values and beliefs, we have developed a holistic approach to manage risk and opportunity.

As a growing organization of more than 8,000 people across 40 countries and territories, our ability to attract, develop, reward and retain our talented employees is central to our business strategy and vital to our future.

We work in more than 150 countries annually across six continents, including locations that present particular challenges due to complex economic, political, social and geographic conditions. Our risk management systems enable us to provide world-class services to our clients without compromising the health, safety and integrity of our people.

ERM's services support our clients in the transition towards a low-carbon economy, the creation of sustainable supply chains, and development of physical assets in a sustainable way – all critical components as companies develop their strategies for managing the trajectory of current events.





Geopolitical risk

The geopolitical landscape is constantly monitored by our risk team and advisors. It is a routine agenda topic for the board, Executive Committee and ESG and Sustainability Steering Committee to evaluate and respond to the geopolitical risks that ERM faces and what can change over time.

Russia’s invasion of Ukraine is having an unprecedented impact on how countries and companies operate as they seek out alternative sources of energy and other critical supplies.

Events in Asia have also impacted governments and businesses. The processing of many of critical minerals essential to the clean-energy transition occur within the region, and with mounting tensions and calls for increasing domestic capabilities within Western countries, we see our clients reconsidering the location of at least some of their production sites.

We take care in forming business relationships so that we honor our standards of business conduct and ethics. We are required by various laws and regulations to undertake certain due diligence in relation to clients, subcontractors or other third parties, and comply with applicable trade sanctions and anti-money laundering laws. To do this, ERM conducts a due diligence screening process to check our clients, contractors and other business relationships. ERM’s system for this compliance is integrated within our customer management system.

We consider geopolitical risk within the context of our business strategy and risk management program, and we consider the implications within our own operations as well as our work at the sector, client and project levels.

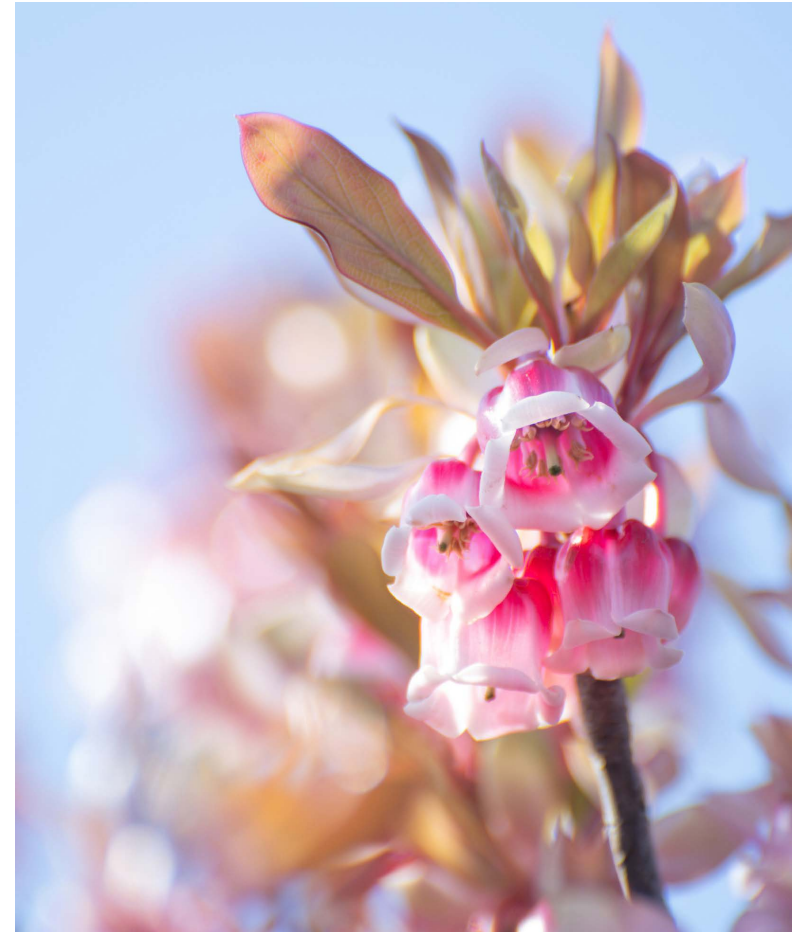


Photo credit: Rebecca Chan, Hong Kong

The time is now
to integrate sustainability and
enterprise risk management.



Business decision-making

Following an enterprise risk assessment last year, ERM identified core risks, including ESG risks, which we incorporated into an enterprise-wide risk register. The Executive Committee and Board approved actions to reduce certain risks as part of our strategic growth plan and planning processes. The outcomes of the enterprise risk assessment were an input into our materiality assessment process and vice versa.

Last year, we established an ESG Risk and Sustainability Steering Group, which serves as an advisory group to the Board to advise on a range of ESG risk management.

This year, under the direction of our Head of Global Risk, we updated our enterprise risk management system to align more fully with the Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework, which addresses control environment, risk assessment, information and communication, monitoring and existing control activities. This includes the integration of material sustainability issues into our risk management and our strategy.

Integration of material sustainability issues into risk management & strategy



Strategy

How we achieve our **BUSINESS OBJECTIVES**



Enterprise risk management

Enabling pursuit of **DESIRED RISKS** & avoiding **UNREWARDED RISKS**



Sustainability & ESG

LICENSE TO OPERATE:
• **PROTECTING & ENHANCING** our reputation through commitments & business conduct
• **MATERIALITY ASSESSMENT** identifies our priority issues



Assessing risk and reward

Opportunities are automatically screened for potential ESG risks, such as potential human rights, biodiversity and climate impact. Our sustainably transparent assessment of risk and reward (STARR) process is a first step prior to evaluating opportunities that have been triggered and all opportunities for new clients.

At the earliest possible time, an assessment of clients and opportunities is required to help make the right decision that is aligned with our strategy, purpose and beliefs. Based on an assessment of available information and discussions with relevant stakeholders and decision-makers, as facilitated by the Regional Risk Director, a preliminary “go/no go” decision will be made. For opportunities that receive preliminary approval to advance, commercial and project evaluation and a project risk review process continues throughout the project.

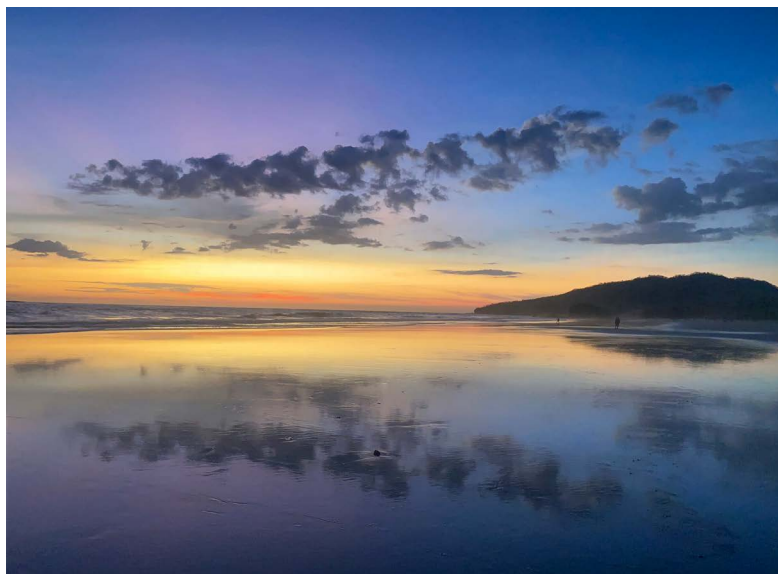


Photo credit: Nicholas Miller, United States

Operational risk process

Once the STARR process is complete, ERM’s operational risk processes provide a globally consistent approach to managing our project risks that enables us to identify and mitigate the risks before project commencement or at significant change-in-scope events.

ERM projects vary considerably in scope, complexity and location. Our operational risk processes engage specific expertise in the company and, where appropriate, implement effective risk mitigation plans to guide project work.

ERM has in place a Global Project Risk Review Policy to strengthen project risk management throughout the life cycle of significant projects. This Policy applies where a project has a material impact on the business, or project risks are material to the business, or a project failure could have a material impact on the business. The process involves senior experienced business leaders and technical specialists supporting the project team throughout the project.

We continue to learn more about project-related risks based on direct feedback from our delivery teams, and we continue to incorporate this learning into the corresponding risk tools.

The time is now
to align business decisions to
strategy, purpose and beliefs.



Client, project & partner selection

To demonstrate our own firm’s commitment to a sustainable future, we seek clients, partners and third parties whose organizations demonstrate clear commitment to sustainability and ongoing performance improvement across ethical, environmental and other domains.

ERM aims to continue and extend our engagements with clients committed to pursuing a more sustainable future. Typically, such commitments are visible; for example, the presence of Board and executive-level sustainability functions supported by explicit commitments, clear strategies and dedicated funding. This does not prejudice our ability to “meet clients where they are,” as we acknowledge a diversity of capabilities, resources and ambition. But independent of a client’s starting position, we expect our work to align with and further our client’s sustainability evolution.

FY23 target	Performance results
Implement updated approach to client and project selection	Target met Updated approach to client and opportunity selection implemented through a phased approach.

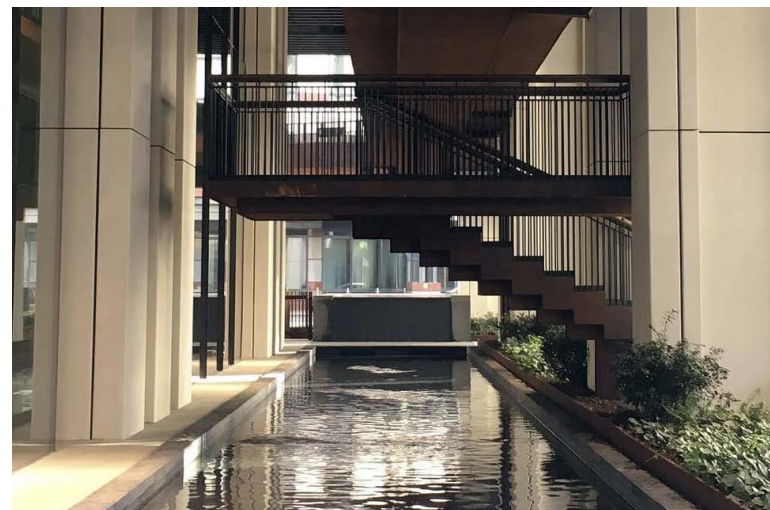


Photo credit: Daisy De La Haye, United Kingdom

During FY23, we commenced initial ESG screening of our largest clients and clients that are new to ERM. In the upcoming year, we will extend this to our full client portfolio.

Opportunity selection

ERM has established a governance process to anticipate, evaluate and control a range of legal, compliance, contract, financial, safety and other risks. The degree of risk drives the level of organizational oversight and decision-making. Opportunities under consideration must clear a series of stage gates structured to ensure the appropriate expertise is engaged and that the approval authorities correspond with the potential risk levels. The result is an organizational safety net that provides cross-functional assurance while supporting the commercial aims of the business. Pursuit decisions are tracked within our automated client management system and evaluated periodically against performance expectations.

Ethical business conduct

Ethical business conduct is essential to the success and sustainability of ERM. We conduct business with uncompromising honesty and integrity, adhering to laws, regulations and our written Code of Business Conduct and Ethics, and expect everyone at ERM to act accordingly.

We express this commitment through our business values, professional standards, employee training and our internal systems and practices.

ERM's Global Code of Conduct

Our commitment to sustainability and growing a sustainable global ERM business is founded on following our written **Code of Business Conduct and Ethics** and the highest ethical standards in everything we do, everywhere. Our Code sets clear requirements to ensure we conduct business with uncompromising honesty, integrity and compliance with laws and regulations. Our commitment to combat bribery and corruption is fundamental to how we operate and is embedded into our key systems and programs. We apply our business conduct and ethics commitments across every ERM office and activity, every day, with the involvement and awareness of all our employees. All employees and Partners are held responsible for compliance with our Code and policies.

For more on the location of anti-bribery and corruption-related disclosures, see our **UN Global Compact Communication of Progress**, which includes details of our reporting on Principle 10, Anti-Corruption.

Photo credit: ERM



Programs and initiatives

Our approach to ethical business conduct includes:

- Internal policies and procedures on subcontractor management. We continue to expand and improve subcontractor management in the many jurisdictions where we operate.
- Trade sanction, anti-money laundering, human rights screenings and risk analysis for clients, locations and opportunities.
- Participation in building external standards and providing education so that momentum not only builds in our sphere of business influence but beyond, fully aligned with our purpose of shaping a more sustainable future with the world's leading organizations.
- ERM has a 24/7 online or call-in option for any employee who wishes to report concerns anonymously. The anonymous reporting option is the ERM Helpline. The Helpline is a third-party independently administered system that is a multilingual reporting system with over 30 different language options, accessible to all employees. Additionally, we have internal resources directly available and also have an email for subcontractors to address concerns.



Training and awareness

We place a significant focus on ethical and responsible decision-making, from the Board to our Partners and all employees. Our training, systems and procedures provide the guardrails for making ethical decisions in every facet of work at ERM.

On a global basis, ERM requires all new employees to undertake a mandatory curriculum of training on compliance, health and safety as part of their induction. All such training must be completed within 90 days of start date. We also require existing employees to take refresher training. Examples include:

- ERM Code of Business Conduct and Ethics (which includes confidential information and computer security, conflicts of interest, promoting diversity and inclusion, reporting and nonretaliation, and electronic communications);
- Anti-bribery and corruption;
- Key health and safety policies and processes;
- Cybersecurity;
- Data protection and privacy;
- Preventing workplace harassment; and
- Building inclusive culture.

We assign additional training to meet ERM’s regulatory, safety and compliance requirements based on each employee’s role or the location in which they are working, for example:

- Hazardous materials and dangerous goods awareness;
- Driver acknowledgement;
- International contracting: money laundering and trade sanctions;
- Human trafficking; and
- See Own Share: Beyond Hazard Recognition.



Photo credit: Josh Suess, United States

In FY23, 96% of new hires completed their training on time and 92% of existing employees completed the refresher training. We will continue to focus on ensuring employees complete training in the required timeframes.

All finance and legal personnel are required to complete training in trade sanctions and anti-money laundering, for both new and existing employees.

Annual certification

Every supervisor is required to complete an annual self-certification on compliance with our global policies regarding conflict of interest, manager duty and antibribery and corruption policies. We recognize that our continued success depends on our ability to maintain a culture of integrity, which is why we are committed to the highest standards of ethical conduct and comply with both the letter and spirit of the law everywhere we do business.



Human rights & the UK Modern Slavery Act

We recognize our responsibility to support and respect the protection of internationally proclaimed human rights, as defined by the UN Guiding Principles on Business and Human Rights.

ERM has a Human Rights, Modern Slavery and Child Labor Policy, which was updated during the year. The policy outlines ERM's commitments and actions on these topics and outlines responsibilities for employees and our business partners.

ERM is a signatory of the UN Global Compact, and we adhere to its principles relating to human rights. We are committed to the goal of respect for human rights and a world free of slavery.

ERM has participated in a number of external engagements related to modern slavery, including the Working Group on Modern Slavery facilitated by the United Kingdom's chapter of the UN Global Compact and the World Business Council for Sustainable Development (WBCSD) activities related to human rights.

We have developed specific global requirements for suppliers and subcontractors as part of our supply chain process, with explicit requirements in relation to modern slavery concerns. This is part of our wider human rights due diligence process.

ERM also conducts human rights due diligence as part of our project risk management approach. This process assesses whether any of our own employees or subcontractors, or other external stakeholders involved in the project, would be at risk for infringement of their human rights.

If there is any potential for human rights issues, this would be discussed with the client and other relevant stakeholders. Should the project proceed,

mitigation measures would be implemented with input from relevant human rights experts and senior leaders and monitored on an ongoing basis. If the human rights concerns cannot be mitigated, then ERM would not proceed with the project or activity.

In addition to making this commitment within our own business, we work with our clients globally to improve their human rights practices. Our social and human rights consulting services teams identify and provide advice on labor, supply chain management, land access and Indigenous rights issues. In addition, because we are a commercial organization that conducts business in the United Kingdom, we comply with the UK Modern Slavery Act 2015.

Our UK Modern Slavery Statement for FY23 can be found here. Our statement reflects our commitment to international efforts to abolish all forms of modern slavery and sets out the measures to ensure there is no slavery and human trafficking in our business operations and supply chain.

[Read ERM's Human Rights, Modern Slavery and Child Labor Policy →](#)





Reporting & disclosure

Growing expectations for transparency

The governance requirements and expectations for ESG, sustainability and risk are changing in the major markets within which ERM operates. Stakeholders expect and require greater transparency and disclosure on sustainability and ESG performance. We are evolving our approaches to retain our leadership in this area, meet regulatory requirements and promote best practices:

- **Roles and responsibilities:** Providing clarity on how sustainability is embedded in governance and operations, from the Board to our business units.
- **Integration of sustainability and risk management:** Demonstrating how the integration of sustainability/ESG and risk management is improving business decisions.
- **Strategies, policies and systems:** Articulating our strategies, policies and systems, with stronger emphasis on accreditation of a range of sustainability and ESG topics.
- **Impacts and outcomes:** Articulating our impact on the economy, environment and society and the influence this has on the decisions of stakeholders as well as reporting on how sustainability issues affect our performance – today and in the future.

Over the past year, we see increased attention on enterprise risk management, Board governance and accountability in the requests for sustainability and ESG-related information from investors, lenders, clients, acquired companies, business partners, employees and membership organizations. These requests are growing in volume and complexity, and increasingly extend beyond our core business activities to encompass our value chain.

Leadership in corporate reporting

ERM has reported on our sustainability performance for over a decade. During this time, we have adopted a leadership position through comprehensive disclosures, early adoption of new standards and integrating best practices and tools from our own reporting subject matter experts. For example, we first disclosed climate-related risks and opportunities as recommended by the Task Force for Climate-related Financial Disclosures (TCFD) in 2019. See our latest [TCFD disclosure](#) for more information.

ERM collaborates closely with leading international organizations, such as the World Business Council for Sustainable Development (WBCSD) and the Global Reporting Initiative (GRI), to ensure we are helping clients follow the latest global developments and industry best practices. We are recognized experts in applying the reporting standards:

- As a GRI-certified training partner;
- Through our involvement in numerous industry conferences, thought leadership activities, expert reviews and reporting webinars;
- By the secondment within WBCSD of an ERM employee to work on ISSB, EFRAG and US SEC ESG disclosures; and
- Our support as a founding partner of ISSB's initiative for capacity building in developing and emerging economies.

FY23 target	Performance results
Develop roadmap for early adoption of emerging standards for reporting	Target met Roadmap developed and presented.



ERM has a proven track record in working with clients across a wide range of industries to define and deliver corporate sustainability strategies, reports and other stakeholder disclosures that drive business performance. We also help companies respond to other disclosures, including the Dow Jones Sustainability Index, CDP and other investor and customer-specific requests.

We leverage our internal expertise to anticipate, prepare and respond to the emerging sustainability and ESG requirements and best practices in ERM's own global and country-specific reports and filings.

We are committed to maintaining our leadership position for sustainability and ESG reporting requirements. In FY23, we developed a reporting roadmap that looked at emerging regulatory requirements and international standards, voluntary requirements and commitments, and membership criteria for the organizations to which we belong. We presented a register of our findings to our Executive Committee Sustainability Workgroup and the Board-level steering committee on sustainability and risk and have formed an internal reporting working group to drive implementation.

Financial reporting

Our finance team manages all areas of corporate finance for ERM worldwide and works closely with ERM's management and partners, investors and the ERM Group's bankers and other suppliers and stakeholders to drive continual operational excellence. The finance team – along with representatives from our sustainability, risk and legal teams – is represented in our internal reporting working group to ensure alignment between our sustainability, ESG and financial reporting systems and disclosures.

The Group consolidated financial statements are prepared in accordance with adopted International Financial Reporting Standards (IFRS), taking into account IFRS Interpretations Committee recommendations and those parts of the Companies Act 2006 applicable to companies reporting under IFRS as issued by the International Accounting Standards Board. Many of our business units will also be required to file financial statements locally, prepared in accordance with local Generally Accepted Accounting Practice. Our financial overview is available and updated each year after the submission of final accounts to Companies House in the United Kingdom.

This year, we once again engaged a third party to conduct assurance of our GHG emissions data and, for the first time, selected health and safety and people data. More details on our [assurance](#) processes can be found here.

Global tax policy

ERM recognizes that the taxes we pay and collect are an important part of the Group's wider economic and social impact.

Each year, we review and the Board considers and approves any changes to our [Global Tax Policy](#). The policy communicates the framework in which tax is managed within ERM and includes tax objectives, principles, governance and risk management. The Board has delegated the day-to-day management of the policy to the Tax Committee.

As a member of the Business Commission for Tackling Inequality (BCTI), ERM has adopted Action 9, Adopt Responsible Tax Practices, recognizing tax as an essential part of good governance and a fundamental investment in the societies where we operate.



Reporting

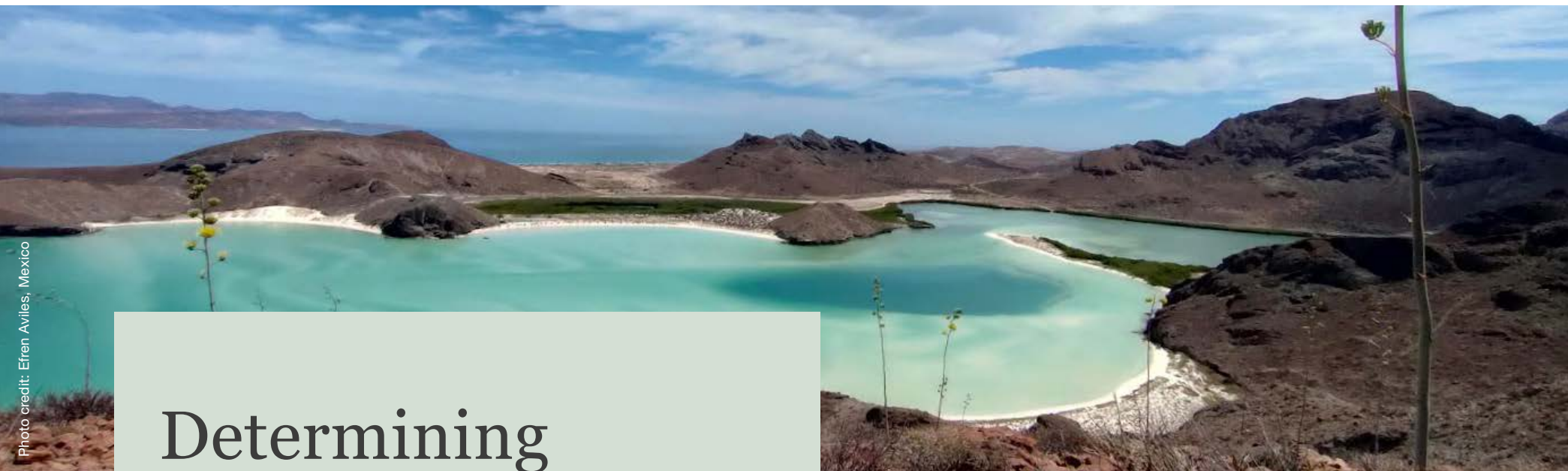
For more than a decade, ERM has been a leader in comprehensive disclosures, including early adoption of new standards and integration of best practices and tools from our own experts and innovators.

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Photo credit: Efren Aviles, Mexico



Determining report content

For more than a decade, ERM has been a leader in comprehensive disclosures, including early adoption of new standards and integration of best practices and tools from our own experts and innovators.

This report details our performance during FY23 (1 April 2022 through 31 March 2023) in managing key issues and targets identified through our materiality assessment. It addresses those items that are of significant interest to our stakeholders and ERM's business strategy.

The report is reviewed and approved by the Executive Committee Sustainability Working Group, under delegated authority from the Executive Committee.

Our previous report (covering FY22) was issued in June 2022.

This report is prepared according to the Global Reporting Initiative (GRI) Standards. We were among the first companies to report in accordance with the GRI Standards, which we believe is important in our role as the leading global sustainability consultancy. Our GRI-driven materiality assessment process enables us to identify, prioritize and validate material topics.



We focused on the following principles in developing this report:

- Accuracy
- Balance
- Clarity
- Comparability
- Completeness
- Sustainability context
- Timeliness
- Verifiability

ERM has taken steps to make sure that the information, data and materials mentioned in this report are correct at the date of publication. However, we are not able to guarantee that the information, data and materials remain correct after that date. For this reason, the contents of this report are provided for informational purposes only and may not be relied on. ERM disclaims liability for any reliance made on the information, data and materials contained in this report. If you would like more detail on any information contained in this report, please contact sustainability@erm.com.

Reporting context

The external landscape is changing. Stakeholders are demanding a greater focus on sustainability

and environment, social and governance (ESG) ambition, performance and in turn, disclosures.

We have seen a notable increase in requests for information from our stakeholders including investors, lenders, clients, acquired companies, employees, potential employees and membership-based organizations. There is an increased focus on governance and accountability of boards and executive management teams, as well as how organizations achieve their targets.

Our company is transforming with historic growth through new hires and acquisitions, launching new digital products, new offerings for our clients and the ongoing development of our own offshore wind-to-hydrogen project known as Dolphyn Hydrogen. This transformation extends to our sustainability commitments as well as their disclosure and operationalization.

Materiality assessment

Our GRI-driven materiality assessment process enables us to identify, prioritize, and validate material topics. We are using the same process for ERM that we use with clients.

We conduct annual materiality assessments as part of a three-year cycle. During year one, we undertake a comprehensive evaluation, while during years two and three we perform a

streamlined review to confirm that our material topics continue to be appropriate for our company and adjust as needed. Based on the results of the materiality assessments, we set targets to track the effectiveness of our management of our material sustainability issues.

Given the rapid changes in our company, our clients and across society, last year we undertook a deeper analysis to determine the material topics for our company. As the second year in our three-year cycle, we performed a more streamlined approach to our assessment in 2023.

We drew on a range of inputs to develop a view on what matters to our internal and external stakeholders, including interviews with senior management, Partners, employees, clients and sustainability thought leaders.

Assessing our impacts

In line with the GRI Standards, we have **assessed our impacts** on the economy, the environment and people, including human rights.

[Learn more about our materiality approach →](#)



REPORTING APPROACH > DETERMINING REPORT CONTENT

Stakeholder Inclusiveness

In accordance with the GRI Standards, ERM describes the stakeholders to whom we consider ourselves accountable. Our sustainability report content draws upon the outcomes of our stakeholder engagement throughout the year as well as the results of stakeholder engagement we undertake specifically for our sustainability report. The outcomes of these stakeholder engagement processes inform and are consistent with the material topics we include in our sustainability report.

ERM's stakeholders

Our stakeholders include our employees, clients, investors, lenders, suppliers and subcontractors, strategic partnerships, local communities, governments, nongovernmental organizations (NGOs), business and industry associations, and academics and other thought leaders.

Approach to stakeholder engagement and topics of interest

As part of our commitment to good business, we engage regularly with key stakeholders. This process helps us to understand, prioritize and manage our sustainability impacts as an organization as well as to evolve our client services.

We engage with stakeholders through a variety of mechanisms, including direct dialogue, surveys,

engagement at professional and industry forums, and sharing information. The frequency and nature of this dialogue are designed to enable regular communication with stakeholders on key issues. We conduct additional engagement with stakeholders as part of the development of our sustainability reports, and this feedback is an important input of our report preparation.

Key issues raised by stakeholder groups, along with our response, can be found on the following pages.

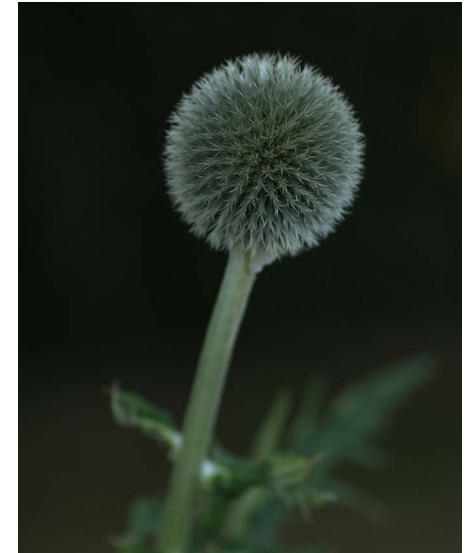


Photo credit: Silvia Marques, United Kingdom



Photo credit: ERM



Stakeholder engagement

Stakeholder group	Clients	Senior managers and Partners
<p>Frequency & method of engagement</p>	<p>Ongoing:</p> <ul style="list-style-type: none"> • Reviews of projects, programs and relationships • Client feedback tool • Supplier surveys 	<p>Ongoing:</p> <ul style="list-style-type: none"> • Partner calls (global and regional) • Meetings • Open door leadership <p>Semi-annual:</p> <ul style="list-style-type: none"> • Performance and development discussions <p>Annual:</p> <ul style="list-style-type: none"> • Employee reviews
<p>Topics of interest and ERM's response (see relevant sections of Sustainability Report 2023 and links to www.erm.com)</p>	<ul style="list-style-type: none"> • Technical competence: see Projects • Understanding and managing risks: see Risk management • Protecting the privacy and security of data: see Client data security & privacy • Health and safety at work sites: see Health, safety & wellbeing • Sustainability performance: see Operationalizing sustainability and Performance data • Diversity, equity, inclusion and belonging: see DEIB • Innovation and digitization: see Digital innovation • Insights and thought leadership: see Thought leadership • Impact of our services: see Measurement 	<ul style="list-style-type: none"> • Understanding and managing risks: see Risk management • Sustainable financial performance: see Financial overview • Protecting the privacy and security of data: see Client data security & privacy • Health and safety at work: see Health, safety & wellbeing • Employee attraction, development and retention: see DEIB, Health, safety & wellbeing, and Talent development • Innovation and digitization: see Digital innovation • Criteria for selecting clients and projects: see Client, project & partner selection • Business conduct and ethics: see Ethical business conduct • Governance: see Governance & accountability



Stakeholder engagement

Stakeholder group	Employees and potential employees	Board Directors and Investors
<p>Frequency & method of engagement</p>	<p>Ongoing:</p> <ul style="list-style-type: none"> • Knowledge sharing through collaboration tools • Open door leadership • Employee information sharing sessions • Employee and team meetings • Open forums with Group CEO and senior leaders • Employee surveys • Technical communities • Employee resource groups <p>Semi-annual:</p> <ul style="list-style-type: none"> • Performance and development discussions <p>Annual:</p> <ul style="list-style-type: none"> • Employee reviews 	<p>Bimonthly:</p> <ul style="list-style-type: none"> • Board meetings <p>Ongoing:</p> <ul style="list-style-type: none"> • Business updates
<p>Topics of interest and ERM's response</p> <p>(see relevant sections of Sustainability Report 2023 and links to www.erm.com)</p>	<ul style="list-style-type: none"> • Climate: see Climate, nature & social challenges • Diversity, equity, inclusion and belonging: see DEIB • Wellbeing of employees: see Health, safety & wellbeing • Health and safety at work: see Health, safety & wellbeing • Training and career advancement: see Talent development • Innovation and digitization: see Digital innovation • Salary, benefits and workplace flexibility: see People • Criteria for selecting clients and projects: see Client, project & partner selection • Protecting the privacy and security of data: see Client data security & privacy 	<ul style="list-style-type: none"> • Governance: see Governance & accountability • Understanding and managing risks: see Risk management • Sustainable financial performance: see Financial overview • Business conduct and ethics: see Ethical business conduct • Performance against sustainability goals: see Targets and goals and Performance data



Stakeholder engagement, continued

<p>Stakeholder group</p> <hr/> <p>Frequency & method of engagement</p> <hr/> <p>Topics of interest and ERM's response (see relevant sections of Sustainability Report 2023 and links to www.erm.com)</p>	<p>Lenders</p> <p>Ongoing:</p> <ul style="list-style-type: none"> • Lender briefings <ul style="list-style-type: none"> • Performance against financial goals: see Financial overview • Performance against sustainability goals: see Targets and goals and Performance data • Climate change: see Decarbonization 	<p>Strategic partnerships</p> <p>Ongoing:</p> <ul style="list-style-type: none"> • Reviews of initiatives, projects and relationships <ul style="list-style-type: none"> • Technical competence: see Projects • Innovation and digitization: see Digital innovation • Insights and thought leadership: see Thought leadership • Impact of our services: see Measurement
<p>Stakeholder group</p> <hr/> <p>Frequency & method of engagement</p> <hr/> <p>Topics of interest and ERM's response (see relevant sections of Sustainability Report 2023 and links to www.erm.com)</p>	<p>Contractors and suppliers</p> <p>Ongoing:</p> <ul style="list-style-type: none"> • Communications on policies and expectations • Vendor surveys <ul style="list-style-type: none"> • Health and safety at work sites: see Health, safety & wellbeing • Business conduct and ethics: see Ethical business conduct 	<p>Community members</p> <p>Ongoing:</p> <ul style="list-style-type: none"> • Project-related meetings <ul style="list-style-type: none"> • Technical competence: see Projects • Compliance: see Ethical business conduct • Communities: see Social impact & human rights



Stakeholder engagement, continued

Stakeholder group	Industry peers, thought leaders and academics	Nongovernmental organizations
<p>Frequency & method of engagement</p>	<p>Ongoing:</p> <ul style="list-style-type: none"> • Conferences, webinars, meetings • Participation in collaborative projects 	<p>Ongoing:</p> <ul style="list-style-type: none"> • Conferences, webinars, meetings • Participation in collaborative projects
<p>Topics of interest and ERM's response (see relevant sections of Sustainability Report 2023 and links to www.erm.com)</p>	<ul style="list-style-type: none"> • Climate change: see Decarbonization • Biodiversity: see Nature, water & biodiversity • Communities: see Social impact & human rights • Human rights: see Social impact & human rights • Diversity, equity, inclusion and belonging: see DEIB • Innovation and digitization: see Digital innovation • Insights and thought leadership: see Thought leadership • Criteria for selecting clients and projects: see Client, project & partner selection • Impact on nature and society, see Impact & Influence 	<ul style="list-style-type: none"> • Climate change: see Decarbonization • Biodiversity: see Nature, water & biodiversity • Communities: see Social impact & human rights • Human rights: see Social impact & human rights • Diversity, equity, inclusion and belonging: see DEIB • Innovation and digitization: see Digital innovation • Insights and thought leadership: see Thought leadership • Criteria for selecting clients and projects: see Client, project & partner selection • Business conduct and ethics: see Ethical business conduct

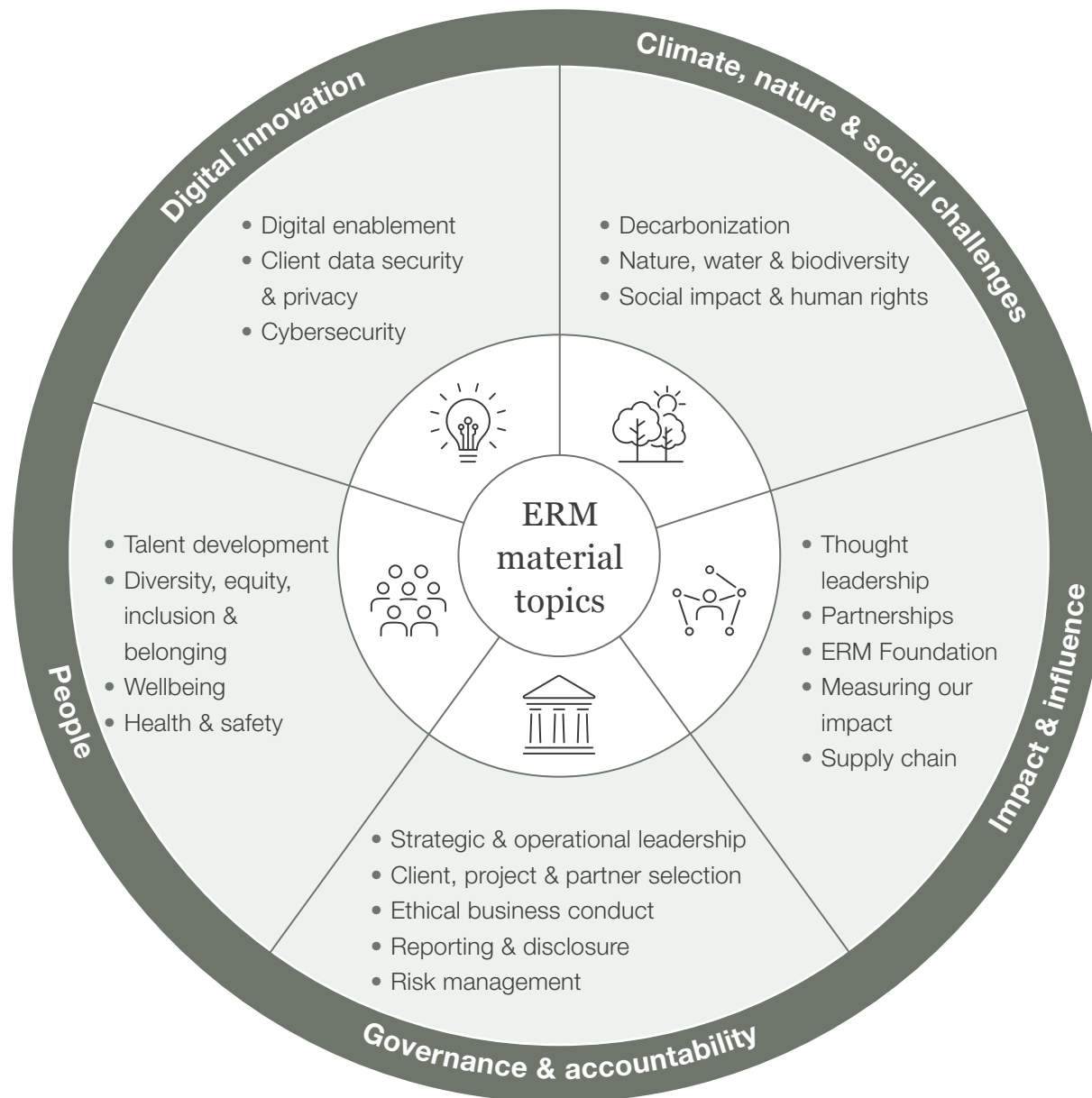


Our material topics

Based on our materiality assessment, our Executive Committee and Board of Directors (Board) agreed to the following material topics based on the results of our materiality assessment. These topics form the basis of our FY24 targets and support our longer-term goals.

Changes to material topics from previous year

We made several refinements to the material topics this year, based on the results of our materiality assessment for FY23. See overview on next page.





Material topics FY23	Material topics FY24	Changes made FY23-FY24
People including talent and capability, wellbeing, diversity, equity, equality and inclusion (DE&I).	People including talent development; diversity, equity, inclusion and belonging (DEIB); health and safety and wellbeing.	<ul style="list-style-type: none"> Renamed talent and capability to talent development to align with our programs. Changed DE&I to DEIB to recognize the importance of belonging. Added health and safety as subtopic to reflect its importance at ERM (previously Foundational Enabler).
Digital innovation including digital products, tech enablement, client privacy and data security.	Digital innovation including digital enablement; client data security and privacy; cybersecurity.	<ul style="list-style-type: none"> Renamed client privacy and data security to client data security and privacy for clarity. Added cybersecurity as a subtopic to reflect its growing importance to our stakeholders.
Climate, nature and livelihoods including decarbonization, nature and biodiversity (collectively referred to as nature in this report), livelihoods and communities.	Climate, nature and social challenges , including decarbonization; nature, water and biodiversity; social impact and human rights.	<ul style="list-style-type: none"> Renamed livelihoods and communities to social programs to better reflect the breadth of social issues material to us. Added water as a subtopic to increase its visibility as a material topic. Renamed livelihoods and communities subtopic to social impact and human rights to align with the challenges facing our clients.
Impact and influence including thought leadership, collaboration and society, measurement.	Impact and influence including thought leadership; partnerships; measurement; supply chain.	<ul style="list-style-type: none"> Changed collaboration and society to partnerships to more accurately reflect our approach. Added supply chain as a subtopic as it has become a high priority for our stakeholders.
Accountability including strategic and operational leadership, client and project selection, and reporting and disclosure.	Governance and accountability including strategic and operational leadership; client, project and partner selection; reporting and disclosure; ethical business conduct; risk management.	<ul style="list-style-type: none"> Added governance to title of material topic for clarity. Expanded client and project selection to reflect that our approach includes our partners. Added ethical business conduct and risk management as subtopics to reflect their importance to stakeholders (previously Foundational Enablers).



Performance data

People data	155
Health & safety data	163
Climate data	168
Impact & influence data	182
Ethical business conduct data	184

Based on our materiality analysis, we set annual targets and goals for each of our material topics. We track and report on our performance against our FY23 targets and goals. In addition, we report on several key performance indicators of interest to our stakeholders and in alignment with reporting standards.

Data related to our GHG emissions as well as selected people and health and safety indicators has been verified by a third-party assurer. [See the Assurance section for more information.](#)

People data

Data presented here supports the **People** section of this report.

Employees by employment contract, by gender FY23

GRI 2-7

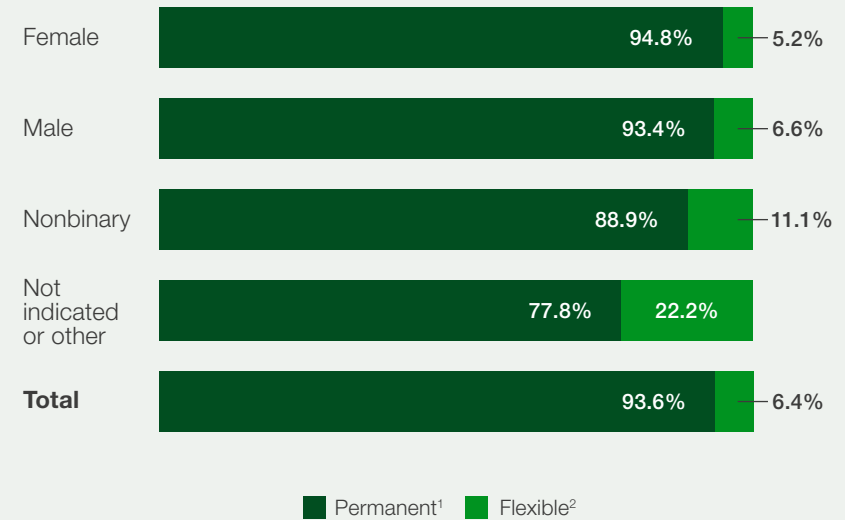
Gender	Permanent ¹	Flexible ²	Total
Female	3,734	204	3,938
Male	3,550	249	3,799
Nonbinary	24	3	27
Not indicated or other	200	57	257
Total	7,508	513	8,021

¹ Permanent refers to all employees who have an employment type of permanent/regular.

² Flexible includes all employees who have an employment type of fixed term, casual or intern.

Employees by employment contract, by gender FY23

GRI 2-7





Data presented here supports the **People** section of this report.

Employees by employment contract, by region FY23

GRI 2-7

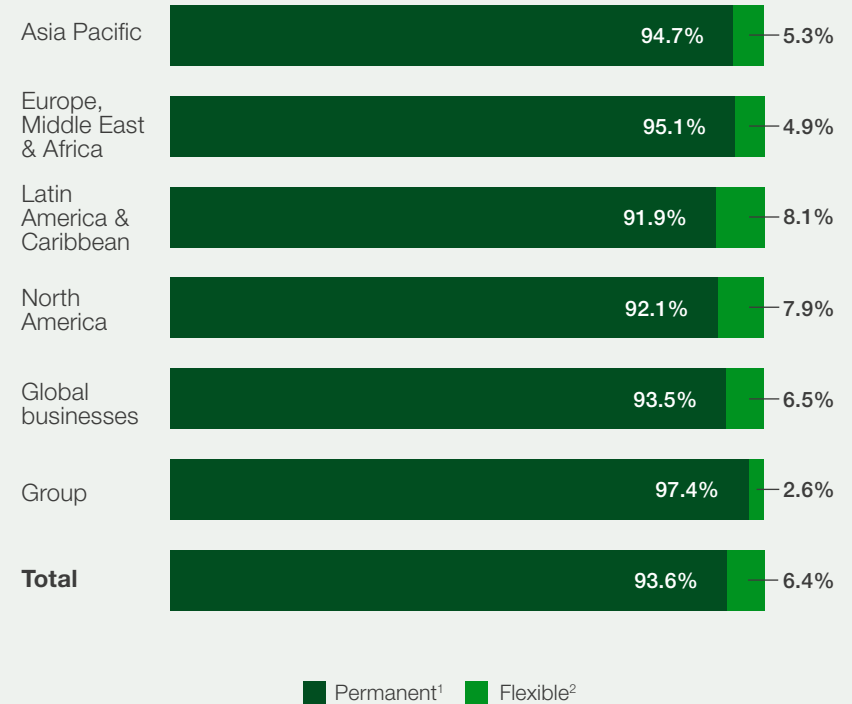
Region	Permanent ¹	Flexible ²	Total
Asia Pacific	1,159	65	1,224
Europe, Middle East & Africa	2,037	106	2,143
Latin America & Caribbean	784	69	853
North America	2,599	223	2,822
Global businesses	586	41	627
Group	343	9	352
Total	7,508	513	8,021

¹ Permanent refers to all employees who have an employment type of permanent/regular.

² Flexible includes all employees who have an employment type of fixed term, casual or intern.

Employees by employment contract, by region FY23

GRI 2-7





REPORTING APPROACH > PERFORMANCE DATA

Data presented here supports the **People** section of this report.

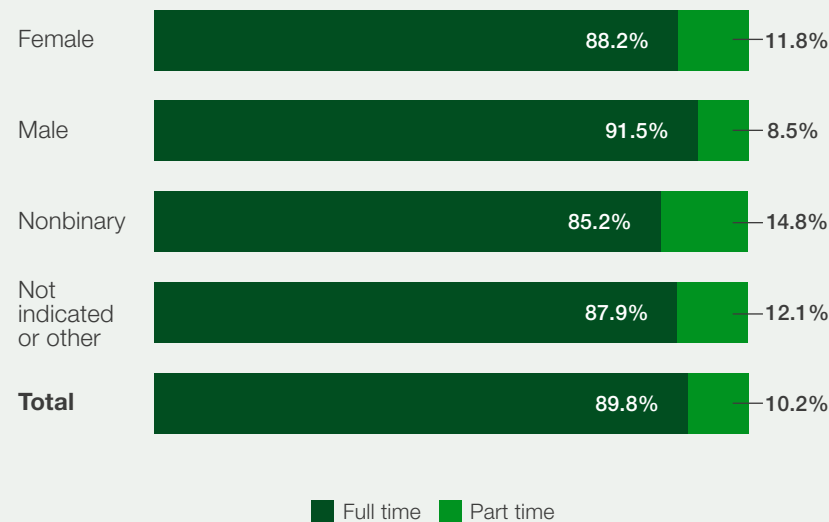
Employees by type, by gender FY23

GRI 2-7

Gender	Full time	Part time	Total
Female	3,474	464	3,938
Male	3,476	323	3,799
Nonbinary	23	4	27
Not indicated or other	226	31	257
Total	7,199	822	8,021

Employees by type, by gender FY23

GRI 2-7





REPORTING APPROACH > PERFORMANCE DATA

Data presented here supports the **People** section of this report.

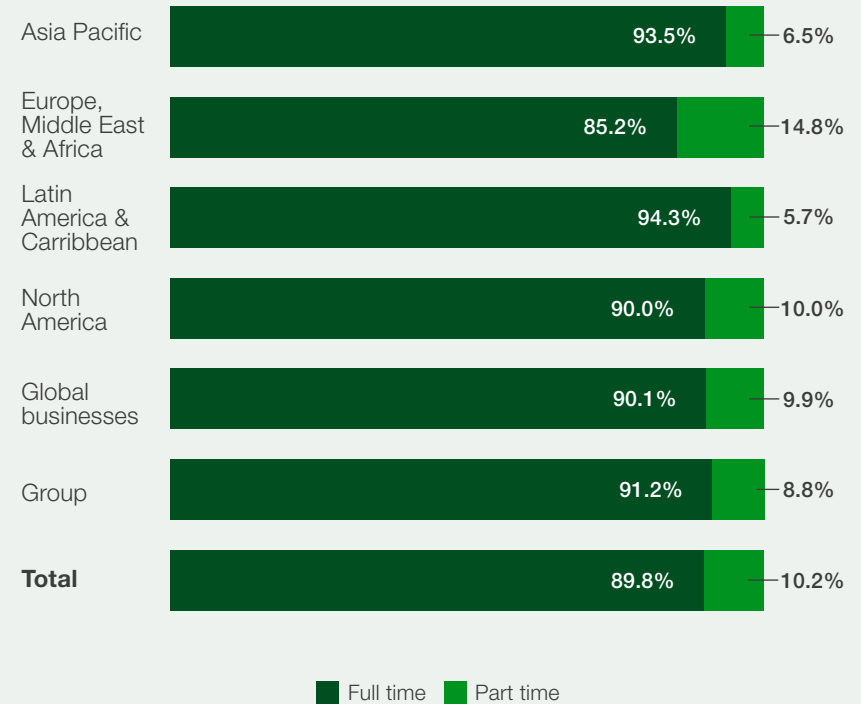
Employees by type, by region FY23

GRI 2-7

Region	Full time	Part time	Total
Asia Pacific	1,144	80	1,224
Europe, Middle East & Africa	1,825	318	2,143
Latin America & Caribbean	804	49	853
North America	2,540	282	2,822
Global businesses	565	62	627
Group	321	31	352
Total	7,199	822	8,021

Employees by type, by region FY23

GRI 2-7



REPORTING APPROACH > PERFORMANCE DATA

Data presented here supports the **People** section of this report.

New hires, by gender FY23¹

GRI 401-1

Gender	Total number	Rate
Female	1,213	34.8%
Male	1,031	30.5%
Nonbinary	12	61.8%
Not indicated or other	158	128.8%
Total	2,414	34.5%

New hires, by age group FY23^{1, 2,3}

GRI 401-1

Age group	Total number
Under 30	1,069
30-50	1,168
Over 50	168
Not indicated or other	9
Total	2,414

New hires, by region FY23¹

GRI 401-1

Region	Total number	Rate
Asia Pacific	433	39.2%
Europe, Middle East & Africa	565	28.1%
Latin America & Caribbean	307	48.9%
North America	801	33.0%
Global businesses	219	41.8%
Group	89	28.5%
Total	2,414	34.5%

¹ This data includes permanent hires, including acquisition hires.

² Rates calculated using average number of permanent employees in the reporting period.

³ ERM's systems cannot currently calculate average headcount by age for rate calculations.



REPORTING APPROACH > PERFORMANCE DATA

Data presented here supports the **People** section of this report.

Voluntary turnover, by gender FY23¹

GRI 401-1

Gender	Total number	Rate
Female	636	18.3%
Male	561	16.6%
Nonbinary	1	5.2%
Not indicated or other	29	23.6%
Total	1,227	17.5%

Voluntary turnover, by region FY23¹

GRI 401-1

Region	Total number	Rate
Asia Pacific	278	25.1%
Europe, Middle East & Africa	365	18.1%
Latin America & Caribbean	66	10.5%
North America	416	17.1%
Global businesses	66	12.6%
Group	36	11.5%
Total	1,227	17.5%

¹ Only permanent employees are included in turnover calculations.² Turnover rates are calculated using average number of permanent employees in the reporting period.

Data presented here supports the **People** section of this report.

Percentage of employees, by gender FY21 - FY23

GRI 405-1

Career level	FY21			FY22			FY23		
	Female	Male	Not indicated or other	Female	Male	Not indicated or other	Female	Male	Not indicated or other
Executive Committee	25.0%	75.0%	0.0%	18.2%	81.8%	0.0%	14.3%	78.6%	7.1%
Partners	26.1%	73.9%	0.0%	26.5%	72.0%	1.6%	27.7%	70.4%	1.8%
Senior Consultants ¹	35.4%	64.6%	0.0%	35.2%	63.1%	1.7%	37.1%	60.4%	2.5%
Consultants ²	50.4%	49.3%	0.3%	49.6%	47.1%	3.2%	50.5%	45.3%	4.2%
Business enablement ³	72.9%	27.1%	0.0%	70.5%	27.4%	2.1%	69.1%	27.8%	3.1%
All employees	51.0%	48.8%	0.2%	48.4%	49.0%	2.6%	49.1%	47.4%	3.5%

Percentage of employees, by age group FY23

GRI 2-9, GRI 405-1

Career level	Under 30	30-50	Over 50	Not indicated or other
Executive Committee	0.0%	14.3%	85.7%	0.0%
Partners	0.0%	52.8%	47.2%	0.0%
Senior Consultants ¹	1.0%	63.2%	35.8%	0.0%
Consultants ²	44.3%	49.3%	6.3%	0.2%
Business enablement ³	15.3%	60.9%	23.6%	0.2%
All employees	28.2%	53.8%	17.8%	0.1%

¹ Senior consultants include all consultants at ERM career levels 4, 5 and Technical Directors.

² Consultants include all consultants at ERM career level entry to level 3 and CLX.

³ Formerly referred to as professional support.

Data presented here supports the **People** section of this report.

Board of The ERM International Group Ltd – TEIGL (as parent company of the ERM Group)

GRI 405-1

Composition

There are currently nine Directors of the Board comprised of five Non-Executive Directors and four Executive Directors. More details can be found [here](#).

Tenure

ERM is a privately held company with external investors changing every four to seven years. Therefore, the Board membership, which includes Investor Directors, resets with each new investment cycle. KKR completed its investment into ERM in October 2021, with the Board of TEIGL established and the tenure of Directors commencing at that time.

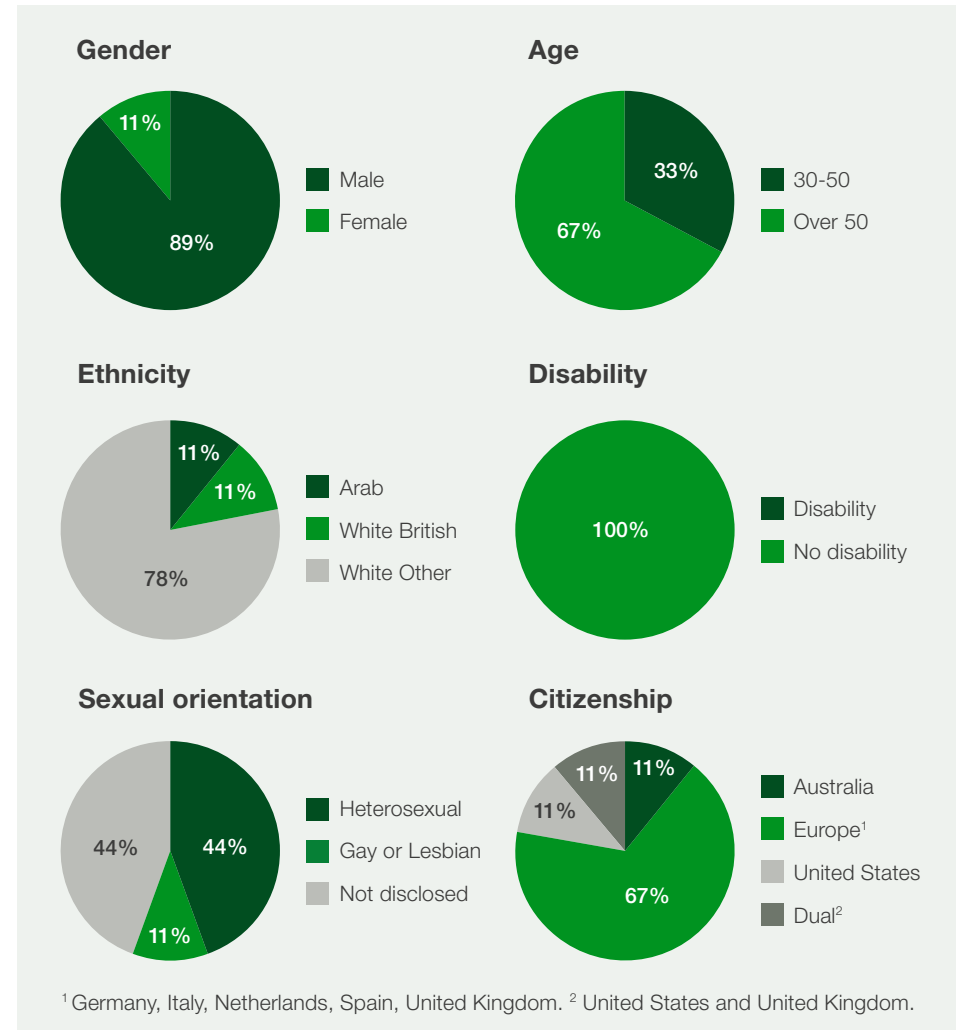
Of the Executive Directors, David McArthur and Sabine Hoefnagel have been members of the Board since 2021; Tim Strawn and Tom Reichert joined the Board in 2022.

Competencies

All Directors have experience in the governance of other organizations. Of the Executive Directors, all have professional and technical experience in ESG and sustainability given the nature of ERM's business.

Stakeholders

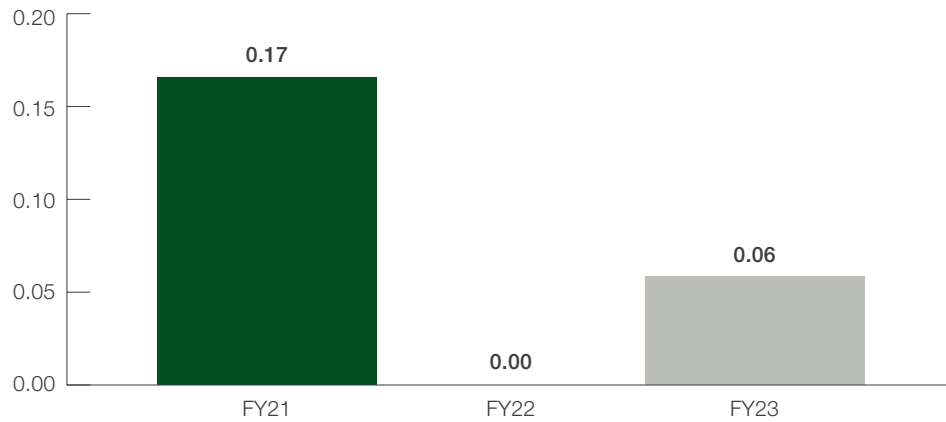
The Board Terms of Reference sets out the following: The Board collectively and all directors individually should foster effective stakeholder relationships aligned to the ERM Purpose and strategy, including with employees, customers, suppliers, external communities where it operates, regulators and government bodies – and have due regard to their views when making decisions.



Health & safety data

Data presented here supports the **Health & safety** section of this report.

Days away from work case (DAWC) rate FY21 - FY23*



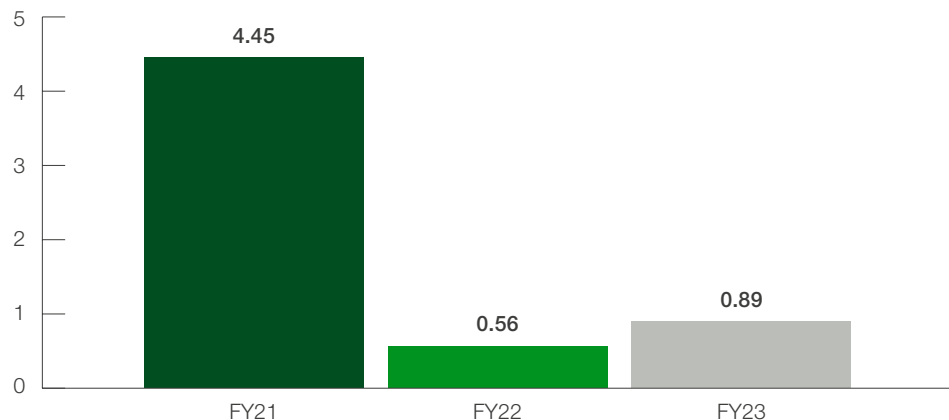
*Days away from work cases (DAWC) rate tracks any work-related injuries or illness cases that result in the injured/ill worker being unable to work for 1 or more days following the event. ERM tracks this metric for our sustainability targets and goals.



Data presented here supports the **Health & safety** section of this report.

Severity rate FY21 - FY23^{1, 2, 3}

GRI 403-9



¹ Data includes ERM employees only.

² Severity rate is the total number of days away from work and restricted-duty days multiplied by 200,000 (with 200,000 hours equivalent to 100 employees working a 40-hour week for 50 weeks of the year) and divided by the total number of hours worked by all employees.

³ Severity rates can vary due to the number of hours worked, and the severity rate can be highly influenced by a single work-related injury or illness.

Severity rate, by region FY21 - FY23^{1, 2, 3}

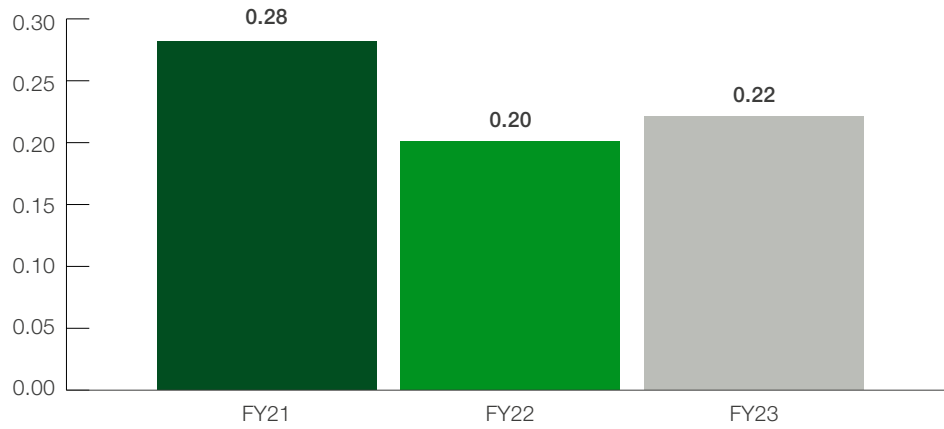
GRI 403-9

Region	FY21	FY22	FY23
Asia Pacific	0.00	3.49	3.99
Europe, Middle East and Africa	3.15	0.00	0.85
Latin America	8.57	0.00	0.47
North America	7.06	0.00	0.00
Global Businesses	0.00	0.00	0.00
Group	0.00	0.00	0.00
Total	4.45	0.56	0.89

Data presented here supports the **Health & safety** section of this report.

Total recordable incident rate (TRIR) FY21 - FY23^{1, 2}

GRI 403-9

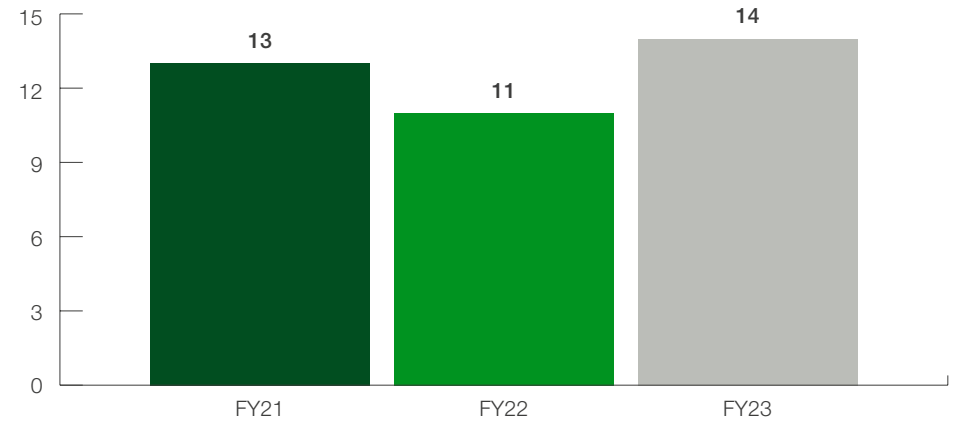


¹ Data includes ERM employees only.

² TRIR is the number of recordable injuries and illnesses multiplied by 200,000 (with 200,000 hours equivalent to 100 employees working a 40-hour week for 50 weeks of the year) and divided by the total number of hours worked by all employees.

Number of recordable incidents FY21 - FY23*

GRI 403-9



*Data includes ERM employees only.



Data presented here supports the **Health & safety** section of this report.

Number of recordable incidents, by type FY21 - FY23

GRI 403-9

Category	FY21	FY22	FY23
Exertion ¹	4	2	5
Exposure ²	1	3	3
Hit ³	4	5	3
Security/Violence ⁴	1	0	0
Slips, Trips & Falls ⁵	3	1	3
Total	13	11	14

¹ Includes ergonomic (office or field) and fatigue.

² Includes chemical and environmental exposures.

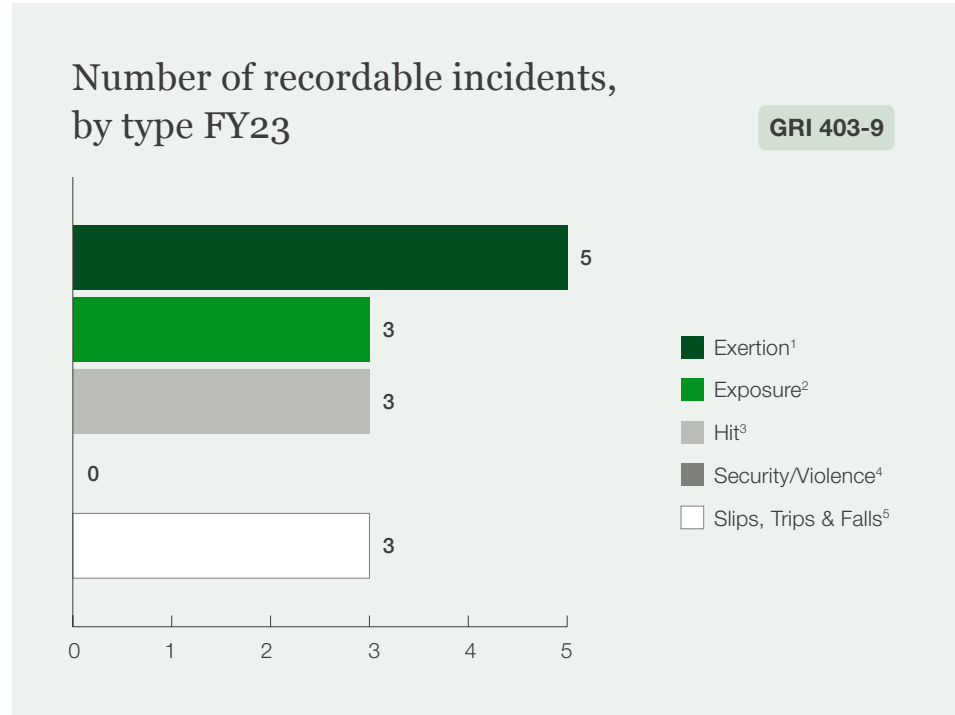
³ Includes hit by and against.

⁴ Includes aggression/threats towards personnel.

⁵ Includes falls on stairs, falls to lower levels, falls from height, falls on the same level, and slip/trips from stairs.

Number of recordable incidents, by type FY23

GRI 403-9



Data presented here supports the [Health & safety](#) section of this report.

Subcontractor injury and illness FY21 - FY23^{1, 2} GRI 403-9

Category	FY21	FY22	FY23
Recordable injuries/illnesses	1	11	10
Total injury/illness incidents ²	21	35	33
Near miss	28	30	28
Total	49	65	61

¹ Data includes subcontractor workers only. A subcontractor for ERM provides services on an ERM project ultimately for an ERM external client. This includes lower-tier subcontractors.

² Total injury/illness incidents include recordable injuries/illnesses in addition to nonrecordable injuries/illnesses.

Safety AT ERM Score FY21 - FY23¹ GRI 403-5

Region	FY21	FY22	FY23
Asia Pacific	86.4	93.5	76.7
Europe, Middle East and Africa	86.8	84.0	82.5
Latin America	94.3	92.0	92.5
North America	92.0	83.0	88.0
Global Businesses ²	38.4	75.7	50.5
Global score³	89.9	85.5	84.7

¹ The Safety AT ERM score includes an evaluation of our overall program. The scores are calculated at the business unit level, and the global score is derived by calculating a weighted average of each operational Regional score (weighted based on hours worked). A target of 80 is given to each business unit and a target of 75 for each operational region for FY23. The Global target is 75.

² For Global Businesses, the maximum scoring potential is 95 instead of 100.

Group does not have a goal as they are not considered an operational business unit.

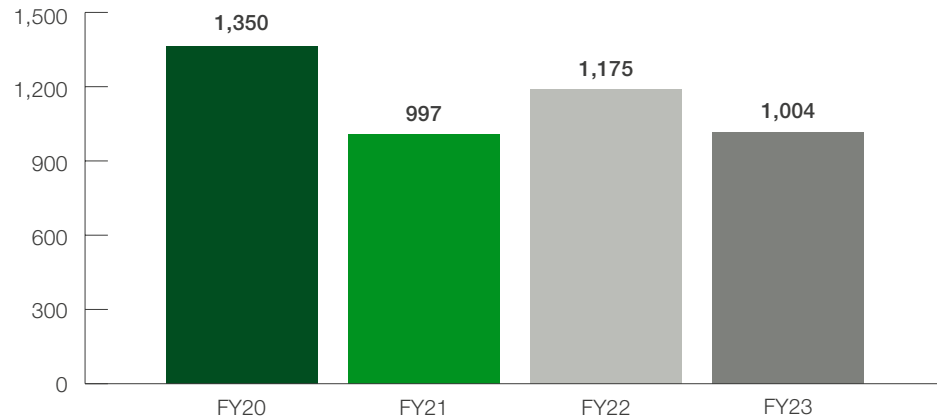
³ The global score does not include Global Businesses or Group performance, only the four main regions.

Climate data

Data presented here supports the **Climate, nature & social challenges** section of this report. See **Approach to decarbonization** supplement for more information.

Scope 1 emissions FY20 - FY23 (tCO₂e)^{1,2}

GRI 305-1



To align with the Greenhouse Gas Protocol and latest SBTi requirements, we have changed our base year to FY20 for Scopes 1, 2 and 3 emissions. Our previous base years were FY14 (for Scopes 1 and 2) and FY18 (for Scope 3). The new base year reflects ERM's significant growth through hiring and acquisitions and incorporates the expanded definitions of Scope 3 emissions to include capital goods and purchased goods and services.

Data presented here supports the [Climate, nature & social challenges](#) section of this report. See [Approach to decarbonization](#) supplement for more information.

Scope 1 emissions, by region FY20 - FY23 (tCO₂e)^{1,2}

GRI 305-1

Region	Base year			Most recent year
	FY20	FY21	FY22	FY23
Asia Pacific	59	54	60	43
Europe Middle East & Africa	572	322	461	407
Latin America & Caribbean	26	14	29	32
North America	693	607	625	510
Global Businesses	0	0	0	1
Group	0	0	0	11
Total	1,350	997	1,175	1,004

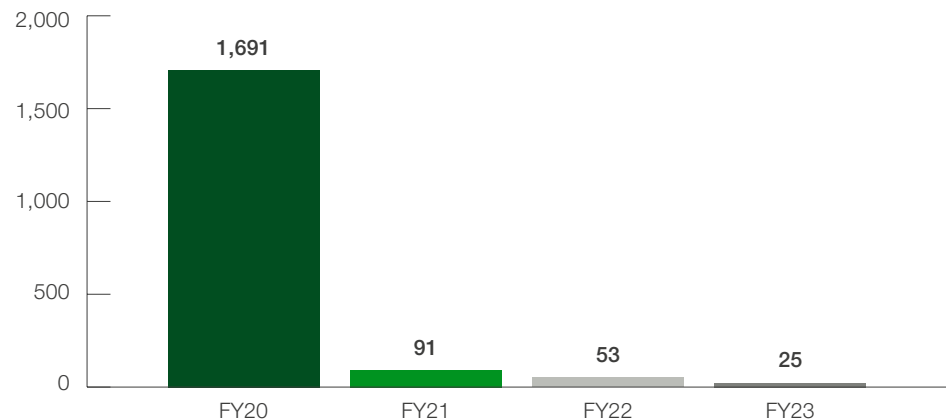
¹ Scope 1 includes direct emissions from operations we own or control. This includes emissions from company-owned cars, natural gas and refrigerant gas loss from air conditioning.

² Emissions from Global Businesses and Group are included in the data for the ERM region in which employees' home offices are located.

REPORTING APPROACH > PERFORMANCE DATA

Data presented here supports the **Climate, nature & social challenges** section of this report. See **Approach to decarbonization** supplement for more information.

Scope 2 market-based emissions FY20 - FY23 (tCO₂e)^{1,2,3} GRI 305-2



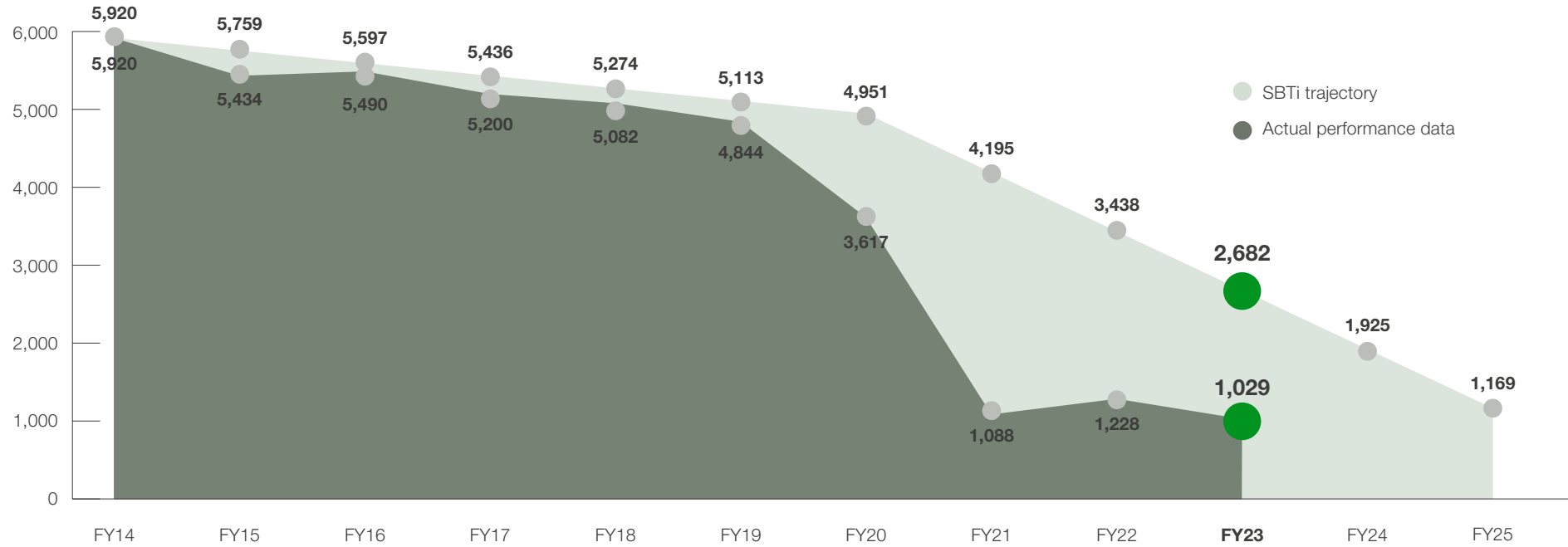
¹ Scope 2 includes indirect emissions from purchased electricity and steam.
² Emissions from Global Businesses and Group are included in the data for the ERM region in which employees' home offices are located.
³ ERM purchased Energy Attribute Certificates against 100% of our residual Scope 2 emissions from electricity.

Scope 2 emissions, by region FY20 - FY23 (tCO₂e)^{1,2,3} GRI 305-2

Region	Location based				Market based			
	Base year	Most recent year			Base year	Most recent year		
	FY20	FY21	FY22	FY23	FY20	FY21	FY22	FY23
Asia Pacific	558	443	368	293	558	12	2	2
Europe Middle East & Africa	527	270	295	298	347	4	8	6
Latin America & Caribbean	51	45	36	42	51	0	9	0
North America	1,446	1,294	1,297	1,072	736	75	35	17
Global Businesses	0	0	15	20	0	0	0	0
Total	2,582	2,052	2,011	1,725	1,691	91	53	25

Data presented here supports the [Climate, nature & social challenges](#) section of this report. See [Approach to decarbonization](#) supplement for more information.

Scopes 1 & 2 performance against SBTi target trajectory FY14 - FY25 (tCO₂e)^{1,2}



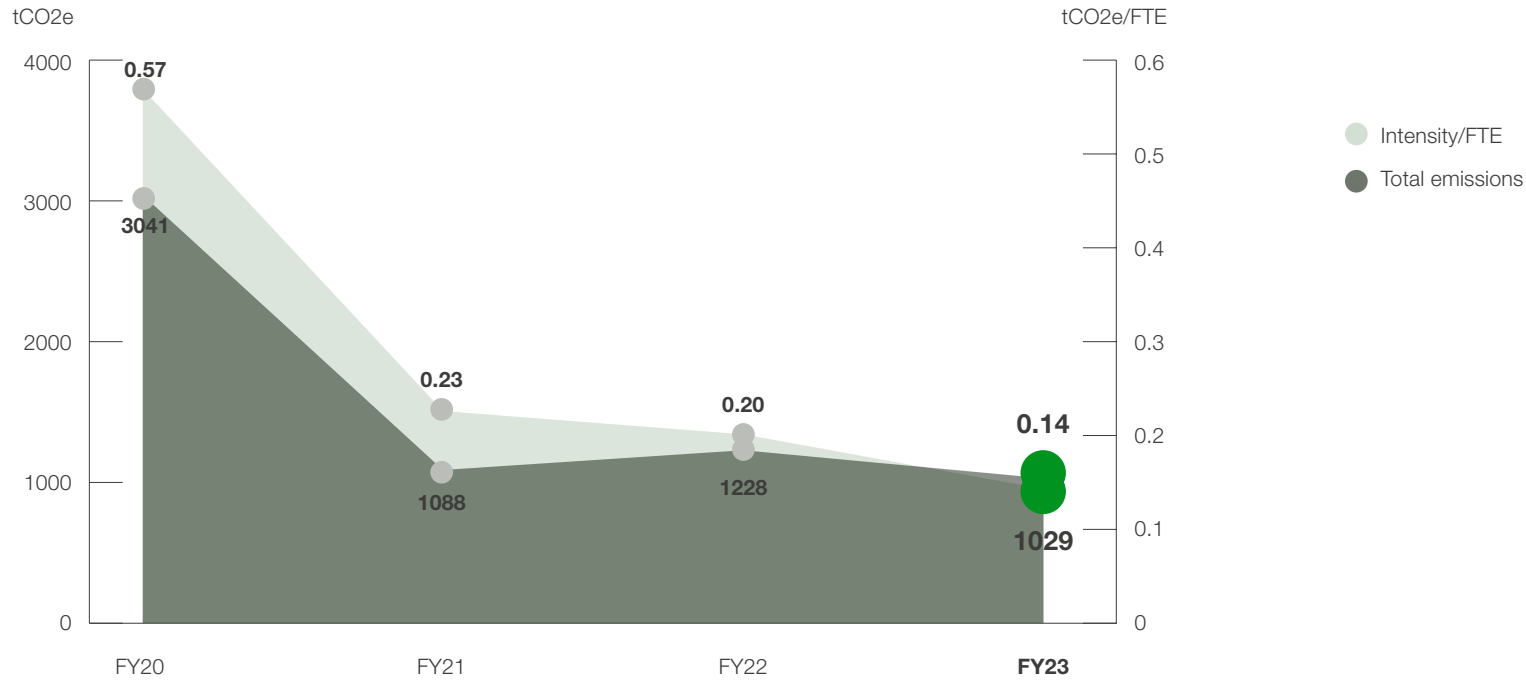
¹ ERM's current science-based target is 80% reduction of Scopes 1 and 2 emissions from FY14 to FY25.

² The above trajectory represents ERM's current SBTi target. In June 2023, we submitted an updated net-zero target to SBTi with our new base year of FY20 for Scopes 1, 2 and 3 emissions. Our updated target is currently undergoing SBTi's validation process.

REPORTING APPROACH > PERFORMANCE DATA

Data presented here supports the [Climate, nature & social challenges](#) section of this report. See [Approach to decarbonization](#) supplement for more information.

Scope 1 & 2, total emissions and intensity per FTE FY20 - FY23^{1,2}



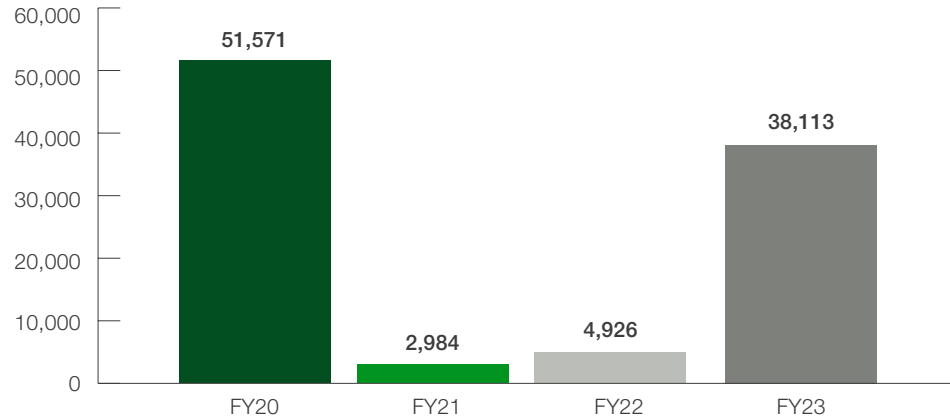
¹ FTE = full-time equivalent

² tCO2e = metric tons of carbon dioxide equivalent

REPORTING APPROACH > PERFORMANCE DATA

Data presented here supports the **Climate, nature & social challenges** section of this report. See **Approach to decarbonization** supplement for more information.

Scope 3 emissions FY20 - FY23 (tCO₂e)^{1,2} **GRI 305-3**



¹ Scope 3 includes other indirect emissions that occur outside ERM.
² Our Scope 3 profile has been improved to reflect the new Scope 3 categories (categories 1 and 2) in the base year and most recent year and to restate historical emissions.

Scope 3 emissions, by region FY20 - FY23 (tCO₂e)^{1,2} **GRI 305-3**

Region	Base year			Most recent year
	FY20	FY21	FY22	FY23
Asia Pacific	5,196	653	838	6,508
Europe Middle East & Africa	11,092	336	620	9,002
Latin America & Caribbean	2,921	136	269	2,960
North America	30,341	1,789	3,044	18,088
Global Businesses	1,132	33	143	1,155
Group	889	38	14	401
Total	51,571	2,984	4,926	38,113



REPORTING APPROACH > PERFORMANCE DATA

Data presented here supports the [Climate, nature & social challenges](#) section of this report.
See [Approach to decarbonization](#) supplement for more information.

Scope 3 emissions, by category FY20 - FY23 (tCO₂e)¹

GRI 305-3

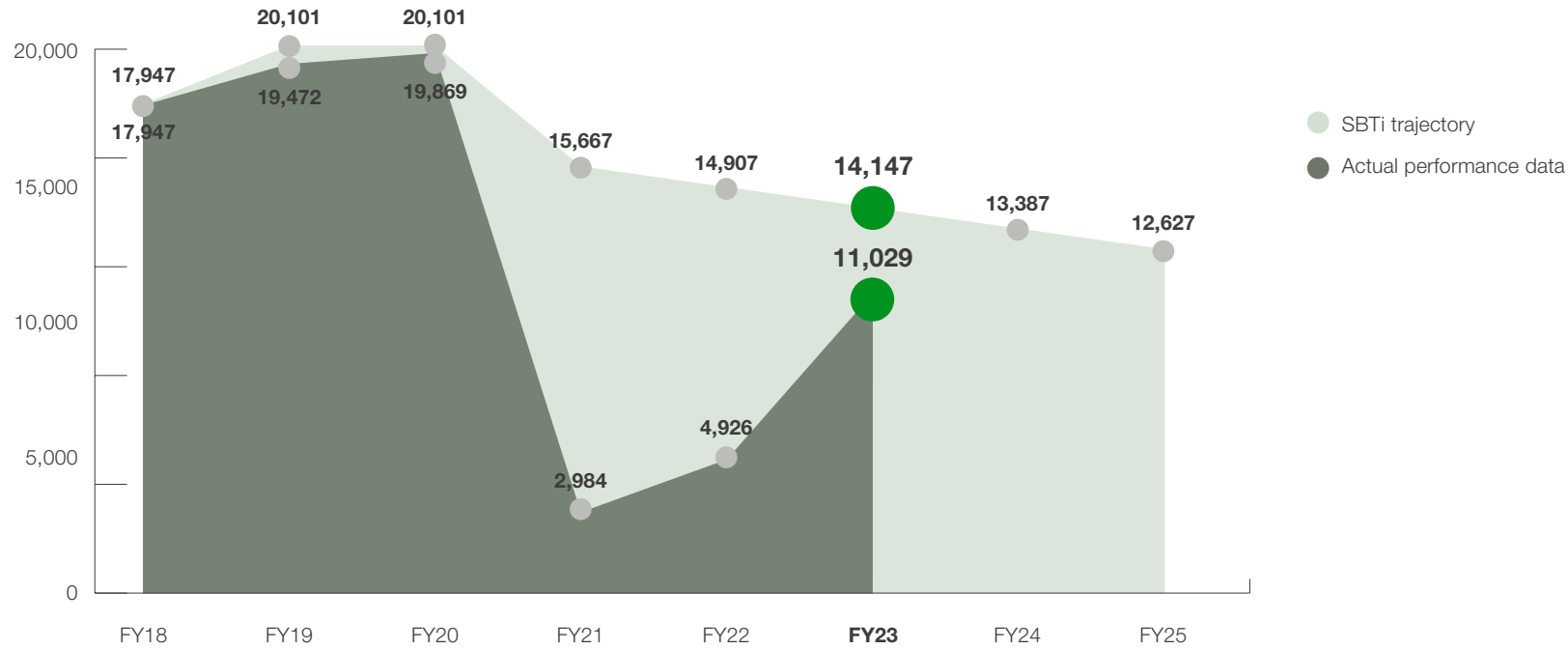
Category	Base year			Most recent year
	FY20	FY21	FY22	FY23
Purchased goods & services	26,634	-	-	25,485
Capital goods	1,879	-	-	1,599
Business travel	15,412	2,454	4,411	8,475
Employee commuting	7,646	530	515	2,554
Total	51,571	2,984	4,926	38,113

¹ Our Scope 3 inventory includes categories 1, 2, 6 and 7. A screening was conducted for our nonmaterial categories, such as categories 3 and 5 of Scope 3, which are not reported as these are de minimus.

REPORTING APPROACH > PERFORMANCE DATA

Data presented here supports the [Climate, nature & social challenges](#) section of this report. See [Approach to decarbonization](#) supplement for more information.

Scope 3 performance against SBTi target trajectory FY18 - FY25 (tCO₂e)^{1,2}



¹ ERM's current science-based target is 30% reduction of Scope 3 emissions from FY18 to FY25. This includes Categories 6 and 7 of Scope 3.

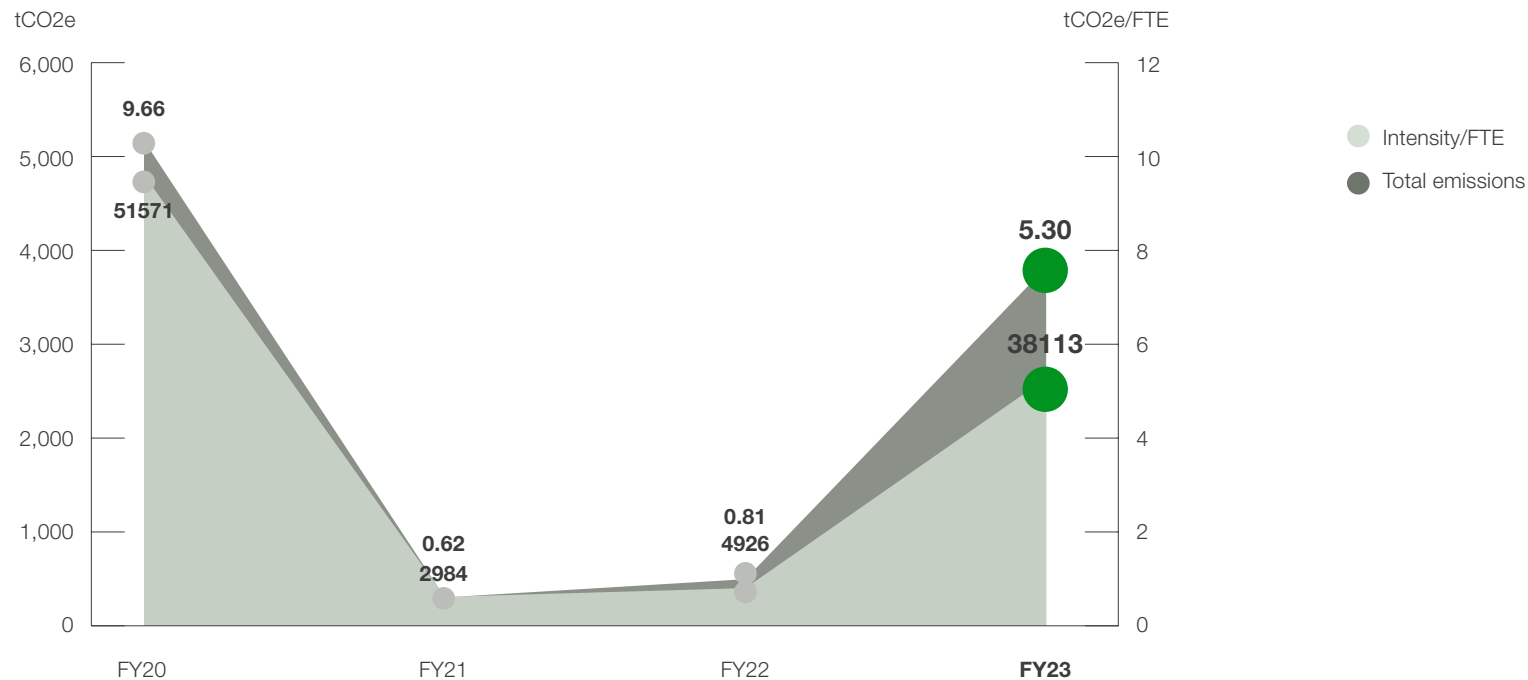
² The above trajectory represents ERM's current SBTi target. In June 2023, we submitted an updated net-zero target to SBTi with our new base year of FY20 for Scopes 1, 2 and 3 emissions. Our updated target is currently undergoing SBTi's validation process.



REPORTING APPROACH > PERFORMANCE DATA

Data presented here supports the **Climate, nature & social challenges** section of this report. See **Approach to decarbonization** supplement for more information.

Scope 3 total emissions and intensity per FTE FY20 - FY23^{1,2}

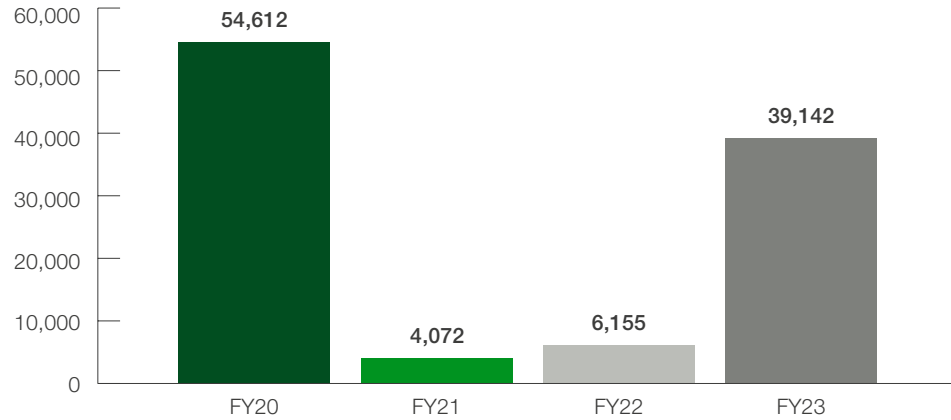


¹ FTE = full-time equivalent

² tCO2e = metric tons of carbon dioxide equivalent

Data presented here supports the [Climate, nature & social challenges](#) section of this report. See [Approach to decarbonization](#) supplement for more information.

Total GHG emissions FY20 - FY23 (tCO₂e)¹ GRI 305-4



¹ Total GHG emissions included in Scopes 1, 2 and 3 emissions.

Total GHG emissions, by region FY20 - FY23 (tCO₂e)¹ GRI 305-1, GRI 305-2, GRI 305-3

Region	Base year			Most recent year
	FY20	FY21	FY22	FY23
Asia Pacific	5,812	719	900	6,553
Europe Middle East & Africa	12,010	662	1,089	9,415
Latin America & Caribbean	2,998	150	307	2,992
North America	31,770	2,471	3,703	18,615
Global Businesses	1,132	33	143	1,155
Group	889	38	14	412
Total	54,612	4,072	6,155	39,142

Data presented here supports the [Climate, nature & social challenges](#) section of this report. See [Approach to decarbonization](#) supplement for more information.

Total GHG emissions intensity FY20 - FY23 (tCO₂e/FTE)^{1,2}

GRI 305-4

Category	Base year			Most recent year
	FY20	FY21	FY22	FY23
Scope 1	1,350	997	1,175	1,004
Scope 2	1,691	91	53	25
Scope 3				
Purchased goods & services	26,634	-	-	25,485
Capital goods	1,879	-	-	1,599
Business travel	15,412	2,454	4,411	8,475
Employee commuting	7,646	530	515	2,554
Total GHG emissions intensity^{2,3}	9.4	0.8	1.0	5.4

¹ Total GHG emissions normalized by average full-time equivalent employees (FTEs).

² We applied the expanded definition of Scope 3 emissions, which includes purchased goods and services and capital goods, only to the base year and most current year, which is why the emissions intensity is much higher in FY20 and FY23.

Data presented here supports the [Climate, nature & social challenges](#) section of this report.
See [Approach to decarbonization](#) supplement for more information.

Global office energy use, by type FY20 - FY23 (MWh)^{1,2}

GRI 302-1, GRI 302-2, GRI 302-4

Category	Base year			Most recent year
	FY20	FY21	FY22	FY23
Office electricity from nonrenewable sources	4,888	22	15	0
Office electricity from renewable sources	2,878	4,933	5,327	5,071
From heating consumption	2,685	2,290	2,228	1,426
From steam consumption	598	355	188	94
Fuel consumption in company vehicles	2,719	1,600	2,103	2,263
Total	13,768	9,200	9,861	8,854

¹ Employees from Global Businesses and Group are included in the data for the ERM region in which their home offices are located.

² For reporting purposes, only MWh using the regular method are included and upstream MWh are excluded.

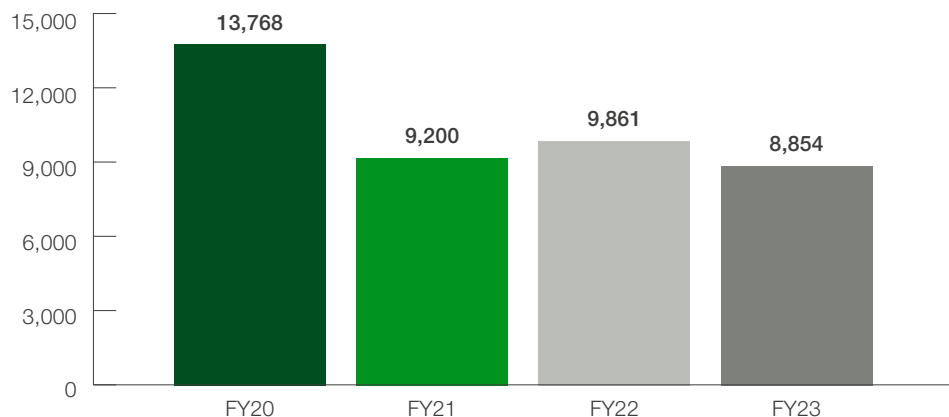


REPORTING APPROACH > PERFORMANCE DATA

Data presented here supports the **Climate, nature & social challenges** section of this report. See **Approach to decarbonization** supplement for more information.

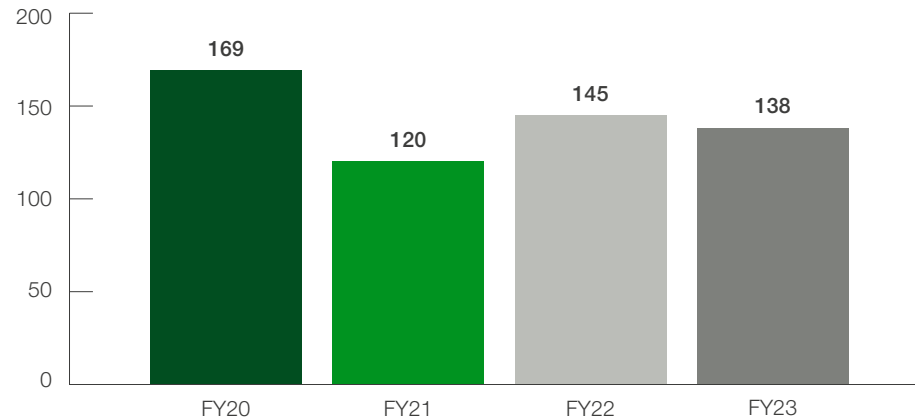
Global office energy use FY20 - FY23 (MWh)^{1,2}

GRI 302-1, GRI 302-2, GRI 302-4



Global energy use intensity FY20 - FY23 (KWh/M²)³

GRI 302-3



¹ Employees from Global Businesses and Group are included in the data for the ERM region in which their home offices are located.

² For reporting purposes, only MWh using the regular method are included and upstream MWh are excluded.

³ Total global energy use normalized by ERM's total floor space for all stated years. We use KWh/m2 to get best representation of our energy use intensity.



REPORTING APPROACH > PERFORMANCE DATA

Data presented here supports the [Climate, nature & social challenges](#) section of this report.
See [Approach to decarbonization](#) supplement for more information.

Beyond value chain mitigation in FY23^{1,2}

Category	FY23 Residual emissions (tCO2e)	Carbon credit volumes (tCO2e)	Coverage of total Scope (%)
Scope 1	1,004	1,004	100%
Scope 2 - Market based	25	25	100%
Scope 3 - Category 6	8,475	2,277	27%
Scope 3 - Category 7	2,554	-	0












¹ In FY23, ERM took voluntary action to abate our residual emissions through carbon credits programs and projects that fall beyond our own value chain.

² ERM purchased carbon credits to cover our Scope 1 emissions, Scope 2 emissions not covered by a market-based instrument and Scope 3 emissions related to our companywide target to reduce the impact of internal business travel.

Impact & influence data

Data presented here supports the **Impact & influence** section of this report.

ERM Foundation progress against FY23 targets*

ERM Foundation focus area	FY23 target	FY23 performance	Status	Our contribution to the SDGs
Protecting and restoring biodiversity	10,000 native trees and seedlings planted	67,353	Target exceeded	  
	10,000 hectares of forest protected or restored	5,637	Target not met	
	1,000 children with improved access to environmental education	4,139	Target exceeded	
	A pilot project set up in each of our four regions for life below water	4	Target met	
Improving access to low-carbon products and services	7,000 people with improved access to low-carbon products, services or initiatives	7,893	Target met	  
Investing in women's livelihoods in the low-carbon economy	1,000 women's livelihoods in the low-carbon economy, particularly in developing economies	1,108	Target met	  
Improving access to clean water and sanitation	10,000 people with improved access to clean water and sanitation, including menstrual health and hygiene education	13,483	Target exceeded	  

*For more information, visit our [FY23 Foundation Annual Review](#).

Data presented here supports the [Impact & influence](#) section of this report.

Community investments FY21 - FY23 (\$'000)¹ GRI 201-1

Category	FY21	FY22	FY23
Pro bono time - ERM Foundation ²	132	142	164
Pro bono time - Strategic partners ³	281	1,347	617
In-kind support ⁴	198	222	145
Direct contributions			
Matching funds ⁵	179	178	273
Charitable contributions ⁶	12	212	12
Membership ⁷	148	217	459
Total	949	2,319	1,670
Percentage of Profit ⁸	0.82%	1.97%	1.09%
Employee contributions			
Employee contributions ^{9, 10}	69	126	126

¹ From FY21, the presentation of information has changed. In-kind support has been moved from Direct contributions, with pro bono support to Strategic partners listed separately.

² Pro bono hours are registered by consultants on approved ERM Foundation projects. For ERM Foundation projects, pro bono time is calculated at 80 percent of hourly chargeout rate.

³ From FY22, the value of the pro bono time provided by ERM employees to our strategic partners has been calculated based on standard fee rates.

⁴ In-kind support includes salaries and direct costs for employees responsible for the ongoing operations of the ERM Foundation. Prior to FY21 pro bono time provided by ERM to external partners was included in this calculation.

⁵ Matching funds are made on a 100 cents for each dollar donated basis, for most employee donations in all regions. From FY18, a percentage of this budget was also used for 'seed funding' as part of a new program to support longer-term partnerships with nonprofit organizations, particularly in geographies where employee-led fundraising is more challenging.

⁶ Charitable contributions made to organizations other than The ERM Foundation.

⁷ Membership fees for global sustainability-focused organizations, where ERM actively contributes to thought leadership activities.

⁸ Calculated from prior fiscal year's Earnings Before Interest, Tax and Amortization (EBITA). Therefore, FY23 percentage calculated using FY22 EBITA figure.

⁹ Funds raised by employees to support the ERM Foundation and other charities/nonprofit organizations.

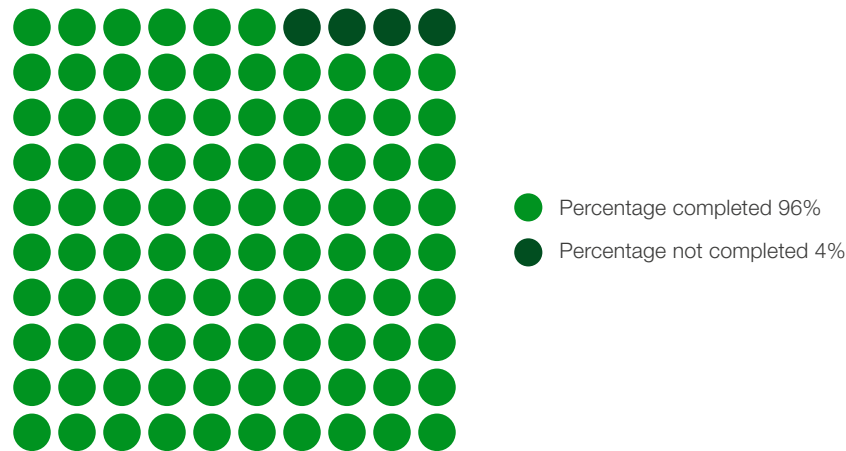
¹⁰ In FY21, there was a reduction in fundraising due to the impacts of the pandemic which continued into FY22.

Ethical business conduct data

Data presented here supports the **Ethical business conduct** section of this report.

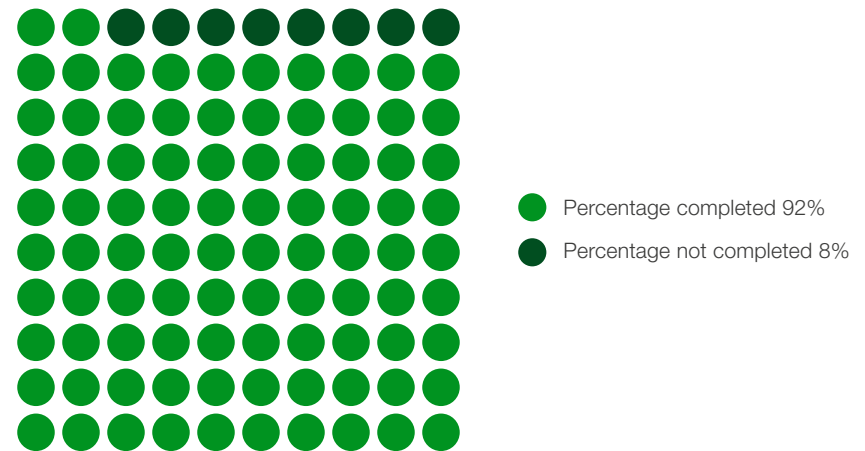
New starter training, FY23

Percentage of employees completing mandatory business conduct and ethics new starter training



Refresher training, FY23

Percentage completion of required refresher training for employees with designated due dates on or before 31 March 2023





Assurance

The reporting and disclosure requirements of regulators and policymakers are evolving, as are the expectations of stakeholders. As a leading provider of sustainability and ESG advisory services including reporting and disclosure, ERM seeks to be a leader in its own reporting approach.

Our approach to assurance combines internal and external assurance processes, given the in-house expertise available to support the reporting team. We have governance, reporting and internal review processes in place to help ensure the quality of information contained within this report, as well as stakeholder confidence in the accuracy and reliability of our reporting.

We have gathered, recorded, compiled, analyzed and reported information and processes used in the preparation of this report in a way that can be subject to examination, and which establishes the quality and materiality of the information. External assurance providers reviewed the information reported and the processes for determining report content on selected items.

We took onboard the findings from our external assurance providers last year (for GHG data verification and principles-based assurance) and have incorporated their findings into our ways of work and our approach to assurance moving forward.



Photo credit: Alicia Arcidiacono, United States

The time is now
to demonstrate credibility.

This year, in response to growing mandatory and voluntary requirements for standards-based assurance, we expanded the third-party assurance of our data beyond GHG emissions to include selected people and health and safety indicators, including:

- Scope 1 GHG emissions
- Scope 2 GHG emissions – location-based and market-based
- Scope 3 GHG emissions that are part of our current SBTi target:
 - Category 1: Purchased goods and services
 - Category 2: Capital goods
 - Category 6: Business travel (both internal and external)
 - Category 7: Employee commuting and working from home
- GRI 403-9: Work-related injuries
- GRI 403-10: Work-related illnesses
- GRI 2-7: Employees
- GRI 401-1: New employee hires and employee turnover
- GRI 405-1: Diversity of governance bodies and employees

We engaged LQRA to provide limited assurance to ISAE 3000 for data reported from ERM's global operations.

[Read the external assurance statement →](#)



Supplementary information

We provide downloadable files of our sustainability data, GRI Index and several key documents that supplement ERM's Sustainability Report.

For more information contact sustainability@erm.com.

- ↓ [Executive summary](#)
- ↓ [TCFD disclosure](#)
- ↓ [Approach to decarbonization](#)
- ↓ [Approach to nature](#)
- ↓ [Supporting the SDGs](#)
- ↓ [Our performance data](#)
- ↓ [ERM Foundation Annual Review](#)
- ↓ [UK Modern Slavery Statement](#)
- ↓ [Approach to materiality](#)
- ↓ [GRI index](#)
- ↓ [External assurance](#)



SUSTAINABILITY REPORT 2023

The time is now

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Sustainability is our business