



## Independent Assurance Statement

### About this statement

Sustainability Advisory was asked by ERM to provide independent assurance of ERM's Sustainability Report 2019.

### Assurance focus

ERM asked us to focus specifically on the following three topics:

- Are ERM's governance structures and processes sufficiently robust to deliver on stated business and sustainability objectives, values and strategy?
- How effective is ERM's management approach in delivering on organizational objectives and targets across the organization?
- How does ERM's reporting of performance reflect the organizational response to its material sustainability topics?

In conducting our work, we were mindful of ERM's observance of the AA1000 Guiding Framework of Principles for Sustainability Management (2018) and the Global Reporting Initiative Foundation Standard (2016) Principles for Defining Report Content. AA1000 defines these principles as Inclusivity, Materiality, Responsiveness and Impact; and, GRI as Stakeholder Inclusiveness, Sustainability Context, Materiality and Completeness.

This statement is provided for ERM's management as well as ERM's stakeholders and report readers. Beyond this engagement, we have no other financial relationship with ERM. Information about our qualifications and relationships can be found here [www.sustainabilityadvisory.net](http://www.sustainabilityadvisory.net).

### Responsibilities

ERM has sole responsibility for the preparation of the report and its contents. We were not involved in the preparation of any part of the report; however, we did review and provide feedback on pre-publication drafts. We have not evaluated the reliability of reported data or related data collection processes, for which ERM has conducted its own internal assurance.

### How we formed our opinion

We undertook the following activities to produce this statement:

- We reviewed ERM's processes for determining materiality and how identified material issues were considered in strategy formation, decisions on targets and goals, management approaches to material issues and reporting on performance against these issues.
- We conducted selected interviews with members of ERM's Executive Committee, including the CEO, and key staff involved in the development of ERM's sustainability report.
- We reviewed drafts of the Sustainability Report as well as previously published Sustainability Reports; documentation describing ERM's approach to materiality analysis, stakeholder engagement and internal assurance relating to reported data; and, previous external assurance statements and associated management reports.



## Findings and commentary

The below provides our key findings and commentary with respect to the three questions ERM asked us to focus on in this assurance engagement.

### **Robustness of governance to deliver on objectives, values and strategy**

During FY19, ERM continued to elevate its approach to both corporate and sustainability governance. This is evident from, among other things, the continued close involvement of the CEO and the Executive Sustainability Working Group in strategy formulation, setting of sustainability objectives and targets and sign off of annual materiality analysis. Notably, both the full Executive Committee and the Board deepened their involvement in ERM's sustainability governance during the period.

A commendable improvement during FY19 was the enhancement of ERM's risk management process. Spearheaded by the CEO, this exercise has led to a more rigorous and integrated risk identification and management process covering both operational and sustainability matters.

Going forward, there is an opportunity to further enhance ERM's internal reporting and systematic monitoring of performance against stated targets and key performance indicators at Executive and Board levels. The ambitious commitment to science-based emissions targets is likely to drive this development by default, however, a concerted effort to systematize the internal reporting process at executive and senior management levels would add to the robustness of the overall governance framework.

### **Effectiveness of management approach to deliver on objectives and targets across the organization**

ERM's staff are dispersed in relatively small offices in 160 locations across the globe. Engaging the whole of the organization in the company's sustainability ambitions is not an easy feat, even for an organization whose core business revolves around the topic. Nonetheless, to support the core sustainability management team, ERM has managed to engage a global network of professionals who contribute, on a voluntary basis, to the on-going sustainability management and annual reporting process. This network plays a crucial role in cascading and embedding ERM's objectives and targets across the organization.

To support the work of this network and to systematize ERM's Sustainability Action Planning (SAP) process, further steps were taken during FY19. The SAP itself was revised to facilitate more uniform action planning and monitoring of progress against targets across the business. This was followed by the development of an on-line SAP platform that will enable easier, more systematic and transparent setting of plans, their implementation and monitoring of progress.

Going forward, the revised SAP has the potential to take ERM's internal and external performance reporting to the next level, ultimately providing a fuller line of sight regarding performance and alignment with group level targets across all business units. As this new system matures, we encourage ERM to build on this potential and explore how targets and key performance indicators can be further cascaded to management level and, in due course, integrated with individual performance targets for senior management.

Heavy reliance on voluntary time contributions to sustainability management and reporting brings its challenges, especially in an environment where client deadlines have to take precedence over internal management tasks. Going forward, we encourage ERM to explore ways of how best to empower the work of the Sustainability Network further.



## Responsiveness of ERM's report to material issues

ERM's report is well structured, clearly identifying the different sources of impacts arising from the company's operations and activities. As a sustainability consultancy, the company's main potential for positive impact arises from its work with clients. This has been identified as the strategic thrust for ERM's sustainability program and it frames the narrative of the report.

For some time now, ERM has aspired to enhance the way it quantifies and measures the impact arising from its work with clients. This remains a challenge. ERM recognizes this and remains committed to making progress by reiterating its related FY20 target and its 5-year goal.

Targets and goals have been set for all identified material issues, and compared to previous period, additional ones have been committed to. Notably, ERM has now adopted science-based emissions targets and longer-term goals – a commendable commitment considering the nature of ERM's business. Going forward, we encourage ERM to continue introducing additional targets and goals that are measurable and lend themselves to precise reporting on progress.

Finally, a noteworthy indication of ERM's responsiveness to stakeholders is provided by the fact that ERM specifically requested that this assurance focuses on the three questions explored in this statement. These questions were formulated as a direct response to stakeholder feedback on its FY18 Sustainability Report.

A separate Management Report will be issued to ERM's Executive Committee. This provides further observations and recommendations relating to the above findings and commentary.

Sustainability Advisory

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