



# Accelerating Impact

# 2022

## Sustainability Report

The business of sustainability  
[erm.com/sustainability-report/](https://erm.com/sustainability-report/)



# Accelerating Impact

The events of the past year only add to the urgency for action. We must accelerate our impact through leveraging technology, driving innovation and collaborating with others in leading change.



The image on the front cover won our annual photo competition, in which employees around the world share the images that represent our work in accelerating impact. Crisostomo Gomez took the photo while working with ERM's Indigenous joint venture in Tahltan Territory in Northern British Columbia. [Read more on page 55.](#)

All images used in ERM's Sustainability Report 2022 were provided by ERM employees, except where noted in the photo credits. Our thanks to the many talented ERM employees who contributed these images.

In the interest of sustainability, you are requested to view this report in digital form only – please do not print.



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ERM's 2022 Sustainability Report covers the Fiscal Year 2022 (FY22) from 1 April 2021 to 31 March 2022.  
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## Introduction

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Tom Reichert  
Group CEO

# CEO message

**In the last 12 months, ERM has celebrated our 50<sup>th</sup> anniversary and recorded the strongest year ever, built on the passion of our employees and in partnership with our clients. Despite ongoing uncertainty and turmoil in the world, sustainability continues to redefine business strategy and decision-making.**

ERM's purpose is shaping a sustainable future with the world's leading organizations. From our own sustainability commitments through to the incredible impact we have with our clients, we are leading where others will follow. As we look to evolve and innovate the way we serve our clients and how we operate as a business, it is clear that our purpose will continue to act as a North Star and guide the decisions we make.

I joined ERM at the beginning of 2022 and in my first months have come to appreciate that people are the heart of what makes ERM so special. The ERM team is a committed group of talented individuals from an incredibly diverse range of professional backgrounds, life experiences and perspectives. The more we harness this diversity, the more we will achieve. Our leadership team is committed to helping our people prosper, grow and have fulfilled careers as we strengthen the impact we have on the world. We are also accelerating our

efforts to ensure every employee feels they can bring their best self to work, in an authentic and supported environment.

I have also been excited to witness the innovation that exists across ERM, fueled by the ideas and expertise of our brilliant teams. Whether this be more effective real-time assessments of the environment, social and governance (ESG) performance of companies, to more accurate understanding of the physical risks of climate change on assets, our teams are partnering with clients to create impactful, tech-enabled tools that improve decision-making.

## **Delivering on commitments**

As the largest pure-play sustainability consultancy globally, it is imperative that we "walk the talk." In 2021, we strengthened our science-based targets to align to a 1.5-degree Celsius target, which underpins

our commitment to net-zero across our operations by 2025. We have made commitments to biodiversity and nature through act4nature international. We remain committed to a strong program to contribute to the Sustainable Development Goals (SDGs) through our client work, operations and broader collaborations.

Although we are making good progress in meeting our annual sustainability targets and long-term goals, we continue to strengthen our focus on those areas where we have not fully met our targets or where we want to aim higher: increasing diversity, equity, equality and inclusion in our workforce, improving employee wellbeing and career development, and quantifying the sustainability impacts of our work with clients.

We are proud to be a Global Reporting Initiative (GRI) Standards Community Member and an early adopter of the revised Universal Standards.

This Sustainability Report 2022 serves as our Communication on Progress, an annual disclosure to stakeholders on progress made in implementing the Ten Principles of the UN Global Compact in the areas of human rights, labor, environment and anti-corruption.

*I encourage you to read the [Perspectives](#) section as it represents ERM's view on the broader trends and their impacts. We use the insights from this annual trends process to inform our engagements with clients, anticipate market developments and evolve our own corporate strategy and programs.*

Reflecting the importance we attach to sustainability reporting, our 2021 report was recognized as a top performer for the third consecutive year in the World Business Council for Sustainable Development (WBCSD) Reporting Matters process.

As highlighted in this Sustainability Report 2022, we strongly support the SDGs, the UN Guiding Principles on Business and 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.

Along with other senior leaders, I have enjoyed meeting our internal and external stakeholders on issues that are important to them. We have committed to establishing an Advisory Panel that will work with our Board of Directors (Board) to provide additional insights, anticipate our clients' evolving needs and prioritize actions in our own organization.

#### **Welcoming our investment partners**

In May 2021, we announced that KKR, a leading global investment firm, had signed an agreement to acquire a majority position

in ERM. This long-term partnership with KKR will allow us to expand and accelerate our client impact and bring new capabilities and technologies to the business of sustainability.

#### **Recognizing our team**

Our success is built on the contributions of our Partners and employees, and on behalf of the Board and Executive Committee I thank them for their exceptional efforts in supporting our clients to meet their ambitions. I also extend my thanks to our people for sharing their stories, insights and photography for this report, including in particular the voluntary members of our Sustainability Network who help drive action across the company. I would also like to recognize the contribution of my predecessor, Keryn James, who spearheaded many of the initiatives that are part of how ERM operates today.

Through the services we provide our clients, the projects we support through the ERM Foundation and the way we operate our business, we continue to increase our positive impact on society for future generations. For our progress to date and in anticipation of more to come, I am hugely grateful.

**Tom Reichert**  
Group CEO



Watch the  
**CEO message**



# ERM's perspective

Every year, the SustainAbility Institute by ERM publishes a major study exploring 10 key sustainability trends reshaping the global economy. [The 2022 trends report](#) provides the basis for the summary below. Recent events like the war in Ukraine and the latest assessment report from the Intergovernmental Panel on Climate Change (IPCC) were not covered in the 2022 trends report's projections, therefore we have updated our findings to reflect these developments.



## 1

### Integrating ESG

The growing prominence of ESG considerations in investor strategies coupled with new policies such as the European Union's Sustainable Finance Disclosure Regulation is helping cement ESG as a mainstream business concept influencing investment returns and corporate strategy. The mainstreaming of ESG will continue through 2022 and beyond, and we are likely to observe the following developments:

- ESG functions will be further integrated deeper into business departments.
- Private equity firms will accelerate focus on ESG, also increasing pressure on portfolio companies and operations.
- More businesses will link executive compensation to ESG performance.

## 2

### Valuing human capital

As we pass the second anniversary of COVID-19's emergence, the pandemic continues to influence changes in the workplace, from more remote and flexible working to greater focus on employee wellbeing and corporate purpose. The scale of this transformation suggests these changes will endure beyond the pandemic's end. In response to the ongoing need to react to the shifting demands and preferences of workers, the following evolution in corporate action is likely:

- A rise in workplace and worktime flexibility will change how companies operate.
- Businesses will need to enhance human capital disclosures as regulatory requirements grow in scope.
- To retain and engage employees, businesses will need to connect work more closely with purpose.

## 3

### Responding to climate change

Following the release of the IPCC's climate assessment report in August 2021 and the 2021 United Nations Climate Change Conference (COP26) in November 2021, the stage is set for 2022 to be a critical year for climate action as political, business and other leaders are challenged to do more, faster, to stop the current crisis. The urgency of action has been underscored by further IPCC reports in March and April of 2022 as well as a prediction from the UK Met Office that there is a 50-50 chance of at least one of the next five years exceeding 1.5 degrees Celsius above pre-industrial levels. While the global community is far from meeting the goals established by the Paris Agreement, 2021 saw acceleration in efforts, awareness, and scale of business, civic, and governmental initiatives. This has continued in 2022 and can be seen in the proposed climate disclosure regulations and standards released in recent months by the US Securities and Exchange Commission, International Sustainability Standards Board and European Financial Reporting Advisory Group. We are likely to see even greater focus on the following topics:

- Companies will face growing expectations to set net-zero targets, while scrutiny of net-zero commitments will increase.
- Climate justice will become more prominent in sustainability strategy development.
- More companies will be disclosing climate risks in response to new requirements by governments and investors.



## 4

### Safeguarding natural systems

As biodiversity suffers further decline, the first portion of the United Nation's 15th Biodiversity Conference, the emerging Task Force on Nature-related Financial Disclosures, and the prominence of the nature agenda at COP26 brought hope. For business, biodiversity demands responses addressing the connections between ecosystems, climate change, and economic value. In response to the ongoing increase in focus on biodiversity loss and the impact of natural systems on society and the economy, the following evolution is likely:

- More businesses will pursue nature-positive action including greater use of regenerative agriculture practices.
- Businesses and governments will move to reduce deforestation.
- The conclusion of the COP15 Biodiversity Conference will produce a new UN Global Biodiversity Framework, which will set out a vision for worldwide action to preserve and protect nature similar to what the 2015 Paris Agreement did for climate.

## 5

### Building sustainable and resilient supply chains

Stakeholders continue to pressure companies to better manage high profile supply chain issues such as deforestation and human rights, while the scope of sustainable sourcing and supply chain management programs is expanding to include a wider range of ESG topics emphasizing the need to more deeply embed concepts such as just and fair procurement. While this progress is encouraging, supply chains have been put under enormous pressure due to the COVID-19 pandemic, and the resulting disruptions have been exacerbated by the war in Ukraine. As companies continue to build more sustainable and resilient supply chains, we expect to see the following in 2022 and beyond:

- Companies will look to their supply chains as a key means to deliver on their climate goals and commitments.
- The demand for greater supply chain transparency and disclosure means business will seek new tools and approaches to help them identify, prioritize and address supply chain risks to make supply chains more resilient.
- Supplier procurement processes will evolve to include more inclusive approaches that build diversity in the supply chain through engaging with minority-owned or women-led enterprises.

## 6

### Enabling sustainable consumption and production

Regulatory developments, consumer pressure, resource scarcity, supply chain volatility and climate change are driving businesses to develop more circular business models that create and secure enterprise value while simultaneously being good for the planet. As expectations, regulations, and business norms change in response to the increasingly urgent imperative to move to more circular practices, the following developments are likely:

- Businesses will accelerate operationalization of circularity by developing action plans that build circular economy principles into core business activities.
- Businesses will accelerate efforts to add carbon footprinting labels to consumer products.
- Resale and repair will expand as a key components of circularity approaches.



#### Photo credits

1. Syaiki Mahmudi, Indonesia
2. Shona King, United Kingdom

## 7

## Applying technology to sustainability

The digital revolution, quickened by the pandemic, has sped integration of technology into every aspect of business, including sustainability. In the future, companies will deepen the use of advanced technologies to create more sustainable and equitable business practices. As the use of technology to manage business operations and improve sustainability gains momentum, and as demand for good quality data to track sustainability performance grows, the following evolution is likely:

- Business will seek more technological tools, including those applying artificial intelligence (AI), to help them decipher sustainability-related data and enhance sustainability performance.
- Companies will adapt their use of technology to help bridge the digital divide between those with digital access and those without.
- Business will use technology to help consumers shape more sustainable lifestyles.

## 8

## Protecting fundamental rights

From the continuing global impacts of COVID-19 on vulnerable groups, to the conviction of Derek Chauvin for the murder of George Floyd, to the exposure of human rights abuses in cobalt supply chains in the Democratic Republic of Congo, 2021 saw human-rights-related developments with far-reaching implications for business and society. To help respond, business must speak and act against injustice and develop more inclusive workplaces and supply chains. In response to the enduring regulatory focus on human rights management and an increasing expectation for companies to act and speak out in support of fundamental rights protections, the following developments are likely to play out in 2022 and the years to come:

- Companies will face new regulations that will raise the bar for human rights supply chain due diligence.
- Businesses will need to prepare to verify their modern slavery reporting.
- DE&I will become more relevant at all levels of business, including board and executive levels.

## 9

## Shaping policy, regulations and norms

As we move into 2022, business will be confronted by a raft of new sustainability-focused regulations and demands to help drive societal and environmental change through its advocacy and policy engagement. As business uses its influence to advocate for and inspire change in favor of sustainability in the political and social context in which it operates, the following developments are likely:

- Companies will leverage their economic influence to encourage government action on societal issues that matter to their workforces and customers.
- Company leaders will invest more in collaborations in which members share sustainability objectives and values.
- Business will need to adjust to the wave of new regulations coming from Europe, the ways Europe's influence drives global change, and the acceleration of climate and broader ESG regulation emerging in countries around the world.

## 10

## Moving toward stakeholder capitalism

The past year has brought both challenges and opportunities for stakeholder capitalism. On one hand, notable criticism has been levied at the concept for being more buzzwords than impact driver. On the other, multilateral and corporate developments show stakeholder capitalism principles influencing sustainable action. In response to scrutiny of stakeholder capitalism, the following evolution is likely:

- Businesses will create or invest more in internal roles and functions that deliver on stakeholder capitalism principles.
- Businesses will redefine and enhance engagement approaches to respond to a wider range of stakeholder needs.
- Stakeholder capitalism-influenced reporting and disclosure will become increasingly common.





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# Who we are

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. Fiscal year 2022 (FY22) was the strongest year ever for ERM.

## Key statistics

22,000

projects delivered



7,000+ professionals



\$ 1 billion+  
annual revenue



1,000+  
employee promotions

1st

First sustainability-linked loan negotiated as part of the amendment to ERM's debt facility

50%

improvement in health and safety performance over 3 years

Photo credits  
1. Aman Gupta, Hong Kong  
2. Florinda Lapa, Peru  
3. C. Bruyninckx

# At ERM, **sustainability** is our business

# 50



**Our diverse team of world-class experts supports clients across the breadth of their organizations to operationalize sustainability, underpinned by our deep technical expertise in addressing environmental, health, safety, risk and social issues. We call this capability our “boots-to-boardroom” approach for our unique service model that allows ERM to develop strategic and technical solutions that advance objectives on the ground or at the executive level.**

Clients all over the world call on ERM to help them respond to complex sustainability ambitions like building business resilience, supporting the transition to a low-carbon future, or enabling progress on ESG priorities.

Our singular focus on sustainability, our range of services and our boots-to-boardroom approach ensure that we can work alongside our clients to address their most pressing challenges and opportunities, whether they require focused technical attention or full top-to-bottom strategy and solutions.

ERM has more than 50 years of experience operationalizing sustainability for clients. Our breadth and depth of expertise and ability to integrate solutions across organizations are why many of the world’s leading organizations call on us as their trusted advisors.

For more information, visit [erm.com](https://erm.com)

# Our value chain

Our 7,000+ employees support our clients around the world and in diverse industry sectors to help them understand their environmental, health and safety (EHS), risk and social impacts and to operationalize sustainability.

We supplement our work with 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. We recognize that our greatest impact is through the work we do with our clients.

By providing strategic consulting and technical services, we are shaping a sustainable future with the world's leading organizations. We most frequently do this for companies that have the biggest impact on the planet, including those in the energy; chemical and pharmaceutical; technology, media and telecommunications; mining and minerals; manufacturing; and other important industries.

This is underpinned by our purpose and our values which sit at the core of who we are and how we operate.





# Sustainability at ERM

ERM's sustainability program is an overarching framework that supports our long-term business strategy and drives continual improvement. Our [Sustainability Policy](#) and [Sustainability Approach](#) articulate our commitments to sustainability.

## Sustainability strategy

ERM's comprehensive approach to sustainability is embedded in our corporate strategy with a stated purpose: to shape a sustainable future with the world's leading organizations. The contents of this Sustainability Report reflect the relevance of sustainable development to ERM and our strategy for contributing to sustainable development. See the [Material topics overview](#) for more detail.

## Sustainability governance

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

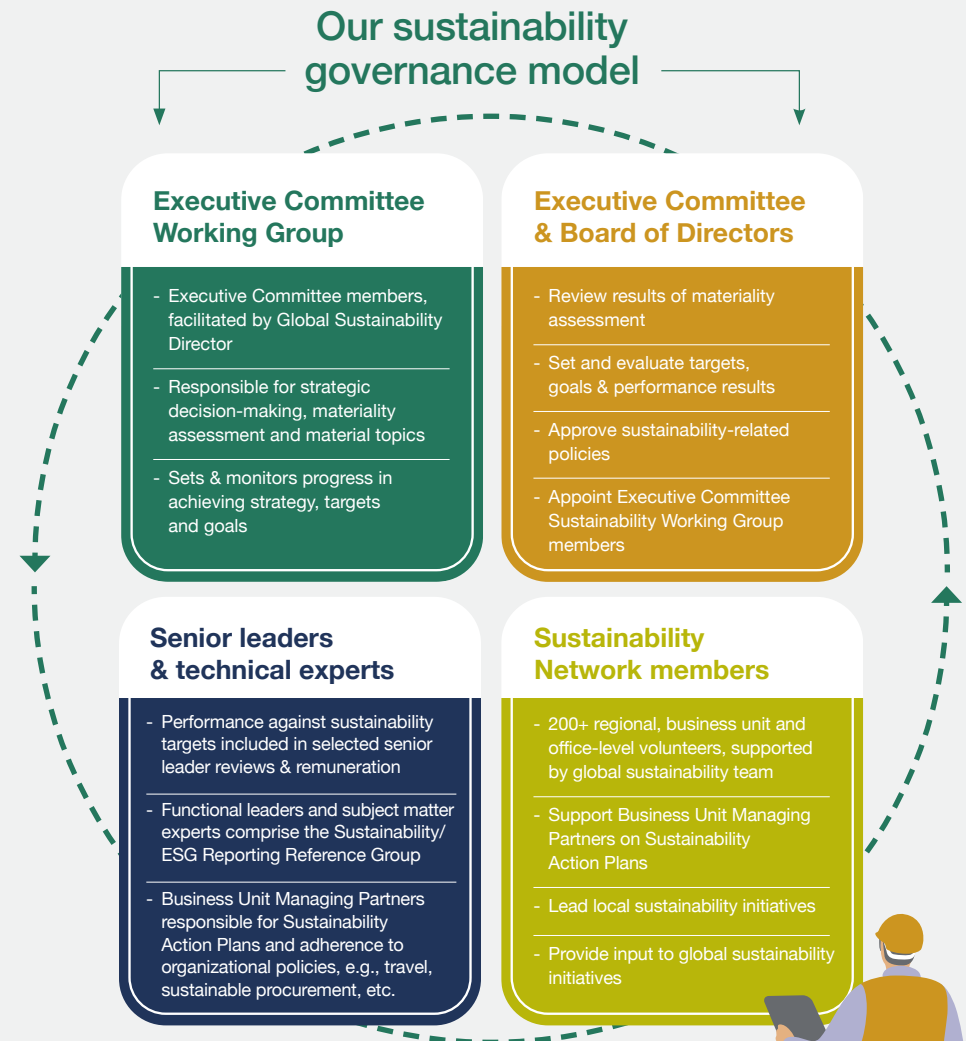
A working group of ERM's Executive Committee provides strategic leadership on sustainability and reports via the CEO to ERM's Board.

Working group members include the Global Director of Services, Brand and Communications; our acting Group Human Resources Director; 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 as well as responding to client needs for the low carbon economy transition targets are included in bonus considerations for our Director of Services, Brand and Communications, who also serves on ERM's Executive Committee and the Board. In addition, the Executive Committee leaders for DE&I, health and safety, and business conduct and ethics have specific targets and bonus considerations.

Given the complexity and speed of the changing reporting and disclosure requirements, we established a standing Sustainability/ESG Reporting Reference Group of senior leaders and subject matter experts to provide feedback and insights on our materiality assessment, 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.

Further details can be found in the [Accountability](#) section of the report.



# Sustainability Network

At ERM, we know that employee engagement is crucial for successfully implementing our sustainability program.



Photo credits  
 1. ERM Germany  
 2. Chacharee Therapong, Thailand



**Our program is supported by a voluntary Sustainability Network of more than 200 employees across over 40 countries and territories.**



ERM Sustainability Report 2022

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 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. The network also supports other related initiatives in the business including Global Goals Week, Coastal Cleanup, the Net Zero Dialogues and Earth Day.

**Key areas of focus for the network include:**

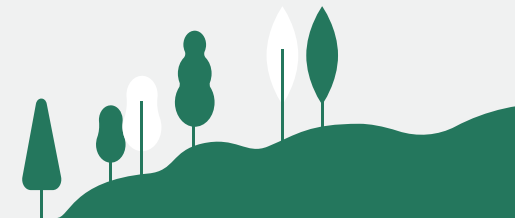
**Engagement:** engaging employees in programs that connect them to the business of sustainability and drive internal performance. Examples of these include Global Goals Week and International Coastal Cleanup.

**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.

During the past two years, we have adapted to different ways of work as the pandemic has spread around the world.

For example, each year we ask the network to lead local engagement around Earth Day and Global Goals Week. We designed this year's activities to be suitable for use at home or in the office as many employees continue to work remotely. In addition, we have encouraged more use of video calls with the network in each region, which has helped to maintain a sense of connection during prolonged periods of lockdown.



# ERM's support for 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.

The 17 goals reside within the key document, [Transforming our World: The 2030 Agenda for Sustainable Development](#), and reaching these goals will take everyone's contribution – including government, civil society and business. ERM has been involved with the SDGs since the start of their development in 2012. 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 are strengthening 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 about the ways we contributed to the SDGs during FY22.](#)



# 3



## A year in review

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# FY22 highlights

## Working with clients

Supported  
**100+ GW**  
of newly installed  
renewable energy  
capacity

**80%**

increase in project sales  
helping clients transition  
to a lower carbon economy

**8**

new  
acquisitions  
strengthening  
capabilities across new  
energies, sustainability  
and digital

**80%** ↑

in downloads of  
SustainAbility Institute  
publications

Launched

**first-of-its-kind**

ESG ratings platform  
for private markets





# FY22 highlights

Across our operations

**Committed to  
NET-ZERO by  
2025**

**Pledged  
4 GW**  
ultra-low carbon  
hydrogen by 2035

Inaugural  
**Insight2Impact**  
thought leadership  
competition

**Science-based  
targets aligned to  
1.5°C**

**18** Employee  
Resource  
Groups  
launched



# Timeline of key events

As we look back on FY22, we are proud to share a few key milestones from ERM's sustainability journey throughout the year.

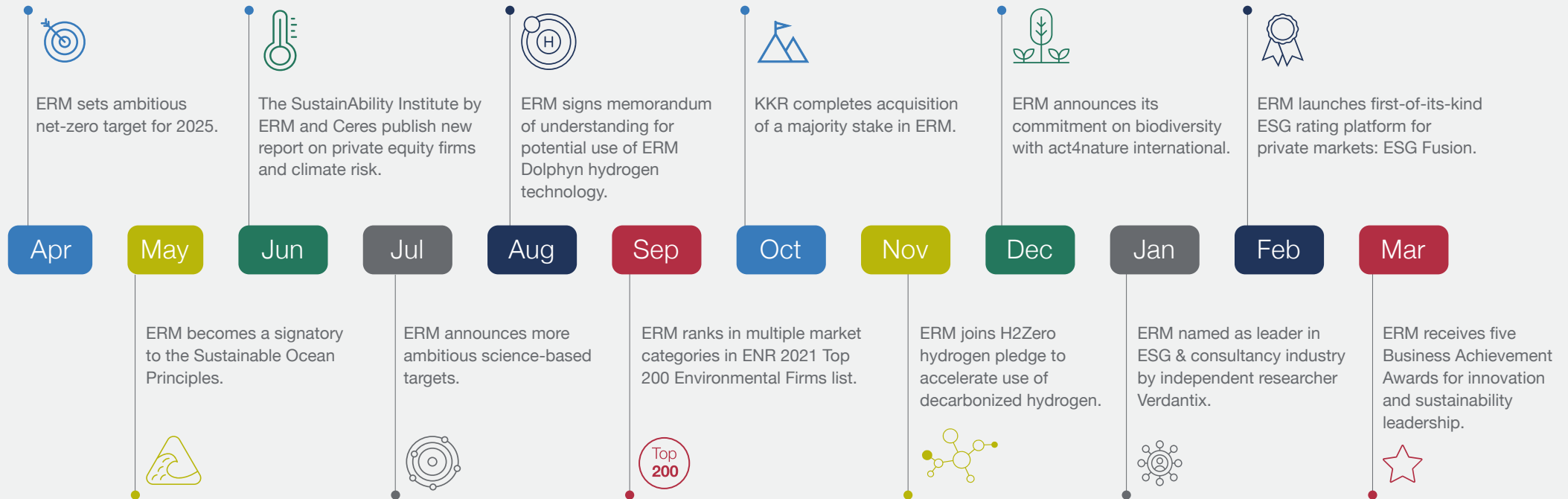
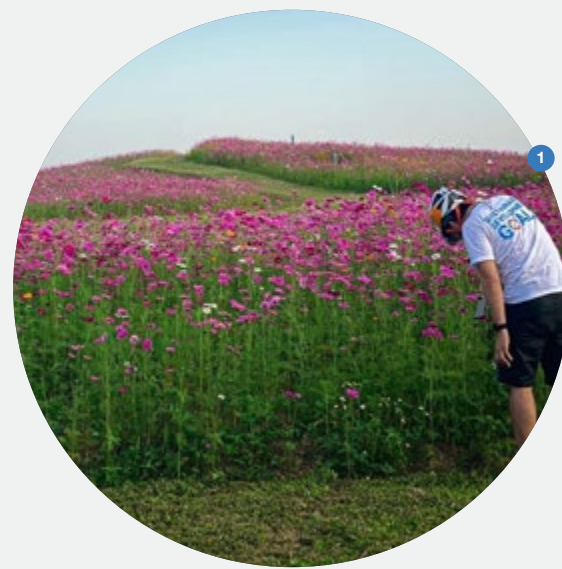





Photo credits  
 1. Tanakorn Suesatpanit, Thailand  
 2. ERM











# Performance against targets and goals

The following tables provide a snapshot of ERM's performance against our FY22 annual targets and five-year goals. [See page 31 for our new FY23 targets and longer-term FY26 goals.](#)

Key:

-  Target met or exceeded
-  Target partially met
-  Target not met

## FY22 performance against targets

Material topics	FY22 target	Results
 <p><b>Business conduct and ethics</b> <a href="#">Learn more</a></p>	No fines or nonmonetary sanctions for material noncompliance with laws or regulations	 Target met or exceeded
	100% completion of ERM global mandatory new starter training	 Target partially met (93% completed)
	95% completion of required refresher training for employees with designated due dates on or before 31 March 2021	 Target not met (72% completed)
 <p><b>Our people</b> <a href="#">Learn more</a></p>	Increase gender diversity among senior consultants, technical directors and Partners by 10% over previous year	 Target not met (3% increase)
	Establish a baseline of the ethnic diversity of employees across ERM	 Target met or exceeded
	Each employee receives a minimum of 40 hours training in fiscal year (formal and on the job)	Incomplete data - system limitations in tracking all forms of training
	Achieve at or above the last survey score of 70% for the engagement and 69% for enablement indexes in FY22 employee engagement survey	 Target partially met (Engagement score 65% and Enablement score 66%)
	Achieve a minimum of 80% in the inclusion index FY22 employee engagement survey	 Target partially met (scored 74%)
	Increase performance in four categories of the Global Diversity, Equity and Inclusion Benchmarks from FY21	 Target met or exceeded







**Key:**

★ Target met or exceeded

🎯 Target partially met

⦿ Target not met

**FY22 performance against targets, continued**

Material topics	FY22 target	Results
 <b>Health, safety and wellbeing</b> <a href="#">Learn more</a>	No Life Impacting or Fatal events for our ERM and subcontractor workforce	★ Target met or exceeded
	Achieve High Risk Rate Reduction at the Regional level greater than 10% over FY20 baseline	★ Target met or exceeded
	Set baseline for integrated wellbeing metric	★ Target met or exceeded
 <b>Climate-related risk and low carbon economy transition</b> <a href="#">Learn more</a>	Remain on track to meet science-based targets of 80% reduction in Scopes 1 & 2 and 30% reduction in Scope 3 emissions by 2025	★ Target met or exceeded
	Increase sales supporting low carbon economy transition by 50% over FY21	★ Target met or exceeded
 <b>Client satisfaction</b> <a href="#">Learn more</a>	Establish independent and verifiable client satisfaction process	⦿ Target not met (new target for FY23)
 <b>Contributing to society and local communities</b> <a href="#">Learn more</a>	Achieve FY22 impact-based targets for the ERM Foundation	★ Target met or exceeded
	Contribute 1% of prior year profits to support sustainability initiatives around the globe, including through the ERM Foundation	★ Target met or exceeded
	20% increase in publications downloaded from the SustainAbility Institute by ERM website	★ Target met or exceeded

**Key:**

★ Goal met

🔄 In progress

🚫 Goal not met

**Performance against longer-term goals**

Material topic	Long-term goal (to be achieved by FY22 unless otherwise indicated)	Result	Comments
<b>Business conduct and ethics</b>	No fines or monetary sanctions for material noncompliance with laws or regulations.	★ Goal met	ERM has had no fines or monetary sanctions for material noncompliance with laws or regulations.
<b>Our people</b>	Our employees reflect the diversity of the communities in which we work, based on gender, language and other measures.	🔄 In progress	We reflect the diversity of the communities in which we work in some areas of the world, and less so in other locations. As part of our overall approach to DE&I, we are continuing to focus on the composition on our workforce and develop more meaningful ways to demonstrate workforce representation.
<b>Health and safety</b>	Days away from work case (DAWC) rate below 0.06 and no fatalities.	★ Goal met	ERM achieved a 0.00 DAWC rate and no fatalities.
<b>Climate-related risk</b>	Achieve forecasted progress towards long-term science-based targets for 2025 & 2050.	🔄 In progress	ERM is on track to meet our long-term science-based targets. In FY21, we increased the ambition and adopted a science-based target in line with a 1.5-degrees Celsius future.
	Increase revenue from services that contribute to the low carbon economy transition.	★ Goal met	ERM increased revenue from these services by more than 70% over the past 5 years.
<b>Client satisfaction</b>	Increase growth in the average number of services provided to key clients by 15% (3-year rolling average).	★ Goal met	We achieved more than 15% growth in the average number of services provided to key clients.
<b>Contributing to society</b>	Increase Foundation contributions over time (e.g. the percentage of employees engaged, company donations & employee fundraising).	🚫 Goal not met	Contributions to the Foundation were impacted by the pandemic in recent years due to constraints on employee pro bono time, fundraising activities and in-person engagement with partners.
	Measure and report the impacts of the Foundation and non-client generated projects or programs on the Sustainable Development Goals.	★ Goal met	ERM has been reporting on our contributions to the Sustainable Development Goals (SDGs) in our annual Sustainability Report and ERM Foundation Annual Reviews.



## Material topics

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# Overview

ERM has had a companywide sustainability program in place for more than a decade, and we have reported publicly on our program and performance annually since 2012. During this time, we have adopted a leadership position: comprehensive disclosures, early adoption of new standards, and integration of best practices and tools from our own experts and innovators.



## 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, new investors, launching new digital products, new offerings for our clients, the ongoing development of our own offshore wind-to-hydrogen project known as ERM Dolphyn, our first sustainability-linked loan and a new CEO leading ERM. This transformation extends to our sustainability commitments as well as their disclosure and operationalization.



**Climate, nature and livelihoods**



**People**



**Impact and influence**



**Digital innovation**



**Accountability**

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

**Climate, nature and livelihoods**, including decarbonization, nature and biodiversity (collectively referred to as nature in this report), livelihoods and communities;

**People**, including talent and capability, wellbeing, diversity, equity, equality and inclusion (DE&I);

**Impact and influence**, including thought leadership, collaboration and society, measurement;

**Digital innovation**, including digital products, tech enablement, client privacy and data security; and

**Accountability**, including strategic and operational leadership, client and project selection and reporting and disclosure.

**These material topics are underpinned by our strategic foundations that we must deliver on:**

- **Health and safety;**
- **Risk management; and**
- **Ethical business conduct.**



## Leading by example:

# Expanding our approach to assessing materiality

**Our assessment has evolved 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 Global Reporting Initiative (GRI) standards. This sustainability report was developed to meet the GRI Universal Standards 2021.
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).
4. After an extensive enterprise risk management review and materiality assessment process this year, we have seen a shift in our material topics from previous years as we strive to reflect stakeholder expectations, the evolution of materiality and new disclosure requirements.








# Stakeholder engagement

We engage regularly with key stakeholders as this helps us understand, prioritize and manage our sustainability impacts as an organization as well as 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. Stakeholder feedback is integral to ERM's sustainability reporting process. Below are key issues raised by stakeholder groups, along with our response.






Stakeholder groups	Frequency and method of engagement	Topics of interest and ERM's response
<p>CLIENTS</p> 	<p><b>Ongoing</b></p> <hr/> <ul style="list-style-type: none"> <li>• Reviews of projects programs and relationships</li> <li>• Supplier surveys</li> </ul>	<p>Technical competence: see <a href="#">Projects</a>                      Understanding and managing risks: see <a href="#">Risk management</a>                      Protecting the privacy and security of data: see <a href="#">Client privacy and data security</a>                      Health and safety at work sites: see <a href="#">Health and safety</a>                      Sustainability performance: see <a href="#">Sustainability at ERM</a> and our performance data                      Diversity, equity, equality and inclusion: see <a href="#">DE&amp;I</a>                      Innovation and digitization: see <a href="#">Digital innovation</a>                      Insights and thought leadership: see <a href="#">Thought leadership</a></p>
<p>SENIOR MANAGERS, PARTNERS AND EMPLOYEES</p> 	<p><b>Ongoing</b></p> <hr/> <ul style="list-style-type: none"> <li>• Partner calls and all-staff (global and regional)</li> <li>• Meetings</li> <li>• Open door leadership</li> </ul> <p><b>Semi-annual</b></p> <hr/> <ul style="list-style-type: none"> <li>• Performance and development discussions</li> </ul> <p><b>Annual</b></p> <hr/> <ul style="list-style-type: none"> <li>• Employee reviews</li> </ul>	<p>Understanding and managing risks: see <a href="#">Risk management</a>                      Sustainable financial performance: see <a href="#">Financial overview</a>                      Protecting the privacy and security of data: see <a href="#">Client privacy and data security</a>                      Health and safety at work: see <a href="#">Health and safety</a>                      Employee attraction, learning and development and retention: see <a href="#">DE&amp;I, Wellbeing, Talent development</a>                      Innovation and digitization: see <a href="#">Digital innovation</a>                      Criteria for selecting clients and projects: see <a href="#">Client and project selection</a>                      Business conduct and ethics: see <a href="#">Ethical business conduct</a>                      Governance: see <a href="#">Accountability</a></p>

Stakeholder groups	Frequency and method of engagement	Topics of interest and ERM's response
LENDERS AND INVESTORS	 <p><b>Ongoing</b> _____</p> <ul style="list-style-type: none"> <li>• Lender and investor briefings</li> <li>• Responding to ESG and other requests for information</li> </ul>	<p>Performance against financial goals: see <a href="#">Financial overview</a></p> <p>Performance against sustainability goals: see <a href="#">2022 highlights</a> and <a href="#">Our performance data</a></p> <p>Climate change: see <a href="#">Decarbonization</a></p>
CONTRACTORS AND SUPPLIERS	 <p><b>Ongoing</b> _____</p> <ul style="list-style-type: none"> <li>• Communications on policies and expectations</li> <li>• Vendor surveys</li> </ul>	<p>Health and safety at work sites: see <a href="#">Health and safety</a></p> <p>Business conduct and ethics: see <a href="#">Ethical business conduct</a></p>
INDUSTRY PEERS, THOUGHT LEADERS AND ACADEMICS	 <p><b>Ongoing</b> _____</p> <ul style="list-style-type: none"> <li>• Conferences, webinars, meetings</li> <li>• Participation in collaborative projects</li> </ul>	<p>Climate change: see <a href="#">Decarbonization</a></p> <p>Biodiversity: see <a href="#">Nature and biodiversity</a></p> <p>Communities: see <a href="#">Livelihoods and communities</a></p> <p>Human rights: see <a href="#">Human rights</a></p> <p>Diversity, equity, equality and inclusion: see <a href="#">DE&amp;I</a></p> <p>Innovation and digitization: see <a href="#">Digital innovation</a></p> <p>Insights and thought leadership: see <a href="#">Thought leadership</a></p> <p>Criteria for selecting clients and projects: see <a href="#">Client and project selection</a></p> <p>Impact on nature and society, see <a href="#">Impact and Influence</a></p>
NONGOVERNMENTAL ORGANIZATIONS	 <p><b>Ongoing</b> _____</p> <ul style="list-style-type: none"> <li>• Conferences, webinars, meetings</li> <li>• Participation in collaborative projects</li> </ul>	<p>Climate change: see <a href="#">Decarbonization</a></p> <p>Biodiversity: see <a href="#">Nature and biodiversity</a></p> <p>Communities: see <a href="#">Livelihoods and communities</a></p> <p>Human rights: see <a href="#">Human rights</a></p> <p>Diversity, equity, equality and inclusion: see <a href="#">DE&amp;I</a></p> <p>Innovation and digitization: see <a href="#">Digital innovation</a></p> <p>Insights and thought leadership: see <a href="#">Thought leadership</a></p> <p>Criteria for selecting clients and projects: see <a href="#">Client and project selection</a></p> <p>Business conduct and ethics: see <a href="#">Ethical business conduct</a></p>
COMMUNITY MEMBERS	 <p><b>Ongoing</b> _____</p> <ul style="list-style-type: none"> <li>• Project-related meetings</li> </ul>	<p>Technical competence: see <a href="#">Projects</a></p> <p>Compliance: see <a href="#">Ethical business conduct</a></p> <p>Communities: see <a href="#">Livelihoods and communities</a></p>

# Assessing our impacts

In line with the GRI Universal 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 as through the work we do for our clients. Some of the impacts are direct and some are indirect. For example, the clients we work for may have a range of impacts through a particular activity or project that we may or may not have had direct involvement with.

Material topics <sup>1</sup>	Overview of impacts on economy, environment and people (including human rights)	Actual/potential	Negative/positive
 <b>Climate, nature and livelihoods</b>	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 livelihoods. Our services are directly related to helping our clients provide solutions to address these challenges and to operate in a more sustainable way.	Actual	⊕ Positive
	Some of the activities of the companies we work for may have negative impacts on climate, nature and livelihoods – 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 or human rights impacts.	Potential	⊖ Negative <sup>2</sup>
	Financial opportunity for ERM’s business as economies move towards a low-carbon and nature-positive future that addresses the social aspect of ESG with urgency.	Actual	⊕ Positive
 <b>People</b>	If we cannot attract, develop, reward and retain talented employees, we will be unable to help our clients meet their sustainability challenges.	Actual	⊖ Negative <sup>3</sup>
	Growing our diverse and inclusive work environment helps us create better solutions for our clients while respecting the rights of stakeholders.	Actual	⊕ Positive
 <b>Impact and influence</b>	ERM has a unique opportunity and responsibility to leverage our technical expertise, societal understanding and business acumen to shape a more sustainable world.	Actual	⊕ Positive
	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.	Potential	⊕ Positive and ⊖ Negative <sup>3,4</sup>

<sup>1</sup> Use the links in the table to see how ERM manages our material topics and the measures in place to track and monitor progress.



<sup>2</sup> Negative impacts relate to the activities of our clients.

<sup>3</sup> Negative impacts relate to our own operations.

<sup>4</sup> Negative impacts relate to the services we provide to our clients.



## Assessing our impacts, continued

Material topics <sup>1</sup>	Overview of impacts on economy, environment and people (including human rights)	Actual/potential	Negative/positive
 <a href="#">Digital innovation</a>	Digitization of environmental, health and safety (EHS) and sustainability systems makes our client's 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	⊖ Negative <sup>3, 4</sup>
 <a href="#">Accountability</a>	Good corporate governance will fulfill our responsibilities to our external investors, lenders, Partners, employees, suppliers and contractors, clients, regulators, society and the environment.	Actual	⊕ Positive
	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.	Potential	⊖ Negative <sup>3, 4</sup>

<sup>1</sup> Use the links in the table to see how ERM manages our material topics and the measures in place to track and monitor progress.

<sup>2</sup> Negative impacts relate to the activities of our clients.

<sup>3</sup> Negative impacts relate to our own operations.

<sup>4</sup> Negative impacts relate to the services we provide to our clients.

# FY23 sustainability targets and long-term goals

We set short-term targets and longer-term goals for each of our material topics.



## Climate, nature and livelihoods

Subtopic	Short-term targets (to be achieved by end of FY23)	Longer-term goals (to be achieved by end of FY26, unless otherwise indicated)
Decarbonization	<ul style="list-style-type: none"> <li>Increase sales supporting the low carbon economy transition by 40% over FY22</li> <li>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</li> </ul>	<ul style="list-style-type: none"> <li>40% of total revenue from projects supporting the low carbon economy transition</li> <li>Achieve operational net-zero by 2025</li> </ul>
Nature and biodiversity	<ul style="list-style-type: none"> <li>Publish biodiversity policy</li> </ul>	<ul style="list-style-type: none"> <li>Achieve nature-positive status</li> </ul>
Livelihoods and communities	<ul style="list-style-type: none"> <li>Integrate impact on society and communities into ERM's methodology for client decarbonization plans</li> <li>Establish criteria to ensure positive livelihood benefits in offsets strategy</li> </ul>	<ul style="list-style-type: none"> <li>100% of ERM's offset projects have demonstrated livelihoods benefits</li> </ul>



## People

Subtopic	Short-term targets (to be achieved by end of FY23)	Longer-term goals (to be achieved by end of FY26, unless otherwise indicated)
Talent development	<ul style="list-style-type: none"> <li>• Achieve workforce growth to meet client needs</li> <li>• Develop methodology to measure learning effectiveness</li> </ul>	<ul style="list-style-type: none"> <li>• Achieve workforce growth to meet client needs</li> <li>• Achieve year-on-year improvement in learning effectiveness</li> </ul>
Wellbeing	<ul style="list-style-type: none"> <li>• Achieve net engagement score above industry average</li> <li>• Establish a baseline for ERM's total wellbeing metrics</li> </ul>	<ul style="list-style-type: none"> <li>• Maintain net engagement score about industry average</li> <li>• Achieve year-on-year improvement in ERM's total wellbeing metrics</li> </ul>
DE&I	<ul style="list-style-type: none"> <li>• Achieve regional DE&amp;I annual targets</li> </ul>	<ul style="list-style-type: none"> <li>• Achieve DE&amp;I goals</li> </ul>

## Impact and influence

Subtopic	Short-term targets (to be achieved by end of FY23)	Longer-term goals (to be achieved by end of FY26, unless otherwise indicated)
Thought leadership	<ul style="list-style-type: none"> <li>• Increase engagement scores on The SustainAbility Institute social channels by 10%</li> </ul>	<ul style="list-style-type: none"> <li>• Outperform industry benchmarks for thought leadership</li> </ul>
Collaboration and society	<ul style="list-style-type: none"> <li>• Contribute 1% of prior year profits to support sustainability initiatives globally</li> </ul>	<ul style="list-style-type: none"> <li>• Contribute 1% of prior year profits to support sustainability initiatives globally, with a minimum of 0.5% to ERM Foundation grants</li> </ul>
Measurement	<ul style="list-style-type: none"> <li>• Develop 3 year road map to enhance measurement of ERM's work with clients</li> <li>• Deploy client feedback approach across the Key Client Program</li> </ul>	<ul style="list-style-type: none"> <li>• Quantify and report sustainability impacts across all elements of ERM's business</li> </ul>



## Digital innovation

Subtopic	Short-term targets (to be achieved by end of FY23)	Longer-term goals (to be achieved by end of FY26, unless otherwise indicated)
Digital enablement	<ul style="list-style-type: none"> <li>Finalize roadmap for digital enablement of core service offerings</li> </ul>	<ul style="list-style-type: none"> <li>Deliver roadmap for digital enablement of core service offerings</li> </ul>
Client privacy and data security	<ul style="list-style-type: none"> <li>No reportable breaches of privacy regulations</li> </ul>	<ul style="list-style-type: none"> <li>No reportable breaches of privacy regulations</li> </ul>

## Accountability

Subtopic	Short-term targets (to be achieved by end of FY23)	Longer-term goals (to be achieved by end of FY26, unless otherwise indicated)
Strategic and operational leadership	<ul style="list-style-type: none"> <li>Implement formal Board oversight of sustainability and ESG topics</li> <li>Develop methodology for integrating ESG criteria into the Executive Committee and Partner performance management system</li> </ul>	<ul style="list-style-type: none"> <li>Increase transparency of Board ESG metrics</li> <li>Integrate ESG criteria into performance management system for all line managers</li> </ul>
Client and project selection	<ul style="list-style-type: none"> <li>Implement updated approach to client and project selection</li> </ul>	<ul style="list-style-type: none"> <li>Assess all clients and projects in alignment with ERM's purpose</li> </ul>
Reporting and disclosure	<ul style="list-style-type: none"> <li>Develop roadmap for early adoption of emerging standards for reporting</li> </ul>	<ul style="list-style-type: none"> <li>Maintain leadership position for sustainability and ESG reporting requirements in all jurisdictions in which we operate</li> </ul>



# Climate, nature and livelihoods

## Why this topic is material for ERM

The unsustainable use of our natural resources has created an existential threat to our planet and society. We believe business has an important role to play and over the past two years ERM has been an active contributor and proponent of [Vision 2050: Time to Transform](#), an initiative led by the World Business Council for Sustainable Development (WBCSD) and 40 leading companies.



Photo credit: Silvina Pombo, Switzerland

ERM contributes to initiatives like Vision 2050 because we believe that delivering the pace and scale of change that is needed requires meaningful engagement with all stakeholders – businesses collaborating with governments, customers, suppliers, consumers and wider society. ERM has an important role to play in these coalitions of change by sharing our expertise and experience of how to deliver climate action, protect nature and ensure sustainable livelihoods for all.

We know our most significant impact is through the work we do with our clients. ERM helps clients develop integrated approaches to decarbonization, become nature positive and address their social impacts within their organizations and on society.

We support a precautionary approach to environmental challenges, and we undertake initiatives to promote greater environmental responsibility and encourage the development of environmentally responsible technologies and products.

**“9 billion+ people living well, within planetary boundaries.”**

**Vision 2050: Time to Transform**



**Our success as a business is dependent on delivering our strategy to strengthen and scale our capabilities to meet our clients’ needs as they respond to these themes.**

• 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. Our portfolio of clients and projects has changed significantly in recent years as climate, nature and livelihoods present new risks and opportunities for the private and public sectors.

• Our clients are being driven to build a robust social license for many reasons, and these hold true for ERM as well. Companies are increasingly being held responsible for their activities, including human rights issues, within their operations and their supply chains.

• The natural world underpins our economy, society, health and wellbeing, as well as our ability to live on this planet. Climate and nature are inextricably intertwined. As a result, businesses are building a deeper understanding of their own impacts on nature and their dependencies on nature across the value chain. In turn, nature and biodiversity issues are moving up the priority list for business action, and ERM is developing a roadmap for the coming years.

• 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 strengthening value chains, driving innovation, and attracting and retaining human and social capital.



Photo credit: Vi Thang, Vietnam



Photo credits: Kelly Horton, Kenya

# Decarbonization

**Decarbonization is an economic, environmental and social necessity. ERM is responding to this driver of change by evolving how we respond to client needs, run our own business and collaborate with other organizations. We have set a number of targets that reflect our focus on these elements of decarbonization.**

## Assessing risks and identifying opportunities for our clients

Our most significant contribution in helping combat climate change is through our work with clients, including with some of the most carbon-intensive industries, as they transition to a lower-carbon future.

ERM's approach is centered on developing an understanding of the risks and opportunities that climate change poses to a business and developing pragmatic programs to manage and mitigate those risks and respond to the opportunities. Developing and executing a plan that not only manages risk but also identifies the new business opportunities created by decarbonization requires a unique combination of strategy, business acumen, and deep energy, climate, environmental and social policy expertise. Through our guidance, businesses are making a shift in their policies, products and performance not least because corporate climate action is becoming a precondition for financial investment.

Our deep experience in climate policy, carbon-intensive industries, alternative low-carbon and clean technologies, carbon markets, economics, and risk management provides our clients with the broad range of insights required to build these plans. We support clients with:

- Developing clear strategy and governance systems;

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- Conducting active stakeholder engagement and developing credible disclosures;

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- Implementing effective actions and actual decarbonization projects in the operations of a business and its value chain;

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- Creating resilient infrastructure and business portfolios; and

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- Delivering smart divestment, decommissioning and regeneration.

**Financial risk:** Climate change presents a threat to the stability of our financial systems through two main channels: transition risks (arising from changes in climate policy, technology, consumer sentiment and market dynamics) and physical risks (arising from damage to property, infrastructure and supply chains). Together they threaten to bring serious financial exposures to companies and their investors, lenders and insurers.

The G20 Financial Stability Board established the Task Force on Climate-related Financial Disclosures (TCFD) to develop guidelines for analysis and disclosure of climate-related financial risk and opportunity for the benefit of investors,



Photo credit: Linden Edgell, United Kingdom

lenders, insurers and other stakeholders. ERM contributed to the technical supplement on the use of scenario analysis in relation to climate-related financial risks and opportunities to determine strategic response options. We use this knowledge and expertise in advising clients across all sectors in how to meet the TCFD recommendations that cover governance, strategy, risk and metrics and targets.

Using our deep understanding of the TCFD and other emerging reporting and disclosure requirements, we assist clients to assess financial risk from climate change and deliver strategic responses to capture opportunities emerging from the low-carbon transition.



**In-house, world-class** consultants, with capabilities ranging from market insights to construction safety, collaborate globally to offer **strategic insight and technical excellence** across the full project life cycle of renewable energy projects

#### Renewables

As the transition to a lower-carbon future accelerates, ERM partners with its clients at all stages of the project development life cycle to bring their renewable energy investments to market, while maximizing speed and adaptability.

Drawing on our deep in-house energy sector expertise, established network of trusted local partners and global experience, we offer strategic insight and technical excellence across the full project life cycle.

We have delivered more than 1,500 renewable energy projects in over 100 countries. These projects include first and second-of-its-kind technologies, which require innovative, experienced and integrated teams. Our recent acquisitions of RCG, E4Tech, Element Energy and Arcus have added more than 200 industry professionals with experience working across the globe for the world's leading renewables and clean technology developers.

In the last year, ERM helped deliver more than 100 gigawatts of renewable power – more details can be found in our [Impacts and influence section](#).

In FY22 we exceeded our target for growth in the sales resulting from supporting clients with their transition to a lower-carbon future. We have set a target to increase our sales by a further 40% on FY22 in the coming year and for 40% of our total revenue to be derived from projects supporting the low carbon economy transition by 2026.



Photo credit: Phat Tran, Vietnam



**[Listen to James Stacey, ERM's Global lead on the transition to a lower-carbon economy shares his insights on decarbonization.](#)**



# CASE STUDY

## Award-winning technology for producing affordable low-carbon hydrogen at scale

ERM has developed a technology known as **ERM Dolphyn** that produces low-carbon green hydrogen from offshore floating wind technology and electrolysis, with hydrogen sent directly ashore via pipeline.

The technology has been advanced by ERM over the last four years, with significant support from the governments in the United Kingdom, Scotland and Wales. Our ambition is to move towards gigawatt-scale production at multiple locations globally following an initial set of offshore trials, demonstration projects and stepping-stone projects in the North Sea and Celtic Sea. We aim to work with developers and funders to realize this ambition, delivering low-carbon solutions that have a substantive impact on national and regional decarbonization targets.

ERM's ambition aligns with our pledge made through the **H2Zero initiative**, where we as a company intend to enable the production of at least 500 megawatts of ultra-low carbon hydrogen by 2030 and a minimum of 4 gigawatts by 2035.

ERM has recently been awarded £8.6 million by the UK Department for Business, Energy & Industrial Strategy to undertake offshore hydrogen production trials in Wales in 2023 and to advance the front-end engineering design for the demonstration project in

Scotland, to be constructed by 2025. The funding was awarded through the Net Zero Innovation Portfolio Low Carbon Hydrogen Supply 2 Competition, which was announced in May 2022. The funding announcement follows the launch last month of the UK government's British Energy Security Strategy, which builds on its 10-point plan for a green industrial revolution and net-zero strategy.

The ERM Dolphyn team is now actively engaging with energy developers and funders to explore opportunities for bringing ERM Dolphyn into to commercial scale projects in the United Kingdom and further afield. One opportunity that is well advanced is in the Celtic Sea, known as "Project Dylan." The energy developer is **Source Energie**, which has been working for some time to identify medium- and long-term sites for development of floating offshore wind. Bringing ERM Dolphyn into Project Dylan provides an alternative route to market, producing green hydrogen rather than electricity at a scale that will accelerate the decarbonization of industry, transport and power in Wales and Ireland.

The initial project will be 300 megawatts in scale and has a target deployment date of 2027 to 2028. Further expansion to 2.3 gigawatts is planned for early 2030's. This would provide enough hydrogen to heat around a million homes with no carbon emissions at the point of use. The full-scale development would also bring several thousand much needed jobs and training opportunities to the region through assembly, construction and operation.



Photo credit: ERM



**"The aim for ERM Dolphyn is to replicate the example of Project Dylan multiple times around the globe, working with developers and funders who share our passion for delivering affordable low carbon hydrogen solutions at scale"**

**Steve Matthews**  
Director for Hydrogen Ventures, ERM (United Kingdom)

**"The UK is truly leading the world in hydrogen innovation thanks to the exciting efforts of companies like ERM. The government support which they have received today will help to boost the development of hydrogen as the clean, affordable, homegrown super-fuel of the future."**

**Greg Hands**  
Energy Minister, UK Government

# CASE STUDY

## ERM goes to COP26

The UN Climate Change Conference COP26 held in Glasgow in late 2021 was a pivotal moment in the global efforts to address climate change. ERM was an active participant with more than 60 colleagues in Glasgow for different COP26 activities that included:

- ERM's CEO speaking at the "We Mean Business Pavilion" as part of the WBCSD H2Zero hydrogen pledge launch.
- Partner Ricardo Zibas presented in the Food and Agriculture Organization of the United Nations (FAO) event, hosted by the Brazilian Ministry of Environment.
- ERM Dolphyn was featured with Partner David Caine outlining the role of hydrogen in a decarbonized future.
- Partner Simon Aumonier spoke at an event on eco-design with companies along the health and pharmaceutical value chain collaborating to achieve a more circular approach.
- The ERM SustainAbility Institute published [Connecting ESG, Capital Markets, and CFOs](#) and the [2021 Climate Survey Evaluating Progress](#).
- Element Energy, an ERM Group Company, authored [Bringing a 'just' transport system to the COP26 agenda](#) to outline the importance of transport policy and investment.
- RCG, an ERM Group company outlined the importance of [Taking action to accelerate global offshore wind development](#).
- We hosted ERM comes to COP26, with employees from our energy transition teams from the UK traveling to Glasgow to experience COP, engage with clients and provide perspectives on the challenges and opportunities ahead.
- We hosted the [Climate Dialogue](#) series to enable colleagues from across the world engage with the COP26 agenda.

We are planning to be active in COP27 in Egypt in late 2022.



Photo credit: ERM



Photo credit: ERM



# CASE STUDY

## Supporting US renewable energy development

ERM is providing environmental studies, including biological and wetland field surveys, land use permitting and community engagement in support of more than six utility-scale solar generating plants and battery energy storage systems throughout the northeastern United States. These plans will be co-located with existing substations or replace conventional fuel-fired plants.

The generation and storage capabilities of the facilities will support renewable power standards and grid reliability. Prior to permitting, ERM conducted constraints analyses on a broader asset portfolio to support the determination of which sites provided maximum land and resources for renewable energy development.



**“One of the biggest challenges facing the power sector is ensuring the reliable delivery of energy in a world wanting to move to renewable and storable forms of energy while leveraging distributed generation technology and resources.**

**Our power clients are making noteworthy progress in decarbonizing power generation and driving the development of key technologies. It’s an exciting time to be at ERM, as we support our clients in creating and implementing strategies to transition to a low-carbon economy in a financially sustainable manner.”**

**Derek Edge**  
Partner, ERM (United States)



Photo credit: Luke Boyden, United Kingdom & Francis Charbonneau, Canada

## CASE STUDY

# Award-winning thermal remediation project in South Africa

**ERM has been involved in more than 50 thermal remediation projects in 17 different countries, successfully undertaking these complex projects safely and to schedule. We recently completed one of these projects for a large, multinational company using thermal technology after demonstrating its applicability to meet the client's needs.**

Our thermal solution enabled a previously contaminated site to be remediated and returned to productive use, reducing the client's liability and minimizing their property rental payments by achieving a rapid exit. The project was the first thermal remediation carried out in South Africa and required close engagement with the authorities to demonstrate it met regulations and desired outcomes.

While thermal remediation projects are completed in rapid timeframes and result in almost complete removal of contaminants

compared with other remedial technologies, achieving this favorable outcome typically requires significant amounts of energy and water, and the generation of effluent that requires further treatment or disposal. In an effort to implement the remediation in a more sustainable way, we incorporated various sustainable elements throughout the project life cycle, including the use of alternative energy, water recycling and on-site effluent management.

The project also won the client's first Sustainability Award for Innovation.

In presenting the award, the panel highlighted several key aspects of the project, including:

- Use of biofuels and recycling of extracted groundwater for reuse to generate steam;
- Demonstrated end-to-end sustainability thinking embedded into the remediation system;
- Focus on water scarcity; and
- On-site treatment of effluent for permitted discharge to sewer as industrial effluent, preventing the need for off-site treatment and/or disposal.

ERM has presented our approach and project results at a recent international conference on sustainable remediation and land management. In addition, we have had a paper accepted by a peer-reviewed journal, with publication expected later this year.



Photo credit: ERM

# ERM's own response

We continue to take steps toward reducing our direct and indirect impact on climate change. This year we strengthened our science-based targets to align with the pathway to reduce GHG emissions to levels that will limit global warming to 1.5 degrees Celsius above pre-industrial levels.

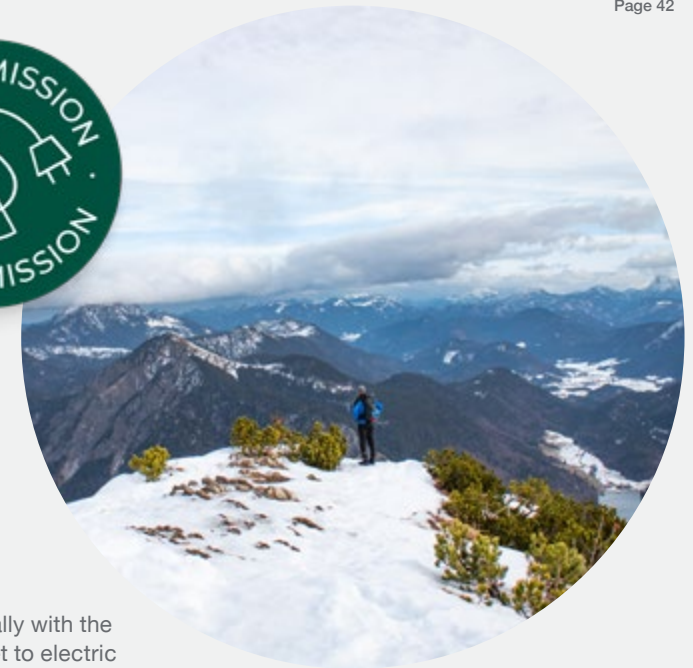


Photo credit: Marco Schoen, Germany

## 2025

### ERM net-zero by 2025

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

#### Our SBT targets for 2025 are:

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

ERM has been highly rated for our commitment to achieve net-zero emissions by 2025 in the Environment Analyst report on Consultancies in the UN Race to Net Zero.

#### Emissions reductions

We remain focused on reducing our own emissions, and in FY22 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 energy 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. We began

a review of our vehicle fleet globally with the aim of converting 50% of our fleet to electric or hybrid vehicles by 2025. We made good progress on transitioning our fleet of vehicles in Europe to lower-emissions or electric vehicles and will apply these learnings to other parts of the world in the coming years.

We have set a target for the next financial year to remain on track to meet our net-zero commitment and science-based targets. Our longer-term target is to remain on track to meet net-zero.

As a professional services firm, Scope 3 emissions, reductions remain our biggest challenge. With the impact of the pandemic on our work and travel patterns, we have commenced a complete review of our Scope 3 emissions, which will be finalized in the next financial year. To inform this review, we are working with internal teams and our 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 will feed into our updated implementation plan to meet our net-zero and science-based targets.



**“Now in the decade of action, the ambition to reach 1.5 degrees Celsius is critical. Our net-zero target, which applies across all our operations, drives our ambition as we continue to encourage the world’s leading organizations to follow our lead and do the same.”**

#### Linden Edgell

Global Sustainability Director, ERM (United Kingdom)



**Our travel policy and reduced travel budgets remain in place to address emissions as travel increases in locations where pandemic restrictions have been eased. Following the adoption of our sustainable procurement policy, we are working with our teams to assess the emissions from purchased goods and services and how we could more effectively manage these.**

#### Residual carbon emissions

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 are developing a robust plan to address any residual emissions.

Ahead of our 2025 net-zero target, we are also preparing a plan to compensate for a portion of emissions through natural climate solutions. These plans will include 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. These plans will be finalized and implemented from FY23.

Since the adoption of our commitment in April 2021, the Science Based Target initiative (SBTi) has released its Corporate Net-Zero Standard that sets out certain criteria for company commitments. We will determine our response after reviewing our Scope 3 emissions and assessing options for managing residual carbon emissions.



Photo credit: Luke Boyden, United Kingdom & Francis Charbonneau, Canada

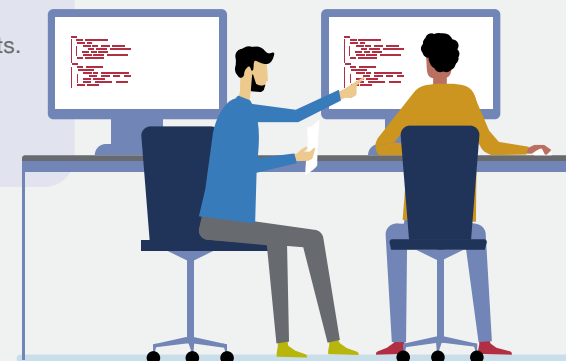
This year, we have undertaken external assurance of our GHG emissions data as part of our approach to continuous improvement and in preparation for enhanced financial disclosure requirements in the United Kingdom and other key jurisdictions in which we operate. [Further details can be found in the Assurance section.](#)

#### 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 targets and metrics in our [TCFD disclosure](#) and [TCFD Index](#).

#### ERM's collaborations

ERM is a member of the Race to Zero campaign, the Business Ambition to 1.5 degrees, Pledge to Net Zero, the Climate Pledge and other leading collaborations to meet climate targets. [More details can be found in the Collaborations section.](#)



## Leading by example:

# Understanding home worker emissions

For the second year, we have calculated the associated energy use and GHG emissions from home-based working given that the majority of our workforce is working a proportion of their time at home.

Capturing the additional energy use and associated carbon emissions from employees who work from home, rather than commuting to and working in an ERM office, gives us a more complete understanding of our Scope 3 emissions.

During FY22, ERM evolved our methodology to approximate our carbon footprint from home workers. We collected data from our employees using the Check-In App that we created to track where employees are working each day, as well as other sources. We used this data to test the Ecometrica Homeworker Module, which calculates the additional energy demand associated with home working, applying residential heating and cooling data based on country-specific emission factors.

Using this methodology, we calculated 2,532 metric tons of carbon dioxide equivalent (tCO<sub>2</sub>e) associated with the additional energy demand from our employees working from home in FY22. To put this into perspective, in FY20 (our last full year of operations before the pandemic) our employee commuting emissions were 6,636 tCO<sub>2</sub>e vs. 2,532 tCO<sub>2</sub>e in FY22, a decrease of 62%.

ERM is not including the estimated energy demand associated with working from home in our total GHG footprint, as we are seeking to improve the robustness of the methodology and assess any standards or guidance that we expect to be published in the coming year.

Through our technical experts and the industry associations we belong to, we are contributing to these efforts. We will continue to improve our methodology and report on the emissions from home working and commuting as part of our publicly reported climate-related risk data.



Photo credit: Ramiro Montes, Peru



# Nature and biodiversity

The quality of life on Earth depends on thriving, diverse and complex ecological systems.

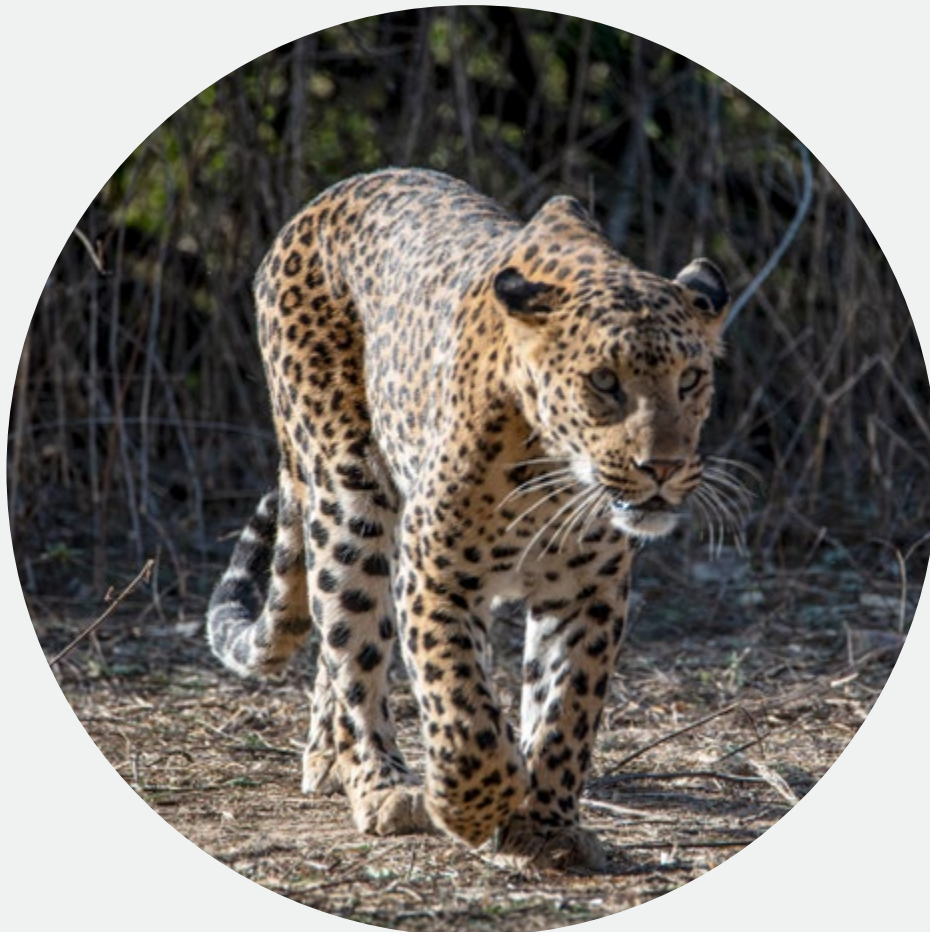


Photo credit: Arnab Basu, India

**As a growing body of evidence and global initiatives highlight the seriousness of nature and biodiversity decline, it is essential for companies to implement measures to help reverse this trend and become nature-positive.**

As defined by the World Economic Forum, “a nature-positive approach enriches biodiversity, stores carbon, purifies water and reduces pandemic risk. In short, a nature positive approach enhances the resilience of our planet and our societies.”

An informed, sustainable approach to nature can provide opportunities for business stability and growth. Failing to proactively manage nature-related risks appropriately can result in failure to secure required approvals, increased costs, schedule delays, loss of social license to operate, and reduced access to, or availability of, critical supply chain elements.

ERM is committed to doing our part to halt and reverse nature loss. This is a new material topic for ERM, and as such we are working to strengthen our management approach. This includes development of our biodiversity policy in FY23. In addition, we have set a longer-term goal to achieve nature-positive status by the end of FY26.

Clients engage ERM to understand the nature-related impacts, risks and dependencies of their operations, including their supply chains and products; develop strategies and solutions to minimize adverse impacts and maximize opportunities to benefit nature; inform key decisions to ensure compliance with relevant

standards; and provide strategic advice regarding project development. ERM has an unparalleled team of nature experts offering:

- Insights into leading-edge work and initiatives, helping to shape emerging frameworks and sector guidance;
- Active engagement in the evolving approaches to nature-related disclosure, including the Taskforce for Nature-related Financial Disclosures, Science Based Targets Network, and emerging EU CSRD;
- Leading-edge tools and processes developed through our work with multinational clients and partner organizations, such as the WBCSD Nature Action program, the Natural Climate Solutions Alliance, act4nature international and others.
- Unparalleled global geographic experience with significant projects in more than 120 countries;
- More than 250 professionals in 24 countries, offering in-depth technical expertise on nature, paired with local knowledge and experience;
- Globally recognized expertise in understanding and complying with the most stringent international standards; and
- Services spanning the project life cycle, from conception and feasibility to project implementation, closure and restoration.

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Leading by example:

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## ERM announces our commitments on biodiversity with act4nature international

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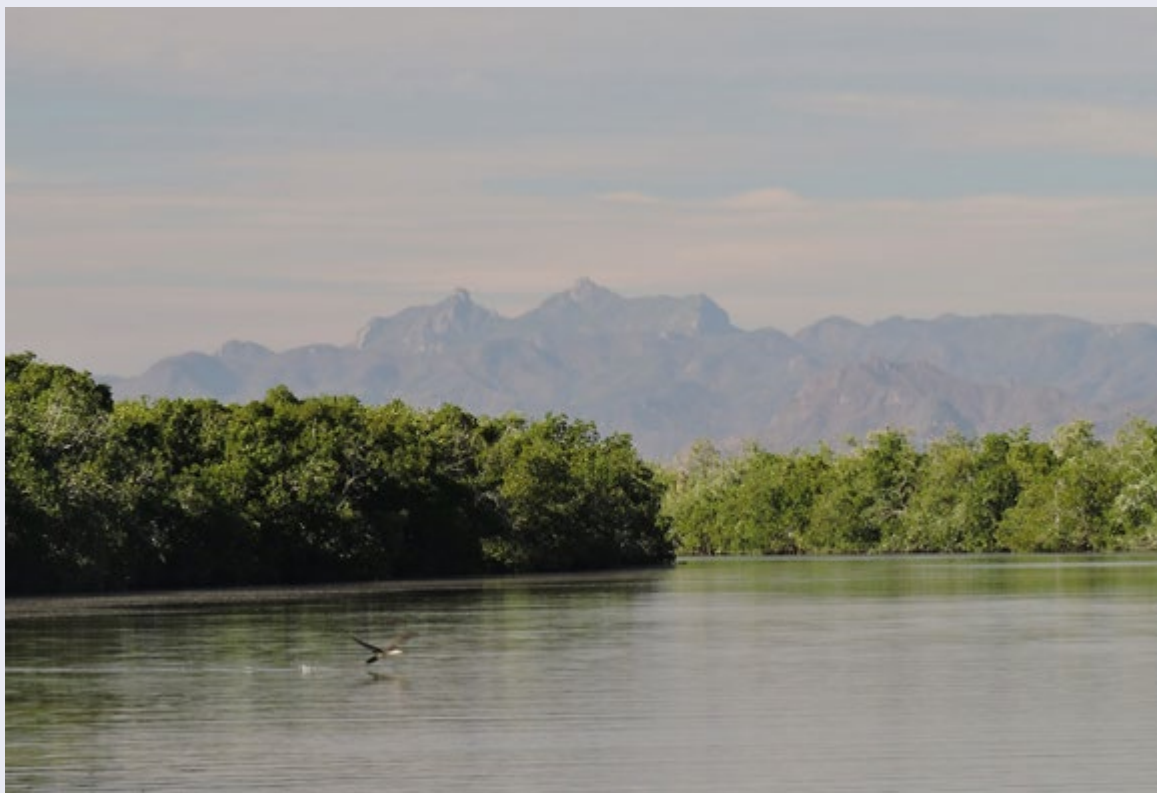


Photo credit: Aranza Zamora, Mexico

In December 2021, ERM announced an important new set of commitments on biodiversity with [act4nature international](#). These public commitments will drive action across our work with clients, our own operations, employee engagement, and external engagements, including the ERM Foundation.

We have a working group led by ERM's biodiversity technical matter experts, who were part of the process to set the actions and goals for ERM. We are now working on the implementation phase, focusing first on our internal operations and employee engagement. Phase two of our commitments will be focused on our impact and contribution with clients.

[Learn more about our progress here.](#)



**“The rate of animals and plants lost to extinction highlights the urgency of protecting imperiled species. Despite strong regulatory frameworks, we have failed to save so many species. The global trend is daunting, which is all the more reason to do everything we can to help turn the tide. Every impact avoidance measure, conservation or restoration effort we help our clients implement adds up. We challenge ourselves to do more everyday because life itself depends on it.”**

**Julia Tims**

Biodiversity and Ecological Services Technical Community Lead, ERM (United States)

## Oceans



Photo credit: Anna Domaradzka, Poland

**ERM has been providing expertise to support our client's activities on the coast or in the world's seas and oceans for decades. We have a dedicated Marine Systems technical community that supports clients on all aspects of marine development, including marine environmental approvals and planning as well as field survey planning and execution.**

Infrastructure and industrial activities at sea not only pose risks to marine systems, but they also involve additional worker safety and operational risks particular to the ocean environment.

For activities involved with offshore energy, to the installation of submarine telecom cables, ERM helps clients understand and manage

their marine environmental, safety and social risks to enable them to make effective decisions to safeguard the environment, its workforce and people in the community.

Risks must take into account not only the direct interaction with the marine environment, but also the biologically diverse ecosystems that depend on it.

ERM risk specialists assess the inherent safety of a project, and modeling specialists predict the consequences of planned activities and unforeseen events. The marine systems team works with clients to understand the significance of any impacts and deliver the best practicable outcome throughout the project life cycle.

### Leading by example:

## ERM becomes signatory to the Sustainable Ocean Principles

**ERM joined over 60 companies worldwide, representing a total asset of \$1.4 trillion dollars, as new signatories to the [Sustainable Oceans Principles](#). An initiative of the [UN Global Compact](#), this set of core principles provides a framework for a healthy and productive ocean.**

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

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.

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 alongside good practices, thus supporting the development of standards and good practices recognized in the industry.



**“By implementing the Ocean Sustainable Principles, we are gaining a better understanding of how to proactively reduce the footprint of our operations while helping our clients align with today's new standards and challenges as well as adopt long-term sustainable practices.”**

**Francisco Pinilla**  
Partner, ERM (Peru)



# CASE STUDY

## Partnering with P&G to unlock new solutions to water challenges

**In June 2022, P&G announced a comprehensive strategy to help build a water positive future that can sustain people and nature, now and for generations to come.**

The strategy focuses on restoring water in 18 water-stressed areas around the world, responding to water challenges through innovation and partnerships, and reducing water in our operations. As part of its strategy, the company set two new 2030 water goals that commit to:

- Restore more water than is consumed at P&G manufacturing sites located in 18 water stressed areas around the world.

- Restore more water than is consumed during the use of our products in metropolitan areas of Mexico City and Los Angeles, two high water-stressed areas.

The full [Strategy Toward a Water Positive Future](#) outlines a comprehensive approach to achieving our goals. Learn more about the full portfolio of water restoration projects P&G is supporting by visiting the [interactive map here](#).

**“P&G values our partnership with Environmental Resources Management (ERM). P&G worked with ERM to establish our Water Risk Assessment framework to identify sites located in water-stressed areas. And P&G continues to work with ERM to understand our local watersheds’ challenges and create water stewardship action plans. I want to acknowledge the efforts and expertise of the ERM global team and country experts around the world.”**

**Kate Brown**

Director Product Supply Water Sustainability, The Procter & Gamble Company



Photo credit: Stephanie May, United States

# Nature-based and natural climate solutions



Photo credit: Stephanie May, United States

**Nature-based solutions and Natural Climate Solutions (NCS) are becoming mainstreamed as a means for meeting corporate sustainability and ESG commitments, while simultaneously addressing global societal challenges such as climate change mitigation and adaptation, food and water security, and the preservation of nature.**

Nature-based solutions constitute a range of actions to protect, sustainably manage and restore natural ecosystems to address social, economic and environmental challenges, and provide human and biodiversity benefits. Natural Climate Solutions (NCS) are a subset of nature-based solutions that focus on actions that reduce or remove GHG emissions through nature conservation, restoration and improved land management.

By working with ERM, businesses can achieve strategic, operational, reputational and financial goals that are frequently impacted by sustainable management of biodiversity and ecosystems. Nature-based solutions and NCS present opportunities for business to provide positive responses to nature and climate challenges but must be done in a strategic, integrated and consultative way – and ERM has the expertise necessary to accomplish this.

ERM is a member of the Natural Climate Solutions Alliance (NCSA), and the SustainAbility Institute by ERM is co-developing the CEO Guide for NCS and the voluntary carbon markets, which will be released in mid-2022.



Photo credit: Jacob Braslaw, United States



**[Learn more about the CEO Guide from Carly Sibilina, ERM Consultant, in this short video.](#)**



## Land management

**The significant potential of NCS to contribute to global GHG emission reduction targets while simultaneously offering socio-economic and biodiversity benefits in support of the SDGs has resulted in the evolution of land-use focused carbon capture programs under existing carbon offset verification schemes. We work with clients to assess and conduct due diligence on programs and projects as they develop and implement their net-zero and nature positive approaches.**

We also conduct monitoring, verification, reporting and assurance of projects to ensure they are operated to the highest standard over the life of the project.

The carbon capture potential of a project is highly dependent on the success of its implementation and the developer's regard for the social systems in which the project is embedded. ERM's integrated approach to NCS leverages stakeholder collaboration and expert technical insight in biodiversity and environmental justice to ensure the integrity and high quality of NCS credits.



Photo credit: Kirsten Tillotson, United Kingdom

# Livelihoods and communities

In 1987, the United Nations Brundtland Commission defined sustainability as “meeting the needs of the present without compromising the ability of future generations to meet their own needs.” People are at the heart of sustainable development, and for the past 50 years ERM has addressed the needs of the communities in which we live and work, as well as broader society.

There is increasing focus on the ‘S’ in ESG – that is the social risks to companies of not acting in accordance with regulations, stakeholder expectations and ethical standards. ERM was involved in developing the [Human and Social Capital Protocol](#) which set out how companies should think about their role as an employer and within wider society. In recent years, the impacts of the pandemic, conflict, inequality and many other factors has seen business becoming more engaged and vocal on social issues, as well as the challenges they present to them as companies and employers. We have selected the term “livelihoods and communities” to reflect the evolving role of companies including ERM.

Our clients’ activities often affect the rights and interests of a broad range of stakeholders, including Indigenous Peoples, landholders, employees, contractors, investors, bankers, consumers, nearby residents and businesses, governmental authorities, nongovernmental organizations (NGOs), and the public at large. Our role is to advise and work with our clients to engage these stakeholders and facilitate their ability to represent their views and interests.

Our experts help clients in the following ways:

**Building relationships.** Building and maintaining resilient, collaborative relationships with rights holders and stakeholders and earning trust and acceptance, which are the cornerstones of a social license.

**Respecting human rights.** Assessing and addressing human rights risks and remedying impacts across operations and the supply chain.

**Avoiding and minimizing social risks and impacts.** Identifying, assessing and minimizing social risks and impacts, including political and regulatory risks. Achieving environmental justice and social equity.

**Realizing social benefits.** Realizing socioeconomic benefits for communities and contributing to the SDGs.

**Developing management and reporting systems.** Designing proactive management systems to deliver and report on above while protecting and creating value for the client.



Photo credit: Maritza Castro, Colombia



## Human rights

**With greater awareness of human rights atrocities around the world, investors, governments, and stakeholders increasingly expect companies to identify, prevent and remediate any direct or associated human rights risks or impacts.**



Photo credit: Margaret Duddington, South Africa



Photo credit: Thuy Nguyen, Vietnam

**The UN Guiding Principles on Business and Human Rights, which articulate companies' human rights responsibilities, have been incorporated into lending standards and increasingly codified through regional, national, and local legislation – though this varies from country to country and in the breadth of its application.**

This requires companies to have both a broad and granular understanding of the legal and reputational risks in the jurisdictions where they operate, or have ambition to operate. However, the capability to address these challenges often sits outside their knowledge base and comfort zone.

Human rights will be a critical element of a successful, fair, equitable and just transition towards decarbonization and a nature-positive future. ERM helps clients understand human rights risks and prevent or remediate negative impacts. Our capabilities include:

- Human rights due diligence;
- Human rights policy and strategy development;
- Supply chain analysis and risk management;
- Human rights risk and impact assessment;
- Developing or strengthening company management systems; and
- Guidance on grievance management and remediation.

With a dedicated team of human rights specialists based in key locations around the world, our global team has expertise in managing human rights issues relevant to land rights and resettlement, child labor, modern slavery, labor and working conditions (including worker safety), Indigenous Peoples, security, community rights, and supply chain impacts.

We combine an intimate understanding of emerging international and national requirements with practical on-the-ground experience to support clients in understanding and fulfilling their human rights responsibilities. This helps protect access to capital, develop and maintain a social license to operate, and ensure regulatory compliance.

### ERM's approach

Throughout our client work in communities and with individuals, we seek to uphold the universal fundamental principles of human rights. Key aspects of our work involve engagement with internal and external stakeholders as we provide avenues for stakeholders to feed into decision-making processes in a meaningful way. Our work with clients extends the value chain to include suppliers as well, and we provide guidance on how to identify and manage supply chain risks.

ERM has joined the Business Commission for Tackling Inequality (BCTI) established by WBCSD. Vision 2050 Time to Transform

identifies inequality as one of the key pressing challenges of our time, yet it is not receiving priority from the corporate world. Therefore, BCTI seeks to establish a clear and compelling business narrative and agenda to accelerate action, investment and action from the private sector. ERM's Regional CEO for Europe, Middle East and Africa, Tim Strawn, serves as our DE&I Executive Sponsor and has been appointed as a Commissioner to BCTI. We are committed to playing an active role in BCTI as it seeks to change mindsets and catalyze action.

Livelihood and communities is a new material topic for ERM.

We have set two annual targets for FY23: integrate the impact on society and communities into ERM's methodology for client decarbonization plans and establish criteria to ensure positive livelihood benefits in our own offsets strategy. Our longer-term FY26 goal is for 100% of ERM's offset projects to have demonstrated livelihoods benefits.

Further details on ERM's approach to our human capital – our employees – can be found under our [People](#) material topic.

Through our work in the ERM Foundation, our employees create partnerships with community-based nonprofit and social enterprises contributing to society. [More details can be found here.](#)

## Leading by example:

# Sharing insights on the “S” of ESG

**Now more than ever, companies turn to ERM for help in improving their management of the social and human rights aspects of ESG and sustainability as a business imperative. In response to client demand, we have hosted several webinars sharing our experiences and insights on the rapidly rising expectations surrounding social and human rights performance.**

Building on our work with clients, ERM and RCG, an ERM Group company, recently held the webinar *“Towards a Just Transition: good practices in value creation and social risk management.”* During this webinar, we shared insights and good practices on addressing social and human rights risks in renewables projects and their supply chains and on creating socio-economic benefits for society and local communities through multi-stakeholder collaboration. Our experts discussed how societies can move away from fossil fuels toward a green economy equitably and inclusively and with respect for human rights.

A decade after the launch of the UN Guiding Principles on Business and Human Rights, ERM finds

that the predominant issue our clients are facing in their human rights journey is turning policy into practice. With an evolving regulatory landscape and increasing stakeholder expectations, human rights due diligence is steadily becoming a key requirement for companies – but how can we operationalize this effectively across the business and supply chain?

To celebrate International Human Rights Day at the end of 2021, ERM hosted the webinar *“Operationalizing Human Rights: from policy to practice,”* where we discussed with clients how they have addressed some of their human rights challenges and opportunities, and how they see the business and human rights landscape evolving. During the webinar, we examined the challenges and opportunities of integrating human rights in business operations with a panel of industry leaders.

We will continue to offer webinars, workshops, insights and other materials to support clients and other stakeholders as they navigate the complexities of social and human rights issues at a strategic and operational level.



**“Most of my work involves supporting clients to navigate major projects in challenging social contexts. As we navigate this ever more complex world, I am excited to use my facilitation and relationship building skills to help companies and their stakeholders collaborate to deliver the step changes required to work more in harmony with each other, society and our planet.”**

**Vicky Copeman**  
Partner, ERM (United Kingdom)

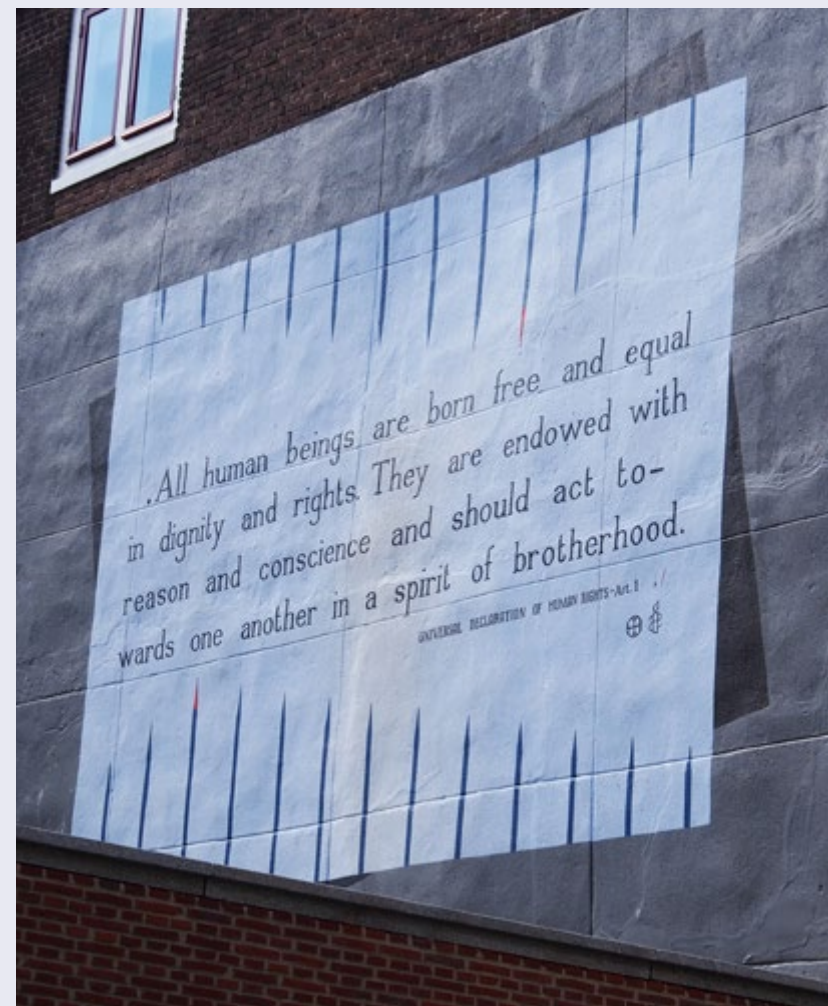


Photo credit: Linden Edgell, United Kingdom



# CASE STUDY

## Mainstreaming safeguards against gender-based violence and harassment in India and Bangladesh

**British International Investment (BII) aims to maximize impact through three strategic objectives: to support productive, sustainable and inclusive development. Gender, diversity and inclusion are key focus areas for inclusive development, within which addressing gender-based violence and harassment (GBVH) has been an imperative. GBVH is priority for BII, especially in view of increasing incidents reported in the private sector following the outbreak of the pandemic and the adverse effect this can have on businesses.**

ERM, in partnership with BII, developed and led capacity-building workshops on GBVH in the workplace for over 50 of BII's portfolio companies in India and Bangladesh. The training material was developed by ERM in collaboration with BII's ESG Impact team between February and April 2022, after which three online modules were conducted and successfully delivered on 24-25 May 2022 as outlined below:

### Module 1

Breaking the stigma and acknowledging GBVH risks;

### Module 2

Addressing GBVH at the Workplace; and

### Module 3

Safeguarding GBVH: What leaders need to know.

ERM's subject matter experts (across Social Performance, Gender and Human Rights) developed interactive sessions to tackle sensitive issues, especially in a South Asia context, in order to help practitioners and the portfolio company leadership understand the importance to businesses of addressing this issue and the steps that leaders and executives can take.

The Leadership Panel on 25 May 2022 (which had over 120 participants) presented actionable insights from investors, corporates and experts who have been walking the talk on safeguarding GBVH as leaders in their domain. Key takeaways from these GBVH workshops for South Asia context included:

- Imperative of adopting a survivor centred approach;
- Emphasizing the role of senior management in establishing a 'speak up culture';
- Acknowledging and tackling the stigma linked to incident investigation and reporting; and
- Reiterating the need to partner with the right organizations and experts to support survivors.



**"With the support of ERM we have been able to deliver impactful workshops to our investees on a topic that is a priority for BII."**

### Nicky Crawford

Director and Head of ESG-Impact,  
British International Investment

# CASE STUDY

## ERM's Indigenous joint venture supports capacity building on Tahltan Territory in Northern British Columbia



Photo credit: Crisostomo Gomez, Canada

**ERM knows the value of long-term partnerships with aligned values, objectives and commitment to sustainable development.**

Seventeen years ago, Rescan (which joined the ERM Group in 2012) formed a joint venture partnership with the Tahltan Nation Development Corporation (TNDC), a business branch of the Tahltan Nation to deliver environmental, sustainability and related management services on Tahltan Territory. ERM's Partner, TNDC, is the business branch of the Tahltan Nation and pursues "sustainable and responsible business and economic development opportunities in the region that lead to employment, training and business opportunities for Tahltan members."

In July 2021, the partnership, formerly named Rescan Tahltan Environmental Consultants (RTEC), officially became Tahltan ERM Environmental Management (TEEM). ERM is embracing this change by revamping its commitment to the Tahltan. ERM is committed to:

- Continuing to build capacity in the community by targeting Tahltan hires and posting requisitions on the Tahltan HR website;

- Offering a lunch and learn at the local Tahltan high school to present what a career in the environmental and sustainability sector looks like and providing mentorship to interested students;
- Engaging the ERM Foundation through projects that benefit the local community;
- Supporting local events, such as the Tour de Telegraph, the Tahltan's annual mountain biking fundraiser; and
- Prioritizing working alongside Tahltan businesses.

Since its inception, the joint venture has generated over \$50 million in gross revenue, employed over 100 seasonal indigenous staff to conduct environmental work on Tahltan lands, provided over 10,000 hours of on-the-job training and opportunities for Tahltan peoples to pursue environmental careers, and developed and delivered a wetland training course to Tahltan members.

Tahltan artist Tsēmā Igharas has shared the impact that working for the joint venture has had on her career. Igharas worked for the joint venture as a field assistant for several summers. During that time, she traveled to many parts of the Tahltan territory, and she notes that seeing the land through a fisheries, aquatics, geological, archaeological and meteorological lens "completely informs [her] current art ideas." She credits working in the field and alongside TEEM scientists for being able to speak to ancestral and contemporary mining practices and have a unique voice in the art world. She also found artifacts and helped catalogue a new village site on the Iskut River, which she describes as "a very powerful experience." She loved the fieldwork so much that she almost switched to a career in the sciences, but ultimately decided she could speak to what she was learning in the field through her art.

The joint venture is a powerful example of how ERM is blending scientific and local traditional indigenous knowledge to conduct environmental work for our clients. It supports our DE&I program by creating business opportunities that are both good for ERM and local indigenous nations.

# CASE STUDY

## Alamos Gold's Mulatos Mine community relations program

**Constructed in the early 2000s, Alamos Gold's Mulatos Mine in Northwest Mexico had a complicated relationship with the nearby community of Mulatos from the start.**

The community complained regularly about a number of proximity issues (e.g., noise, dust, vibration), as well as about incomplete implementation of agreed mitigation measures and social investment activities.

These complaints led to an increasingly tense relationship between the mine and the community, manifesting in frequent protests, blockades and legal action that threatened mine operations and profitability.

ERM was appointed by the company in 2015 to collaborate with its Community Relations team in resolving this long-standing conflict. We began by engaging with community members and mine management to identify root causes and to design, launch, and facilitate a multi-stakeholder dialogue process to address these in a fair, equitable and transparent manner.

As the dialogue process took root and relations improved, our collaboration expanded to include a redesign of the mine's entire community relations program, as well as oversight of its implementation. As part of this program, we adjusted ongoing stakeholder engagement activities and worked with community members to realize both a resettlement program for households located too close to active mining operations and a social investment program for others, working together with the local government. The community relations program is now in its fifth year of implementation.

This partnership between ERM and the mine's Community Relations team has provided exceptional value to the mine by:

- Creating operational stability;
- Facilitating project expansion;
- Resolving long-standing grievances;
- Improving relationships with local stakeholders; and
- Catalyzing sustainable improvements in the quality of life of host communities.



Photo credit: Alamos Gold



**“My work focuses on communities and regions that are undergoing rapid change, particularly because of resource or infrastructure development, and assists clients and their stakeholders in managing that process in a collaborative, informed, proactive and sustainable manner.”**

**Graeme Burt**  
Associate, ERM (Canada)



# People

## Why this topic is material for ERM

**Our ability to attract, develop, reward and retain talented employees is central to our business strategy and vital to our future. Our goal is to hire passionate, purpose-driven people from diverse backgrounds and ensure that we nurture and support their development and success.**



**We intend to be the company that every sustainability professional wants to work for.**

To meet our vision, we identify people who are flexible and can adapt their talent and energy to grow with ERM, matching changes in the marketplace that impact the work we do for our clients and in a way that meets their needs and works with their personal interests, strengths and passion.

Our organizational structure is built around our Partnership model, where ERM Partners are the shareholding managers and leaders of the firm. Key client, sector and geographically based teams, led by our Partners, collaborate across offices to deploy the right people for project assignments. This structure enables ERM employees to support projects across different geographies to meet client needs while also deepening their own professional experience.

We invest in the future of our people through a focus on learning and development. ERM provides opportunities for ongoing learning across a variety of subject areas related to technical, business and personal growth.

We know that creating a diverse and inclusive work environment is not only an essential part of making our company a great place to build a career; our diversity is a strength that helps us create better solutions for our clients.



Photo credit:  
ERM Singapore



# Talent development

The development of our people is an absolute priority. In the past year, we have continued to enhance our learning and development approach in response to the changing work arrangements and our client needs.



Photo credit: ERM

**Each employee's learning journey at ERM is supported through development conversations and planning with their line manager, online via the ERM Academy, on-the-job training, and development programs delivered by our global and regional learning team. There is also knowledge sharing through webinars in Technical and Functional Communities from many of our world-class technical experts.**

With most of our employees working from home during the pandemic, we shifted to – and have retained – expansive virtual training and online resources. We continue to innovate and

respond to employee feedback to enhance the learning experience. We want to make sure our employees can apply their knowledge and skills on projects that provide them with both stretch and fulfillment.

The ERM Academy, our online portal, is aligned with our career framework at each level. Employees can enhance the skills, knowledge and behaviors they need to adapt to a changing market and advance their career at ERM.

Learning@ERM is dedicated to supporting each employee's personal and professional growth to deliver exceptional client value. Although a significant percentage of an individual's learning opportunities come from on-the-job learning, we have a dedicated team of learning professionals and a learning management system to ensure that we offer more formal development that is relevant, current and responds to the changing needs of our employees, our business and learning solutions. For example, we recently deployed training on the transition to a lower-carbon economy to support our employees across many technical communities to respond to client needs.



On a global basis, ERM requires all new employees to undertake a mandatory curriculum of training on compliance and health and safety as part of their induction. All such training must be completed within 90 days of start date. Existing employees are required to take refresher web-based training through the ERM Academy.

#### Refresher training covers:

- ERM Code of Business Conduct and Ethics (which includes confidential and personal information and computer security, conflicts of interest, promoting diversity and inclusion, reporting and non-retaliation, and electronic communications);
- Anti-bribery and corruption; and
- Key health and safety policies and processes.

We have set two annual targets for FY23: achieve our target workforce growth to meet the needs of our clients and develop a methodology to measure learning effectiveness. Our longer-term goals for FY26 are to achieve workforce growth to meet client need and year-on-year improvement in learning effectiveness.

Due to the disruptions from the pandemic, and partly due to our systems and processes not being sufficient to capture all the on-the-job training we are not able to accurately report our achievement against the target. Through our feedback systems and the Employee Engagement survey, we know training is highly valued by our employees, and we will refocus efforts in the year ahead.

In FY23 we have set a target to develop a methodology to measure learning effectiveness with the aim of improving results year on year.

## Professional and career development

**We want our employees to have the opportunity to develop and fulfill their career aspirations with ERM.**

Our leadership development programs support our Partners and employees as they transition to the next leadership level, preparing them to take roles of increasing complexity and learning more about ERM. Collectively, the different programs support the development of knowledge, skills, behaviors, relationships and experience required by ERM leaders at different levels in the organization.



**Hear more on how ERM is building the capability to meet client's decarbonization needs.**

### Partnership

ERM is founded on a partnership model, which enables us to maintain the personalized feel of a local firm while still delivering on a global scale. Partners are generally director-level, full-time paid employees of the company who have a financial investment and hold a portfolio of ERM stock. We have more than 600 Partners who engage with our clients, projects and consulting and support staff on a daily basis. Supporting the executive committee, the partnership informs and contributes heavily to key decisions affecting not only their local geography, but also the overall strategic direction of the organization.

Partner-led teams collaborate to deploy the right people for the right job. Organizing our technical and strategic experts across globally integrated communities enables ERM to be a boots-to-boardroom leader, deploying our talent to deliver value to our clients and, partners. This structure also enables ERM employees to deepen their professional experience by supporting projects worldwide.

## Leading by example:

### Bringing a message of Arctic risk to encourage bold climate action

ERM senior consultant Kirby Gimson, based in Johannesburg, South Africa, will be seconded for the coming year with Arctic Basecamp.

For the last years, the team has brought the Arctic to the World Economic Forum Annual Meeting in Davos, Switzerland, by setting up a real Arctic science basecamp, with an expedition tent that acts as a workplace during the day and dormitory at night. Camping in sub-zero temperatures, Arctic Basecamp brings a message of global risk to the world leaders at the World Economic Forum.

The Arctic Basecamp at Davos concept was created by Executive Director Professor Gail Whiteman as a vehicle to bring this message to global leaders. Along with a small team, she has brought the event to the World Economic Forum annually since 2017, calling for action from global leaders to apply responsive and responsible leadership to address global risks from Arctic change. Kirby joined the team at the Davos meeting in May 2022. During Davos 2022, Arctic Basecamp launch the new [Arctic Risk Platform](#), which curates scientific data into global risk narratives, and it is seeking feedback from risk professionals on the platform.

Kirby will be part of the core team, serving as the senior project manager. Kirby is an environmental scientist and has worked at ERM for over 11 years. She joins ERM Partner Simon Van Wyk, an executive volunteer for Arctic Basecamp, in this exciting opportunity for ERM to be involved in bringing science to decision makers – from CEOs to politicians and other key decision-makers.



Photo credit: Vito Hordov

### Path to Partnership (P2P)

P2P offers an accelerated development pathway to Partnership at ERM for selected high potential individuals (career levels 4 and 5) who are identified as part of talent review discussions and following participation in a Leadership Evaluation Session.

P2P usually takes 6 to 24 months to complete, but there is no time limitation, and candidates progress at their own speed.

All candidates are assigned a sponsor. The sponsor is an experienced Partner who guides and coaches the candidate through the P2P journey. They play a key role in supporting and advocating for their candidate. It is the sponsor who will ultimately present the candidate's business case for promotion.

Over the past three cycles, there are less women than men participating in the P2P program (42%), but a greater percentage of women go on to achieve promotion (70% of women participants vs. 62% of men).



**"I joined ERM as a trainee, and over these past 12 years I've been privileged to be boots on the ground initially as a social consultant, and more recently in helping clients mainstream ESG and sustainable finance in the boardroom. Having worked across South and Southeast Asia, Central Asia and Africa has meant amazing opportunities to witness perhaps the best of what sustainability can offer to our clients."**

**Rutuja Tendolkar**  
Partner, ERM (India)

### Graduate program

ERM has hired and developed graduate-level talent for many years, developing relationships and profile on campuses. This year, our growth strategy and expansion of advisory services have created the opportunity to amplify our campus hiring ambitions. We launched the **Compass program in 2022 to recruit and develop cohorts of junior talent direct from universities or with early career experience.**

By focusing on early career recruits from a diverse range of backgrounds, we target top talent with the desired attitudes, values and capabilities who can then develop through a comprehensive learning program to be deployed as client ready into our service lines. This program provides a fantastic opportunity for junior talent with a strong motivational fit for our business purpose to develop sustainability consulting skills and gain meaningful, real-life sustainability work experience at the beginning of their careers. The first Compass cohort joined ERM in May 2022; two further intakes are planned this year.

### Aspire: Enabling, Guiding and Inspiring ERM's Leaders of the Future

Aspire is a key talent development program within ERM, targeted at nurturing and growing leadership capability and experience in selected professional support and consulting career level 3.

Aspire is a global talent program that brings together participants from across ERM's functions and geographies. Over the course of six months, participants will enhance their leadership skills, ERM knowledge and network through:

- Participation in online workshops focusing on the topics relevant to leadership growth;
- Being involved in and delivering strategic and commercially focused projects to help strengthen insight into ERM and encourage collaboration, networking and critical thinking; and
- Participation in 360-degree feedback to support self-awareness around becoming a better leader as well as discovering individual strengths and opportunities for personal growth.

Each of the projects are sponsored by a senior business leader who offers team guidance and insights. Once the program is completed, each Aspire participant is assigned a personal mentor to provide ongoing support and guidance as they progress their leadership journey.

Over the past three years, females form just over half of all participants and 55% of women Aspire participants go on to be promoted (compared with 45% of men).



Photo credit: ERM







Photo credit: ERM

## Leading by example:

# Developing and learning new skills via ERM's new e-learning resource

ERM has teamed up with LinkedIn Learning to provide a digital library of over 18,000 individual pieces of content, curated into 8,000 courses covering a wide range of technical, business, software and creative topics in a variety of languages. All of this is accessible to our employees, any place and time.

Further strengthening our commitment to providing e-learning opportunities for all ERM employees, it also supports our strategic commitment to foster the talent and capability of our people.

LinkedIn Learning is an award-winning industry leader in online training and complements the training courses and curricula that have been assigned via the ERM

Academy. With such a wealth of content, our people can explore and find the right content to help improve existing capabilities and develop the skills needed to deliver on their objectives by investing in the topics that they are passionate about.

The platform is also linked to the ERM Academy, so any training completed will be recorded on their ERM training record as well as on their LinkedIn Learning profile.

As part of building knowledge and awareness of key DE&I aspects, we have highlighted content in support of International Women's Day, the International Day for the Elimination of Racial Discrimination (IDERD) and other key events.

## Technical communities

Technical Communities are where our expertise resides in the company, and where thought leadership and innovation occur. A Technical Community is a group of people who share a common technical interest and who expand their collective knowledge through interactions. Information sharing includes data, stories, tools, research and experiences, and the group is generally driven to challenge one another relative to knowledge expansion and problem solving.

With the Technical Communities' support, we build and deliver value for our clients and develop our careers at ERM. Technical Communities are foundational supports for ERM's strategic pillars including fostering leading talent and capability, service innovation, and building a leading brand. They play a significant role in delivering our ERM Business Strategy.

In the past year, we added Engineering and Visual Communication Design and now have 27 Technical Communities available to employees. Most employees join several communities that cover their professional background and expertise and where they would like to develop further skills and understanding. We have recently appointed more than 100 new leaders within the Technical Communities focusing on innovation, technical learning, commercial connections, governance and the technical career path.

We are rebalancing and redefining the Technical Fellow role to better recognize and harness the global experts we have at ERM. We launched an Innovation Hub on our global intranet and a Technical Career Path Hub to build, track and inventory our project-level innovation and connect our emerging technical leaders to their growth opportunities. We are updating and growing our technical learning platforms for all the communities, including classroom training as well as on-the-job learning.

We also recognize and reward thought leadership among our employees through our Technical Paper and Publications Awards program, which is covered in our [Thought leadership](#) section.



## Leading by example:

# Acquisitions provide ERM with enhanced skills and capabilities to support our clients



Photo credit: Lucy Liu, United Kingdom

**ERM not only helps clients develop ESG and sustainability strategies to transform their business, we also have the technical expertise to deliver complex implementation. In FY23, we made significant investments to build out the depth and breadth of our services through targeted acquisitions of eight firms, including:**

- ERM acquired **Point Advisory** in March 2022, a leading Australian climate change and sustainability consultancy offering strategic and technical advice to businesses, enhancing ERM's ability to support clients across Australia and the broader APAC market, as organizations increasingly seek to operationalize sustainability.
- In December 2021, ERM acquired AI and data science solutions provider **OPEX Group**, a specialist software company delivering AI & data science solutions that help carbon intensive industries to reduce emissions. This acquisition further enhances ERM's growing digital business and expands its data analytics and AI capabilities to support clients seeking to operationalize sustainability and lead the low carbon economy transition.
- ERM acquired **Stratos Inc.** in November 2021, one of Canada's leading sustainability and ESG advisory firms, further strengthening ERM's leading capability in sustainability and climate change advisory services. The company brings deep expertise in ESG performance and risk management, stakeholder engagement, science and innovation, conservation and regulatory excellence, as well as a commitment to advancing Indigenous reconciliation through meaningful partnerships and collaboration.
- In July 2021, ERM acquired **RCG** (The Renewables Consulting Group), a global market intelligence, management consulting and technical advisory firm operating exclusively in the renewable energy sector. The acquisition expands ERM's capabilities to support clients across the entire lifecycle of large-scale renewable energy projects and further strengthens our ability to advise clients on the purchase and sale of renewable energy assets and adds deep sector experience in offshore wind projects.
- ERM acquired **Element Energy** in July 2021, a specialist energy consultancy that works with organizations to implement integrated low-carbon technology solutions that help solve their net-zero and decarbonization challenges. The acquisition brings deep expertise to ERM in the development, commercialization and implementation of emerging low-carbon technologies, such as hydrogen and fuel cells, electrification, energy storage and carbon capture use and storage.

entertainment sector. As the appetite for more sustainable operations in the media and entertainment sector continues to grow, this acquisition presented a significant opportunity for ERM to broaden its support for clients navigating this new environment.

These firms have added deep experience with the world's leading companies, and we are integrating them into a globally connected team. For example, ERM acquisitions Element Energy and E4tech came together for the first all-hands meeting of the Sustainable Energy Solutions team in May 2022 (pictured here). The team is based in offices across seven countries, bringing expertise in energy technology, business and policy topics across the energy system.



**"There is so much excitement in our talented and growing team at what we can achieve as part of ERM."**

**Adam Chase**  
Partner Lead, ERM  
(United Kingdom)

# Wellbeing

**We know that wellbeing is of vital importance. When we feel at our best physically and mentally, then we live our most fulfilling lives and deliver our best to each other, to our families and friends, and to our clients.**

The events of recent years have reinforced how important it is to focus on our wellbeing.

ERM's Wellbeing Hub provides one place for employees to go to access a wealth of physical and emotional wellbeing resources, which include:

- 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 you establish work-life boundaries when working from home, and a repository of ergonomic advice and guidance.
- Resources that support the linkage between DE&I and mental health, including recordings of some highly informative podcasts and webinars.
- Learning resources, including videos, short e-learning content and other materials, provide employees with knowledge, tips and advice to support their mental health and the mental health of those around them.
- Links to our Employee Assistance Programs, which provide a range of practical information support as well as counseling services and more.

We provide tips to help employees establish work-life boundaries when working from home and a source of ergonomic advice and guidance. Resources support the linkage between DE&I and mental health, including highly informative podcasts and webinars.

We see some encouraging results to our approach, but there is room for improvement. According to our 2021 employee survey, 79% of respondents feel that their manager and supervising Partner care about their wellbeing.

Given the complexities of measuring wellbeing while acknowledging its importance to our employees' health and safety, we established a target in FY22 to set a baseline for an integrated wellbeing metric.

During FY22 we commissioned a global working group to establish a set of metrics that we will use to initially evaluate Total Wellness. This included researching metrics utilized by organizations that are considered as leaders in this area as well as getting input from our own subject matter experts. During FY23 we will collect quarterly data from each business unit (BU) and use this data to establish our internal baseline and to further refine the metrics we utilize moving forward.



Photo credit: Supeerapat Kraidech, Thailand



Photo credit: Corinne Haywood, United States

ERM Partner Karen Aitchison, a mental health advisor, was seconded to the WBCSD Health Business, Healthy People project, providing expertise on mental health and wellbeing as part of our contribution to the wider business response.

## Engagement

This year, we set ourselves targets to achieve at or above the last survey score of 70% for the Engagement Index and 69% for Enablement Indexes in the FY22 Employee Engagement Survey. Our last survey ran in 2019. The 2021 survey was the first full post-pandemic measure of employee sentiment. Because we added questions to the 2021 survey, we can not make an exact survey-to-survey comparison. The 2021 scores for Engagement (at 65%), and Enablement (at 66%) continue a

trend of relatively strong employee sentiment. However, compared to the last full survey in 2019, both scores have decreased but are in line with industry trends. We seek to improve these scores in the coming year.

For FY23, we set two annual targets: to achieve a net engagement score above the industry average and establish a baseline for ERM's total wellbeing metrics. Our longer-term goals for FY26 are to maintain a net engagement score above the industry average and achieve a year-on-year improvement in ERM's total wellbeing metrics.

## Leading by example:

# Supporting our employees' wellbeing

**One of the most popular tools on the Wellbeing Hub is the Calm app for sleep, meditation and relaxation. The app, with content in seven languages and localized content as well as support for hearing and visually impaired users, is available to all ERM employees. More than half the company has signed up for the app, and 78% of these are active users.**

Calm features content to help with some of the world's most important mental health issues (anxiety, insomnia, and stress, to name a few). Its programs are designed to support feelings of creativity, calm, resilience, happiness and success.

The ERM Calm subscription provides employees with a full library of content. This includes:

- Brand new 10-minute Daily Calm meditation served fresh every day.
- 100+ guided meditations covering anxiety, stress, gratitude and much more.
- The entire library of Sleep Stories (soothing bedtime tales for grown-ups), with new stories added every week.
- Children-specific content (for ages 3-17) including sleep stories and meditations.
- Exclusive music tracks for focus, relaxation and sleep.
- Life-changing Calm Masterclasses taught by world-renowned experts.
- The Breathe Bubble, a simple exercise that is like a reset button.

Our goal is to support our employees in prioritizing mental health and overall wellbeing. Based on the feedback of employees, the Calm app is having a positive impact on their physical and mental health, and its availability is appreciated as part of the overall company support for wellbeing.



Photo credit: ERM Digital

### Some of the feedback we have received includes:

*"Calm has had a massive impact on my physical and mental wellbeing. I particularly use it before bed, and some of the meditation programs have kept me grounded during a really tough time in my life. I'm so grateful that ERM has provided this as a benefit for staff - it's really nice to have investment into staff mental health beyond the Employee Assistance Programs."*

*"It is practical help to support my mental wellbeing, which I really welcome. I use Calm every single day, the sleep stories are a god-send. I've also used the anxiety SOS option and the soundscapes to help manage chronic work stress, which is very bad at the moment."*

*"It is a go-to app for me to de-stress, reflect and as a source of inspiration whenever I am feel under the weather. It also provides guidance on keeping emotional health in check in addition to tackling difficult issues such as addiction to social media, parenting, etc."*



## Leading by example:

# Climate dialogues

**It will require a whole-of-company approach for ERM to achieve our net-zero target. To engage our employees across the world in meeting this challenge, we established a multi-part Net Zero dialogue series.**

The dialogues were designed to provide a variety of perspectives from across the world and to inform, challenge and promote action. Regionally hosted online sessions were held, with a range of presenters providing initial input and the opportunity provided for dialogue on the complex issues associated with transition to a low-carbon economy. We also leveraged the expertise of organizations involved in engaging communities to enhance the experience of our employees.

Ahead of the UN Climate Change Conference COP26, we began with an update of the latest climate science with Principal Consultant August Martin, who is trained to deliver the Climate Reality Project, an initiative to catalyze a global solution to the climate crisis. We then polled participants to ask what topics they would like prioritized in the next events, and over 80% of participants asked for further dialogues on ERM's own strategy to achieve net-zero, followed by understanding the policies and procedures in place to support action and how to be involved in the Sustainability Network to take local action.

As a follow up to COP26, we held TEDxERM, which ERM was licensed to host as part

of TED Countdown, a global initiative to champion and accelerate solutions to the climate crisis, turning ideas into action. To maximize participation, we held three sessions to cover different time zones and commenced each session by sharing short videos from the TED Countdown library of talks, which were curated to support COP26 engagement. We invited a number of employees from different parts of the business to share their perspectives based on their own experiences of climate change and taking action. We then challenged participants to think about the big idea to address climate change and to share that.

The third installment in the series focused on our own operations and ERM's plans to meet our net-zero commitment along with our science-based targets. Participants had the opportunity to ask questions on our approach to travel, offices, procurement, fleet management and many other topics. In turn, they were challenged to develop plans for local action as part of our Sustainability Action Plans.

The fourth session provided the opportunity to learn about the SustainAbility Institute by ERM's Form Promise to Action series exploring how companies are translating net-zero emissions goals into practice. Employees engaged in ERM Foundation projects on climate action shared their work with NGOs and social enterprises in different



Photo credit: ERM

locations around the world. Those involved in ERM's multistakeholder action then shared how they were bringing their professional expertise and personal passion to the global advocacy efforts and action. This included Correne Knollenberg from Denver, United States, who was seconded for over 12 months to support the Climate Champions team to help strengthen the engagement of non-state actors in COP26 and associated activities.

We will be holding further sessions during the coming year to continue to the dialogue between employees on the transition to a lower-carbon future.



[Listen to Correne Knollenberg talk about her experience and key takeaways from COP26](#)





# Diversity, equity, equality and inclusion (DE&I)

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 and, 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. ERM's values drive our commitment to DE&I, and we integrated it as one of our strategic foundations as we repositioned our strategy 18 months ago.

## A global perspective

With over 7,000 employees working in 40 countries, we draw on the perspective of our global workforce to develop and implement our strategy for DE&I across the business. We have a number of groups that provide insight and assistance in creating awareness, education and, where appropriate, training across the company. We create opportunity for sharing ideas, listening to feedback and embedding our action plans across the company.

We do this in two main ways. First, through the global/regional operating structure we have put in place, in which each region has appointed a DE&I Lead who works closely with the Group-level Global Head of DE&I. Second, we have a set of Employee Resource Groups (ERG) in each region, providing community and a feedback loop to ensure we are hearing the views of our teams across the business.

## 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 Center for Global Inclusion's Global Diversity and Inclusion Benchmarks model, which helps organizations ensure their program is executed according to globally accepted levels of good practice. This provided a framework on which to build an organization-wide strategy and assess where the accountability sits in the business for taking action.

Through this, we established a new operating model for DE&I internally, with a global central function supported by regional leadership. Together, this team has shaped long-term goals and annual targets, along with a detailed action plan to keep advancing the maturity of DE&I in our operations around



the world. This is all supported by a proactive approach to communication and engagement, through blogs, podcasts, social media posts and global events for observances such as Pride, International Women's Day, International Day of Persons with Disabilities and the International Day for the Elimination of Racial Discrimination.

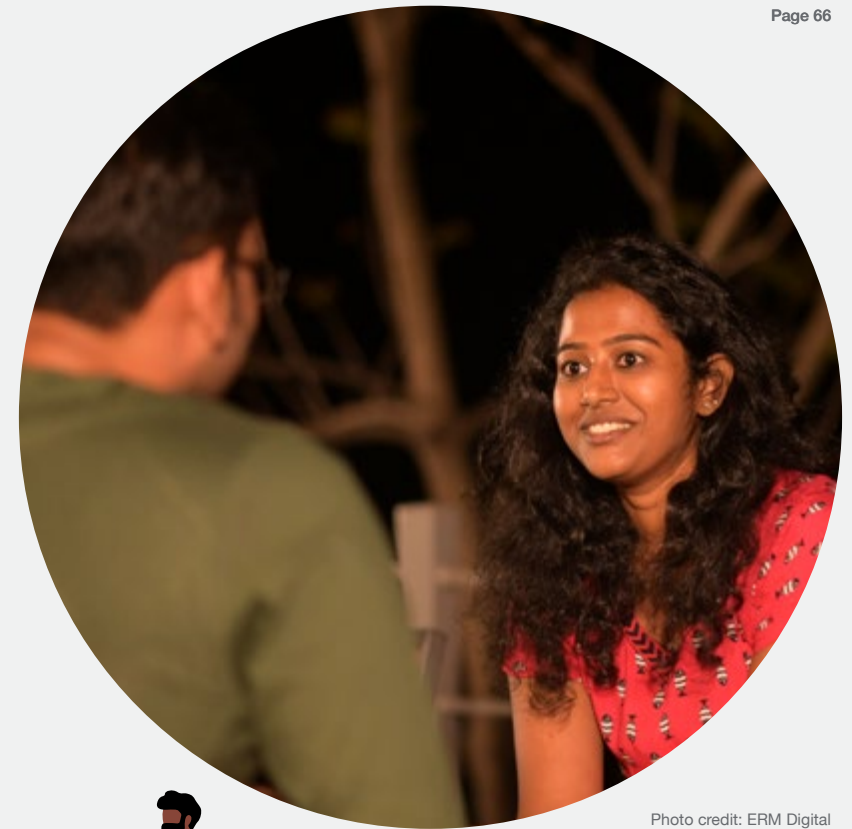


Photo credit: ERM Digital

**90%**  
of our employees  
view DE&I as  
important to the  
success of our  
business

(based on Employee Survey 2021)

## Employee Resource Groups (ERGs)

ERGs serve as internal communities, providing personal connections and affiliation for their members and with the organization. ERGs assist the organization in fostering an environment that excels in DE&I initiatives by serving as the common voice for employees who identify themselves with a particular dimension of diversity and their allies.

Each ERG has two ERM Partners who act as sponsors, along with a liaison from within the DE&I 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.

### Companywide ERGs:

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**Women's**

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**Disabilities**

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**LGBTQ+**

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**Working parents and caregivers**

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**EmbRACE (race, ethnicity and justice)**

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**Veterans (North America)**

The ERGs provide a safe place for employees to share experiences, perspectives, resources and actions to support DE&I at ERM, and they have made a positive difference in how we operate as a company. For example, during FY22 we updated our mandatory Health and Safety Plan process to reflect societal and accessibility concerns based on input from ERG communities that many employees face additional risks, especially when doing field work.

Photo credit: August Martin, United States



## Inclusion



Photo credit: ERM



Photo credit: ERM Singapore

### 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 disability, gender, LGBTQ+, and race/ethnicity. The theme for FY22 was *It's Up to Us*.

In our global webinars, we explored topics such as eliminating microaggressions, inclusive recruitment and other seemingly small measures that contribute to building an inclusive culture. A popular segment was our “discovering diversity” breakout rooms, in which ERM employees from all over the world took 15 minutes to learn more about their colleagues.

We have taken several important actions this year in the areas of gender equality, racial and ethnic diversity, and support for LGBTQ+ to strengthen our policies, de-bias our systems and processes, and focus sharply on the outcomes we want to see in the future.

We set a target to achieve a minimum of 80% in the Inclusion Index from the FY22 Engagement Survey. This year, we decided

to update the DE&I-related questions in the survey to provide better insight into well-established indicators of inclusion and belonging. The combined score was 71%. Comparing the same questions we asked in the previous survey, we improved 3% to 76% favorable. On the specific question about ERM's commitment to building a diverse and inclusive work environment, we saw an 83% favorable score and over 90% of our employees feel DE&I is important to the success of the business.

### Building our understanding of ethnic diversity

During the last year, we ran a campaign to encourage employees to indicate their ethnic origins in our global Human Resources (HR) system. In all, 58% of employees voluntarily disclosed this information in the interest of helping us understand our current position. This information shows that there is more ethnic diversity in the junior career levels than in senior career levels. We are now using this information to inform our activities in recruitment, promotions and career development as well as to monitor trends and take action where required.

### Evaluating our process

We have made notable progress in key measures of our performance, with DE&I formally recognized by the Executive Committee as a strategic element for the growth of our business.

DE&I is visible more than ever in our business systems, processes and tools. We have adopted a data-driven approach to planning and measurement, and see progress in our DE&I maturity.

Using the Center for Global Inclusion's Global Diversity, Equity and Inclusion Benchmarks (GDEIB) model, input from our Global DE&I Advisory Group, employee survey data and Global Inclusion Week feedback, we developed and implemented a plan for the year to help us move up the GDEIB maturity curve in all its categories. We are on a journey. However, we have set strong goals that will guide us in making incremental progress each year.

As a result of our plan, we met our target as we increased performance in four categories of the GDEIB from FY21. We made upward



[See Our performance data section of our report for data trends.](#)

movement in six categories. We moved down a level in one category due to a change in the benchmarking methodology.

In the year ahead, we will continue to address the benchmarks we have yet to achieve, particularly those where we see our performance in the mid-to lower-levels of the GDEIB. Our target for FY23 is to achieve the regional DE&I annual targets, and our FY26 goal is to achieve the regional DE&I longer-term goals.

For FY22, we set a target to increase the gender diversity among senior consultants, technical directors and Partners by 10% over the previous years. While we did not achieve this target in FY22, we did make limited progress from the year before. We have set firm foundations this year to achieve our commitments on gender balance and representation of women at all levels of the business in the next year and beyond. We are seeing very positive trends in participation of women in talent and career progression programs. We are setting an ambitious vision for the next five years and now have the operational structure to deliver on them.



## In FY22, we saw good progress in all our pillars of activity in the global DE&I plan, as described below.






	Drivers to improve DE&I performance	Expected outcomes	FY22 performance
	<b>Continue to expand our understanding of DE&amp;I in all its forms.</b>	Deeper appreciation for the spectrum of diversity; proactive inclusive culture that enables all ERM employees to thrive.	Integrated DE&I further into our operations with better accountability and responsibility for taking action on DE&I; established region-level ERG to provide greater community for staff; held global observances for Pride, World Mental Health Day, International Day of Persons with Disabilities, International Women's Day and the IDERD.  We created greater connection with our safety program and explored the connection with DE&I.
	<b>Build inclusive leaders.</b>	Leaders feel equipped to lead inclusively and actively practice inclusive behaviors; our people view these behaviors as strengths and have confidence they will be supported.	We defined ERM Inclusive Leadership Behaviors and added a learning site to our intranet for line managers. More than 100 Partners attended a specific training session which was also integrated into our new Partner induction program.  Integrated inclusive leadership into our core leadership development programs.
	<b>Purposefully increase representation and participation of under-represented groups.</b>	Greater diversity at all levels of the business, bringing with it the innovation, creativity and increased business performance.	New 5-year goals with annual targets established for Regions and Business Units. The Talent Management Program has developed action plans to integrate DE&I into processes. There is a focus on recruitment from universities with significant ethnic and racial minority representation, including historically Black colleges and universities in the United States.
	<b>Drive equality and inclusion across the employee life cycle.</b>	The interruption of bias in our system and identification of hotspots for under-represented groups; leading to greater diversity and the impacts above.	A focus on equity within front-end design of people processes from salaries to promotion panels and talent reviews. This included a retrospective review on processes.  Created real-time reporting for global, region and business unit-level DE&I performance.
	<b>Engage authentically on DE&amp;I on an external level.</b>	Stronger brand and reputation, acknowledged as a DE&I leader by clients winning greater loyalty and stronger talent attraction.	Improved our supplier diversity approach to strengthen DE&I within our products and services, and released two reports: ERM published <a href="#"><i>Why diversity is the new safety imperative</i></a> , and the Sustainability Institute by ERM published <a href="#"><i>Corporate Progress and Action on Diversity, Equity, and Inclusion</i></a> .





Photo credit: Chimi Yi, United States

## Leading by example:

# A global minimum standard in leave for all new families

**During global DE&I-related observances and other employee forums, we routinely received feedback on our provision of parental leave.**

This related to provisions for primary and secondary caregivers, alternative parenting (e.g., adoption, LGBTQ+ families, etc.) as well as evolving policy (e.g., shared leave). To address this, we embarked on an internal review of 37 countries where there is a leave provision in place, which showed a significant level of variation in what is provided, driven primarily by local norms and legislation. We decided that a global basic minimum standard was necessary to drive more consistency across the business, which is being rolled out during FY23.

The minimum standard provides 10 weeks of full pay for the primary caregiver and four weeks of full pay for the secondary caregiver. This provision is extended to adoptive parents and LGBTQ+ families. While countries with a greater provision as part of local norms or legislation will see no change, this change increased the provision in some measure in 29 of the 37 countries. We will continue to evolve our family-friendly policies in support of our colleagues who have caring responsibilities outside of work.



**“My daughter had a “Dress like a Superhero or Your Parent Day” at camp recently, and she decided to dress as me! Maybe we’ll see her at ERM in the future? As a working parent, I’ve appreciated ERM and my supervisor’s support of nontraditional schedules. I’ve worked a 30-hour week schedule since the birth of my first child and that has allowed me to achieve a more sustainable work-life balance.”**

**Chimi Yi**  
Senior Consultant, ERM (United States)

## Leading by example:

# Racial and ethnic justice



Photo credit: Carin MacKinnon-Little, South Africa

We are a signatory of the [Race at Work Charter](#) and committed to taking practical steps to tackle barriers that racial and ethnic minority people face in recruitment and progression, and to make ERM representative of the societies in which we operate.

An initiative driven by the Business in the Community organization, the Charter is composed of seven calls to action for leaders and organizations across all sectors.

### Here we are reporting our progress to date.

**1. Appoint an executive sponsor for race.** Mark Errington, CEO for ERM's Asia Pacific region, serves as our executive sponsor for race.

### 2. Capture ethnicity data and publicize progress.

We began collecting voluntary ethnicity data from our employees in 2021. See the [Performance Data](#) section of this report for more details. We have also developed dashboards for monitoring trends using anonymized ethnicity data. We conducted an exhaustive review of all key processes from pay and bonus decisioning to promotions and progressions. We will continue to monitor regularly to identify any required action.

### 3. Commit at board level to zero tolerance of harassment and bullying.

ERM has a strong anti-harassment and anti-bullying policy supported by the Board, which this year we modified to include a specific reference to discrimination on the grounds of diversity. We have procedures to ensure action is taken to combat harassment and bullying.

### 4. Make equity, diversity and inclusion the responsibility of all leaders and managers.

Since signing the Charter, we have taken practical actions to integrate zero tolerance into our global policies that are applicable to our entire workforce, as well as to discuss antiracism in a number of ways across the year. This includes updating our global code

of conduct and manager policy to make specific reference to discrimination, and holding a workshop on the role of leaders in building a culture of zero tolerance and antiracism with the global Senior Leadership Team. This included our Executive Committee taking the Harvard Implicit Association Tests and discussing their results in a facilitated session.

### 5. Take action that supports Black, Asian, mixed race and other ethnically diverse employee career progression.

We have measures in place to ensure employees from an under-represented racial and ethnic group have the access they need to development opportunity and career progression. This includes measures at the global level (e.g., standards in recruiting) and BU-led measures (e.g., addressing local gaps in representation).

### 6. Support race inclusion allies in the workplace.

We support the members of our Embrace ERG, which includes race inclusion allies, and take their feedback seriously as a means for improvement. In March 2022, ERM came together to mark the [UN's International Day for the Elimination of Racial Discrimination \(IDERD\)](#). There are several other important events observed at various times in our regions, such as Black History Month and Native American Heritage Month. IDERD provided the opportunity for us all to stand together against racial and ethnic discrimination – at the same time in all parts of the business. It was the first

time we observed this at ERM, and it will become an annual observance in our DE&I calendar from here forward. In addition to regional session taking place around IDERD, we curated resources from the LinkedIn Learning library and Get Abstract to support our employees in their journeys toward allyship and in support of antiracism.

### 7. Include Black, Asian, mixed race and other ethnically diverse-led enterprise owners in supply chains.

This will be advanced through the wider program of work on supplier diversity, which is in conjunction with the implementation of our sustainable procurement approach.



**“It takes every one of us to build a truly inclusive ERM. As the North America DE&I Manager, I will continue to work closely with the Embrace ERG to identify barriers and implement solutions that ensure equity.”**

**Katherine Costello**  
DE&I and Communications Manager,  
ERM (United States)

# CASE STUDY

## Broad-based black economic empowerment

**In South Africa, where social and economic imbalances existed for many decades, transformation is a constitutional, business and social imperative. The empowerment and advancement of previously disadvantaged individuals – in particular, Black women, youth and people with disabilities – is based on the principle that they are equal partners in the corporate sphere and their contributions are valuable.**

ERM is accredited under South Africa's Broad-Based Black Economic Empowerment (BBBEE) Act, which underpins our social license to operate in the country. Most companies require their suppliers and clients to have a favorable BBBEE rating, and our clients are able to claim 135% preferential procurement due to our Level 1 BEE status.

Below are some of the initiatives that form part of our BBBEE program that has a positive impact on ERM, our employees and the communities we work in.

### Ownership

Black employees within the business have been awarded share options in the ERM Trust. This ownership scheme was developed with the intent to attract and retain Black employees in our business. As part of the ERM Trust, we offer scholarships to the children of our Black employees for primary and secondary school education.

### Skills development

Skills development allows ERM to support students with their post-graduate studies in areas of specialization aligned to ERM's service offerings. The bursary program has been successful in attracting candidates from under-represented demographics, who join ERM on a 12-month

internship once they have successfully completed their studies. This program has been highly successful, and most of our permanent junior consultants come from the bursary program. During FY22, we supported 21 students studying various qualifications ranging up to doctorate level. In FY23, we will focus on identifying skill gaps of employees and ensuring that the relevant trainings are identified and conducted.

### Preferential procurement

As part of our preferential procurement commitments, we are analyzing our suppliers and ensuring that we focus on Black-owned and Black women-owned businesses. This will ensure economic participation of previously disadvantaged groups.

### YES Program

We have also contributed towards the Youth Employment Services (YES) Initiative by creating workplace experience for Black youth to gain valuable experience. We aim to create further economic inclusion for Black youth in the coming year.

**We are confident that our focused approach will yield a Level 1 BBBEE status for the FY23 audit, which will be conducted in 2023.**



Photo credit: Kirsten Tillotson, United Kingdom



## Leading by example:

# Providing opportunities for women from marginalized communities across Asia and the Middle East

The Asian University for Women (AUW), Bangladesh, provides scholarships for women from marginalized communities across Asia and the Middle East, most of whom are the first in their families to obtain a university education. The ERM Foundation has been working with AUW since 2018, when we started running annual workshops for AUW students highlighting opportunities within the consulting sector.

This year, we have expanded this program to provide mentoring from ERM employees for 75 under graduates. We hope to expand the number of internships we can provide, with a view to recruiting more AUW graduates into ERM.

In the aftermath of the Taliban takeover of Afghanistan, we have also provided a scholarship to enable an Afghan woman to safely continue her education in North America.



“Being an environmental science graduate of AUW, I had high dreams of working to support environment and community wellbeing. My internship at ERM was the path to my dream. I now have a full-time position within ERM’s Global Sustainability team, and I’m excited to be able to embark on my career in corporate sustainability.”

**Gayathri TG**  
Sustainability Program Analyst, ERM (India)



Photo credit: Asian University for Women



# Impact and influence

## 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 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:

Developing and publishing **thought leadership**

Leading change through **collaboration**

Demonstrating we **“walk the talk”** through our own **commitments**

Engaging our people in the work of the **ERM Foundation** and its partners.

We are evolving and improving how we measure and communicate our impact. 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.

**Innovating with other leading organizations**



# Thought leadership

The SustainAbility Institute by ERM is our primary platform for strategic sustainability thought leadership. The Institute's outputs are complemented by operationally focused insights from across the ERM Group. We focus on the topics of greatest interest to our existing clients and provide practical and thought-provoking material for those newer to sustainability.

We deliver these insights through a diverse range of channels, ranging from in-depth research papers and global surveys to blogs and interviews exploring client challenges. We include client perspectives and the thinking of our leading technical experts in our work. Whether it be addressing immediate or shorter-term needs or illuminating the issues most likely to be facing us in the future, ERM's range of content is designed to respond to the needs of our stakeholders.

Thought leadership builds our brand and grows client relationships. It is also an effective way to share the ideas and insights gleaned from our work with clients or broader understanding of sustainability issues. In 2021, we launched ERM's inaugural thought leadership competition Insight2Impact. This initiative was designed to gather the best ideas from across the company and help develop them towards publication, and to help celebrate our 50th anniversary. We received an incredible 50+ submissions and, after extensive review and judging, announced six winners.

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 41 awards were made on topics ranging from "Environmental and Social Considerations in floating photovoltaic projects (and photovoltaic subsea cables) in South and East Asia" to "Environmental justice: What do we do?" as well as "The economic models behind the climate assessments that inform the IPCC reports and much of the policy and decision-making."



**"We have increased the number of awards this year. This demonstrates the way in which our people have found new and innovative ways to showcase our technical capabilities to our clients and other stakeholders despite the ongoing challenges of pandemic conditions. Congratulations to everyone for continuing to demonstrate our position as thought leaders – something that is crucial to the success of ERM as well as their personal development."**

**Toby Hanna**  
Global Technical Communities Director, ERM (United States)



Photo credit:  
1. Saugat Roy, E-Waste World  
2. Dr. Tom Houghton, SEC World Hydrogen 2022 Summit

## CASE STUDY

# Sustainability Consultation Forum on climate strategy and net-zero

Following the success of its first Sustainability Consultation Forum (SCF) in 2021 on the social aspects of its workforce, a major agribusiness conglomerate IOI Corporation Berhad (IOI) in Malaysia organized its second SCF on its climate strategy and journey towards net-zero.

As with the first SCF, this forum served as a platform for the business to listen, discuss and collaborate with specific stakeholders to deepen its understanding of the critical enablers of a credible corporate net-zero strategy. The forum, held in May 2022, focused on net-zero target setting, especially pertaining to Scope 3 greenhouse gas emissions and the role regenerative agriculture can play using a cradle-to-cradle (or circularity) approach. The SCF's outcomes included specific actions and next steps to operationalize its net-zero ambition.

ERM facilitated the SCF in a hybrid face-to-face and virtual format, with 40 members of the client's senior leadership and management team in attendance as well as 15 external

participants from among suppliers, customers, regulators, investors and local universities. Core members of the client's Advisory Panel were also present.

To deepen employee understanding of the impact of climate change on the client's operations, ERM facilitated a series of talks on climate change-related matters, including the Science Based Target initiative (SBTi) Forest Land and Agriculture (FLAG) criteria, regenerative agriculture and Scope 3 emissions. Speakers included Kate Newbury-Helps, Principal Consultant at ERM, Xin Yi Kok, Corporate Sustainability Lead Consultant at ERM, along with thought leaders from the Universiti Putra Malaysia and Nestle Malaysia.



Photo credit:  
Foong Ling Chin,  
Malaysia



**“I was proud to bring together ERM’s expertise and experience alongside other industry leaders to support IOI’s strategy.”**

**Foong Ling Chin**  
Consulting Director, ERM (Malaysia)

## Leading by example:

# Climat International publishes new standard for GHG accounting and reporting in private equity

**Initiative Climat International (iCI), together with ERM, launched a new standard that for the first time sets out a consistent approach to GHG emissions disclosure across the private equity sector. The standard represents a practical application of the GHG Protocol and the Partnership for Carbon Accounting Financials Global GHG Accounting and Reporting Standard to private equity investing, and it is designed to support ESG professionals at private markets firms.**

The standard, developed by iCI with ERM, enables General Partners (GPs) to establish processes for carbon footprint data collection and calculation, thereby improving the quality of their GHG emissions reporting and providing a path to strategic portfolio analysis and target-setting to support the transition to a net-zero economy.

It provides guidance on related topics, including:

- Calculating Scope 1, 2 and 3 emissions of the GP and each portfolio company;
- Attributing GHG emissions from portfolios to GPs and Limited Partners (LPs); and
- Aggregating emissions at the fund level and reporting to stakeholders.

Private equity can play a pivotal role in getting private companies to accurately account for and manage their emissions at a critical stage in the company's life cycle. The iCI aims to play an important capacity-building role to support the robust reporting of financed emissions in private markets through this work and its wider activity across the sector.



**“One of the takeaways from COP26 was the urgent call for more rigorous and standardized carbon accounting data. This is a topic where we can all contribute, particularly in private equity. I’m very proud to be part of the working group on this important project and honored to act as Global Coordinator of the iCI, which is providing an important, collaborative platform for ambitious climate action in private equity.”**

**Natasha Buckley**  
Vice President ESG  
HarbourVest Partners

**“Through this joint effort with iCI, we have developed a first-of-its kind climate initiative for private equity. This document provides carbon footprinting guidance for private equity with very practical applications to firms, fund and portfolio companies.”**

**James Bone**  
Partner, ERM (United Kingdom)



**“The application of this standard will enable a more consistent and streamlined approach to the calculation and disclosure of emissions, and will support private equity firms as they seek to understand and drive down emissions across their portfolios.”**

**Tom Reichert**  
Group CEO, ERM (United States)





## Leading by example:

# Renewable energy is not immune to “social license to operate” challenges

**Critical Resource, an ERM Group Company, provides regular insights into political, stakeholder and sustainability challenges in the energy and mining sectors. We share here an excerpt from a recent analysis exploring several key stakeholder, environmental and sociopolitical challenges associated with developing renewable energy projects and the importance of establishing a strong social license to operate.**

The development of renewable energy projects is an essential factor in advancing the global energy transition. As critical sources for low-carbon energy, renewable energy investments are expected to increase significantly over the coming years, with a range of positive impacts. However, with this ramp-up in investment approaching, it is important to consider renewable energy projects can be subject to many of the same “license to operate” and value destroying pitfalls traditionally associated with more controversial extractives sector projects.

Like companies in the extractives sector, renewable energy companies are subject to a host of issues that have the potential to undermine their reputation and ability to successfully develop their projects. Some of the key challenges include:

- Land rights and property ownership;
- Potential impacts on the environment;
- Competing stakeholder agendas;
- Failure to respect indigenous and human rights; and
- Public perceptions of unfair participation processes and inadequate inclusion.

Companies should go above and beyond statutory requirements to ensure they remain ahead of threats to the integrity of their social license to operate. Some of the approaches companies might consider include:

- Early and detailed assessment of the project context can help companies to identify potential risks and plan for how different scenarios might play out.
- Meaningful contribution to the social welfare of communities in the vicinity of the project is often crucial to offsetting the lack of other economic benefits.
- Investment in skills development in the community can provide a path to employment, serve to expand the capacity for local sourcing and meet the company’s local content obligations.
- Engendering a sense of pride and ownership over the project in the local community can be an asset in securing local approval for development.
- A well-rounded and trusted community liaison function, akin to those deployed by extractives companies, is essential to liaising with the community, responding to their concerns and presenting an approachable “face” of the project.



Photo credit: Barbara Winter Watson, United States

- In countries with indigenous communities, thorough analysis of the potential impacts on local group’s human rights is essential.
- Effective due diligence on social factors and embedding the results into the business approach.

Companies operating in the extractives sector have learned, often the hard way, that their social license to operate can be easily lost and that, once lost, the necessary trust with communities and stakeholders is difficult to regain. Companies developing renewable energy projects should take note of the experience of the extractives sector and ensure they have taken the necessary steps to establish and protect their social license to operate.

*\*Excerpted from [Renewable energy is not immune to ‘social license to operate’ challenges](#).*

## The SustainAbility Institute by ERM

The Institute decodes complexities, sparks conversation and accelerates ERM's commitment to shape a sustainable future with the world's leading organizations. Its purpose is to define, accelerate and scale sustainability performance by developing actionable insights for business.

ERM's ability to support every aspect of sustainability strategy, from inception through to implementation, is a core strength. The Institute aims to exemplify and amplify this boots-to-boardroom capability by providing sustainability insight that is actionable, comprehensive, and integrated with business decision-making.

In collaboration with ERM experts and external partners, the Institute addresses the critical sustainability challenges facing private sector leaders and policymakers across all industries and geographies. The Institute's analysis informs decisions that accelerate development of circular business models and the creation of a more just and sustainable society and economy.

In its first full year of operation, the Institute published 18 actionable insights and generated the following response via sustainability.com:

**21,700 downloads**

**150,000 users**

**305,000 page views**

For FY22, we set ourselves the target to achieve a 20% increase in the number of publications downloaded from our platform [sustainability.com](https://www.sustainability.com) over the prior year. We reached an 80% increase in downloads, demonstrating the growing stakeholder interest in our work. In the next year, we have set a target of increasing engagement scores on the Institute social channels by 10% and to outperform industry benchmarks for our thought leadership over the longer-term.



Photo credit: The SustainAbility Institute by ERM



### Networks

The Institute's peer-to-peer networks bring business leaders together to share knowledge, build and strengthen relationships, and improve their organizations' programs and performance. Network insights and experiences also inform publicly available Institute research.

Over the past year, our ESG Ratings Working Group brought together investors, corporates and standard setters for lively exchanges on improving ESG performance and disclosure and to explore how companies are grappling with shifting ESG-related standards and regulation. Network members also participated in our research, helping conceive and develop *Corporate Progress and Action on Diversity, Equity, and Inclusion* in particular and influencing other outputs as well.

This will continue in the year ahead, when the ESG Ratings Working Group will play key roles developing the next iteration of our Rate the Raters research.

### Partners

We are proud to work with the world's leading organizations across all sectors of the economy.

Many of the systemic challenges faced today can only be addressed through collaboration. We work with companies, industry organizations, professional bodies, academics, NGOs and other partners to explore these issues and develop actionable solutions. We share the insights generated from the collective wisdom, experience and expertise at the center of these partnership through our research so they can be accessed and utilized by others driving positive change.

Working in collaboration with others enhances the Institute's ability to produce outputs that help leaders develop strategies for positive change.

In addition to our external partners, we work with experts across ERM, incorporating their insights and experience into our efforts to accelerate desired sustainable development outcomes.

### Stakeholder convening

The complex and sensitive challenges faced by business leaders are often perceived differently by key stakeholders. We believe in tackling such challenges in a constructive, considered and informed way by working with companies and other leading organizations to convene unique stakeholder engagements.

These customized forums help organizations understand stakeholder expectations, improve relationships and effectively address their most difficult sustainability issues. Each engagement is designed and facilitated by the Institute team with support from ERM technical and business experts.



[Visit the SustainAbility Institute website to learn more.](#)



[Learn more about the SustainAbility Institute reports here.](#)



## Leading by example:

# The SustainAbility Institute & Persefoni release report on new climate-related disclosure requirements

Three major sustainability disclosure proposals were released in March and April 2022 at a pivotal time in corporate disclosure:

- In the United States, the Security and Exchange Commission (SEC) proposed its Enhancement and Standardization of Climate-Related Disclosures for Investors;
- In Europe, the European Financial Reporting Advisory Group (EFRAG) released guidance on a range of sustainability-related disclosure requirements, including the European Sustainability Reporting Standards (ESRS), which will help inform the EU's Corporate Sustainability Reporting Directive (CSRD); and
- The newly established International Sustainability Standards Board (ISSB) released the General Requirements for Disclosure of Sustainability-related Financial Information and Climate-related Disclosures exposure drafts.

Their alignment with TCFD and each other will be important in developing consistency across reporting requirements and has the potential to impact the overall quality of climate-related data, ultimately resulting in improved insights and outcomes.

In June 2022, the SustainAbility Institute by ERM and leading carbon management and accounting platform Persefoni released [Evolution of Sustainability Disclosure: Comparing the 2022 SEC, ESRS, and ISSB Proposals](#), a report that profiles these three frameworks by focusing on the components of each related to climate-related risk and opportunity disclosure and their use of TCFD guidance. Key takeaways include:

- **The evolving guidance from the SEC, EFRAG and ISSB builds on more than 20 years of continuous improvement in the field:**  
Engagements among global ESG, sustainability, and climate change experts and organizations continue to refine, focus and improve the disclosure landscape for ESG-related information, especially quantifiable GHG data and climate change-related risks.
- **Companies should focus on the TCFD framework to guide current reporting:**  
TCFD provides a framework for companies to use to help them evaluate their climate-related financial risks and opportunities that applies across industries, geographies and types of organizations.
- **More companies will disclose emissions (Scope 1, 2 and 3):**  
This will increase the amount of available data and facilitate reporting over time. As more companies report their Scope 1 and 2 emissions data, Scope 3 reporting will become easier and more reliable.

The day the report was launched, the Financial Times published [an article](#) in Sustainable Views, its new ESG policy and reporting site, providing an overview of the report's analysis of the different climate-related disclosure frameworks. The article explores some of the challenges to harmonization, featuring a quote from ERM's CEO Tom Reichert on the complexity of achieving alignment. The article concludes with a quote from the report: "Regulators and standard-setters need to know what works and what needs improvement in order to effectively craft these requirements."

Additional media coverage of the report can be found at [ESGtoday.com](#) and [Forbes.com](#).





# Collaboration and society

## We have a long-standing commitment to contribute to the communities in which we live and work.

We collaborate with organizations such as the WBCSD, PRI, Ceres, The Capitals Coalition, the Campbell Institute and others to address planetary and societal challenges through actively contributing to their work programs and advocacy on key societal issues. In addition, we contribute to broader initiatives, dialogues and action platforms in keeping with our purpose through our core business and the work of the SustainAbility Institute by ERM.

We encourage our employees to actively participate in environmental and social initiatives and actions to help address the needs of their local communities and others around the world. For more than 25 years, we have collaborated with partners through the ERM Foundation to make positive socio-economic and environmental impact.

We have a longstanding public commitment to contribute 1% of prior year profits to support sustainability initiatives around the globe via, the ERM Foundation and other organizations. In the last year, we contributed 1.97% of profits, including a significant donation to support nonprofit organizations supporting refugees from the crisis in Ukraine, including Save the Children, Ukraine Crisis Relief Fund and the UN Humanitarian Crisis Relief. We are committed to retaining the contribution of 1% of profits over the longer-term, and will be allocating 0.5% of that amount to ERM Foundation grants.

The ERM Foundation enables 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.

### Multistakeholder partnerships

We collaborate with society's most prominent changemakers to actively contribute to the initiatives and programs that will deliver a positive impact for society and the planet.

Over the past year, we continued to support our partners through publishing thought leadership, playing an active role in professional associations and delivering hundreds of presentations at conferences, on webinars and in workshops around the world.



Photo credit: Summer Chen, ReThink Hong Kong

On the next page, see a sampling of our major collaborations with multistakeholder organizations, which bring together a range of business, investor, civil society, academic and industry participants to achieve a common goal.

### Professional and technical organizations

We encourage our employees the world over to be active in their professional associations and to share the innovative solutions we deliver to clients through leading conferences and publications.

ERM consultants hold leadership positions in numerous technical and professional organizations around the world. The role of our consultants within these organizations illustrates leadership in action as we contribute our technical expertise to help advance society's understanding of sustainability challenges and solutions.

## Leading by example:

# Key sustainability memberships and collaborations

We are proud to be active members and contributors to the following organizations.



**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 and generate shared prosperity for all. It is coordinated and powered by WBCSD. ERM's Regional CEO for Europe, Middle East and Africa serves as our DE&I Executive Sponsor, Tim Strawn, and has been appointed as a Commissioner to BCTI. We are committed to playing an active role in BCTI as it seeks to change mindsets and catalyze action.



**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\*](#).



**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. The process will establish the programs, frameworks and policies to identify and mitigate potential risks (legal, environmental, social and business) of e-waste at end of life. With this Framework, RBA's mission is to create standardization for recycler performance that benefits both electronics manufacturers and recyclers, increases transparency across the full value chain, and drives continual improvement for recyclers over time. This framework will, in turn, improve the circularity in the electronics sector.



**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. Through the SustainAbility Institute by ERM, we are partnering with NCSA to prepare the CEO Guide on NCS in the voluntary carbon market, which will be published in mid-2022.



**Principles for Responsible Investment (PRI)** is the world's leading proponent of responsible investment. 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. ERM also has worked in partnership with initiative Climat International (iCI), a first-of-its-kind climate initiative for private equity, supported by the PRI, to produce [\*Greenhouse Gas Accounting and Reporting Approach for the Private Equity Sector\*](#).



**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 participant through our own net-zero commitment. ERM supported the Climate Champions and the Race to Zero through the secondment of Correne Knollenberg, who played an active role in COP26.



**The Campbell Institute** at the National Safety Council is the center of environment, health and safety (EHS) excellence. The Institute has produced research and various expert panels on sustainability. ERM has been a member of the Campbell Institute since June 2017, and actively participates in Campbell Institute committees, working groups and meetings.



**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 a safe and healthy planet for future generations. ERM is a signatory to the Climate Pledge and actively supported its campaigns and activities during the year.



**The Global Reporting Initiative (GRI)** helps businesses and governments 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 and an early adopter of GRI's new Universal Standards. ERM also delivers accredited GRI training in North America.



**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 GHG emissions to levels that will limit global warming to 1.5 degrees Celsius 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 TCFD since 2018 and publishes our own **climate disclosures** in line with TCFD's recommendations.



**The UN Global Compact (UNGC)** brings companies together with United Nations 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. We are a signatory of the Women's Empowerment Principles as part of our commitment. We report annually through our **Communication on Progress**. Additionally, ERM is active in a range of country networks. For example, in the United Kingdom we have participated in working groups and led sessions on the SDGs, climate risk management and DE&I.

# CASE STUDY

## INNafety 2022: The Safety Innovation Showcase

**INNafety, a unique safety 4.0 event connecting innovative start-ups and health and safety (H&S) leaders, returned for its third edition in June 2022 in Paris to shape the future of health and safety in the workplace.**

This year, six innovative start-ups have been chosen to showcase their solutions to H&S experts from the sponsor companies – L’Oreal, Procter & Gamble, Sanofi, Unilever, Saint-Gobain, Enablon and ERM – as well as other leading European and international companies.

This year’s event follows the first editions, which brought together more than 15 international firms and 13 start-ups and led to several pilot projects. INNafety provides a unique opportunity for H&S leaders to meet innovative start-ups and openly discuss the challenges they face on a daily basis.

### The selected start-ups are:

- Attensi, a Norwegian company, helps organizations to make transformational changes through gamified simulation training.
- Flyability, a Swiss company and reference manufacturer of indoor drones for confined space inspections.
- MākuSafe®, an award-winning US safety, data and analytics solution aimed at improving worker health, safety and productivity while reducing incidents and mitigating workplace hazards and risk exposures.

- Moten Technologies, a French data-driven ergonomics start-up helping companies to improve workplace safety and employee productivity.
- TRAXxs, a French start-up, develops and markets professional connected insoles that transform safety footwear into smart PPE.
- WearHealth, a German start-up that helps organizations to build a world-class manual workforce with the latest augmentation technologies to reduce injuries, improve wellbeing and boost efficiency.

These innovative solutions address key operational H&S challenges that are common to large companies across a range of sectors, including the growing problem of musculoskeletal disorders and ergonomics, the elimination of major risk, risks related to lone workers, training and the use of data and technology for risk prevention.

The start-ups will have a dedicated space to demonstrate their solutions and to engage in small groups with the attendees: about 80 H&S directors and decision-makers from major international companies.



Photo credit: ERM



**“Occupational health and safety is at the heart of the concerns of companies that understand the crucial role of innovation in improving working conditions for all employees. Many initiatives across various sectors are flourishing in this field, primarily to address high-risk situations and behaviors, but also to try to address evolving health risks (ergonomics, psychosocial) resulting from the changing world of work.”**

**Arnaud Szymkowiak**  
Partner, ERM (France)



# CASE STUDY

## World Business Council for Sustainable Development (WBCSD)

We provide leadership and technical expertise as a founding member of the WBCSD, a CEO-led organization of approximately 200 companies supporting the business case for sustainability. Our most recent activities build on more than 25 years of support and collaboration with the WBCSD and its members.

- Former ERM CEO Keryn James was Vice-Chair of the Executive Committee of WBCSD and Co-Chair of its Climate and Energy Board.
- As part of an extended secondment, ERM principal consultant Molly Iliffe lead the preparation of a report [Evaluating Climate-Related Financial Impacts on Power Utilities](#) which has been recognized by the TCFD.
- ERM supported WBCSD's Chief Financial Officer (CFO) Network through a secondment to manage the work of the Network. ERM also hosted, a roundtable for CFOs on their role in ESG and sustainability; findings from the roundtable were featured in the Institute report [Connecting ESG, Capital Markets and CFOs](#) published in December 2021.
- In February 2022, ERM and WWF conducted a WBCSD webinar on the new Forest, Land and Agriculture (FLAG) Science Based Target initiative guidance for public consultation. ERM is part of the pilot project.
- ERM has supported WBCSD's Hydrogen working group, through secondments, contributing to technical papers and webinars and strategic engagement. ERM joined the [Hydrogen Pledge](#) announced as part of COP26.
- WBCSD and ERM co-hosted a session, [Can low-carbon hydrogen power Indian businesses? Preliminary hurdles and way forward](#), at India's largest renewable energy exposition, REI e-Expo, which was held virtually in August 2021.
- ERM has worked with a range of sectors to develop their own [SDG roadmaps](#).
- We are active members of WBCSD global network partners in countries including Brazil, France, Australia and Malaysia.
- ERM is a member of the Business Commission to Tackle Inequality with Tim Strawn, Regional CEO for Europe, Middle East and Africa being appointed as a Commissioner.



Photo credit: ERM

- ERM supported the Redefining Value Program in their initiative to embed ESG into Enterprise Risk Management. A team led by Alexander Cox delivered training to selected companies, building on our experience with clients in a range of sectors.



[Hear more from ERM Partner Alex Cox.](#)

# The ERM Foundation

The **ERM Foundation** was established in 1995 to enable 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.

## We work in partnership with smaller nonprofit organizations and social enterprises.

We blend funding with professional support to enhance our impact. ERM provides an annual budget to the ERM Foundation for grant funding and employee-led pro bono professional support, which is further leveraged by employee donations and volunteer time.

## We prioritize four intersecting focus areas that align with the skills and interest of ERM employees.

We support organizations and programs that create impact at the intersection between biodiversity protection, climate action, women's livelihoods in the low- carbon economy and improving access to clean water and sanitation.

## The ERM Foundation is committed to making a measurable contribution to the Sustainable Development Goals (SDGs).

As part of our contribution to the United Nations Decade of Action, the ERM Foundation sets annual targets aligned to the SDGs. These global goals help to concentrate our resources and provide a reporting framework. We have identified 12 SDGs where the ERM Foundation can have the greatest impact.

## Introducing the ERM Foundation Future Fund.

ERM shareholders donated over \$600,000 to establish the new ERM Foundation Future Fund, which will launch in FY23. This fund will invest in NGOs that are driving progress towards the SDGs, at the intersection between biodiversity, low-carbon livelihoods and access to renewable energy.

1. Photo credit: IDESAM
2. Photo credit: Surge for Water
3. Photo credit: Solar Sister





## The ERM Foundation

With support from ERM, employee donations and pro bono time, we have exceeded all FY22 ERM Foundation impact-based targets, delivering benefits for society and nature.



Photo credit: Gonzalo Sanson, Mexico

### Professional pro bono work

In addition to community volunteering, employees also provide pro bono professional and technical support for nonprofit organizations through the ERM Foundation. For example, this year ERM's Mexico City team monitored water quality in Bacalar, Quintana Roo, Mexico pro bono work for a local NGO, AguaClara.

[Learn more about the Foundation's impact in this short film.](#)



Read the [ERM Foundation Annual Review 2022](#) to find out more about our activities, programs and partnerships during FY22.



Photo credit: Carlos Peyera, Argentina



## 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 over a very challenging year in many areas around the world.

### Earth Day

To celebrate Earth Day 2021, ERM employees around the world contributed to the theme Restore Our Earth in the communities where they live and work. This ranged from local cleanups to regenerative agricultural projects and reducing emissions. For example, employees in Germany organized “a week without…” challenge.

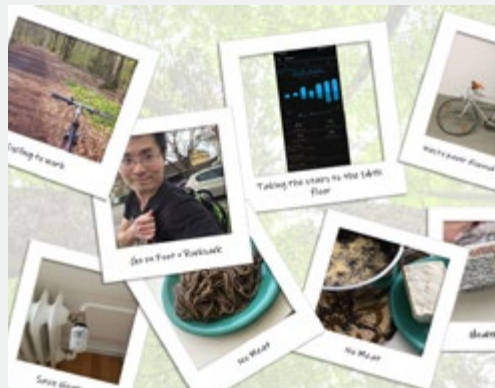


Photo credit: ERM Germany

### Global tree planting initiatives

As part of our act4nature biodiversity commitments, ERM employees in each region participated in tree planting and rewilding initiatives with local conservation groups. For example, employees worked with the Orchard Project in the United Kingdom, partnered with the Garden City Fund in Singapore to support coral restoration and volunteered at a tree planting day with long-term ERM Foundation grantee, the Nooksack Salmon Enhancement Association in Washington state, United States.



Photo credit: ERM Manchester

### International coastal cleanup

ERM employees globally participate annually in coastal cleanup events. Participation during the pandemic has been reduced; but we still managed to proceed with several events including a cleanup in Puerto Rico in partnership with local NGO, Yo Amo el Tinglar.



Photo credit: Lorna Diaz, Puerto Rico

### Global Goals Week

To mark the anniversary of the adoption of the SDGs, employees globally participate in a week of action in contribution to the SDGs, for example through local cleanup events, community gardening initiatives, promoting low carbon transport, and contributing to the ERM Foundation.



Photo credit: Tanakorn Suesatpanit, Thailand



# Measuring our impact

ERM's greatest impacts are through the work we do for our clients. Over a number of years, we have evolved our methodology for measuring and communicating our impact through client work in a robust, credible and transparent way. It is a complex task, and we are committed to refining our methodology over time.

**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. We have made some progress, and we need to do more.**

For the past two years, we have been using our three market drivers (i.e., low carbon economy transition, ESG/sustainable finance and business resilience) as a framework for measuring impact with a focus on ERM projects that contributed to the transition to a lower-carbon economy. For each project, we track the inputs and outputs and share the aggregate data in this report.

At the same time, we are developing on a methodology to track project outcomes relating to 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 and TCFD disclosure.

## Client engagement

Last year, we set ourselves a target to establish an independent and verifiable client satisfaction

process as one dimension of understanding our impact and influence. In FY22, ERM continued to evaluate processes to measure client satisfaction. This included reviewing the systems of other professional services firms and engaging clients directly.

As part of the transition to new financial investors in May 2021, an independent assessment of ERM's client relationships was undertaken, which provided invaluable insights. These insights have been incorporated into our business strategy and form the foundation for a new client feedback approach to be implemented in the next financial year.

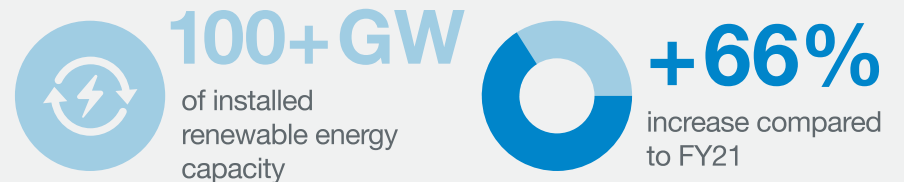
In addition, we will be working with our account teams, service leaders and technical communities to engage our clients on their views on ERM's impact and how we can make an even greater contribution to addressing their key business and societal issues.

In the next year we will be developing a 3-year roadmap to enhance the measurement of ERM's work with clients and deploying a client feedback approach across our Key Client program. In the longer term we have set a target to quantify and report sustainability impacts across all elements of ERM's business.

## Renewable energy capital project delivery



## Contributing to in excess of



Equivalent to annual carbon emissions of

# 22,540,000

US households

# CASE STUDY

## Supporting Equinor in the energy transition

**Equinor is an international energy company committed to long-term value creation in a low-carbon future. It aims to be a leading company in the energy transition by leveraging the strong synergies between oil, gas, renewables, carbon capture and storage, and hydrogen. Equinor’s strategy is to accelerate this transition, and by 2030 Equinor will be a leading provider of energy and low-carbon solutions, a global leader in offshore wind, and the European leader in carbon capture and storage (CCS).**

ERM has worked with Equinor for more than 15 years, providing boots-to-boardroom services that leverage our global footprint, local content and subject matter expertise in offshore and onshore energy coupled with our deep technical expertise. Ongoing projects include the following:

**Brazil:** Equinor has been present in Brazil for decades, and it sees the country as a core area for long-term growth. Equinor decided to enter the solar energy market, starting in Brazil where it is the second largest oil operator. ERM has been assisting Equinor and its joint venture partner Scatec in the evaluation of several solar renewable energy projects, taking into consideration a risk-based approach framed by the International Finance Corporation Performance Standards. In addition, ERM has been assisting Equinor and Scatec in the development of a biodiversity action plan for a solar project.

**Poland:** Poland’s Offshore Wind (OSW) future investments are growing rapidly, with an aim to install 3.8 gigawatts by 2030 and an additional 10 gigawatts by 2040. Supported by the sectoral agreement for the development of OSW recently signed in Poland, Equinor, in a joint venture with local energy company Polenergia, has secured three OSW farm licenses (Baltyk I, II

and III). ERM began working in 2021 on an environmental and social impact assessment for Baltyk, and we now additionally work as the lender’s environmental and social advisor for the financing of Baltyk II and III. These two OSW farms will be among the first to be fully commissioned in Poland. This is the first time the joint venture is seeking external project finance, and ERM was selected due to the breadth of our technical expertise in OSW, our familiarity with the Equator Principles and IFC Performance Standards, and our experience in project finance.

**United Kingdom:** ERM is leading on the planning, permitting and safety services for Equinor’s 600 megawatt H2H Saltend project located in Humberside, United Kingdom. This is a blue hydrogen and carbon capture anchor project for the Zero Carbon Humber industrial cluster located in East Yorkshire and Humberside.

This project will spearhead the generation of blue hydrogen to significantly reduce the emission of GHG at the Saltend Chemical Park and other nearby off-takers of hydrogen. This project will also unlock the construction of large infrastructure, including pipelines and gas storage in salt cavities, to support

the transmission of hydrogen to a wider network of off-takers. ERM is leading on the Environmental Impact Assessment and the submission of a Town and Country Planning Act planning application. ERM has already completed several technical studies and extensive stakeholder consultation, including two virtual consultations and a face-to-face public consultation. ERM is also leading on safety services and environmental permitting to allow the safe and regulated operation of the plant.



**“I am proud to be part of the ERM team providing sustainability services to Equinor in Brazil as it continues its decades of energy innovation by investing in solar and wind renewable energy projects in our country.”**

**Augusto Mello**  
Partner, ERM (Brazil)

# CASE STUDY

## Building ESG capacities in Nepal

Development Finance Institutions (DFIs) have been at the forefront in leading efforts towards mainstreaming sustainability and the incorporation of environmental and social safeguards in Nepal. While the COVID-19 pandemic represented an unprecedented health crisis, it also provided the opportunity for DFIs to focus on measures to build resilience and manage risks on ESG performance.

ERM teams based in India have led capacity building efforts in collaboration with the International Finance Corporation (IFC) and the Dutch entrepreneurial development bank (FMO) over the past year:

**Enabling environmental and social risk management:** ERM supported IFC in Nepal to help build capacities of trainers as well as banks and financial institutions on the Nepal Rashtra Bank's Environmental and Social Risk Management (ESRM) directive. This included:

- Train-the-trainer sessions on the application of the ESRM directive;
- Virtual coaching sessions wherein ERM experts oversaw capacity building efforts among banks and financial institutions; and
- Dedicated sessions for the Nepal Rashtra Bank's team along with banking and financial institution (BFIs) leadership.

These sessions also covered country imperatives of Nepal such as: climate change, biodiversity, COVID-19 and return to work as well as the changing ESG landscape for the hydropower sector.

**Recognizing and managing safety risks as business critical:** ERM supported FMO in helping private sector companies and BFIs understand the importance of safety in business operations and risk assessment. Sessions were held virtually and included pertinent topics, such as addressing misconceptions on safety, the importance of leadership to drive the safety culture within organizations, emergency response and incident investigation, monitoring and evaluation.

**Environmental and social management systems is an enabler to sustainable finance:** ERM, in collaboration with FMO's partner Dolma Consulting and with the cooperation of the Independent Power Producers' Association and Nepal Bankers' Association, conducted in-person trainings of Nepal banks, financial institutions and hydropower developers on how to assess environmental and social risks through the ESRM directive by Nepal Rashtra Bank. We also developed environmental and social management systems to help hydropower developers assess, manage, mitigate and monitor environmental and social risks.

The sessions were followed by site visits to active hydropower sites (two operational and one under construction) as well as practical insights on operationalizing environmental and social risks and opportunities.

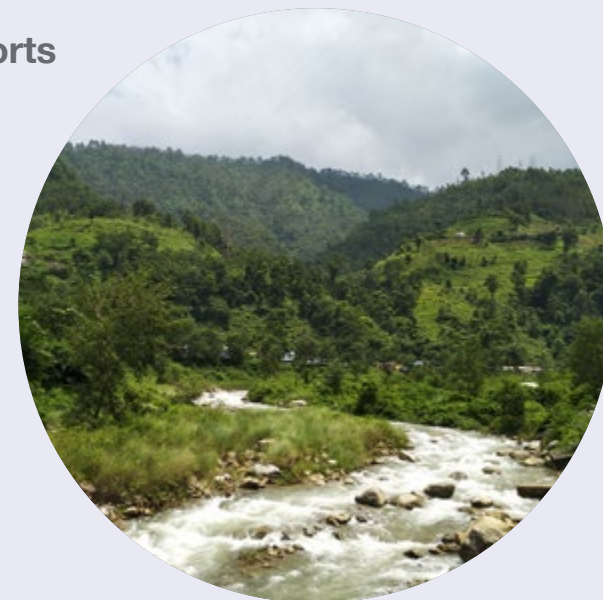


Photo credit: Devanshu Bajpai, India

Key takeaways from series of capacity building measures in Nepal include:

- ESRM is a key component for overall credit risk management process for banking and financial institutions;
- Role of regulators in creating a level-playing field for the finance sector and mainstreaming ESG through these measures is crucial;
- It is important for industries to align their business operations with international best practices; and
- Climate change risks are real and affect all countries.

# CASE STUDY

## Independent review of Rio Tinto cultural heritage controls

Rio Tinto is a mining and metals company operating in 35 countries around the world. It aims to contribute to a shared future and positive legacy by developing lasting relationships with people, learning about and supporting their goals and aspirations, avoiding or mitigating adverse impacts and respecting connections to land.

Following the destruction of the rock shelters at Juukan Gorge in May 2020, Rio Tinto has strengthened its approach to managing cultural heritage. The company is determined to build more meaningful and genuine relationships with Indigenous peoples and host communities around the globe.

A substantive independent review is currently under way to redefine good practice for cultural heritage management within the organization. ERM is leading phase one of the review, which focuses on the organization's Australian assets, in consultation with a number of Indigenous groups.

ERM's team of archaeologists, anthropologists and heritage experts offer extensive experience and credentials in local and global jurisdictions to support effective cultural heritage management. ERM's proactive and respectful management of cultural heritage helps organizations realize their strategic goals.

In addition, Rio Tinto have designed a new social performance strategy and set Communities and Social Performance (CSP) targets for 2022 to 2026. It has also strengthened its governance, including a review of the company's global CSP Standard and Cultural Heritage Group Procedure for Australian businesses and improved assurance and risk management processes.



Photo credit: Rio Tinto



# CASE STUDY

## ERM receives five Business Achievement Awards for innovation and sustainability leadership

**ERM has been recognized with five Business Achievement Awards, reflecting our commitment to helping clients address their most pressing sustainability challenges.**

Environmental Business International (EBI) presented the company with three awards for its client solutions. These included ERM's ESG Fusion platform, which uses Artificial Intelligence (AI) to guide investment decisions, the Carbon Compass methodology created with JPMorgan Chase & Co. to align financing with the climate goals of the Paris Agreement and the development of ERM Dolphyn, a first-of-a-kind technology combining electrolysis, desalination and hydrogen production on a floating wind platform.

ERM was also recognized for our achievements over the course of its 50-year history, which we reached in 2021, and for our mergers and acquisitions activity in the market. Recent acquisitions have included climate change and sustainability consultancy Point Advisory, AI and data science solutions provider OPEX Group and ESG advisory firm Stratos.

EBI's annual awards program is run in partnership with Environmental Business Journal (EBJ) and Climate Change Business Journal (CCBJ). ERM was recognized in the following categories:

**EBJ: Mergers and Acquisitions**

**EBJ: Technology Merit (ESG Fusion)**

**EBJ: 50-Year Company Recognition**

**CCBJ: Low-Carbon Energy  
(JPMorgan Chase & Co. Carbon Compass)**

**CCBJ: Climate Change Resilience  
(ERM Dolphyn)**



Photo credit: Lucy Liu, United Kingdom



# Digital innovation

## Why this topic is material for ERM

The introduction and adoption of technology has tremendously changed people's lives. This applies to nearly all aspects of life, including the way we act with respect to our environment, our health and sustainability.

Worldwide, business leaders face market and investor pressure to optimize operational performance at an accelerating pace and larger scale.

To achieve this, companies are pursuing innovation and new value-creation opportunities through digital transformation of the enterprise. A core part of the transformation is the digitization of environment, health and safety (EHS) and sustainability systems, making processes more automated, better connected and insightful.

ERM's extensive experience and expertise position us to support our clients in their transition. We are making a significant investment in our digital strategy as it is a core element of our business strategy in the coming years.



ERM CEO at the Meta Store  
Photo credit: Alison Drury,  
United States

- **Digital products** – innovating to respond to changing client needs and enhancing the client's experience, efficiency, competitiveness and profitability;
- **Client privacy and data security** – to ensure the confidentiality, integrity, protection and responsible use of information.

- **Technology enablement** - of our core processes used to deliver work to clients, and ensuring a modern and scalable infrastructure to support evolving work patterns; and

Our digital strategy is comprised of advisory and product streams that marry our boots-to-boardroom approach, bringing corporate strategy and technical expertise to our digital transformations and closer to our purpose: shaping a sustainable future with the world's leading organizations.

### ESG Fusion



#### ESG Rating Platform

AI-enabled service that provides on-demand ESG ratings and analysis to the investment professionals make better decisions.

### Themis



#### Regulatory Intelligence

Collecting and interpreting regulations, via human and artificial intelligence, into opportunities and risks.

### CRISP | Global Climate Database (GCD)



#### Physical Climate Risk Analysis

Using advanced analytics on internal/third party data to reduce the time needed identifying climate change risks and solutions.

### emissions.AI



#### Optimizing assets for lower carbon emissions

Cloud-based artificial intelligence solution to help clients optimize complex industrial facilities for lower-carbon emissions.

### X-PAS



#### AI for Reliability of Operated Assets

A cloud-based artificial intelligence (AI) solution for complex assets to predict threats, prevent system trips and reduce maintenance costs.

# Digital products



Photo credit: OPEX Group, an ERM Group company

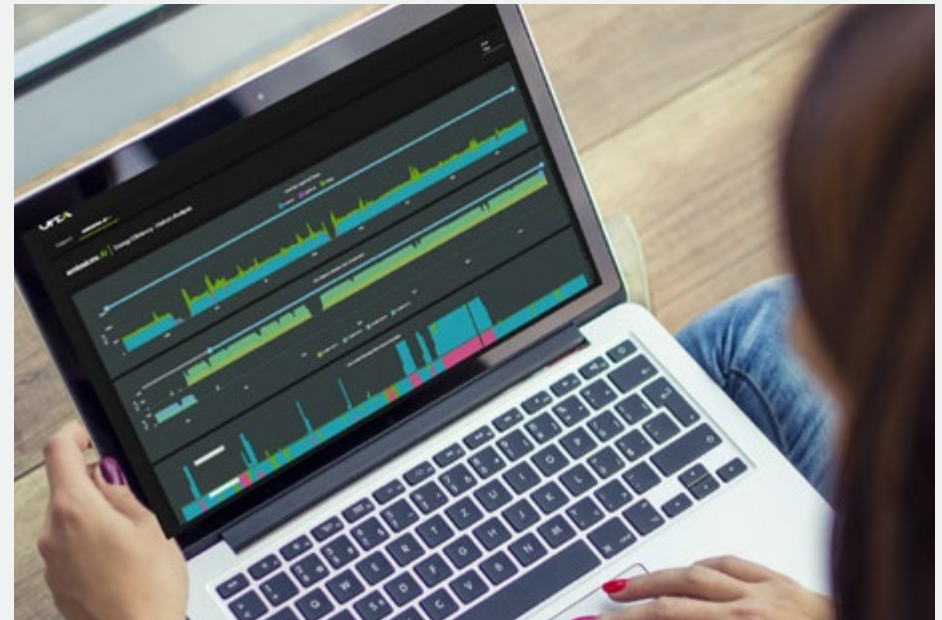


Photo credit: OPEX Group, an ERM Group company

**ERM is at the forefront of using digital technologies to help organizations reduce emissions and operationalize sustainability.**

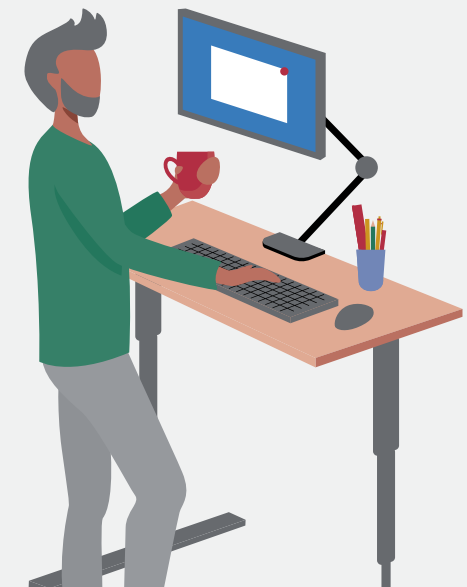
**As stakeholder expectations, regulation and emerging global carbon markets continue to evolve, we can expect strong competitive forces to align around them, requiring new capabilities.**

We co-create digital solutions with clients and partners to track and monitor material ESG risks and opportunities through our data analytics lab and innovation incubator teams.

ERM analytics lab combines human intelligence with machine intelligence to operationalize sustainability.

By coupling deep domain expertise and advanced analytics with effective governance, we are driving sustainable performance for our clients.

Our innovation incubator develops new digital solutions based upon ERM's existing services, and we deliver them at scale for our clients.





# CASE STUDY

## INEOS FPS rolls out emissions.AI software to lower emissions

In December 2021, ERM acquired **OPEX Group (OPEX)**, a specialist software company delivering artificial intelligence (AI) and data science solutions that help carbon intensive industries to reduce emissions.

This acquisition further enhances our growing digital business and expands our data analytics and AI capabilities to support clients seeking to operationalize sustainability and lead the low carbon economy transition.

OPEX's flagship product, **emissions.AI**, helps companies operate complex facilities with low-carbon emissions.

We are proud to be supporting INEOS FPS' emissions reduction efforts with the roll out of our emissions.AI software at the Kinneil Terminal in Grangemouth, United Kingdom. The software will continuously monitor energy use across the Kinneil Terminal to pinpoint opportunities to minimize fuel and power consumption and further optimize plant operations. As well as having access to real time emissions data in greater detail, emissions.AI will allow operational teams at INEOS FPS to know when and where to optimize processes and plant for lower emissions.

INEOS FPS has committed to reduce emissions from its operations to net-zero by 2045. INEOS has already made progress, with emissions reductions of 37% since it acquired the site in 2005. The deployment of innovative AI technology will further reduce emissions from its operations, demonstrating the company's commitment to meeting United Kingdom and Scottish government targets.



Photo credit: Canva

**“The installation of the emissions.AI software takes energy management to a new level that will lead to significant CO2 [carbon dioxide] savings. We are committed to delivering our roadmap to net-zero and see technology as a key enabler to achieving our decarbonization goals. Across our organization we are embedding a culture of carbon awareness, including as part of daily operations. AI will assist our teams in unlocking immediate operational emissions savings by making emissions data instantly available to them.”**

**Andrew Gardner**  
Chief Executive, INEOS FPS



**“We are delighted to support INEOS in their drive to reduce carbon emissions. Turning existing operational data into actionable emissions intelligence will give INEOS FPS' teams access to the information they need to drive faster and better-informed operational decisions and get after day-to-day emissions savings opportunities.”**

**Chris Ayres**  
Chief Customer Officer  
OPEX, an ERM Group company (United Kingdom)



## Leading by example:

# ERM launched first-of-its-kind ESG ratings platform for private markets

ERM launched **ESG Fusion**, which is an AI-enabled, on-demand, custom rating platform designed to provide reliable, consistent and comprehensive environmental, social and governance (ESG) data and insights to investors focused on privately owned companies.

Private market investors and alternatives managers are currently underserved by ESG rating services. ESG Fusion addresses this gap and offers a faster turnaround time compared to other offerings, with analysis delivered within just 48 hours. This means private market investors can now make better investment decisions faster, quantifying ESG risks and identifying new opportunities for value creation.

ESG Fusion is primarily designed for use by private credit funds and hedge funds. It can also be used for equity transactions as an early stage screening ESG due diligence tool to supplement and inform the focus of a more conventional in-depth ESG due diligence.

The platform combines ERM's deep domain expertise in ESG with near real-time data analytics capabilities. It is powered by intelligent web-crawlers, application programming interfaces from an ecosystem of data providers, and alternate data sources to provide detailed ESG data and content, which is reviewed and curated by ERM experts. Investors can use ESG Fusion to perform ESG due diligence, engage with portfolio companies to measure performance and progress, and compare companies' ESG performance within and across industries.

As a privately held company, ERM used this platform to provide a fresh perspective on our own ESG risks and opportunities as part of our materiality assessment.



**“Investors are increasingly seeking actionable insights into ESG performance of companies in which they invest to help private credit and equity clients achieve their sustainability objectives. ESG Fusion provides a unique client experience in data-driven support for investment decisions.”**

**Gerard Spans**  
Chief Information/Innovation Officer, ERM (United Kingdom)



**[Learn more about ESG Fusion from ERM Partners, Andrew Radcliff and Jaideep Das in this short video.](#)**

## Leading by example:

# ERM Responsible AI (R.AI) Framework

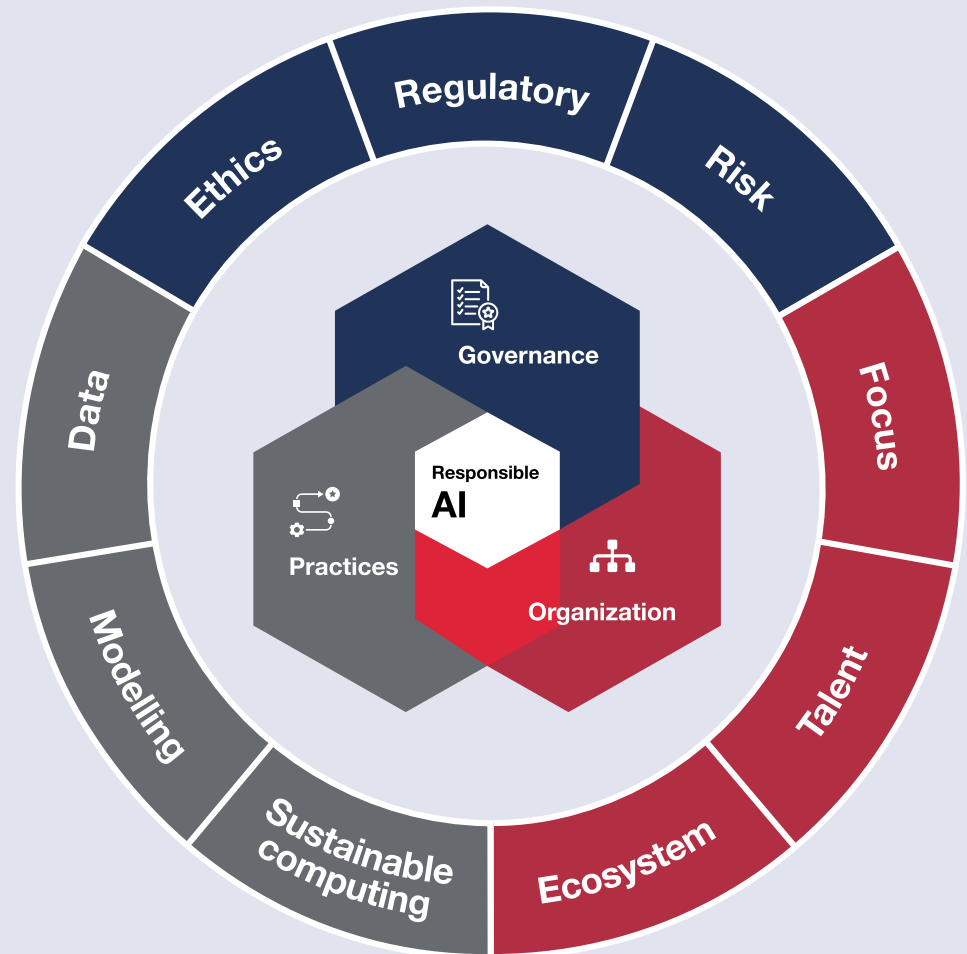
Increasingly, ERM is incorporating AI into the digital solutions we develop to help clients address ESG, safety, climate change and other sustainability issues. We designed R.AI Framework to ensure we have the appropriate governance, organization and practices in place to continue to be a responsible 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 SafeT and more.

**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.

**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 R.AI Frameworks, we resolved each of the above issues well before we launched ESG Fusion.



## Leading by example:

# ERM named as a leading ESG and Sustainability Consultancy in new independent research

ERM, the world's largest pure play sustainability consultancy, has been named as a leader in the ESG & Sustainability Consultancy industry, according to new independent research.

**The Verdantix Green Quadrant: ESG & Sustainability Consulting 2022 report** named ERM leader in the ESG & Sustainability Consultancy industry, based on a comprehensive assessment of ERM's services, extensive briefings with ERM experts and in-depth customer interviews conducted by Verdantix analysts. The report benchmarks leading industry firms according to 15 different capability criteria. It also identifies specific strengths in digital innovation, highlighting the recent launch of a new product: ESG Fusion.

**"ERM's boots-to-boardroom approach combines on-the-ground implementation capabilities with broader firmwide strategic initiatives, ensuring that ESG considerations are integrated into decision-making processes."**

Verdantix

**"ERM has a breadth of service and depth of expertise in environmental-related engagements, and strong capabilities to use this knowledge to develop specialized environmental projects."**

Verdantix

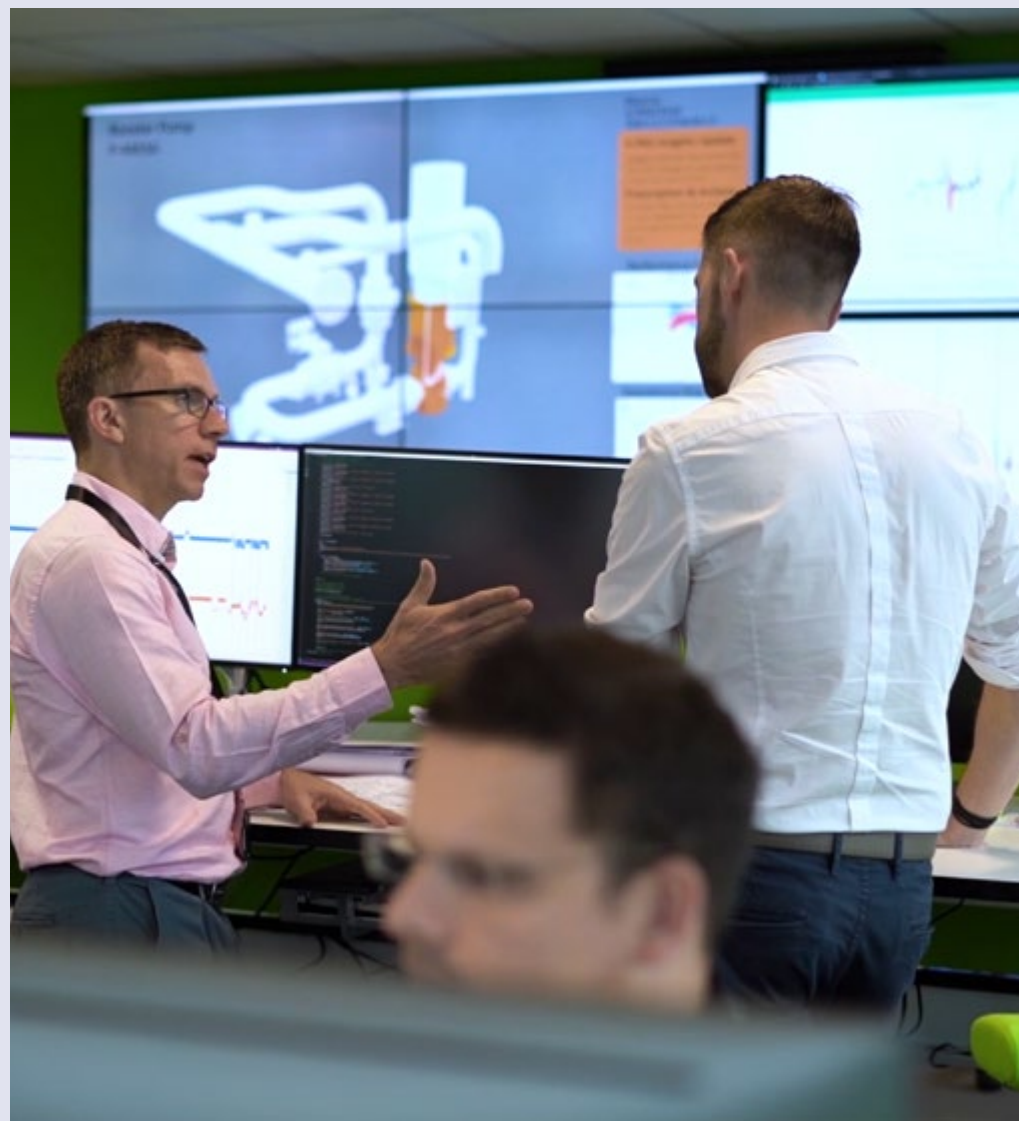


Photo credit: OPEX Group, an ERM Group company

# Tech enablement

Transformation and innovation are vital to our success in meeting the ESG and sustainability challenges facing our clients. At ERM, we understand the importance of having a technology platform in place that allows our employees to do their work, keep data secure and operate in an environment where we can deliver value for clients.

## Global systems

ERM's global Information Technology (IT) systems comprise many different tools that support the success of our company. From global finance programs and project management systems, to our global intranet and our e-learning platform, our tools are designed to fully support our employees in their daily jobs.

Our systems are integrated and supported by specialized teams of IT experts. We are constantly monitoring new feature releases and updates for the technologies we use.

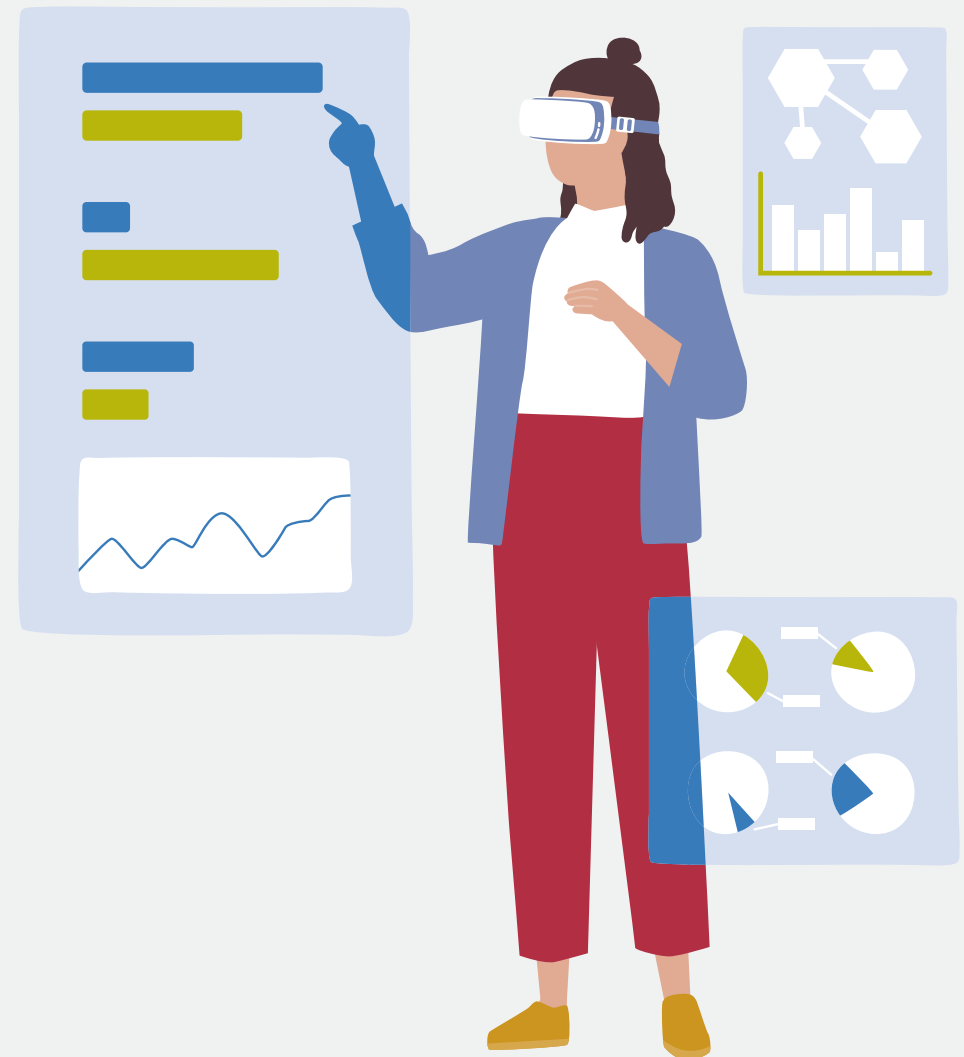
Evolving our systems into global core capabilities reduces operational risk, increases efficiency, and supports project-level innovation.

We have set a target to finalize a roadmap for digital enablement of our core service offerings in the next year and to deliver that in the years ahead.

## Operationalizing our core systems

Our core systems include EQUIS, ArcGIS, Microsoft's Power Platform, Remote Working/Virtual Engagement tools (including ERM's Virtual Engagement Platform), Tableau, and R. Through our Capability and Data Excellence Center, we:

- Support our **people** with organizational infrastructure, support roles and access to training for these systems;
- Standardize our **processes** with standard operating procedures, technical hubs and governance; and
- Invest in **technology** by consolidating licensing and support as well as centralizing related tools and innovations for reuse.





## Facilitating access to ERM's core data

Access to trusted data is necessary for each of ERM's core systems to deliver quality work for our clients. Through the Capability and Data Excellence Center, we:

- Continuously identify and curate **master data**, which are the terms and values that are common across our business;
- Manage **data discovery** infrastructure to facilitate access to documented, high quality data; and
- Support **data literacy** efforts to upskill all ERM employees and cultivate a "data first" mindset.

Approaching every client project as a 'data' project reduces our client's risk from poor quality or inadequate data, and allows ERM to continuously innovate.

### Flexible working

It has been shown that employees are more productive at work having workplace flexibility. At ERM, we are striving to create an adaptable work environment in which employees can respond in the most effective way possible to business demands while having the control and influence over their own work environment.

ERM's IT Systems are designed to fully support the mobile demands of ERM employees. Allowing secure remote access to IT systems and services from outside an ERM office, we can productively work while on the go, on different site locations or at a client site.

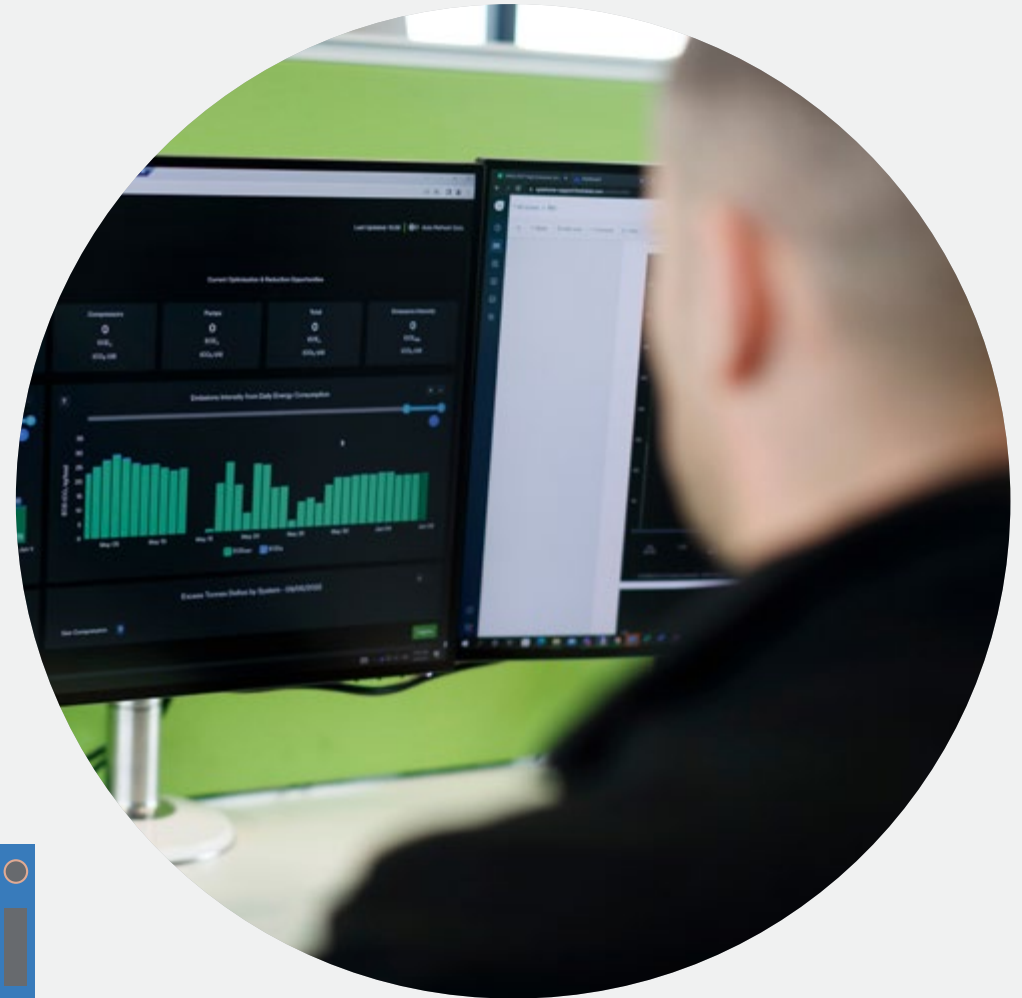
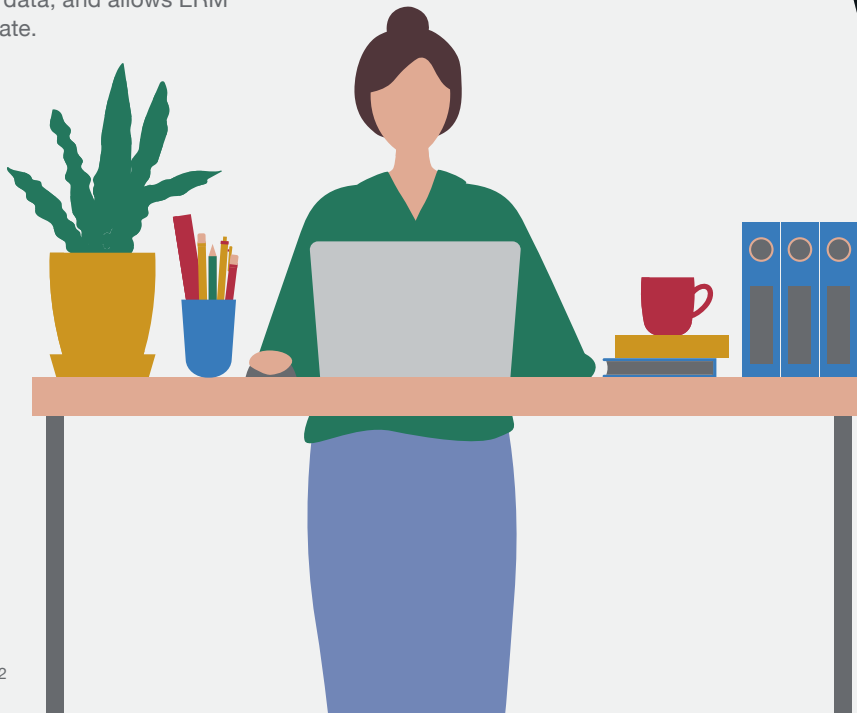


Photo credit: OPEX Group, an ERM Group company

# CASE STUDY

## Using satellites to remotely assess sites, monitor change and reveal hidden insights

The geospatial teams at ERM use satellite imagery to conduct analyses and digitally enable our clients' environmental and social impact assessments, maintain oversight of active projects and end-of-life assets, and facilitate more informed project planning. Up-to-date high quality satellite imagery provides the best data for clients to make efficient, knowledgeable decisions.

ERM has fostered a unique relationship with Planet Labs, the world's leading commercial satellite imaging company, to sustain company-wide oversight and monitoring through affordable and competitive satellite imagery procurement. Planet Labs currently operates a vast constellation of around 300 micro satellites, offering daily world coverage through a wide range of high-resolution imagery. This enables ERM to collect high-resolution imagery, anywhere on Earth, at any time with on-demand tasking.

ERM has been working with Planet Labs for the last 4 years, and together we have collected nearly 1 million square kilometers of imagery for our clients and project teams. It represents a critical resource that differentiates us from the competition and adds significant value for our clients.

For example, through a unique program called STARS that we developed using ArcGIS Online and Planet Labs imagery, we have been successfully monitoring construction progress for a major renewables client for the past few years.

This is a cost-effective alternative to performing field visits and helps minimize ERM's health and safety risks while maintaining oversight for our clients.

September



October



December



**“Near real-time satellite imagery has changed the way we perform oversight and monitoring for our clients. This technology allows ERM to monitor client sites and help track a range of activities including intrusions into nearby wetlands, cultural sites and protected areas as well as identifying potential climate change impacts. I’m excited to be a part of our Washington, DC, Geospatial & Climate Solutions team and proud to have implemented this technology for clients in the mining, energy and many other sectors.”**

**Michael Mangiante**  
Principal Consultant, ERM (United States)

## Leading by example:

# Creating value with ERM's Climate Risk, Impact and Solutions Platform (CRISP)

**Future climate change impacts could represent a material risk to a company's operations and supply chain. To understand these risks, ERM has developed a climate risk assessment application called CRISP.**

Leveraging the world's most advanced global climate models (the same models used by the IPCC in their recent reporting), ERM has designed an industry-leading approach to conducting physical risk analysis aligned with the TCFD as well as other emerging requirements, such as those under the Equator Principles 4 and EU Taxonomy, among others.

CRISP builds on ERM's vast climate change experience conducting physical risk assessments around the world for the past 30 years, which led in 2017 to the company being retained as the sole consultancy to work with the TCFD to prepare its guidance on scenario analysis.

CRISP converts climate data into climate risk insights. It uses a range of climate projections from our Global Climate Database and our detailed knowledge of the exposure of different asset types to rapidly assess physical climate risks across our clients' base of global assets.

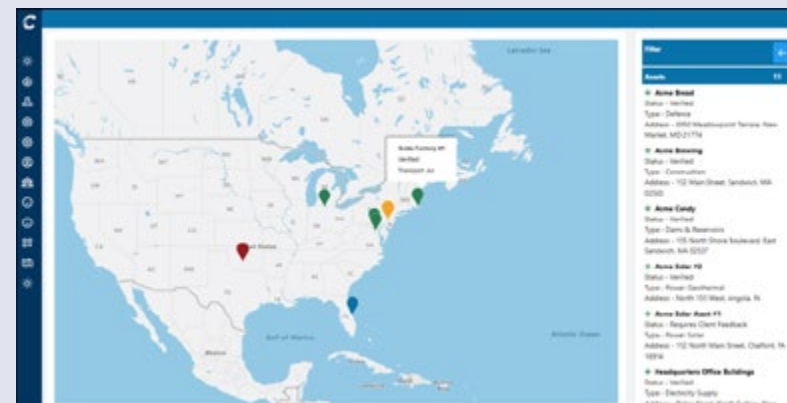
We use CRISP to assess our clients' assets and supply chains for physical risks. This can be undertaken in a wide range of contexts, including:

- During the due diligence process;
- In preparation for disclosure required by regulators and other bodies;
- Responding to investor requests for insight to risks; and
- Planning for the future from financial, operational and supply chain perspectives.



**“We brought together a team of global and regional experts from among the world's leading climate science institutions and formed the Physical Climate Advisory Panel. This panel reviews our approach to help ensure the technical integrity of CRISP and ensures that our data and process give our clients excellence across all our projects.”**

**James Hubbard**  
Principal Consultant, ERM (United Kingdom)



# CASE STUDY

## Agnico Eagle digital engagement in remote Arctic communities

**Agnico Eagle is a senior Canadian gold mining company, producing precious metals from operations in Canada, Australia, Finland and Mexico. The company is proud of its reputation as a leader in safety and sustainability, as well as the prosperity it brings to its employees, their families and the communities in which it operates.**

The Meliadine mine in Nunavut, northern Canada, is Agnico Eagle's second mine in Canada's Low Arctic and its largest gold deposit in terms of mineral resources. Agnico Eagle is defined by core values of trust, respect, equality, family and responsibility. As such, it is important to Agnico Eagle to engage with communities on project developments, and to listen and understand Inuit Qaujimajatuqangit, or traditional knowledge. To help reach a diverse audience and provide an accessible platform to share information, Agnico Eagle engaged ERM to co-develop innovative and inclusive digital engagement in the Indigenous language with the Nunavut community.

ERM developed the [Meliadine virtual meeting room](#). This was one of the first sites ERM developed to be available in different languages and completely in the Indigenous Inuktitut language, both written and spoken. The Inuit communities helped shaped some of the materials and approaches, and the site is customized to also facilitate in-person discussion and to understand community feedback. The website is designed to be as inclusive as possible, and we adjusted as the project evolved, such as adding sound clips and changing design icons to better reflect the Inuit perspective.

Building on the success of this project, ERM and Agnico Eagle developed a new online digital site for another of the client's mines, the [Meadowbank Complex](#) near Baker Lake, close to the geographic center of Canada. The digital materials will be used to support engagement on a proposed extension of the mine, which is the major source of socio-economic benefits in the region. The first community sessions were held in April 2022.

Agnico Eagle and ERM have been thought leaders and innovators behind the shift to diverse digital tools for engagement in this remote Arctic region. Agnico Eagle has developed strong and positive relationships and partnerships over the past 12 years in Nunavut. These new tools help support Agnico Eagle's vision of contributing to the prosperity of the communities in which they operate. ERM and Agnico Eagle shared our experiences recently in joint presentations on "Engaging virtually and meaningfully: perspectives from Arctic Canada" at the International Association of Impact Assessment conference and the Nunavut Mining symposium.



**"Our combined ERM and client team are proud of the innovation and application to help reach diverse audiences, and to engage in the local Indigenous language. Our relationship with Agnico Eagle is a great example of ERM acting as a trusted advisor and collaborator in support of sustainable project development."**

**Nicola Lower**  
Partner, ERM (Canada)

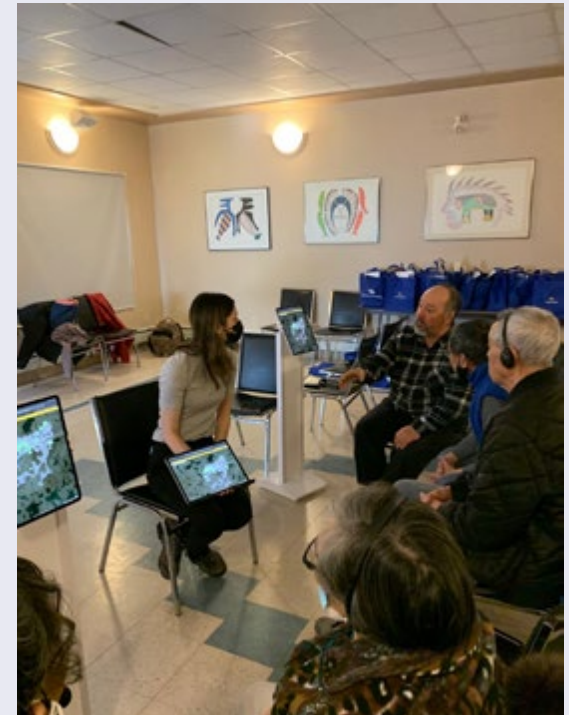


Photo credit: Suzanne Leclair, Agnico Eagle Mines



# Client privacy and data security

It is vital to the company and all employees that ERM is able to ensure the confidentiality, integrity, protection and responsible use of information.



## Data privacy

ERM is 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 aims to provide information on how ERM collects and processes personal data through the use of this website, and through interactions with its clients, suppliers, and other third parties. The policy is accompanied by key procedures for handling personal data. Employees are subject to disciplinary action for noncompliance. For up-to-date information, see our [ERM Data Privacy Notice](#).

With ever-increasing privacy threats in our day-to-day life, we all have the need to 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.

We also developed a dedicated data privacy hub, which provides access to frequently asked questions (FAQs), policies, guides, links to training and much more to help further employee understanding and awareness in relation to data privacy.

We have revised our policies and procedures to reflect the most current legislation. We have up-to-date data processing agreements to use with third parties that stipulate the latest requirements for handling international data transfers. 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. We also continue to work through all functions of our organization to capture and identify processes and people where personal data is handled and provide the requisite training to staff an advice to ensure protections are adequate. Our key domains have cookie mechanisms installed, and we are working with other domain owners within the ERM International group of companies to implement the same. Our global privacy framework

continues to be implemented across all our regions, jurisdictions and group companies.

## Data security

ERM builds on proven security frameworks to ensure we have a robust, agile and resilient cyber security posture, able to adapt to evolving cyber risks and threats.

Our ongoing ability to detect, respond and recover from cyber attacks, with a cyber-risk aware workforce, is required for earning and maintaining our clients' trust.

It is vital to the company and all employees that ERM is able 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 concerns the implementation of processes and good practices, which are designed to protect print and electronic materials; specific consideration should be given to any form of confidential, private and sensitive information from unauthorized access, (mis)use, disclosure, destruction, modification or disruption.

Good information security is a combination of physical and technical measures, together with appropriate policies, procedures and guidance.

Threats to information systems range from physical, such as theft of hardware, to human factors such as social engineering by phishing emails or human error. All of these result in a disruption to services as well as unnecessary risk and cost.

Our first layer of protection is our people. ERM employees understand their responsibilities in protecting both our people's data and information, as well as that of our clients. Data stored on ERM computers and servers are secured by multiple defensive layers, and we ensure data is protected in transit and at rest. We also back up data regularly to ensure recovery in the event of a disaster. ERM partners with leading cloud-based solution providers for its critical services, and we leverage their inherent robust reliability and user productivity, with security being continuously updated and enhanced.

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

We have an ongoing target to have no reportable breaches of privacy regulations.

Photo credit: Rebecca Chan, Hong Kong



# Accountability

## Why this topic is material for ERM

**Governance at ERM encompasses the processes, structures and systems that guide 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.

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. Good governance relies on strong accountability mechanisms across strategic and operational leadership, which includes clear performance metrics and reporting.

Governance at ERM is based on ethical principles that support our business strategies and our commitment to respect our stakeholders. We are guided by the following principles that are contained in our [Code of Conduct](#) as we work with colleagues, clients and the communities in which we do business.

### ACCOUNTABILITY

We are each accountable, as an individual and as a team member, for the sustainability of ERM's success. Personal accountability for delivery of quality work to our clients will drive ERM's success now and in the future.

### COLLABORATION

We are one organization globally. We believe in the principles of partnership and mutual support across the world.

### COMMITMENT

As professionals, we will conduct ourselves with dedicated effort to our principles, to our performance excellence, and to our clients. ERM leaders will lead by example so that all ERM employees understand that ERM's principles and commitment to excellence are supported by management.

### EFFICIENCY

By balancing the value of efficiency with our other values, we maintain and improve our position as the environmental consultancy of choice worldwide.

### EMPOWERMENT

We will support our employees with the tools and training to realize their full potential with ERM.

### INTEGRITY

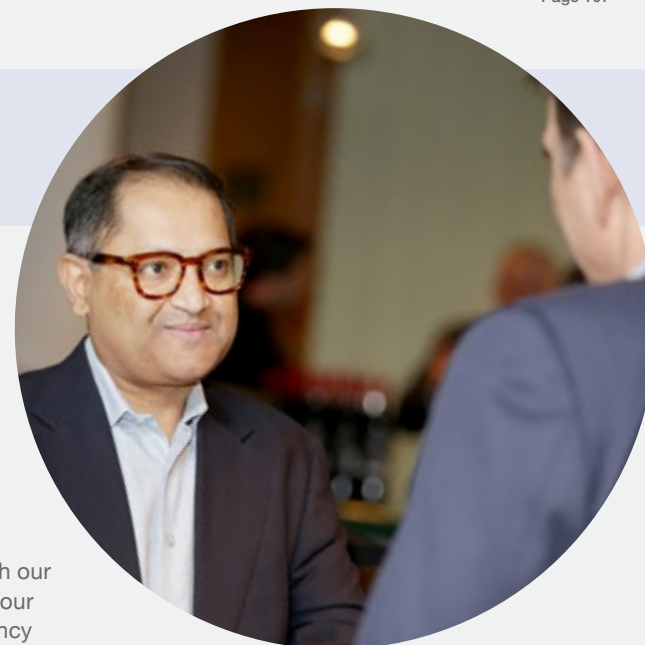
We will apply our values and ethical principles to our actions and our relationships. By focusing on ERM's reputation and future success, we will uphold our duty to serve the best interests of ERM and ERM's clients.

### RESPECT

By placing a high value on individuals, we will emphasize health, safety, personal security, and the freedom from discrimination or harassment at work. We support diversity in our workforce and respect for the customs and laws of the many countries where we work.

### SERVICE

We believe in client and community service. Client service includes a commitment to excellence combined with entrepreneurial, innovative and



client-oriented behavior. Community service includes encouraging our people to contribute to the ERM Foundation, to their local communities and to the world community.

### TRANSPARENCY

We understand that effective corporate governance of ERM requires all employees to support transparency by providing accurate information in a timely manner. We will promptly address concerns that are brought to our attention with an appropriate regard for the rights of individuals. Further, we will not allow retaliation against employees who bring legitimate concerns to the attention of upper management.

In the last year, ERM negotiated its first Sustainability Linked Loan as part of the amendment to its debt facility. The sustainability targets were drawn from our material topics and targets to ensure alignment with our overall performance objectives.

Photo credit: ERM

# Strategic and 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 direction and oversight of The ERM International Group Limited (as parent company of the ERM "Group") on behalf of its stakeholders, including shareholders.

In March 2022, the Board updated the ERM Corporate Governance Principles and Board Terms of Reference. This document 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 meets at least six times per year to review performance and consider key strategic growth plans and material issues and risks. In addition, Board subcommittees provide oversight of audit, risk and remuneration. The Board delegates its authority for the executive management and operations of the Group to the Group CEO and, through them, to the Executive Committee (subject to defined limits and monitoring by the Board).



Photo credit: Rebecca Chan, Hong Kong



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 Investor 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.

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 shall be 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.

#### ERM's Board members have:

- Experience in dealing with strategic issues and long-term perspectives;
- Leadership experience, a superior knowledge of business principles and capacity for independent thought;
- An ability to participate constructively in deliberations; and
- A willingness to exercise authority in a collective manner.

The Board will maintain plans for the succession of the directors. Up to two independent non-executive directors (and not less than one) will be appointed as agreed between the management and the external investors.

The Board is currently made up of Executive Directors and Investor Directors (who are non-executive directors nominated by KKR and its co-investors). The chairperson of the Board is Investor Director Tim Franks. The Board Terms of Reference make provision for the future chair to be one of the independent non-executive directors.

The Board has established the ERM ESG Risk and Sustainability Steering Group 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.

During FY23 we will be developing a methodology for integrating ESG criteria into the Executive Committee and Partner performance management system. Some of our leaders



currently have ESG criteria in their balanced score cards and we will build on this approach extending to line managers in the longer-term. This will enable us to deliver on our published short-term and longer-term sustainability targets. 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](#).**



# Client and project selection

**We exercise judgment with respect to the clients and third parties with which we engage and the types of work we undertake. We will not work with clients or subcontractors who do not share our commitment to high ethical standards. We do not proceed with project opportunities if they do not meet our criteria, which includes human rights concerns, activities in high conservation areas and other ESG and ethical issues.**

**At an operational level, we scrutinize opportunities and projects carefully before proceeding, and we reserve the right to withdraw from a project if business conduct, ethics or other concerns arise.**

ERM has a well-established project governance process that enables us to review and identify such risks. All opportunities are also subject to a formal credit risk assessment. We use a customer relationship management system in which all new project opportunities are entered, and our opportunity management process contains a number of flags and triggers (e.g., location, reputation, value). These triggers reflect the need for different levels of risk assessment.

ERM is currently strengthening the sustainability and ESG criteria within client and project selection processes and with our engagements with strategic partners. A new Board Steering Group has been established to strengthen the governance of this ESG approach.

We recognize that many of the business and societal issues faced by our clients are complex. We are part of the solution for clients as they progress on their sustainability maturity curve, and we understand that this is a journey. ERM will continue to work with companies who are pursuing a more sustainable future and have Board and Executive Committee teams with clear strategies, plans and funding in place. Where we see a disconnect with ERM's ethical standards, we will engage with that client in robust dialogue; where there is not alignment, we will cease to work with that client.

We applied an initial ESG screening to the selection of our key clients for the coming year, and during the year account teams will be engaging with key clients on the strength of their ESG approach and performance. During this next year, we will be implementing our refreshed approach to project selection, building on our existing policies and processes. By FY26 we will assess all clients and projects in alignment with ERM's purpose.

[Further details of our project risk management approach can be found here](#)

Photo credit: Linden Edgell, United Kingdom



# Reporting and disclosure

The external landscape is changing as stakeholders are demanding and requiring a greater focus on sustainability and ESG performance and, in turn, disclosures. We have seen a notable increase in requests for sustainability and ESG-related information from investors, lenders, clients, acquired companies, employees and membership organizations. In addition, there is an increased focus on governance and accountability of company boards and executive management teams, and how achieving sustainability targets is operationalized.

**Greater transparency** contributes to companies becoming more resilient and performing better, both in financial and nonfinancial terms. Engagement with stakeholders on company performance drives improvement and challenges ambition. Proactive companies will use this input to drive robust and sustainable growth and employment, and increase trust among stakeholders, including investors and consumers. Transparent business management is also consistent with securing longer-term investment as demonstrated through KKR's investment in ERM being made through its Core Investments strategy, which represents capital targeting longer-term opportunities.

ERM has reported on sustainability performance for over a decade. During this time, we have adopted a leadership position: comprehensive disclosures, early adopter 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 TCFD in 2019. [See our latest TCFD disclosure for more information.](#)

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 for continual operational excellence. The finance team is represented in the Sustainability Reporting Reference Group to ensure alignment between sustainability and ESG disclosures in the emerging new mandatory and voluntary disclosure requirements.

ERM's CFO is an active member of the WBCSD CFO Network, which is providing input into the evolving ESG requirements in financial reporting standards.

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 BUs 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.

ERM's Sustainability Reporting Reference Group includes subject matter experts from the main jurisdictions in which we operate. Their expertise is enabling the reporting team to anticipate, prepare and respond to the emerging sustainability and ESG requirements and best practices in our global and country-

specific reports and filings that will result in a roadmap for the early adoption of emerging standards for FY23 and beyond. Over the longer term, we intend to maintain our leadership position for sustainability and ESG reporting requirement.

In preparation for emerging additional mandatory reporting requirements in the United Kingdom, Europe and the United States, we are reviewing our internal processes and controls to ensure the appropriate level of rigor and compliance with the relevant standards. We have engaged Sustainability Advisory to conduct external assurance, and this year engaged a third party to conduct assurance of our GHG emissions data for the first time. [More details on our Assurance processes can be found here.](#)



Photo credit: Corinne Haywood, United States



## Foundational enablers

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# Overview

In addition to our material topics, we have identified three strategic foundations that we must deliver on in order to fulfill our sustainability ambitions:

**Health  
and safety**

**Risk  
management**

**Ethical  
business  
conduct**

We have five strategic foundations that support our material topics. Diversity, equity, equality and inclusion (DE&I) is incorporated in the [People](#) material topic, and the ERM Foundation is covered in the [Impact and influence](#) material topic. We discuss the other three foundations in this section of the report.

Operating at the highest standards is vital to earning and maintaining the trust of our company's stakeholders: shareholders, management and employees, clients, suppliers and contractors, governments, nongovernmental organizations (NGOs) and the communities in which we operate.

With this strong foundation, ERM is able to effectively manage the five topics we identified as most material through our materiality assessment. These topics – which represent our most significant impacts on the economy, environment and people – are addressed in the [Material topics](#) section of this report.

Learn more on the following pages about our policies and programs for addressing health and safety, risk management and ethical business conduct.





# Health and safety



Photo credit: Bianca Silva, Brazil

The safety and health of our people and others under our operational control and influence is at the core of the way we do business. It must come first – every time and everywhere. The ongoing global pandemic continues to test and reaffirm this commitment.

**The most important role for all ERM leaders is to keep everyone safe. We have company procedures and protocols to support our efforts, and we recognize active leadership as the most important element.**

However, the responsibility for health and safety 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 live up to our values. This is driven by our belief in the culture of caring about the wellbeing of our people, our clients and our subcontractors. Every employee and subcontractor has the responsibility to stop work if they perceive an unsafe condition or behavior.

During FY22, we continued a hybrid approach of doing business, with much of our global workforce working from home all or some of the time. We worked to ensure our employees had ergonomically sound workspaces at home, were provided with support on work-life balance and wellbeing and could continue to meet the needs of our clients.

We continue to track COVID-19 in every geography and maintained the global, regional and BU task forces established in FY21 to address the pandemic. Our BUs prepared plans for safely returning to work and the future of work post-COVID, which continue to evolve according to the waves of the pandemic in different locations. We continuously improve our fieldwork procedures to incorporate and share lessons learned.

### Safety management system

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

Within this context, we remain focused on our ongoing measures of occupational health and safety performance through leading and lagging indicators.

During FY22, ERM completed:

over 4,500

audits of ERM's operations  
using our online tool



over 3,500

of those audits  
completed by Partners



#### Key aspects of our Safety Management System

Our global tools and systems support continuous improvement as we work on complex projects, often in challenging environments.

Our global **Health, Safety and Environment (HSE) Policy Statement**, which is endorsed by our Group CEO and Executive Committee, applies worldwide and is conveyed to all employees through our induction programs and routine communications.

Travel is a key part of the work we do for our clients and an important part of running the business. We provide health and safety support for our employees traveling around the world as pandemic-related restrictions are lifted. This is particularly important in more challenging locations, including those classified as high risk based on medical, integrity, political or security factors. All travel is assessed to determine whether it is business essential.

Photo credit: Anibal Diaz, Peru



Photo credit: Bianca Silva, Brazil

ERM's Executive Committee members have access to daily reports on key safety performance metrics as part of their management dashboards. Safety metrics appear alongside other key business indicators such as sales, revenue and profits.

Further details of our approach to health and safety can be found on our corporate website [www.erm.com](http://www.erm.com)

## Leading by example:

# Safety AT ERM

**Safety AT ERM encompasses five key elements that define our health and safety program:**

- Active Leadership;
- Training and competency;
- Emphasizing positive safety;
- Risk management; and
- Maintaining balance.

The Safety AT ERM score includes an evaluation of our overall program, looking at leading and lagging indicators within each of the five major elements of our program.

Safety AT ERM scores are calculated at the BU level, and the global score is derived by calculating a weighted average of each operational BU score (weighted based on hours worked).

During FY22, each of our four regions posted weighted averages above 85, and companywide we scored 85.5 (our target for each BU region was 80 and our companywide target was 75). Two BUs achieved a perfect score of 100 for FY22: Central East Asia South and East Asia, and Andean.

**Active Leadership:** Our FY22 Partner Engagement score of 4.45 was below our annual target (5.00) and slightly lower than our FY21 score of 4.55.

The Active Leadership Audit Program (ALAP) allows our employees to periodically and consciously stop and assess the activities that they are responsible for (or routinely observe) with respect to safety, including field work and contractor management. 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 to their projects by:

- Allowing them to gain insight into details of project operations;
- Identifying areas of improvement for the audited project, as well as the Partner's other projects; and
- Reinforcing the safety message to the project team through action in addition to words.

**Training and competency:** Our compliance rate for safety elements within the Global Mandatory New Employee Training curriculum was 97.0% compared to 94.5% in FY21. Results for the other training elements (international travel/travel risk assessment training and subsurface clearance training) continue to be very positive and above our target of 95%.

**Emphasizing positive safety:** Our FY22 performance with respect to formal safety recognition was above average. We were able to formally recognize the safety efforts of our workforce nearly 1,500 times within our Recognition Program.

**Risk management:** We ended FY22 with an ERM recordable injury/illness rate of 0.20. This represents a 50% improvement over a three-year period (from 0.40 in FY19). There were 11 recordable injury/illness cases related to employees during the year.

Our FY22 total number of recordable injury/illness cases related to subcontractors was 11, which is the highest number we have seen in recent history. We are reviewing all activities involving the use of subcontractors to assure that all appropriate risk mitigations are in place and functioning.

During the year, we reported 34 injury/illness-related events that could have, but did not, result in serious injury/illness and 9 events that did result in serious injury/illness. This resulted in a 4.8% decrease in our High Risk Rate Reduction metric – a measure of our overall rate of exposure to high risk events. Our target for this metric is 10%, which indicates an appreciable reduction in the exposure rate from the previous year.

**Maintaining balance:** At the end of FY22, we reported an on-time verification percentage associated with all corrective and preventive actions of 67.5% versus an operational objective of 85%. We also reported an on-time verification percentage of 60% for corrective and preventive actions rated as “High Risk” versus an operational objective of 95%.

See [Section 6](#) for further details of our health and safety performance.



# Risk management

In the last year, we conducted a comprehensive enterprise risk assessment related to achieving our objectives over the next 3 to 5 years. The process engaged more than 80 senior leaders covering all of ERM's global business, including operations, corporate functions (legal, HR, sustainability, health and safety, communications, marketing, finance, mergers and acquisitions, risk, IT) and commercial teams, who flagged and considered material risks from their areas of responsibility, as well as wider material risks to the business.

The results of the assessment which included ESG risks, were incorporated into an enterprise wide risk register. Action items to reduce risk were identified for certain risks and approved by the Executive Committee and the Board as part of the strategic growth plan and planning processes.

The outcomes of the enterprise risk assessment were an input into the materiality assessment process and informed the selection of our new material topics.

The Board has established an ESG Risk and Sustainability Steering Group, which will serve as an advisory group to the Board to advise on ESG risks identified in the assessment. More details can be found in the [Sustainability Governance](#) section.



[Learn more about our approach to risk from ERM Partner, Alex Cox.](#)

Further details of ERM's approach to risk management can be found on our corporate website [www.erm.com](http://www.erm.com)



Photo credit: Tanakorn Suesatpanit, Thailand



## Leading by example:

# Louise Pearce appointed as ERM's new Head of Risk

To further strengthen ERM's risk culture, we recently appointed Senior Partner Louise Pearce, a leader with demonstrated performance in assessing and managing risk for ERM and our clients, as Head of Risk.

Louise will focus on companywide risk management, to help enable ERM to reach our potential while successfully navigating a business landscape that is increasingly fraught with risk. This includes risk associated with client and project selection, which is a critical issue now being progressed as part of ERM's business strategy.

### The role includes:

- Responsibility for the overall monitoring and management of firm wide risks, and for clear alignment of the Group's risk appetite and framework with our growth strategy, operations and activities;
- Managing our Enterprise Risk Framework and enhancing, as appropriate, our risk management tools, programs, practices and policies;
- Ensuring that the organization's risk management policies and strategies are in alignment with the strategic imperatives of ERM; and
- Developing a structured process to assess our project and client portfolios against our environmental, social and governance commitments and ambition.

This structured approach to assessing our project pipeline and client portfolio will ensure that we are working on the right projects for the right clients who are genuinely committed to having a positive impact on society through reaching their sustainability goals. Through establishing this assessment framework, we can help ensure that we partner and engage with organizations who are as committed as we are to seeing real, tangible change in the world for a more sustainable future.

In addition to being Head of Risk, Louise will retain her position as Global Mining and Metals Lead. Mining and Metals is one of ERM's fastest growing sectors as it plays a critical in the low-carbon economy transition. Louise joined ERM in 2003 and has held a variety of senior operational and commercial roles since that time. She brings a wealth of expertise and professionalism from her more than 25 years of experience in risk management, ESG and sustainability consulting.



**“At ERM, effective and integrated risk management practices are critical for us to meet our objectives and those of our clients.”**

**Louise Pearce**  
Partner, ERM (Canada)

# 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 Conduct, 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.

## Code of conduct

Our written [Global Code of Business Conduct](#) 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 in this report, see our [UN Global Compact Index](#), which includes details of our reporting on Principle 10, Anti-Corruption.

## 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.
- Global anonymous reporting system (Helpline) so that concerns about our business operations, including modern slavery and any other form of unethical business conduct, can be reported without fear of retaliation. The system, available in 18 languages, is available 24 hours a day, 7 days a week, by a web portal or call-in line, and is managed by a third party to protect confidentiality. 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 face 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. At the end of FY22, 93% completed the required training on time. Additionally, existing employees are required to take refresher web-based training through the ERM Academy. Refresher training occurred for all personnel who have been with ERM for more than three years a completion rate of 72% as of the end of FY22.

## Refresher training covers:

- ERM Code of Business Conduct and Ethics (which includes confidential information and computer security, conflicts of interest, promoting diversity and inclusion, reporting and non-retaliation, and electronic communications);
- Anti-bribery and corruption;
- Key health and safety policies and processes; and
- Data privacy.

## Ethical business conduct

Every supervisor must complete an annual self-certification on compliance with our global policies regarding conflict of interest, manager duty, and anti-bribery and corruption policies.

All finance and legal personnel are required to complete training in trade sanctions and anti-money laundering, for both new and existing employees. In FY22, 73% of new hires completed this training on time, while 99% of existing staff completed the refresher training.

We will continue to focus on ensuring employees complete training in the required timeframes.

### Suppliers and subcontractors

ERM utilizes suppliers and subcontractors who exhibit high levels of safety awareness, ethical behavior and quality of performance.

ERM uses a seven-step process to support the use of subcontractors who demonstrate the following attributes:

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

ERM's seven-step 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 addition to our work with clients, ERM is committed to implementing sustainable practices across our business operations, including the management of environmental, social and economic impacts within our supply chain.

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



## Leading by example:

# Human rights and 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 updated existing policies into a new Human Rights, Modern Slavery and Child Labor Policy. 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.

As noted previously regarding our Supplier Code, we 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 staff 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. In September 2021, ERM released our sixth Statement on Modern Slavery. One of our targets in our 2021 statement was to incorporate future statements into our overall sustainability reporting process. Therefore, our FY22 Statement is being released alongside this report. It 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.



Photo credit: Syauki Mahmudi, Indonesia

[Our Modern Slavery Statement for FY22 can be found here.](#)

[Our Human Rights, Modern Slavery and Child Labor Policy can be found here.](#)





## Reporting approach

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# Defining report content

**This report details our performance during fiscal year 2022 (FY22)\* in managing key issues and targets identified through our materiality assessment.**

The report is reviewed and approved by the Executive Committee Sustainability Working Group, under delegated authority from the Executive Committee. Our previous report (covering FY21) was issued in June 2021. Determining what to include in this report begins with an understanding of our impacts throughout our value chain, which include our associations with business partners, our work undertaken for clients and our thought leadership activities. This report addresses those items that are of significant interest to our stakeholders and ERM's business strategy.

We reviewed the Global Reporting Initiative (GRI) process for determining material topics and, where relevant, assigned indicators, which are outlined in our GRI Index. We also took into consideration the concepts of double materiality in the proposed EU Corporate Sustainability Reporting Directive and dynamic materiality.

\*1 April 2021 through 31 March 2022.

We focused on the following principles in developing this report:

- Accuracy
- Balance
- Clarity
- Comparability
- Completeness
- Sustainability context
- Timeliness
- Verifiability



# Materiality

During year one of a three-year cycle, 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 make adjustments 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, this year we undertook a deeper analysis to determine the material topics for our company.



We conduct annual materiality assessments as part of a 3-year cycle.

- 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.
- We benchmarked our peers as well as companies recognized as leaders in sustainability reporting.
- We utilized Datamaran, which is the only environment, social and governance (ESG) software that provides a fully automated and dynamic analysis of risks and opportunities, to underpin a data-driven strategy. The platform helped us analyze more than 400 ESG risk factors, combining regulatory, media and corporate disclosures with other stakeholder views. This provided a wider perspective on ESG issues relevant to our business. Our ERM “super user” tailored the Datamaran analysis for our geographic reach as well as the companies and topics benchmarked to ensure relevance to our clients, operations and collaborations with others.
- We were among the first companies to use [ERM’s ESG Fusion](#), an artificial intelligence (AI)-enabled service that evaluates more than a dozen factors including climate change (physical and transition risks); supply chain; and diversity, equity, equality and inclusion (DE&I) to provide a comprehensive assessment of a company’s ESG risks and opportunities.
- We expanded our understanding of ERM’s sustainability context through our involvement in various global organizations, including the World Business Council for Sustainable Development (WBCSD), UN Global Compact, Ceres, Climate Champions and many others.
- We considered the implications of drivers affecting society and our clients as well as the Sustainable Development Goals (SDGs). Senior management reviewed the company’s key business issues as part of our extensive enterprise-wide risk review during the year - the results of which were incorporated into this materiality assessment.
- We reviewed our matrix of key issues. Internal sustainability experts and business leaders applied the GRI Reporting Principles and assessed the potential environmental, social and economic impacts – beyond the impacts on our business.
- The Sustainability/ESG Reference Group provided input and was involved in a validation exercise of the material topics.
- The Executive Committee Sustainability Working Group worked closely with our internal sustainability experts on the materiality assessment and selection of the final topics.
- Our full Executive Committee reviewed the results of our materiality assessment, and the Director of Brand, Communication and Services, who is also a Board member provided these to our Board of Directors.
- In order to drive performance improvement, we established key performance indicators and targets directly related to our material issues. We report on our performance against our annual targets and long-term goals in this Sustainability Report.





Photo credit: Shona King, United Kingdom

## In determining what we consider to be a material topic, we did the following:

- Identified actual and potential, negative and positive **impacts** on the economy, environment, and people, including impacts on their human rights, across our activities and business relationships;
- Prioritized the impacts for reporting based on their significance;
- Engaged with internal and external **stakeholders** and experts whose views informed the process of determining our material topics.

Based on our materiality assessment, our **Executive Committee** and **Board of Directors** agreed to the following material topics:

- Climate, nature and livelihoods;
- People, including talent development;
- Impact and influence;
- Digital innovation; and
- Accountability.

These material topics are underpinned by our strategic foundations that we must deliver on:

- 1. Health and safety;**
- 2. Risk management; and**
- 3. Ethical business conduct.**

Our assessment has evolved to take into consideration several different approaches for identifying our material topics, including double and dynamic materiality. [Learn more here.](#)





# Changes to material topics from FY22 to FY23

FY22 material topic	Changes for FY23
<b>Business conduct and ethics</b> (included corporate governance, human rights, risk management, supplier and subcontractor management, data privacy and security, integrity in financial reporting)	Covered under <a href="#">Accountability</a> ; <a href="#">Climate, nature and livelihoods</a> ; and <a href="#">Digital innovation</a> material topics as well as <a href="#">Risk management</a> and <a href="#">Ethical business conduct</a> strategic foundations.
<b>Our people</b> (included diversity, equity, equality and inclusion; learning and development; career progression and leadership pipeline)	Covered under <a href="#">People</a> material topic per FY21 Report.
<b>Health, safety and wellbeing</b> (included safety management system, wellbeing, response to COVID-19)	Covered under <a href="#">People</a> material topic (wellbeing) and <a href="#">Health and safety</a> strategic foundation.
<b>Climate-related risk</b> (includes net-zero & science-based targets, precautionary approach, Task Force on Climate-related Financial Disclosures [TCFD] reporting)	Covered under <a href="#">Climate, nature and livelihoods</a> ; <a href="#">Impact and influence</a> ; and <a href="#">Accountability</a> material topics. Further details can be found in the <a href="#">TCFD Disclosure</a>
<b>Client satisfaction</b> (included innovation; service quality and accuracy)	Covered under <a href="#">Impact and influence</a> ; <a href="#">Digital innovation</a> ; and <a href="#">Accountability</a> material topics.
<b>Contributing to society &amp; local communities</b> including the ERM Foundation, Sustainable Development Goals (SDGs), local actions across ERM	Covered under <a href="#">Climate, nature and livelihoods</a> and <a href="#">Impact and influence</a> material topics.



Photo credit: Daniel Savage, Canada

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, ERM is 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](mailto:sustainability@erm.com).

# Our performance data



Photo credit: Camila Sousa, Brazil



Photo credit: Edward Huang, Taiwan



Photo credit: Mario Feragotto, Mexico

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 FY22 targets and goals.

In addition, we report on several key performance indicators of interest to our stakeholders and in alignment with reporting standards.

Data presented in our Climate data section has been verified by a third-party assurer. See the [Assurance](#) section for more information.

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[Climate data](#)

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[People data](#)

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[Ethical business conduct data](#)

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[Impact and influence data](#)

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[Health and safety data](#)

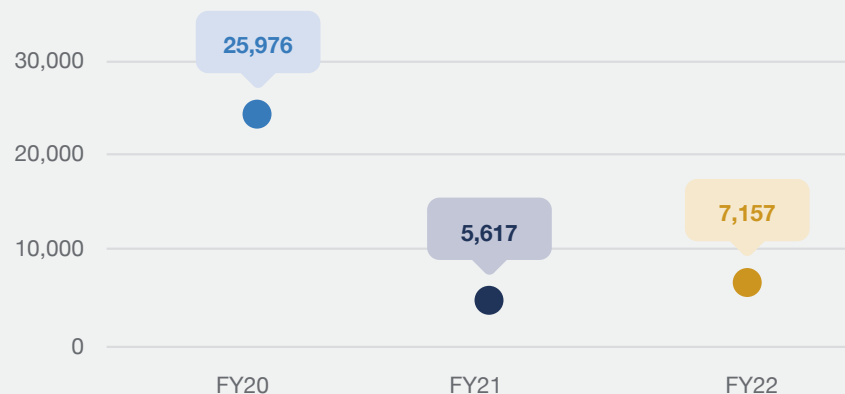
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Learn more about on how we collect and report data [here](#).

# Climate data

This data also supports the [Climate, nature and livelihoods](#) section of this report. See our detailed reference table for [more information here](#).

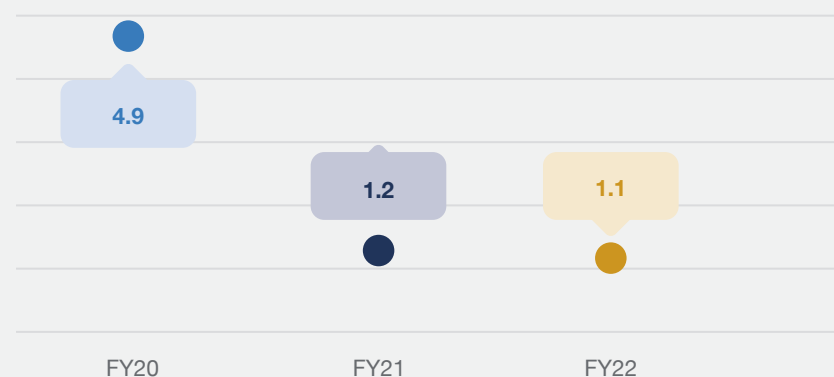
Total GHG emissions FY20 - FY22 (tCO2e) <sup>1,2</sup>



<sup>1</sup> Total GHG emissions include Scope 1, 2 and 3 emissions. <sup>2</sup> tCO2e = tonnes of carbon dioxide equivalent.

Total GHG intensity FY20 - FY22 (tCO2e/FTE)\*

GRI 305-4



\*Total GHG emissions normalized by average full-time equivalent employees (FTEs)

Total GHG emissions, by region FY20 - FY22 (tCO2e) <sup>1,2</sup>

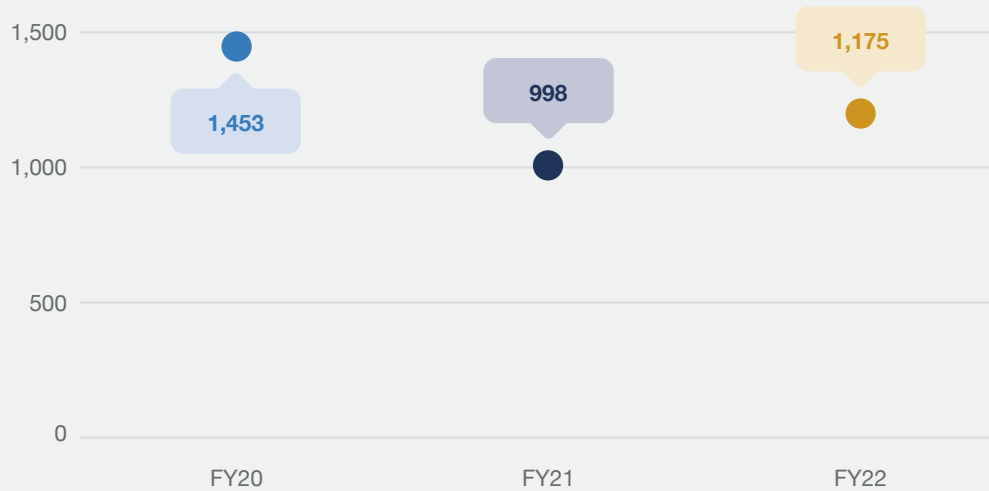
GRI 305-1   GRI 305-2   GRI 305-3

	FY20	FY21	FY22
Asia Pacific	3,570	1,125	1,098
Europe Middle East and Africa	4,531	1,049	1,341
Latin America and Caribbean	1,273	207	358
North America	15,361	3,165	4,183
Global Businesses	503	33	162
Group	738	38	14
<b>Total</b>	<b>25,976</b>	<b>5,617</b>	<b>7,157</b>

## Climate data

This data also supports the [Climate, nature and livelihoods](#) section of this report. See our detailed reference table for [more information here](#).

Scope 1 emissions FY20 - FY22 (tCO2e) <sup>1,2</sup>



Scope 1 emissions FY20 - FY22 (tCO2e) <sup>1,2</sup>

GRI 305-1

	FY20	FY21	FY22
Asia Pacific	77	53	60
Europe Middle East and Africa	445	322	461
Latin America and Caribbean	27	15	29
North America	903	608	625
<b>Total</b>	<b>1,453</b>	<b>998</b>	<b>1,175</b>

<sup>1</sup> Scope 1 includes direct emissions from operations we own or control.

<sup>2</sup> Emissions from Global Businesses and Group are included in the data for the ERM region in which employees' home offices are located.



## Climate data

This data also supports the [Climate, nature and livelihoods](#) section of this report. See our detailed reference table for [more information here](#).

### Scope 2 emissions FY20 - FY22 (tCO<sub>2</sub>e) <sup>1,2</sup>



### Scope 2 emissions, by region FY20 - FY22 (tCO<sub>2</sub>e) <sup>1,2</sup>

GRI 305-2

	Location based		
	FY20	FY21	FY22
Asia Pacific	667	443	368
Europe Middle East and Africa	416	268	295
Latin America and Caribbean	81	45	36
North America	2,179	1,292	1,297
Global Businesses	0	0	15
<b>Total</b>	<b>3,344</b>	<b>2,048</b>	<b>2,011</b>

	Market based		
	FY20	FY21	FY22
Asia Pacific	667	12	2
Europe Middle East and Africa	271	2	8
Latin America and Caribbean	81	0	9
North America	1,145	75	35
Global Businesses	0	0	0
<b>Total</b>	<b>2,164</b>	<b>89</b>	<b>53</b>

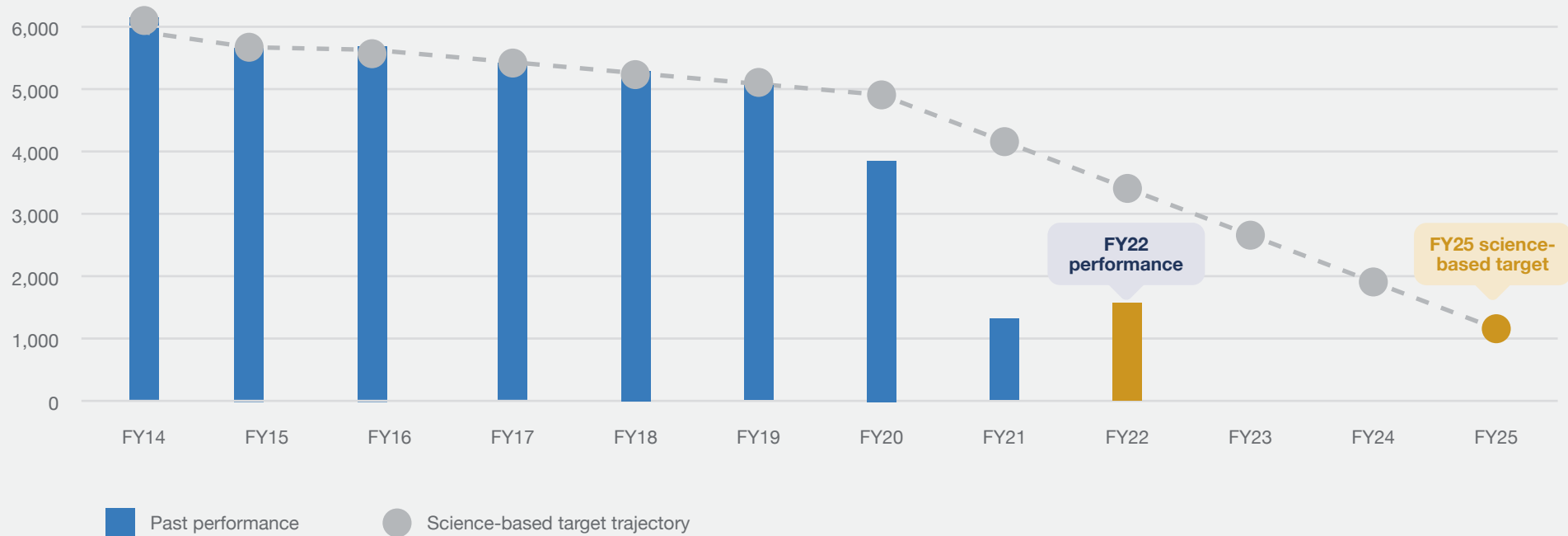
<sup>1</sup> Scope 2 includes indirect emissions from purchased electricity and steam.

<sup>2</sup> Emissions from Global business, with the exception of the CSA offices, and Group are included in the data for the ERM region in which employees' home offices are located.

## Climate data

This data also supports the [Climate, nature and livelihoods](#) section of this report. See our detailed reference table for [more information here](#).

### Scope 1 & 2 performance against SBT target trajectory FY14 - FY25 (tCO<sub>2</sub>e)\*

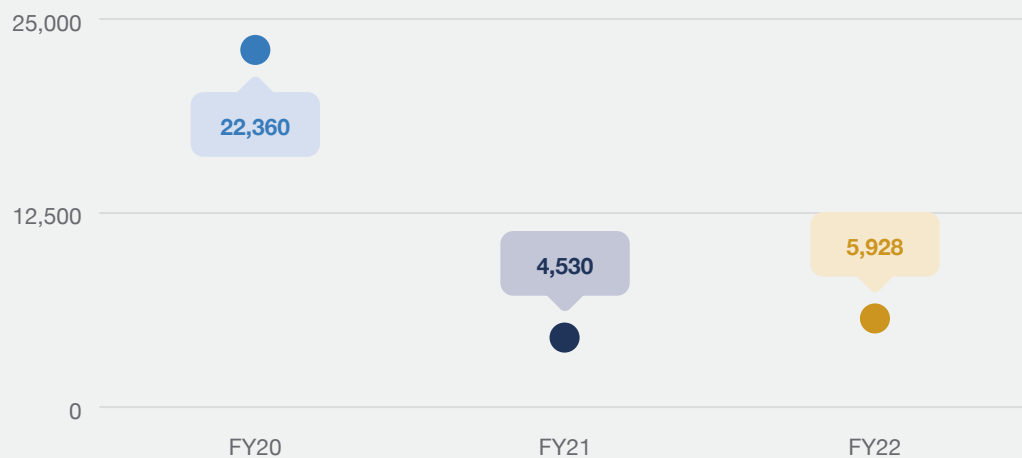


\*In FY21, ERM updated the ambition of our science-based target to 80% reduction of Scope 1 and 2 emissions from FY14 to FY25.

## Climate data

This data also supports the [Climate, nature and livelihoods](#) section of this report. See our detailed reference table for [more information here](#).

Scope 3 emissions FY20 - FY22 (tCO2e) <sup>1,2</sup>



Scope 3 emissions, by region FY20 - FY22 (tCO2e) <sup>1,2</sup>

GRI 305-3

	Total GHG		
	FY20	FY21	FY22
Asia Pacific	2,826	1,059	1,036
Europe Middle East and Africa	3,815	726	872
Latin America and Caribbean	1,165	192	321
North America	13,313	2,482	3,524
Global Businesses	503	33	162
Group	738	38	14
<b>Total</b>	<b>22,360</b>	<b>4,530</b>	<b>5,928</b>

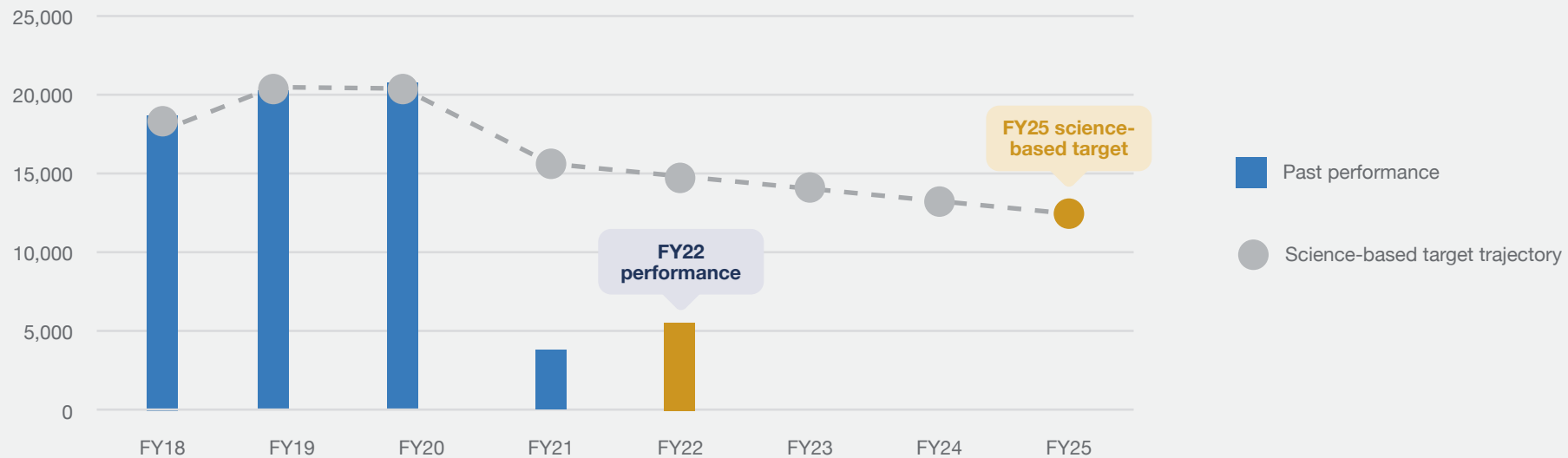
<sup>1</sup> Scope 3 includes other indirect emissions that occur outside ERM.

<sup>2</sup> The reduction in Scope 3 emissions in FY21 and FY22 was caused by significantly less business travel and employee commuting.

## Climate data

This data also supports the [Climate, nature and livelihoods](#) section of this report. See our detailed reference table for [more information here](#).

### Scope 3 performance against SBT target trajectory FY18 - FY25 (tCO<sub>2</sub>e) <sup>1,2</sup>



<sup>1</sup> ERM has set a science-based target for business travel and employee commuting, covering 73% of the total Scope 3 inventory.

<sup>2</sup> In FY21, ERM updated the ambition of our science-based target to 30% reduction of Scope 3 emissions from FY18 to FY25.



## Climate data

This data also supports the [Climate, nature and livelihoods](#) section of this report. See our detailed reference table for [more information here](#).

GRI 302-1

GRI 302-2

GRI 302-4

Global office energy use FY20 - FY22 (MWh) <sup>1,2</sup>



Global office energy use, by type FY20 - FY22 (MWh) <sup>1,2</sup>

	FY20	FY21	FY22
Office electricity from non-renewable sources	4,677	22	15
Electricity from renewable sources	3,089	4,924	5,327
Fuel consumption	3,283	2,644	2,228
Scope 3 other electricity	4,901	3,079	2,566
<b>Total</b>	<b>15,950</b>	<b>10,669</b>	<b>10,136</b>

<sup>1</sup> MWh = megawatt-hours.

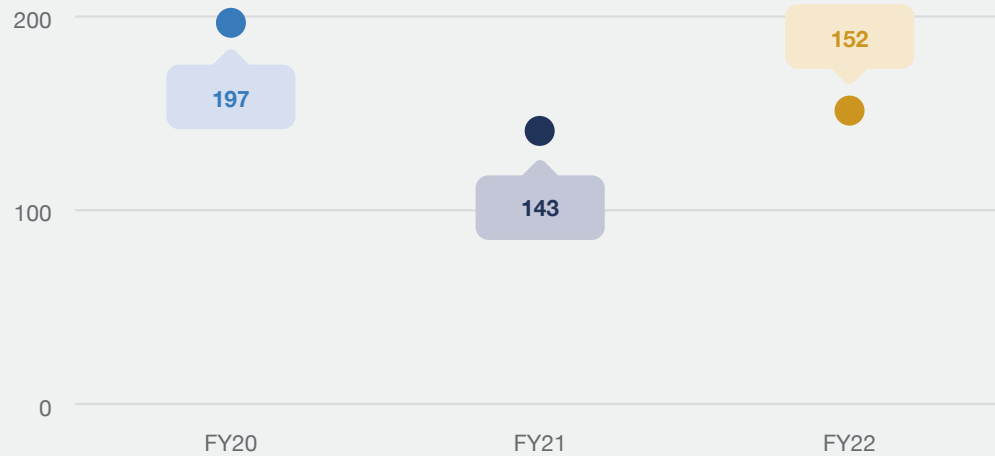
<sup>2</sup> For reporting purposes, only MWh using the regular method are included and upstream MWh are excluded.

## Climate data

This data also supports the [Climate, nature and livelihoods](#) section of this report. See our detailed reference table for [more information here](#).

Global energy use intensity FY20 - FY22 (KWh/M<sup>2</sup>)<sup>1,2</sup>

GRI 301-3



<sup>1</sup> Total global energy use normalized by ERM's total floor space for FY22.

<sup>2</sup> KWh/M<sup>2</sup> = kilowatt hour divided by meter squared

# People data

Data presented here supports the [People](#) section of this report.

## Employees by employment contract, by gender FY22

	Permanent	Temporary	Total
Female	3,134	260	3,394
Male	3,151	285	3,436
Nonbinary	9	1	10
Not indicated or other	134	41	175
<b>Total</b>	<b>6,428</b>	<b>587</b>	<b>7,015</b>

## Employees by employment contract, by region FY22

GRI 2-7

	Permanent	Temporary	Total
Asia Pacific	1,010	86	1,096
Europe Middle East & Africa	1,872	133	2,005
Latin America and Caribbean	557	35	592
North America	2,298	270	2,568
Global Businesses	426	55	481
Group	265	8	273
<b>Total</b>	<b>6,428</b>	<b>587</b>	<b>7,015</b>

## People data

Data presented here supports the [People](#) section of this report.

### Employees type, by gender FY22

	Full time	Part time	Total
Female	2,943	451	3,394
Male	3,115	321	3,436
Nonbinary	9	1	10
Not indicated or other	152	23	175
<b>Total</b>	<b>6,219</b>	<b>796</b>	<b>7,015</b>

### Employees type, by region FY22

GRI 2-7

	Full time	Part time	Total
Asia Pacific	1,029	67	1,096
Europe, Middle East and Africa	1,715	290	2,005
Latin America and Caribbean	554	38	592
North America	2,242	326	2,568
Global Businesses	426	55	481
Group	253	20	273
<b>Total</b>	<b>6,219</b>	<b>796</b>	<b>7,015</b>



## People data

Data presented here supports the [People](#) section of this report.

### New hires, by gender FY22

	Total number	Rate
Female	1,372	47.6%
Male	1,316	45.6%
Not indicated or other	197	6.8%
<b>Total</b>	<b>2,885</b>	<b>100.0%</b>

### New hires, by age group FY22

	Total number	Rate
Under 30	1,269	44.0%
30-50	1,208	41.9%
Over 50	254	8.8%
Not indicated or other	154	5.3%
<b>Total</b>	<b>2,885</b>	<b>100.0%</b>

### New hires, by region FY22

GRI 401-1

	Total number	Rate
Asia Pacific	493	17.1%
Europe, Middle East and Africa	929	32.2%
Latin America and Caribbean	205	7.1%
North America	936	32.4%
Global Businesses	230	8.0%
Group	92	3.2%
<b>Total</b>	<b>2,885</b>	

## People data

Data presented here supports the [People](#) section of this report.

GRI 401-1

### Voluntary turnover, by gender FY22

	Total number	Rate
Female	563	19.7%
Male	490	16.8%
Not indicated or other*	13	
<b>Total</b>	<b>1,066</b>	<b>18.2%</b>

\*Rate information not available due to systems limitations.

### Voluntary turnover, by region FY22

	Total number	Rate
Asia Pacific	273	29.0%
Europe, Middle East and Africa	263	15.6%
Latin America and Caribbean	72	14.0%
North America	340	16.1%
Global Businesses	78	22.4%
Group	40	16.4%
<b>Total</b>	<b>1,066</b>	<b>18.2%</b>

## People data

Data presented here supports the [People](#) section of this report.

GRI 405-1

### Percentage of employees, by gender FY22 <sup>1,2</sup>

	FY20		FY21			FY22		
	Female	Male	Female	Male	Not indicated or other	Female	Male	Not indicated or other
Executive Committee	18.2%	81.8%	25.0%	75.0%	0.0%	18.2%	81.8%	0.0%
Partners	24.7%	75.3%	26.1%	73.9%	0.0%	26.5%	72.0%	1.6%
Senior Consultants <sup>1</sup>	34.9%	65.1%	35.4%	64.6%	0.0%	35.2%	63.1%	1.7%
Consultants <sup>2</sup>	52.2%	47.8%	50.4%	49.3%	0.3%	49.6%	47.1%	3.2%
Professional Support	72.3%	27.7%	72.9%	27.1%	0.0%	70.5%	27.4%	2.1%
<b>All employees</b>	<b>49.7%</b>	<b>50.3%</b>	<b>51.0%</b>	<b>48.8%</b>	<b>0.2%</b>	<b>48.4%</b>	<b>49.0%</b>	<b>2.6%</b>

<sup>1</sup> Senior consultants include all consultants at ERM career levels 4, 5 and Technical Directors.

<sup>2</sup> Consultants include all consultants at ERM career levels entry to level 3.

## People data

Data presented here supports the [People](#) section of this report.

GRI 405-1

### Percentage of employees, by age group FY22 <sup>1,2</sup>

	Under 30	30–50	Over 50	Not indicated or other
Executive Committee	0.0%	9.1%	90.9%	0.0%
Partners	0.0%	50.3%	48.8%	0.9%
Senior Consultants <sup>1</sup>	0.6%	60.8%	37.5%	1.1%
Consultants <sup>2</sup>	39.8%	50.9%	6.8%	2.5%
Professional Support	13.6%	60.8%	24.4%	1.3%
<b>All employees</b>	<b>25.4%</b>	<b>54.1%</b>	<b>18.5%</b>	<b>1.9%</b>

<sup>1</sup> Senior consultants include all consultants at ERM career levels 4, 5 and Technical Directors.

<sup>2</sup> Consultants include all consultants at ERM career levels entry to level 3.

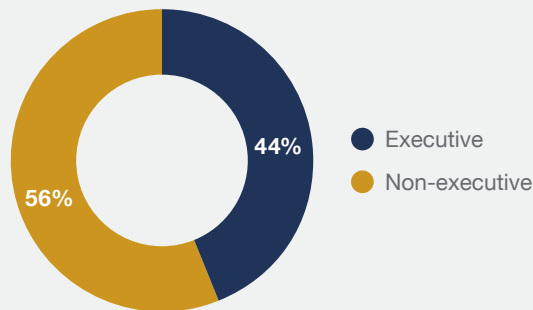


## People data

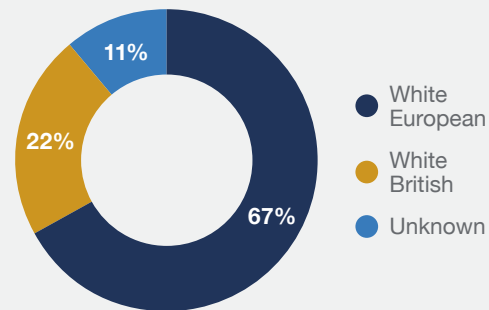
Data presented here supports the [Accountability](#) section of this report.

### Board of The ERM International Group Ltd – TEIGL (as parent company of the ERM Group)

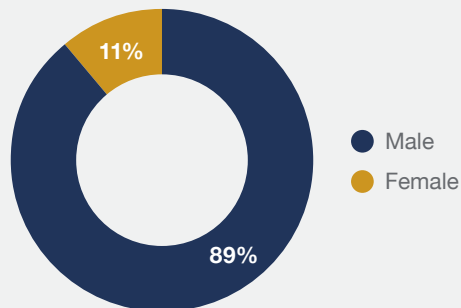
#### Board composition



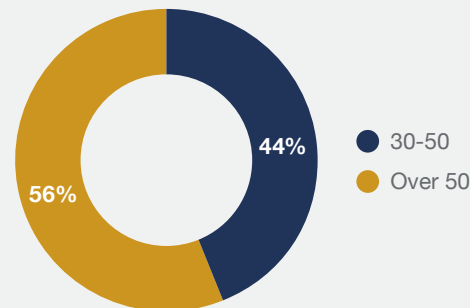
#### Ethnicity



#### Gender



#### Age



#### Composition

There are currently 9 Directors of the Board comprised of 5 Non-Executive Directors and 4 Executive Directors. More details can be found here (<https://www.erm.com/about/company/leadership/board-of-directors/>)

#### Tenure

ERM is a privately-held company with external investors changing every 4-7 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 the Chief Operations Officer has been on the Board of the ERM Group since 2015, Simon Crowe the Chief Financial Officer since 2018 (when he joined ERM) and Sabine Hoefnagel, the Global Brand, Services and Communications Director joined the Board in 2021 and has been on ERM's Executive Committee since 2016. Tom Reichert joined the Board in February 2022 upon his appointment as CEO of ERM Group.

#### 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

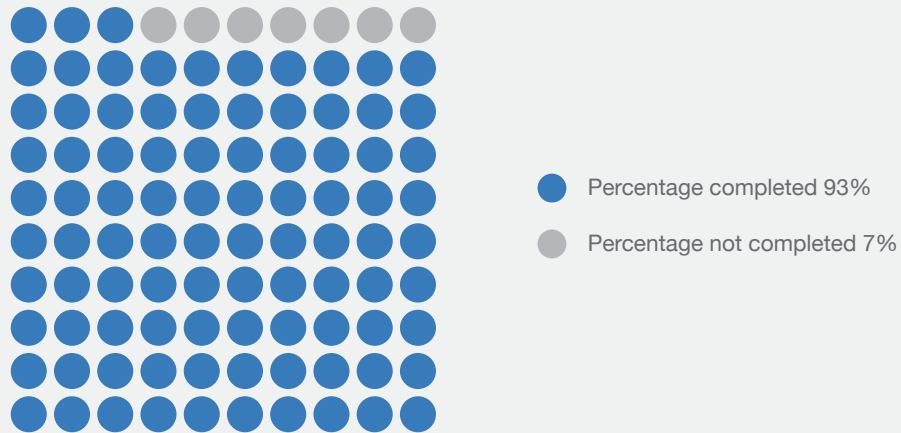
The Board Terms of Reference make provision for the appointment of up to two independent directors and sets out the following: *The Board collectively and all directors individually should foster effective stakeholder relationships aligned to the ERM Purpose and strategy, including with employees, customers, suppliers, external communities where it operates, regulators and government bodies – and have due regard to their views when making decisions.*

# Ethical business conduct data

Data presented here supports the [Ethical business conduct](#) section of this report.

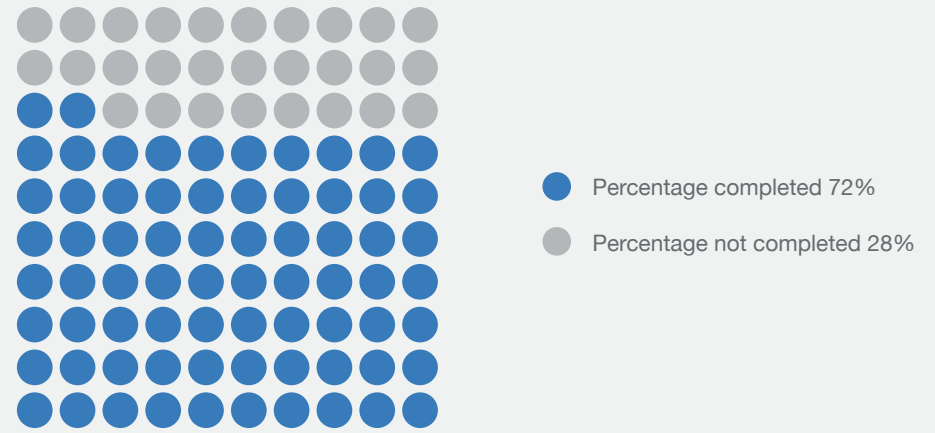
## New starter training, FY22

Percentage of employees completing mandatory business conduct and ethics new starter training



## Refresher training, FY22











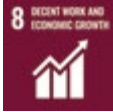





Percentage completion of required refresher training for employees with designated due dates on or before 31 March 2021



# Impact and influence data

Data presented here supports the [Impact and influence](#) section of this report.

## ERM Foundation progress against FY22 targets\*

ERM Foundation Focus Area	FY22 target	FY22 performance	Status	Our contribution to the SDGs
 <b>Protecting and restoring biodiversity</b>	10,000 hectares of forest (and other natural carbon sinks) protected or restored	14,846	Target exceeded	  
	20,000 trees planted	35,060	Target exceeded	
 <b>Improving access to clean and renewable energy</b>	5,000 people with access to low carbon products, services and initiatives	9,300	Target exceeded	  
 <b>Investing in women's livelihoods in the low carbon economy</b>	1,000 livelihoods in the 'green' economy created, supported or improved	1,292	Target exceeded	  
 <b>Improving access to clean water and sanitation</b>	10,000 people with improved access to clean water and sanitation, including menstrual health and hygiene education	23,703	Target exceeded	  

\*For more information, visit our [FY22 Foundation Annual Review](#).

## Impact and influence data

Data presented here supports the [Impact and influence](#) section of this report.

GRI 201-1

### Community investments FY20 - FY22 (\$',000) <sup>1</sup>

	FY20	FY21	FY22
Pro bono time - ERM Foundation <sup>2</sup>	269	132	142
Pro bono time - Strategic partners <sup>3</sup>		281	1,347
In-kind support <sup>4</sup>	492	198	222
<b>Direct Contributions</b>			
Matching funds <sup>5</sup>	185	179	178
Charitable contributions <sup>6</sup>	12	12	212
Membership <sup>7</sup>	216	148	217
<b>Total</b>	<b>1,175</b>	<b>949</b>	<b>2,319</b>
Percentage of Profit <sup>8</sup>	1.00%	0.82%	1.97%
<b>Employee Contributions</b>			
Employee Contributions <sup>9, 10</sup>	198	69	126

<sup>1</sup> 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.

<sup>2</sup> 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.

<sup>3</sup> 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.

<sup>4</sup> 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.

<sup>5</sup> From FY22, matching funds are made on a 100% match 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.

<sup>6</sup> Charitable contributions made to organizations other than The ERM Foundation.

<sup>7</sup> Membership fees for global sustainability-focused organizations, where ERM actively contributes to thought leadership activities.

<sup>8</sup> Calculated from prior fiscal year's Earnings Before Interest, Tax and Amortization (EBITA). Therefore, FY22 percentage calculated using FY21 EBITA figure.

<sup>9</sup> Funds raised by employees to support the ERM Foundation and other charities/nonprofit organizations.

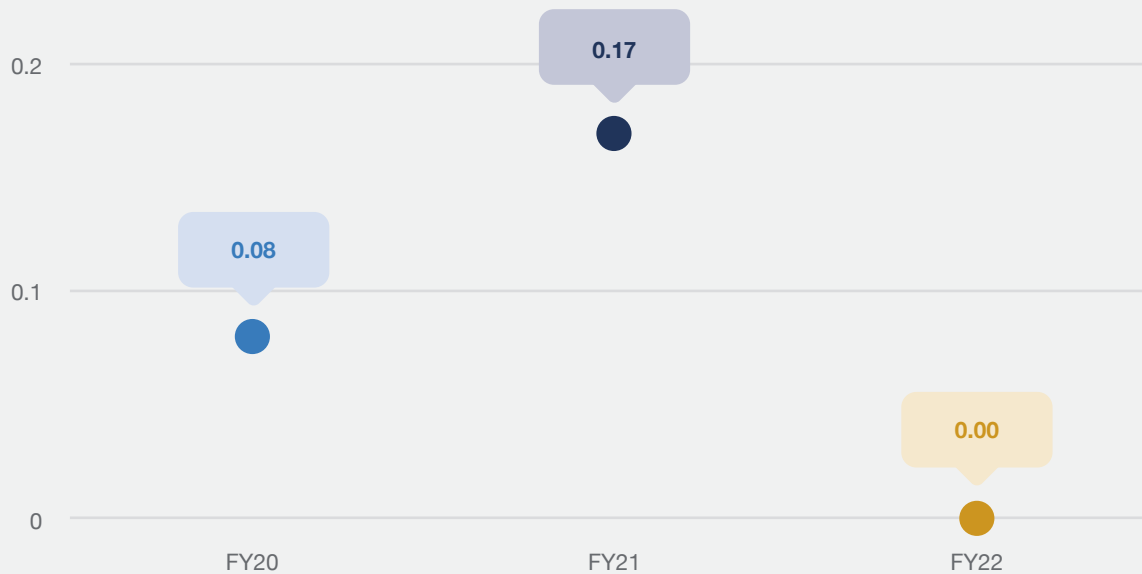
<sup>10</sup> In FY21, there was a reduction in fundraising due to the impacts of the pandemic which continued into FY22.



# Health and safety data

Data presented here supports the [Health and safety](#) section of this report.

## Days away from work case (DAWC) rate FY20 - FY22<sup>1,2</sup>



<sup>1</sup> Days away from work cases (DAWC) is the number of days away from work 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.

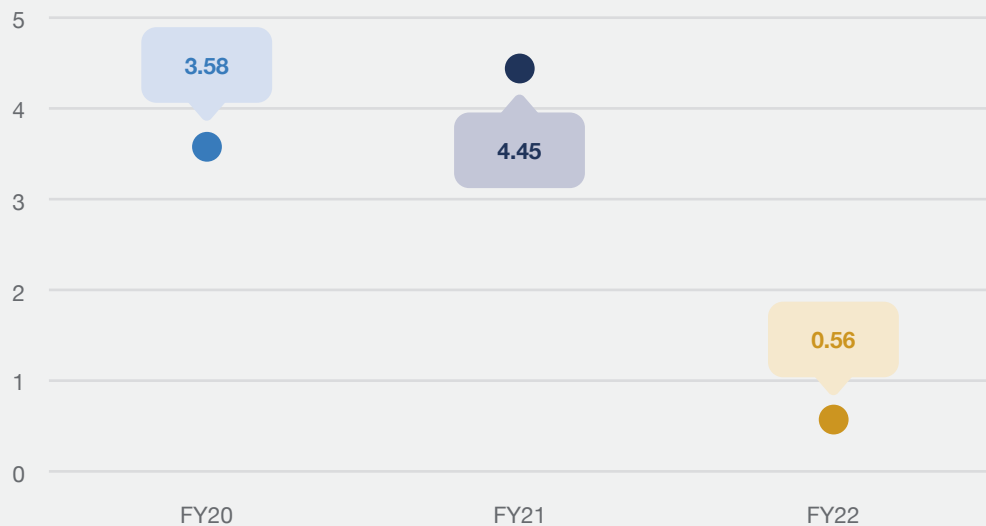
<sup>2</sup> Days away from work cases (DAWC) rate tracks any work-related injuries or illnesses that result in the injured/ill worker being unable to work for 1 or more days following the event. ERM tracks this metric for our sustainability targets and goals.

## Health and safety data

Data presented here supports the [Health and safety](#) section of this report.

GRI 403-9

Severity rate FY20 - FY22 <sup>1,2,3</sup>



Severity rate, by region FY20 - FY22 <sup>1,2,3</sup>

	SEVERITY RATE		
	FY20	FY21	FY22
Asia Pacific	0.00	0.00	3.49
Europe, Middle East and Africa	0.77	3.15	0.00
Latin America	2.92	8.57	0.00
North America	7.01	7.06	0.00
Global Businesses	0.00	0	0.00
Group	0.00	0	0.00
<b>Total</b>	<b>3.58</b>	<b>4.45</b>	<b>0.56</b>

<sup>1</sup> Data includes ERM employees only.

<sup>2</sup> 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.

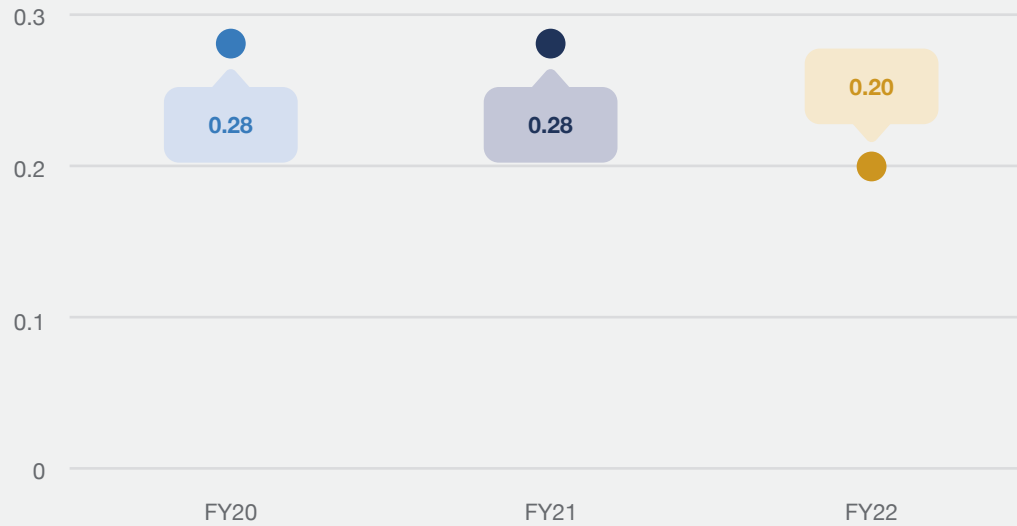
<sup>3</sup> Severity rates can vary due to number of hours worked, and the severity rate can be highly influenced by a single work-related injury or illness.

## Health and safety data

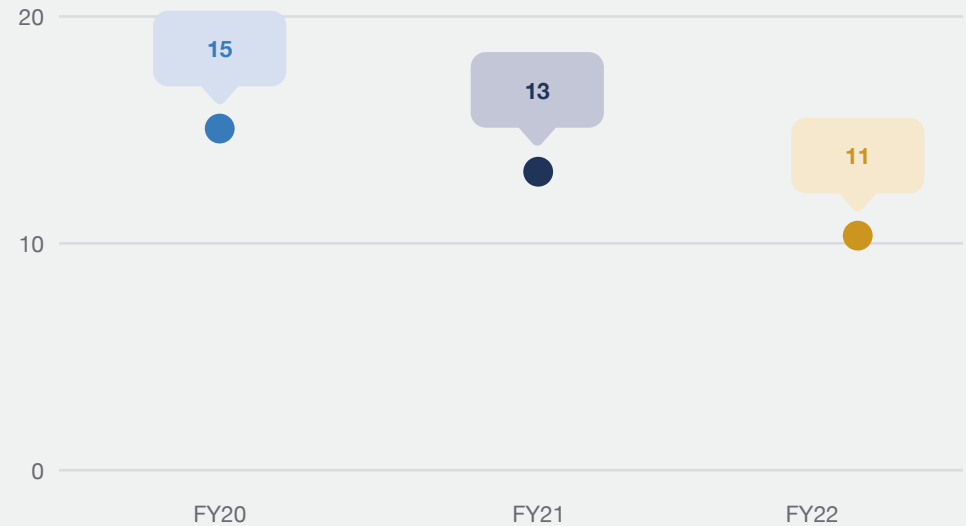
Data presented here supports the [Health and safety](#) section of this report.

GRI 403-9

Total recordable incident rate (TRIR) FY20 - FY22 <sup>1,2</sup>



Number of recordable incidents FY20 - FY22\*



<sup>1</sup> Data includes ERM employees only.

<sup>2</sup> Total Recordable Incident Rate (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 employee.

\*Data includes ERM employees only.

## Health and safety data

Data presented here supports the [Health and safety](#) section of this report.

GRI 403-9

### Number of recordable incidents, by type FY20 - FY22

	RECORDABLE INCIDENTS BY TYPE		
	FY20	FY21	FY22
Caught <sup>1</sup>	0	0	0
Exertion <sup>2</sup>	3	4	2
Exposure <sup>3</sup>	5	1	3
Hit <sup>4</sup>	5	4	5
Security/Violence <sup>5</sup>	0	1	0
Slips, Trips & Falls <sup>6</sup>	2	3	1
<b>Total</b>	<b>15</b>	<b>13</b>	<b>11</b>

<sup>1</sup> Includes caught on, in or under.

<sup>2</sup> Includes ergonomic (office or field) and fatigue.

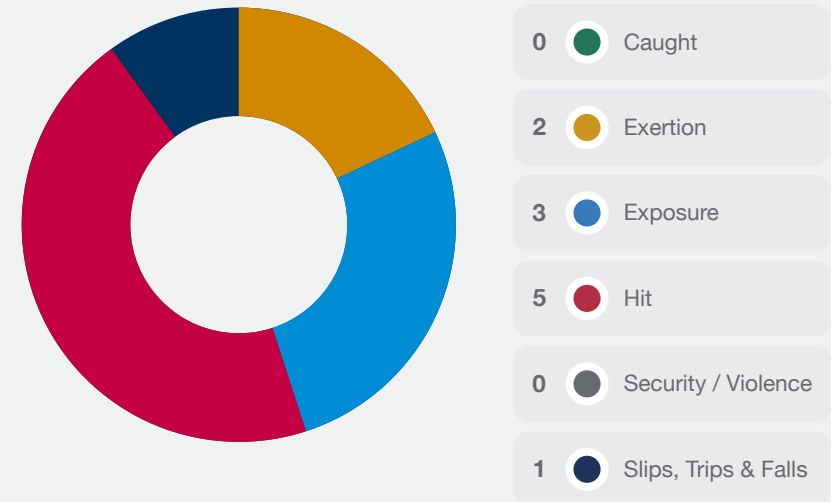
<sup>3</sup> Includes chemical and environmental exposures.

<sup>4</sup> Includes hit by and against.

<sup>5</sup> Includes aggression/threats towards personnel.

<sup>6</sup> Includes falls on stairs, falls to lower levels, falls from height, falls on same level, and slip/trips from stairs.

### Recordable incidents, by type FY22





## Health and safety data

Data presented here supports the [Health and safety](#) section of this report.

GRI 403-9

### Subcontractors injury and illness FY20 - FY22\*

	RECORDABLE INCIDENTS BY TYPE		
	FY20	FY21	FY22
Recordable injuries	5	1	11
Injury/illness injuries	33	21	35
Near miss	54	28	30
<b>Total</b>	<b>92</b>	<b>50</b>	<b>76</b>

\*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.

## Health and safety data

Data presented here supports the [Health and safety](#) section of this report.

GRI 403-5

### Safety AT ERM Score FY20 - FY22 <sup>1</sup>

	AT ERM Score		
	FY20	FY21	FY22
Asia Pacific	92.8	86.4	93.5
Europe Middle East and Africa	93.5	86.8	84.0
Latin America and Caribbean	82.2	94.3	92.0
North America	89.6	92	83.0
Global Businesses <sup>2</sup>	65.4	38.4	75.7
<b>Global score <sup>3</sup></b>	<b>90.2</b>	<b>89.9</b>	<b>85.5</b>

<sup>1</sup> 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 FY22. The Global target is 75.

<sup>2</sup> For Global Businesses, the maximum scoring potential is 85 instead of 100. Group does not have a goal as they are not considered an operational business unit.

<sup>3</sup> The global score does not include Global Businesses or Group performance, only the four main regions.

# Assurance

ERM has 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 and stakeholder engagement.

## External assurance - GHG data verification

For ERM GHG emissions, an external assurer provided independent assurance of our FY22 data and processes for these metrics. This is the first time ERM has commissioned external assurance of GHG emissions data, and we are doing so as part of our preparation for new regulatory and reporting requirements in the key jurisdictions in which we operate.

[Click here to read the GHG data assurance statement.](#)

## External assurance - principles based

ERM's external assurance of the Sustainability Report 2022 is built on internationally recognized methodologies including AA1000AS. We engaged with an external assurance provider to conduct an independent assessment of the following:

- **Ambition and leadership.** To what extent are ERM's aspirations and actions (as reflected in strategy, implementation, targets and KPIs) evidencing the stated leadership position in ESG/sustainability.
- **ESG/sustainability governance.** To what extent does ERM's ESG/sustainability governance align with best practice expectations.
- **Changing stakeholder requirements.** How well is ERM responding to changing stakeholder expectations on ESG/sustainability.
- **New reporting and disclosure requirements.** How effectively is ERM responding to changing reporting and disclosure requirements (mandatory, voluntary and best practice) in the UK and EU, and key jurisdictions in which it operates.

[Click here to read the Principles based assurance statement.](#)

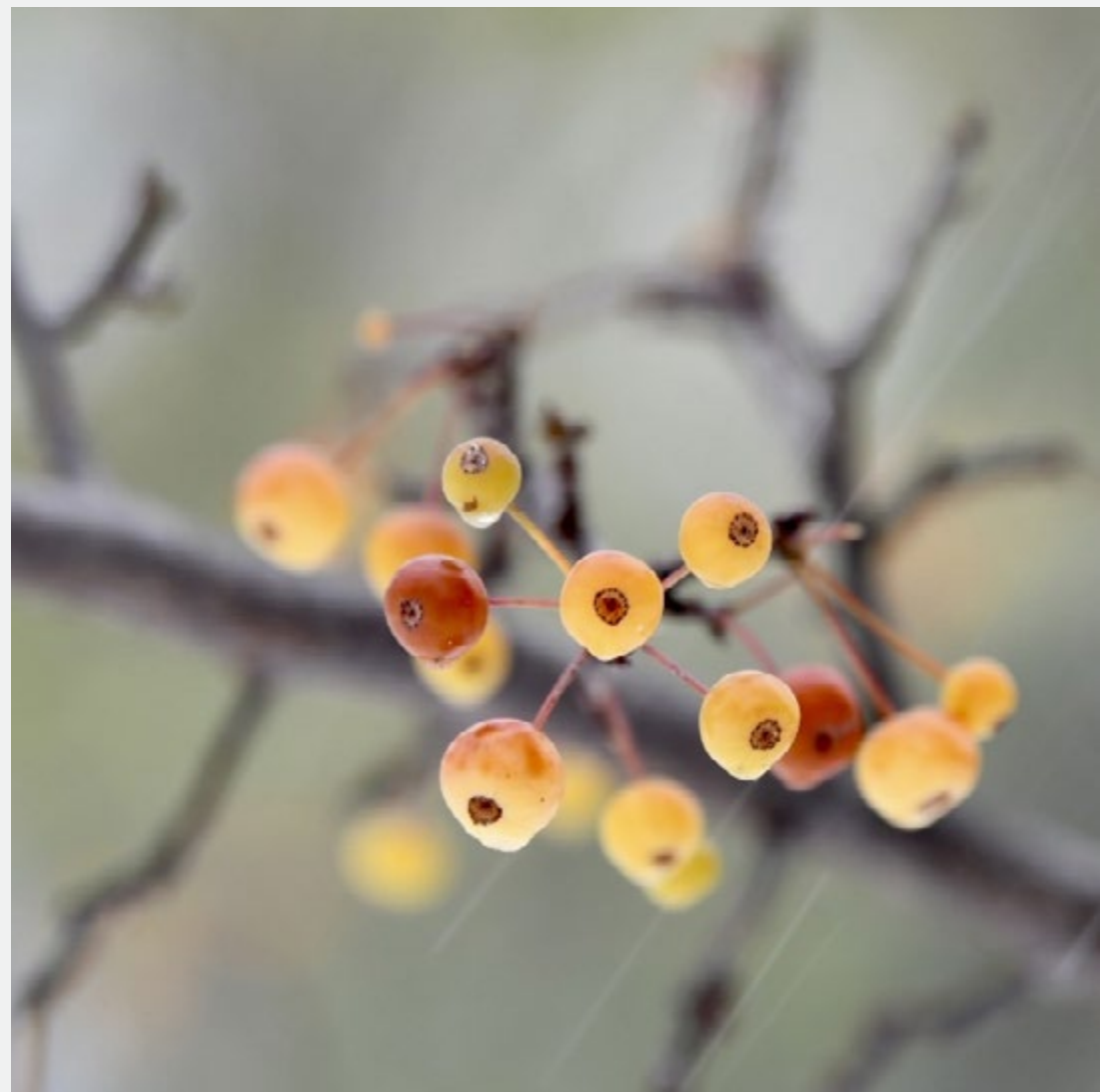


Photo credit: Tommy Ju, China

# Downloads

We provide downloadable files of our sustainability data, report indexes and several key elements of ERM's Sustainability Report.

[Executive summary](#)

[Our performance data](#)

[TCFD Disclosure](#)

[FY22 Modern Slavery Statement](#)

[ERM's contribution to the SDGs](#)

[ERM Foundation Annual Review](#)

[GRI Index](#)

[UNGC Index](#)

[TCFD Index](#)

[Data background](#)

[Principles based assurance](#)

[GHG data assurance](#)

[act4nature biodiversity commitments](#)



For more information contact [sustainability@erm.com](mailto:sustainability@erm.com)





# Accelerating Impact

# 2022

## Sustainability Report



**ERM has more than 170 offices worldwide, across the following countries and territories.**

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Argentina	Italy	Romania
Australia	Japan	Singapore
Belgium	Kazakhstan	South Africa
Brazil	Kenya	South Korea
Canada	Malaysia	Spain
China	Mexico	Switzerland
Colombia	Mozambique	Taiwan
France	Norway	Thailand
Germany	Panama	The Netherlands
Hong Kong	Peru	United Arab Emirates
India	Poland	United Kingdom
Indonesia	Portugal	United States
Ireland	Puerto Rico	Vietnam

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*The business of sustainability*