



Accelerating Impact

2022

Sustainability Report

Executive summary

The business of sustainability
erm.com/sustainability-report/



Tom Reichert
Group CEO

CEO message

In the last 12 months, ERM has celebrated our 50th 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 (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](#)





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



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

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.

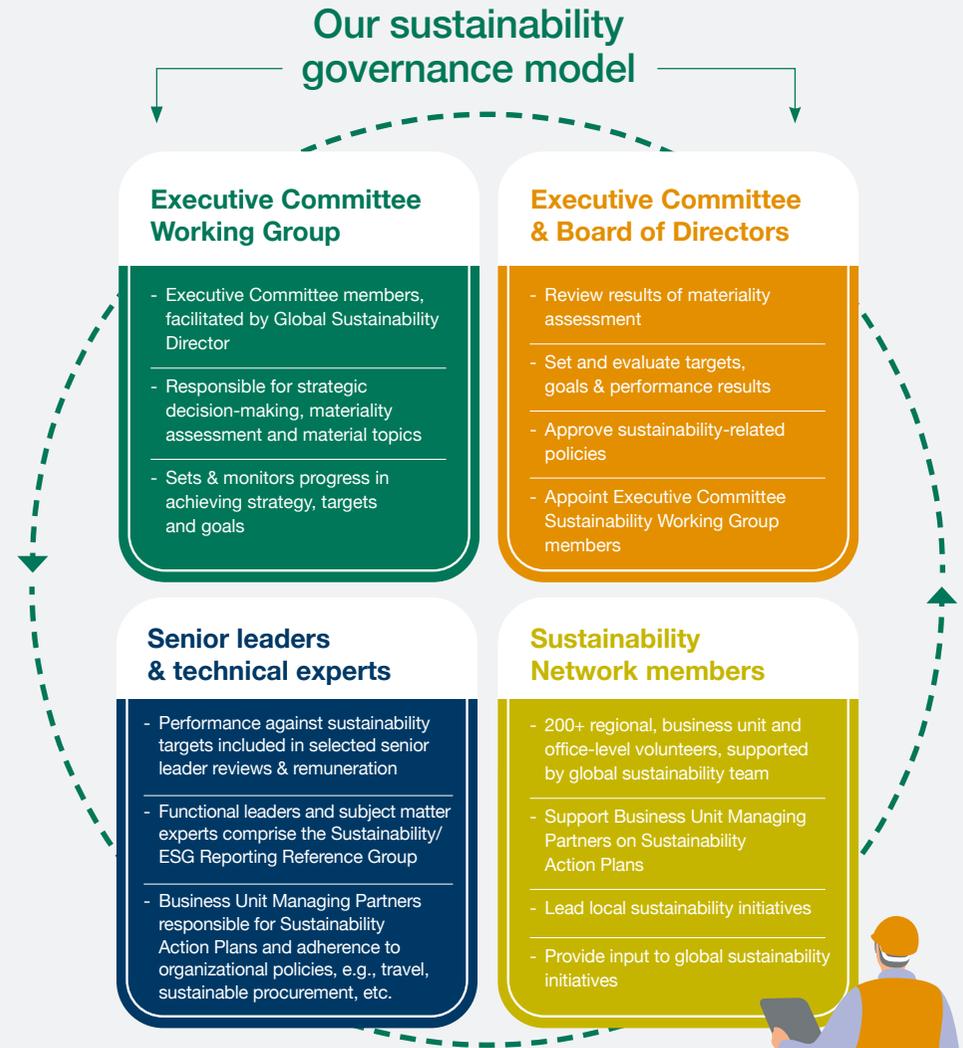
A working group of ERM's Executive Committee provides strategic leadership on sustainability and reports via the CEO to ERM's Board.

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.

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.

ERM

SUSTAINABLE DEVELOPMENT GOALS

The SDG goals and targets provide a framework for ERM to measure our progress in supporting the global sustainable development agenda.

3 ERM contributes to the SDGs in three ways:

- 1 Through our work for clients
- 2 In our operations
- 3 In collaboration with others

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.](#)



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.

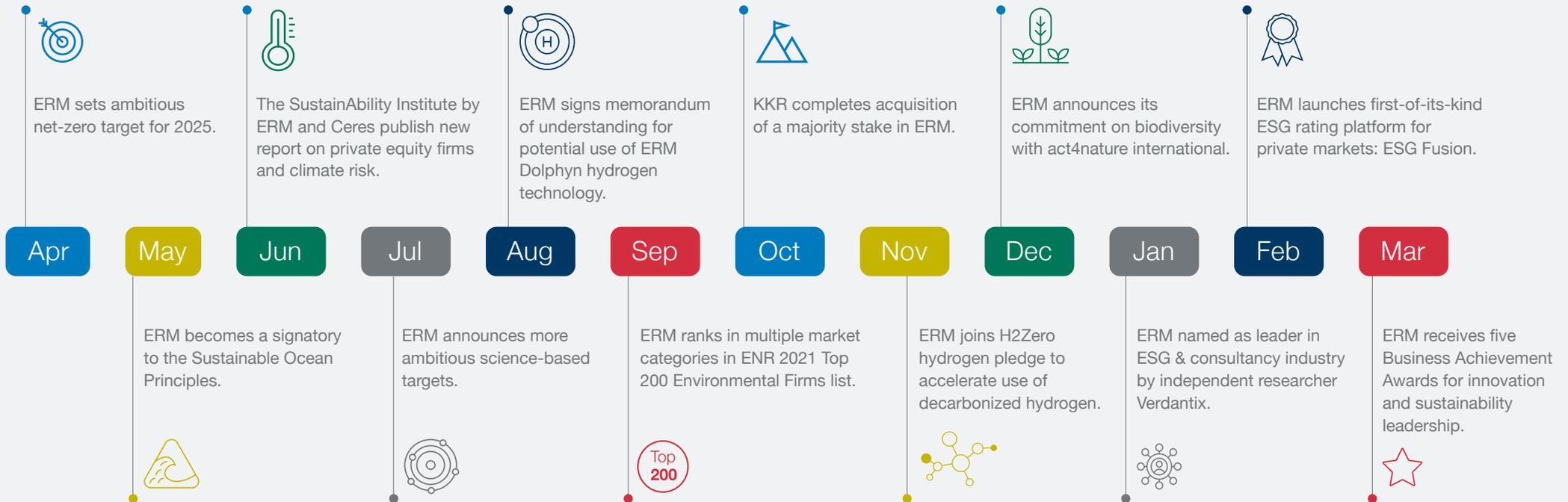


Photo credits
 1. Tanakorn Suesatpanit, Thailand
 2. ERM

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 in the full report 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>Business conduct and ethics Learn more</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>Our people Learn more</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
 <p>Health, safety and wellbeing Learn more</p>	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
 <p>Climate-related risk and low carbon economy transition Learn more</p>	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
 <p>Client satisfaction Learn more</p>	Establish independent and verifiable client satisfaction process	 Target not met (new target for FY23)
 <p>Contributing to society and local communities Learn more</p>	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
Business conduct and ethics	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.
Our people	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.
Health and safety	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.
Climate-related risk	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.
Client satisfaction	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.
Contributing to society	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

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.

Learn more

[ERM's Sustainability Report can be found here.](#)

In addition we provide downloadable files of our sustainability data, report indexes and several key elements of ERM's Sustainability Report.

[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

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