ERM

Climate Supplement

2025

This image was taken by Aleksandr Moiseev

This document comprises the Climate Supplement to ERM's Sustainability Report 2025 and provides further information on ERM's approach and latest performance data in relation to Climate, consistent with our commitment to be open and transparent with our stakeholders.

As the world's largest advisory firm focused solely on sustainability, we understand both the magnitude of the climate crisis and our responsibility to help address it. In line with our support for the Paris Agreement, we recognize the need for urgent, science-based action to limit global warming to 1.5°C. In recognition of our contribution to achieving this critical objective, we have committed to targets aligned to the Science Based Targets initiative (SBTi) Net Zero Standard. Our approach is grounded in this science and shapes both our operational decarbonization approach and strategy and the support we provide to our clients and through partnerships.

Climate is a material issue for ERM across our value chain. We operate in accordance with our longstanding commitment to demonstrate credible net-zero leadership and implement operational programs consistent with this. This includes the incremental decarbonization of our supply chain, which accounts for two-thirds of all our emissions.

Of most material importance to us, are the professional services we offer to clients developing low-carbon energy solutions and those seeking to decarbonize their own operations and value chain in line with a transition to a low-carbon economy. During FY25 we experienced sustained growth in our services supporting the low-carbon economy transition (LCET) and have strategically positioned ourselves to capitalize upon ongoing demand through capacity building across our operational geographies.

Our material impact is extended through our partnerships and collaborations which support the shared vision of a net-zero future and through which we drive thought leadership and innovation. Consistent with our commitment to accountability and transparent reporting for our stakeholders, this Supplement provides detailed information on:

- Our latest performance data in respect of our strategic commitment to deliver net-zero across our direct operations and those of our supply chain.
- An overview of our service delivery to clients in support of their decarbonization efforts.
- Details of our collaborations and partnerships to support wider societal decarbonization.

Also included within this Supplement are ERM's climate-related regulatory disclosures:

- ERM Climate-related Financial Disclosure 2025, published in pursuance of the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD) and in fulfilment of the requirements for The Non-Financial and Sustainability Information Statement, as prescribed under The Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022, hereafter referred to as CFD.
- ERM UK Streamlined Energy and Carbon Reporting (SECR) statement, in compliance with The Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended).
- ERM statement in pursuance of the California Voluntary Carbon Market Disclosures Act, Assembly Bill 1305.

Contents

Decarbonization of our own operations & supply chain	3
Our approach	4
Scope 1 & 2 emissions	6
Scope 3 emissions	12
Summary of our performance against our SBTi net-zero trajectory	18
Beyond Value Chain Mitigation (BVCM)	19
Client services & partnerships	20
Regulatory climate reporting	29
UK Streamlined Energy and Carbon Reporting (SECR)	30
California Voluntary Carbon Market Disclosures Act – AB 1305	31
Climate-Related Financial Disclosure (CFD)	33
Our decarbonization targets	50
Assurance statement	53

Decarbonization of our own operations & supply chain

Our approach and summary of FY25 emissions

ERM's approach to incrementally reducing the carbon emissions associated with our operations is set out in our 2024-2027 Decarbonization Strategy. This explains how we are reducing our Scope 1, 2 and 3 emissions in line with our SBTi Corporate Net-zero Standard.

ERM'S GREENHOUSE GAS (GHG) EMISSIONS ACROSS OUR MATERIAL SOURCES OF EMISSIONS, FY25

SCOPE OF GHG EMISSIONS	TOTAL EMISSIONS (tC02e)
Scope 1 GHG emissions	1,024
Scope 2 GHG emissions (location-based) [1]	1,454
Scope 2 GHG emissions (market-based) [1]	101
Scope 3 GHG emissions Category 1 - Purchased Goods and Services	34,823
Scope 3 GHG emissions Category 2 - Capital Goods	848
Scope 3 GHG emissions Category 3 - Fuel- and Energy-Related Activities	685
Scope 3 GHG emissions Category 6 - Business Travel	13,335
Scope 3 GHG emissions Category 7 - Employee Commuting	3,206
Total GHG emissions (location-based) [2]	55,375
Total GHG emissions (market-based) [2]	54,022

[1] Scope 2 location-based and Scope 2 market-based are defined in the WRI/WBCSD GHG Protocol Scope 2 Guidance, 2015.
[2] Transportation of subcontractors and goods purchased are included in Category 1 and emissions from ERM rented offices and leased vehicles are included in Scope 1 and 2. Therefore Categories 4 and 8 have been determined as not applicable to ERM. All other Scope 3 categories have been assessed as not relevant to ERM at this time.

Targets & performance

During FY25 we made progress on decarbonizing our internal operational footprint while evolving our understanding of the emissions associated with our supply chain, Scope 3 Category 1, purchased goods and services.

We remain on track to meet our SBTi targets for Scope 1, 2 and 3. Our established decarbonization program, which has been validated to align with the SBTi Corporate Net- Zero Standard, sees us on a sustained pathway of emissions reduction in pursuit of net-zero by 2040. Further information on our FY25 emissions data is set out in our 2025 Sustainability Report and throughout this supplement.

We carried out in depth analysis of our top tier suppliers during FY25. This analysis supports our work to reduce emissions associated with our supply chain, and enhances our ability to support our clients enhance their decarbonization goals. For more information, please see the Sustainable Supply Chain section of our 2025 Sustainability Report.

We continue to increase our sales supporting the low-carbon economy transition (LCET). During FY25 we met and exceeded our 10% year-on-year growth target. We anticipate sustained demand in LCET services as we progress towards 2030 and the urgency of addressing climate change further intensifies. More information on our LCET related work can be found in our Sustainability Report 2025 and throughout this Supplement.

Given the importance of this topic to our business, we have retained our targets for FY26.

FY25 HEADLINE TARGETS	PERFORMANCE
Remain on track to meet SBTi targets for Scope 1, 2 and 3.	Achieved
Engage top tier of suppliers on decarbonization to promote stronger climate governance and emissions reductions targets.	Partially achieved
Increase sales supporting the low-carbon economy transition by 10% year on year.	Achieved

FY26 HEADLINE TARGETS

Remain on track to meet SBTi targets for Scope 1, 2 and 3.

Engage our top tier suppliers on decarbonization.

Derive 40% total revenue from projects supporting the low-carbon economy transition.

Scope 1 and 2 emissions

Scope 1

DIRECT

- Company vehicles
- Fugitive emissions of refrigerants
- Natural gas

Scope 2

INDIRECT

- Purchased electricity
- Purchased heat

OUR EMISSIONS SOURCES

ERM's direct emissions, Scope 1 and 2, are central to the decarbonization of our operations.

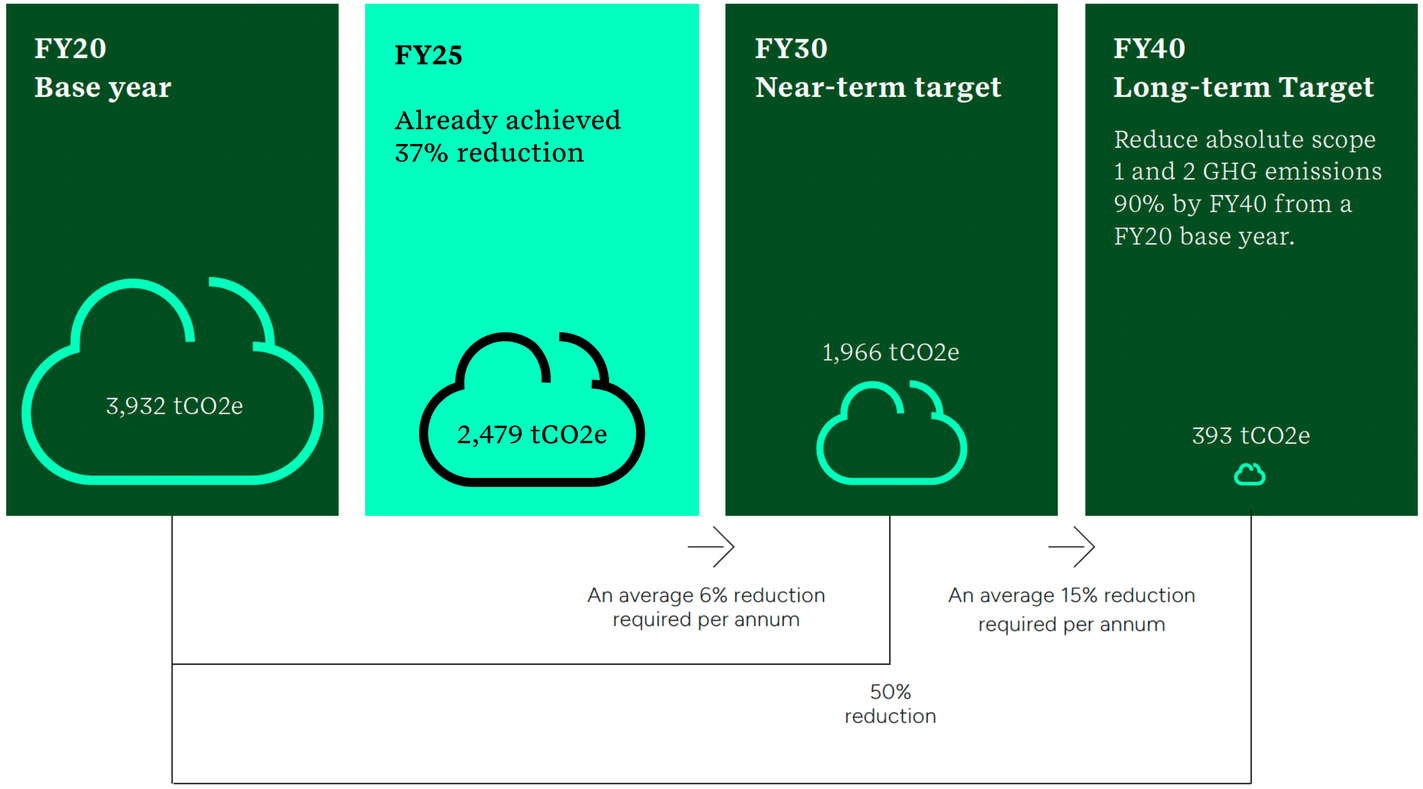
Our Scope 1 sources of emissions arise from company owned or leased cars that we use for business purposes, natural gas use and air conditioning losses within our offices. Our Scope 2 sources of emissions include office electricity, steam and the use of battery electric/hybrid company cars.

OUR FY25 PERFORMANCE

In FY25, we achieved a 37% reduction in Scope 1 and 2 compared to our FY20 base year and an 11% reduction when compared to our FY24 emissions.

OUR JOURNEY TO NET-ZERO

Scope 1 & 2 SBTi target



PERFORMANCE AGAINST OUR SBTi TARGETS

We have near and longer-term targets in place to reduce our Scope 1 and 2 emissions, in line with our delivery of net-zero by 2040. We are currently on track to meet our SBTi net-zero targets to achieve a 50% reduction in Scope 1 and 2 emissions by 2030 compared to our base year.

100%

Active annual sourcing of renewable electricity to increase from 99% in FY23 to 100% by FY30.

Detailed FY25 Scope 1 & 2 Performance Data

SCOPE 1 EMISSIONS

Overall, our Scope 1 emissions saw a modest reduction from FY24 to FY25. This slight decrease occurred despite a 33% rise in refrigerant emissions from air conditioning, largely due to improved calculation methodologies.

Our most significant Scope 1 GHG emissions result from company cars, accounting for 54% of our overall Scope 1 emissions. Over the past year, the proportion of hybrid and electric vehicles in our fleet increased from 40% to 50%, contributing to a 21% reduction in company car emissions. While this progress is encouraging, we recognize there is more to be done. The direction is clear that our fleet is steadily transitioning toward full electrification, prioritizing locations where there are renewable energy options in the grid and options for charging. We remain committed to this goal and will continue collaborating with regional fleet managers to achieve 100% electric vehicles by FY40.

CASE STUDY

ERM Germany's shift to electric vehicles

ERM's German business initiated a transition to electric vehicles (EVs) to address one of its most significant single sources of emissions—its vehicle fleet. Moving from pure internal combustion engine cars to hybrid and fully electric vehicles is a necessary step in reducing the company's carbon footprint.

By introducing tools such as charging cards and fostering employee engagement through transparent communication and hands-on experience, the business has successfully transitioned to operating exclusively with EVs and plug-in hybrids.

"Reducing our overall carbon footprint is of utmost importance. If we can contribute to this goal through our vehicle fleet, it's a significant step forward—and we hope it will serve as a signal to others that change is both necessary and possible."

Maike Halkenhaeuser,
Frankfurt Office Manager, ERM

EMISSIONS AND INTENSITY

A more detailed breakdown of our Scope 1 and 2 emissions is set out in the following pages.

SCOPE 1 & 2 TOTAL EMISSIONS AND INTENSITY PER FTE FY20, FY23-25 [1, 2]

GRI 305-4	Base year FY20	FY23	FY24	FY25
Total emissions (tCO2e)	3,932	2,729	2,787	2,478
Intensity (tCO2e/FTE)	0.74	0.38	0.37	0.34

[1] Scope 1 and 2 total emissions are presented in total tCO2e and as intensity per full-time equivalent employee (FTE), normalized using the average number of FTEs for each fiscal year.
[2] Emissions intensity is based on location-based Scope 2 emissions.

Our Scope 1 and 2 emissions profile varies across regions, reflecting the nature of our operations within the respective geographies. Latin America and the Caribbean (our LAC region) saw an increase in both Scope 1 and 2 emissions, reflecting increased operational activity.

In contrast, North America achieved reductions across both scopes, driven by fleet transition and efficiency measures. Europe, Middle East and Africa maintained relatively stable emissions, with slight decreases in both Scopes. Asia Pacific reported an increase, primarily due to improved refrigerant estimation methodologies rather than an increase in actual usage. Scope 1 and 2 emissions from Group and Global Businesses remain immaterial and are included in regional totals, as employees from Group and Global Businesses operate mostly within ERM's offices and so emissions associated with activities are captured in the regional totals.

These regional shifts point toward overall improvement, while also highlighting areas for further action as ERM continues to enhance the quality and consistency of our emissions reporting.

SCOPE 1 EMISSIONS BY REGION FY20, FY23-25 (tCO2e) [1]

GRI 305-1

Region	Base year FY20	FY23	FY24	FY25
Asia Pacific [2]	59	43	44	73
Europe, Middle East and Africa	572	407	448	433
Latin America and Caribbean	26	32	43	70
North America	693	510	487	446
Group	0	1	2	2
Global Business [3]	0	11	14	0
Total [4]	1,350	1,004	1,037	1,024

[1] Scope 1 includes direct emissions from operations we own or control. This includes emissions from company owned cars, natural gas and refrigerant gas loss from air conditioning.
[2] Asia Pacific includes Australia and Asia.
[3] Global Businesses includes Climate Markets, Certification & Verification Services (CVS), Digital Products, Digital Services and Tech Enablement. Scope 1 emissions from Global Businesses and Group are included in the data for the ERM region in which employees' home offices are located. In FY25, there are two offices under Global Business reporting air conditioning consumption: Knoxville (Shelton Group) and Adelaide (TMB TBZ).
[4] The total figure may differ slightly from the sum of individual values due to rounding. The reported total reflects the accurate value when decimal places are taken into account.

SCOPE 2 EMISSIONS BY REGION FY20 – FY25 (tCO2e) [1, 2]

GRI 305-2

Region	Location-based				Market-based			
	Base year FY20	FY23	FY24	FY25	Base year FY20	FY23	FY24	FY25
Asia Pacific [3]	558	293	355	358	558	2	3	0
Europe, Middle East and Africa	527	298	382	384	347	6	102	87
Latin America and Caribbean	51	42	42	41	51	0	0	0
North America	1,446	1,072	933	643	736	17	18	15
Group	0	0	3	0	0	0	3	0
Global Business [4]	0	20	35	28	0	0	0	0
Total [5]	2,582	1,725	1,750	1,454	1,691	25	126	101

[1] Scope 2 includes indirect emissions from purchased electricity, steam and battery electric & hybrid company cars.
[2] Our decarbonization strategy is supported by 100% renewable energy either through direct supplier or Energy Attribute Certificates (EACs).
[3] Asia Pacific includes Australia and Asia.
[4] Global Businesses includes Climate Markets, CVS, Digital Products, Digital Services and Tech Enablement. Scope 2 emissions from Global Businesses and Group are included in the data for the ERM region in which employees' home offices are located. There are two offices under Global Business that are reporting office energy: Knoxville (Shelton Group) and Adelaide (TBM TBZ).
[5] The total figure may differ slightly from the sum of individual values due to rounding. The reported total reflects the accurate value when decimal places are taken into account.

SCOPE 1 & 2 EMISSIONS BY CATEGORY FY20, FY23-25 (tCO2e) [1, 2]

GRI 305-2

	Scope 1 & 2 emissions (tCO2e) [1, 2]			
	Base year FY20	FY23	FY24	FY25
Company cars (Scope 1)	791	639	692	550
Air conditioning	169	99	154	230
Natural gas	390	266	191	244
Office electricity (location-based)	2,436	1,700	1,624	1,353
Steam	146	22	25	17
Company cars (Scope 2)	0	3	101	94
Total [3]	3,932	2,729	2,787	2,488

[1] Scope 2 emissions are location-based.
[2] Our Scope 1 sources include company cars, natural gas use and air conditioning losses. Our Scope 2 sources include office electricity, steam and electric or hybrid company cars.
[3] The total figure may differ slightly from the sum of individual values due to rounding. The reported total reflects the accurate value when decimal places are taken into account.

Renewable electricity

Our SBTi target is to procure 100% renewable electricity globally by 2030 and we continue to source renewable electricity wherever local grids and building management make it viable. In FY25, ERM has market instruments in place for 100% of our global electricity portfolio.

In countries with emerging renewable energy markets, ERM procured out-of-market EACs to ensure full coverage. The procurement breakdown is as follows:

- **11% from direct supplier contracts**
- **89% from Energy Attribute Certificates (EACs), including:**
  - Renewable Energy Certificates (RECs)
  - International RECs (I-RECs)
  - Guarantees of Origin (GOs)

The limited number of direct renewable energy suppliers is primarily due to the current market structure and availability of renewable generation assets. Direct renewable energy procurement is mostly prevalent in Europe, where infrastructure and market mechanisms support it. However, in regions such as North America, Latin America and Asia Pacific, direct supply options are limited. Consequently, the majority of renewable energy in these regions is procured through EACs.

For our FY25 renewable electricity procurement, we partnered with Coho, an ERM Group company that supports organizations in developing effective renewable energy strategies. We evaluated renewable electricity sourcing options based on global best practices, including industry standards for attribute tracking, technical criteria, and market boundaries. As a result, we prioritized sourcing from wind and solar projects certified by EKOenergy, a label that upholds high environmental standards and promotes renewable energy development in emerging markets. In North America, we procured RECs from the Sunray solar project in Texas, located in the ERCOT market.

Overall, 99% of our FY25 EACs were in-market, with the remaining 1% sourced from out-of-market regions including Guyana, South Korea and Taiwan. We continue to monitor the development of sustainability guidelines in these and other emerging markets to align with our SBTi targets.

By aligning our procurement strategy with the highest standards, ERM ensures that our EACs maintain environmental and where applicable, social benefits, and support accurate Scope 2 accounting under the GHG Protocol's market-based method.

ERM ACQUIRES ENERGETICS

ERM ENERGETICS

To strengthen our position as a leader in sustainability consultancy in Australia and New Zealand, ERM has acquired Energetics, Australia's leading climate risk and energy transition consultancy. The acquisition enhances our ability to support clients with strategic advice and practical, on-the-ground implementation across a range of climate transition issues in the region.

COHO COMES ABOARD

ERM COHO

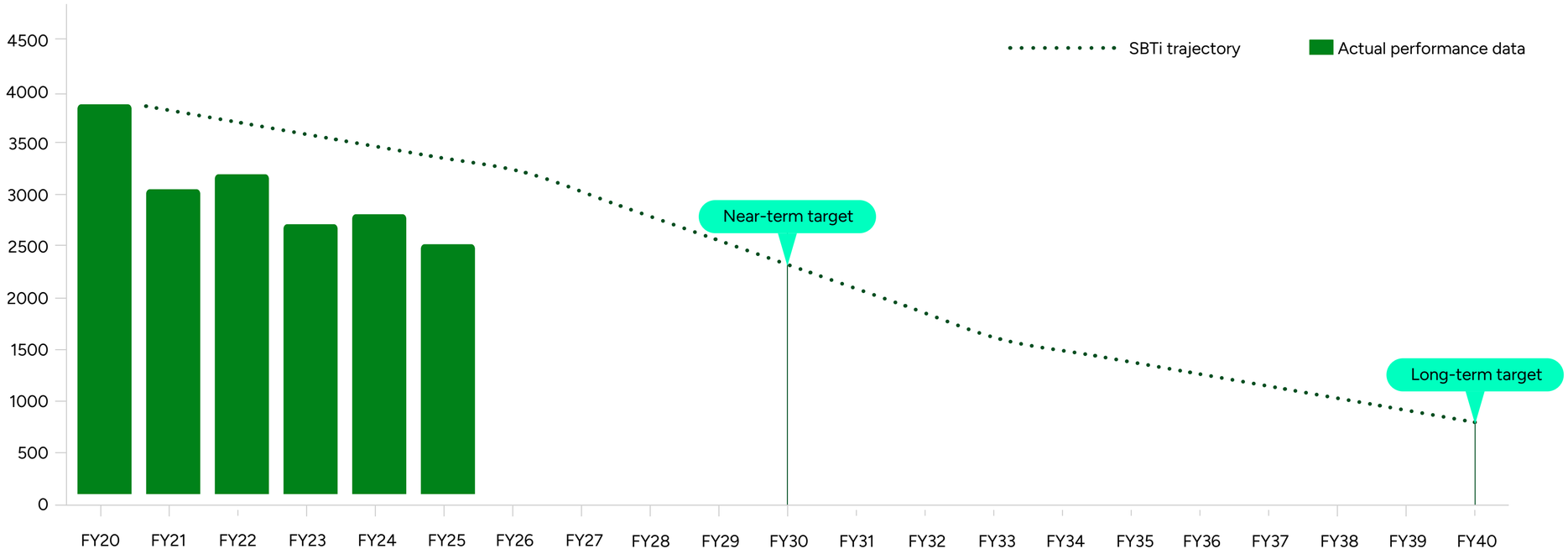
ERM has expanded its expertise in decarbonization and water optimization through the acquisition of Coho, a global firm recognized for its climate and energy advisory services. Coho's experts help organizations reduce emissions, procure renewable energy, enhance supply chains and strengthen water resiliency.

Combined with ERM's strategic and technical strengths, the acquisition enhances support for clients pursuing climate goals and opportunities in decarbonization and water optimization.

ON TRACK TO MEET OUR NEAR- AND LONG-TERM SCOPE 1 AND 2 SBTi TARGETS

This graphic shows our actual emissions performance against the SBTi Net-Zero Standard trajectory from FY20 to FY40. It incorporates emissions data through FY25 and highlights our progress in reducing emissions in line with our 2040 net-zero goal.

SCOPE 1 & 2 PERFORMANCE AGAINST SBTi NET-ZERO STANDARD TRAJECTORY FY20 - FY40 (tCO2e) [1, 2]

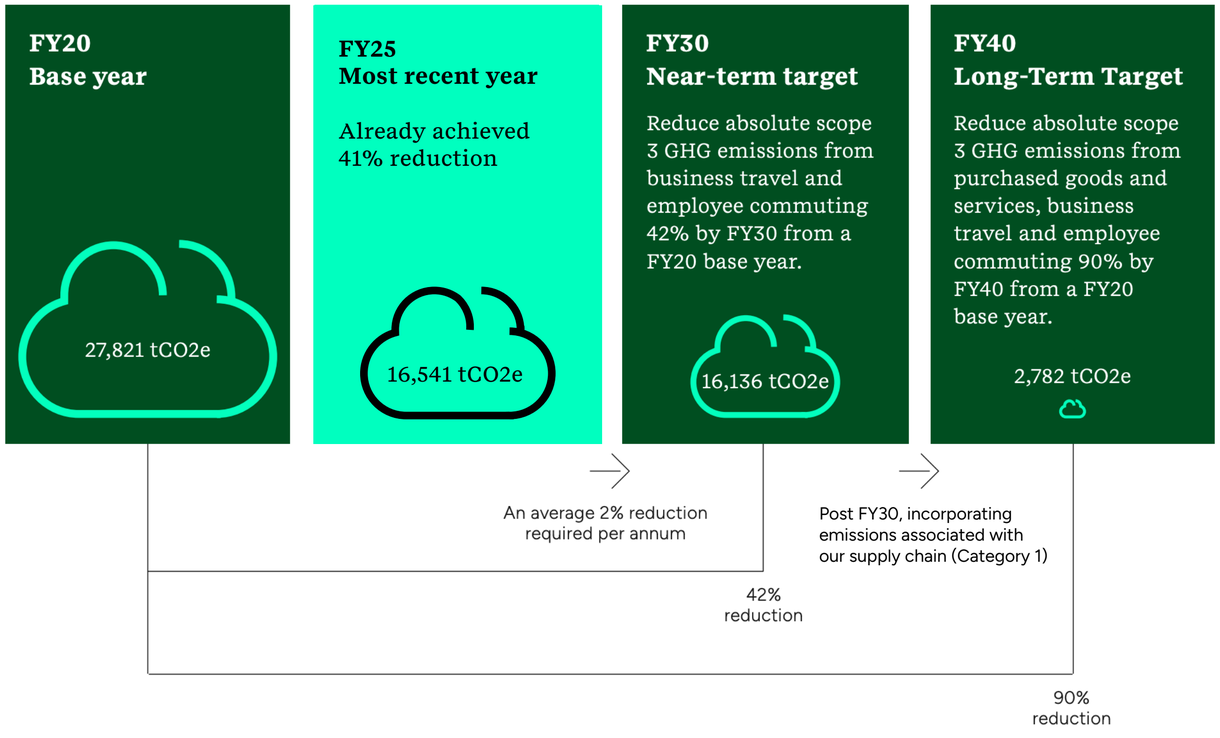


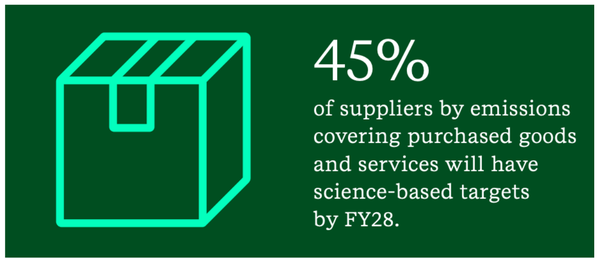
[1] ERM's near-term science-based target is to reduce absolute scope 1 and 2 GHG emissions 50% by FY30 from a FY20 base year. ERM's long-term science-based target is to reduce absolute scope 1 and 2 GHG emissions 90% by FY40 from a FY20 base year.
[2] Our Scope 2 target is location-based. In addition to this, we have a renewable energy target to increase active annual sourcing of renewable electricity from 99% in FY23 to 100% by FY30.

Scope 3 emissions

OUR MATERIAL EMISSIONS SOURCES

Our material Scope 3 emissions are derived from business travel undertaken to support the delivery of our work with clients, our employees commuting to and from offices and purchased goods and services. We have near and longer-term SBTi targets in place to reduce our Scope 3 emissions, in line with our delivery of net-zero by 2040.





OUR FY25 PERFORMANCE

We have achieved a 41% reduction in Scope 3 emissions from business travel and employee commuting compared with our FY20 base year and an 8% reduction when compared with FY24.

PERFORMANCE AGAINST OUR SBTi TARGETS

We have short and long-term targets to reduce our Scope 3 emissions. We are on track to meet our SBTi net-zero targets to reduce our Scope 3 GHG emissions from business travel and employee commuting by 42% by 2030 compared with 2020.

We are on track to meet our SBTi target of ensuring that 45% of suppliers by emissions covering purchased goods and services will have science-based targets by 2028.

DETAILED FY25 SCOPE 3 EMISSIONS PERFORMANCE DATA

Scope 3 emissions represent the largest share of ERM's carbon footprint, accounting for 97% of our total emissions, and are a key focus of our net-zero strategy. ERM's material Scope 3 emissions derive from business travel (Category 6), employee commuting (Category 7) and purchased goods and services (category 1), capital goods (Category 2) and fuel- and energy-related activities (Category 3). Other categories of Scope 3 emissions are not assessed to be material to our business at this point.

SCOPE 3 EMISSIONS BY CATEGORY FY20, FY23-25 (tCO2e) [1, 2, 3]

GRI 305-3

Category	Base year FY20	FY23	FY24	FY25
Category 1 Purchased goods and services	26,634	25,485	22,117	34,823
Category 2 Capital goods	1,879	1,599	1,467	848
Category 3 Fuel and energy related activities [4]	850		716	685
Category 4 Business travel	18,322	9,605	14,370	13,335
Category 5 Employee commuting	9,499	2,709	3,570	3,206
Total [5]	57,183	39,398	42,240	52,897

[1] Our indirect Scope 3 emissions include upstream categories such as 1, 2, 3, 6 & 7.
Refer https://ghgprotocol.org/corporate-value-chain-scope-3-standard to learn more.
[2] Please note: ERM does not report Category 4 and 8 as transportation of subcontractors and goods purchased are included in Category 1 and emissions from ERM rented offices and leased vehicles are included in Scope 1 and 2.
[3] The increase in Scope 3 emissions in FY25 is due to improved data quality and coverage in purchased goods and services. Further enhancements across Scope 3 categories and updates to historical data sets are expected in future reporting cycles.
[4] ERM did not start measuring Category 3 data until FY24. The corresponding base-year value is reported.
[5] The total figure may differ slightly from the sum of individual values due to rounding. The reported total reflects the accurate value when decimal places are taken into account.

As subsequently set out, due to a change in our methodology for calculating emissions arising from our purchased goods and services (Category 1) our reported Scope 3 emissions have increased in FY25, relative to FY24. This is reflected in increased emissions across all regions.

Business travel and employee commuting emissions showed more nuanced regional patterns. The rollout of ERM's new global travel policy contributed to a decrease in internal travel emissions in several regions, with an ongoing focus on supporting the shift to more sustainable commuting patterns as a focus for FY26. A more detailed breakdown of our Scope 3 emissions is set out in subsequent pages.

SCOPE 3 EMISSIONS, BY REGION FY20, FY23 - FY25 (tCO2e) [1]

GRI 305-3

Region	Base year FY20	FY23	FY24	FY25
Asia Pacific [2]	5,541	6,709	6,330	8,531
Europe, Middle East and Africa	12,125	9,244	10,74	13,219
Latin America and Caribbean	3,275	3,111	3,527	5,519
North America	33,950	18,626	20,536	22,488
Group	1,040	448	451	1,331
Global Business [3]	1,251	1,260	655	1,809
Total [4]	57,183	39,398	42,240	52,897

[1] Our indirect Scope 3 emissions include upstream categories such as 1, 2, 3, 6 & 7. Refer to https://ghgprotocol.org/corporate-value-chain-scope-3-standard to learn more.
[2] Asia Pacific includes Australia and Asia.
[3] Global Businesses includes Climate Markets, CVS, Digital Products, Digital Services and Tech Enablement.
[4] The total figure may differ slightly from the sum of individual values due to rounding. The reported total reflects the accurate value when decimal places are taken into account.

This image was taken by Daniel Savage

CATEGORY 1 AND 2: PURCHASED GOODS AND SERVICES, AND CAPITAL GOODS

By far the largest single source of emissions, accounting for nearly two-thirds of our total emissions, is that associated with our supply chain, primarily captured under purchased goods and services (Category 1). Approximately 90% of emissions in this category derive from our use of subcontractors to support the delivery of our projects.

During FY25, we refined our methodology to the calculation of these Category 1 emissions which has resulted in an increase in reported emissions, relative to FY24. This refinement in methodology reflects our growing understanding of emissions associated with our supply chain and supports our approach to supplier decarbonization but is not associated with any significant increase in activity within this category.

Given the significance of supply chain related emissions to our overall emissions profile, these methodological improvements resulted in a 25% increase in overall Scope 3 emissions during FY25, relative to FY24, driven by the 57% increase in emissions reported under Category 1.

Capital goods (Category 2) which includes IT equipment and office infrastructure was not impacted by these methodological updates and emissions remained stable.

During FY25, we carried out due diligence to understand our suppliers' maturity in terms of climate and decarbonization strategy, reporting and reduction targets. The outcome of this work informs the next phase in our supplier engagement program and how we will seek to achieve our SBTi target of ensuring that 45% of suppliers by emissions covering purchased goods and services will have science-based targets by 2028.

CATEGORY 3: FUEL- AND ENERGY-RELATED ACTIVITIES

Starting in FY24, ERM began reporting emissions under Scope 3, Category 3, which covers fuel and energy-related activities not included in Scope 1 or Scope 2. These emissions account for the upstream impacts associated with the production & distribution of fuels and energy that ERM purchases and consumes during the reporting year.

In FY25, Category 3 emissions were included under limited assurance, reflecting our commitment to enhancing transparency and data integrity across our value chain emissions. Although Category 3 represents only 1% of ERM's total Scope 3 emissions, we recognize its relevance in providing a more complete picture of our indirect environmental impact.

CATEGORY 6:
BUSINESS TRAVEL

In FY25, ERM launched a new global travel policy to reinforce our action towards our net-zero by 2040 goals and set the benchmark for sustainable business travel. The policy encourages employees to prioritize virtual meetings and low-carbon travel options where possible. The policy is driving more purposeful travel choices, supported by improved management, integration with health and safety and other operational measures and data systems.

Since the policy's implementation, air travel emissions have decreased by 17%, with a notable drop in long-haul flights. Additionally, the roll out of our travel management company platform across all our regions during FY25, has resulted in better visibility and control over travel-related emissions.

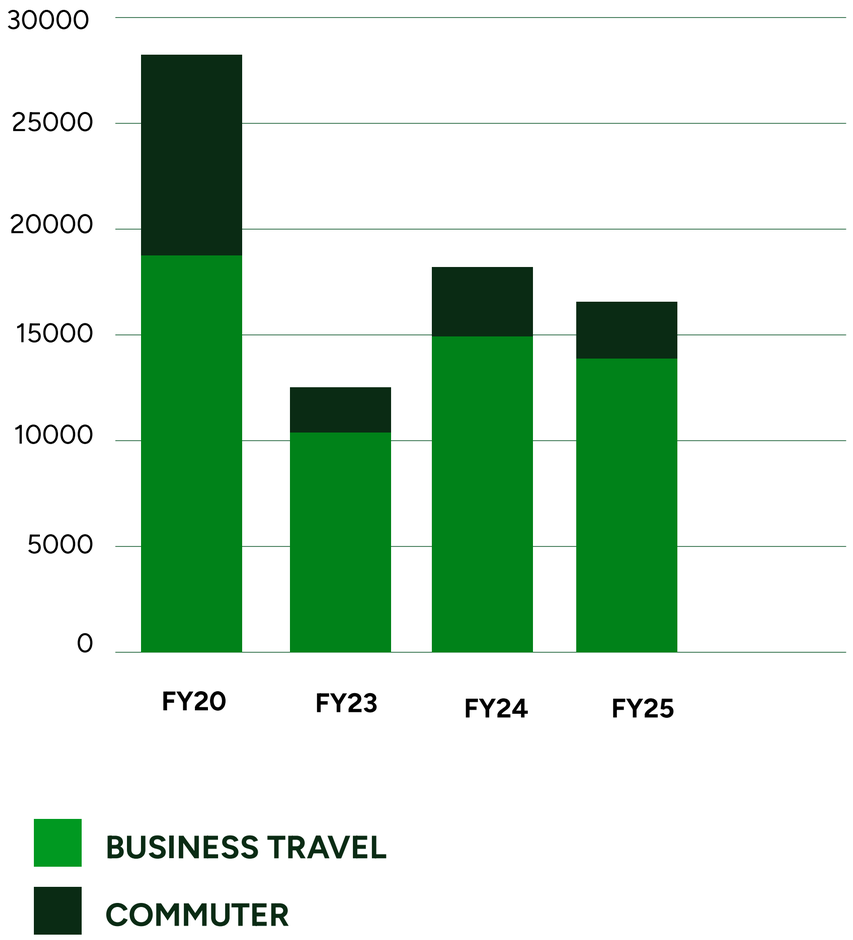
CATEGORY 7:
EMPLOYEE COMMUTING

In FY25, ERM advanced its long-term strategy to reduce emissions resulting from the commuting patterns of our employees by continuing to promote hybrid working, sustainable office locations and low-carbon commuting choices.

In FY25, our GHG emissions related to commuting fell by 10% compared with FY24, despite increases in headcount and the distance travelled. In short, more people are commuting to our offices, but in smarter and more sustainable ways. On average, each employee uses 0.4 tCO2e per year. That's just under three full tanks of gasoline in the average US car for a whole year.

This progress reflects a growing shift towards public transportation and other lower-impact travel modes, supported by employee engagement efforts and targeted incentives such as cycle to work schemes. These results reinforce the impact of local action on driving progress toward our net-zero targets.

SCOPE 3 EMISSIONS CATEGORY 6 & 7
FY20, FY23 - FY25 (tC02e)

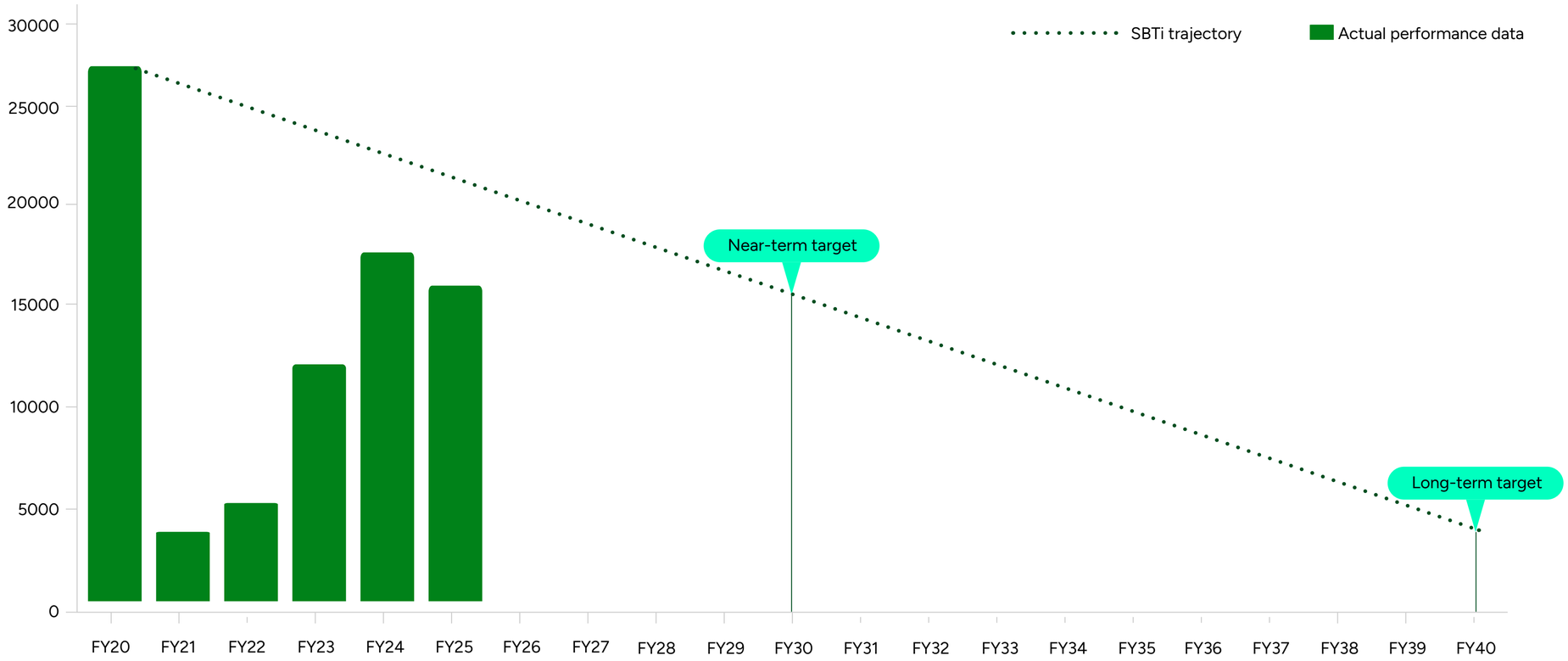


ON TRACK TO MEET OUR NEAR- AND LONG-TERM SCOPE 3 SBTi TARGETS

We are currently on track to meet our SBTi net-zero targets to reduce our Scope 3 GHG emissions from business travel and employee commuting by 42% by 2030 compared to our 2020 base year.

This graphic shows our actual emissions performance against the SBTi Net-Zero Standard trajectory from FY20 to FY40. It reflects progress to date based on reported data through FY25 and illustrates how we are delivering measurable reductions in line with our net-zero commitment.

SCOPE 3 PERFORMANCE AGAINST SBTi NET-ZERO STANDARD TRAJECTORY FY20 - FY40 (tCO2e) [1, 2]



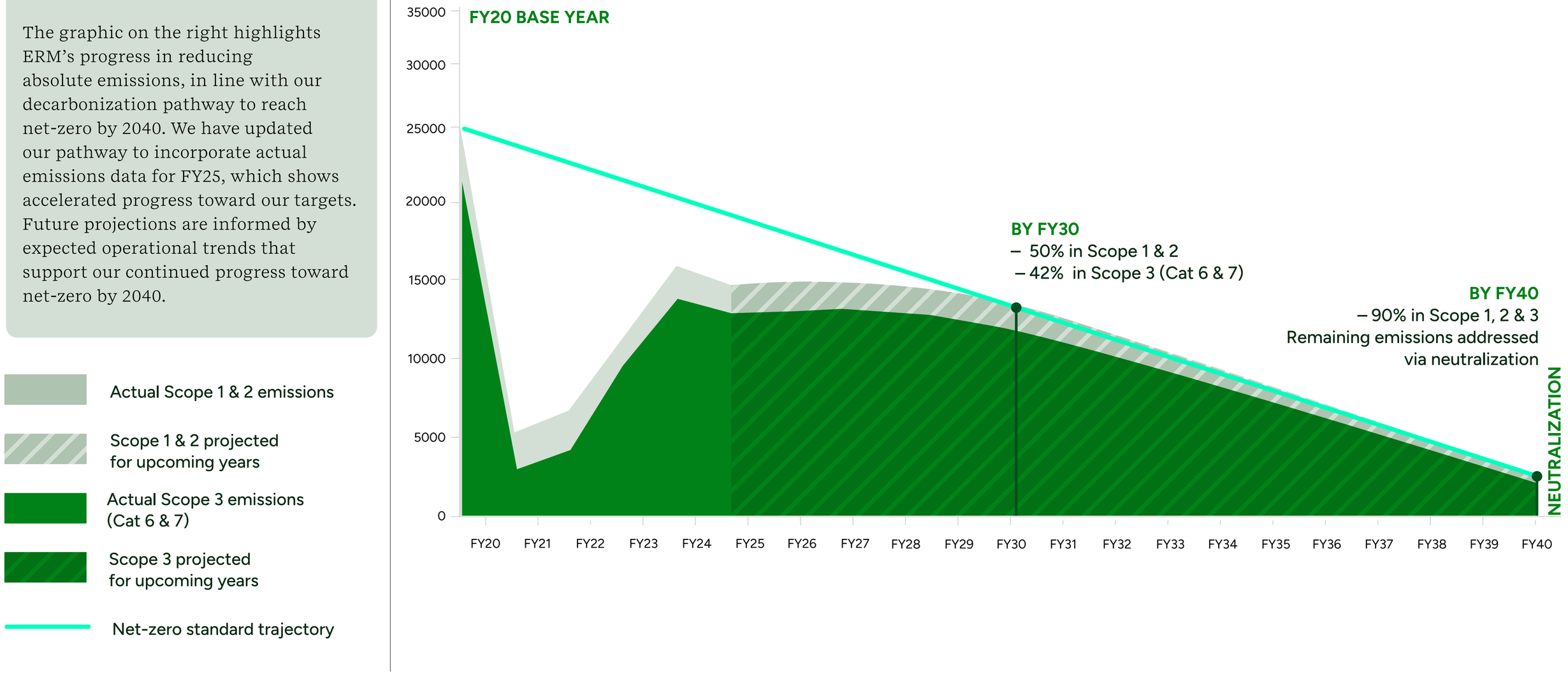
[1] ERM's near-term science-based target is to reduce absolute scope 3 GHG emissions from business travel and employee commuting 42% by FY30 from a FY20 base year. ERM's long-term science-based target is to reduce absolute scope 3 GHG emissions from business travel, employee commuting and purchased goods and services 90% by FY40 from a FY20 base year.

[2] In addition to the absolute targets, ERM has set a supplier engagement target that 45% of its suppliers by emissions covering purchased goods and services will have science-based targets by FY28.

ERM'S DECARBONIZATION PATHWAY TO NET-ZERO BY 2040 ALIGNED WITH THE NET-ZERO STANDARD

WE ARE ON TRACK TO MEET OUR NEAR AND LONG-TERM SBTi TARGETS

The graphic on the right highlights ERM's progress in reducing absolute emissions, in line with our decarbonization pathway to reach net-zero by 2040. We have updated our pathway to incorporate actual emissions data for FY25, which shows accelerated progress toward our targets. Future projections are informed by expected operational trends that support our continued progress toward net-zero by 2040.



Compensating for our residual emissions

BEYOND VALUE CHAIN MITIGATION

ERM is committed to reducing Scope 1, 2 and 3 emissions under our Decarbonization Strategy, while also addressing residual emissions on the path to net-zero. We support climate action beyond our value chain, using the voluntary carbon market to scale finance for nature, communities and innovation.

We have conducted a rigorous preview of credit options with the ERM Climate Markets Team, ensuring transparency under the Verified Carbon Standard and the Climate, Community and Biodiversity Standards.

Following this, we are continuing our investment in the REDD+ Katingan Project in Indonesia, that is conserving 150,000 hectares of peatland, reducing emissions, supporting more than 45,000 local community members and protecting endangered species.

We have purchased 2,757 carbon credits (2020 Vintage) to mitigate our unabated Scope 1 emissions, Scope 2 emissions not addressed through market-based instruments and more than 40% of Scope 3 emissions from internal business travel in FY25.

In compliance with the California Voluntary Carbon Market Disclosures Act (Assembly Bill 1305), we have disclosed full details of our FY25 carbon credit project investment, full details of which can be found later in this supplement.

ERM is also a member of the Beyond Value Chain Mitigation (BVCM) working group of the World Business Council for Sustainable Development (WBCSD) and the Natural Climate Solutions Alliance, committing to a high-integrity BVCM approach. These efforts reflect our long-term commitment to climate action, biodiversity and community resilience through credible carbon finance.

This image was taken by Maren Steinkemper

Client services & partnerships

Client services & partnerships

Client services

ERM will continue to incrementally decarbonize our own operations, but our most material opportunity to contribute to societal net-zero, is through our technical expertise and services to clients by providing solutions to support their own decarbonization. We achieve our greatest impact through our client work. During FY25, we continued to expand on our in-house expertise through acquisition of specialist capacity and strategic partnerships, which have significantly enhanced our ability to meet ever increasing client demand and further capitalize upon our market presence.

SPOTLIGHTING OUR PEOPLE

ERM climate expert Braulio Pikman has been selected for the United Nations Framework Convention on Climate Change (UNFCCC) Article 6.4 Methodological Expert Panel. This panel of 10 top climate experts from around the world will provide technical advice on methodologies and systems necessary to issue carbon credits under the UNFCCC system.

ERM's related services & solutions

- **Ambition, goal and target setting**
- **Decarbonization strategies, including reductions, removals and transition plans**
- **Carbon accounting (from corporate to asset to product-level)**
- **Compelling data visualization and robust analytics**
- **Clean energy development and procurement**
- **Physical and transition climate risk and opportunity framing, including scenario analysis**
- **Emissions quantifications and inventory development**
- **Verifiable, compelling and defensible disclosures**
- **Evaluation of low-carbon technologies, including carbon removal options**
- **Climate policy and carbon market analysis and intelligence**
- **Capital project development**

Further information on our climate and low-carbon economy transition solutions can be found at **erm.com/solutions**.

CASE STUDY

ERM Supports EverWind in Unlocking Global Green Hydrogen Markets

EverWind Fuels, a leading North American green hydrogen developer, partnered with ERM to overcome complex regulatory and logistical barriers in bringing green hydrogen and ammonia to international markets - particularly the European Union.

To meet the EU's Renewable Fuel of Non-Biological Origin (RFNBO) requirements, EverWind needed to demonstrate a 70% reduction in greenhouse gas emissions compared to fossil fuels. ERM delivered a comprehensive life cycle assessment of EverWind's production and export operations, including evaluating emissions from wind-powered electricity generation, grid inputs, ammonia production, and maritime transport.

The ERM team also developed a model to quantify emissions across the entire value chain, including complex variables in shipping logistics.

The outcome was a validated business case confirming EverWind's compliance with RFNBO standards, enabling access to European markets. ERM's strategic guidance and technical expertise were instrumental in positioning EverWind as a credible supplier in the global green hydrogen economy.

Client project impact

We have established a range of impact metrics to measure how we are supporting the different aspects of the transition to a lower-carbon future and we will continue to evolve these methodologies and report on our performance each year.

TRANSITIONING OUR COMMERCIAL STRATEGY

For the past 5 years, we have tracked the increase in projects that support clients in their transition to a lower-carbon economy through a proxy measure of sales related to these projects. Over that time, our sales have grown over 500%, demonstrating how we are deploying our capabilities and growing capacity to meet the commitments of the Paris Agreement.

We set a target for FY25 to increase our sales from low-carbon economy transition (LCET) projects by 10% from the previous year. Our FY25 sales increased almost 20% over FY24, thereby achieving this target. We also have a longer-term target for FY26 for 40% of our total revenue to come from projects supporting the low-carbon economy transition. We have met this target in FY25.

Over the past

5 years

our LCET sales have grown over

500%

FY25

LCET sales increased almost

20%

Longer term target for FY26 for

40%

revenue from projects supporting the low-carbon economy transition

We have met this target in

FY25

SUPPORTING THE DEVELOPMENT OF NEW RENEWABLE ENERGY PROJECTS

At the 28th United Nations Climate Change Conference of the (COP28) Parties, the goal of tripling renewable energy to 11,000 gigawatts (GW) was agreed. ERM was an active member of the campaign for adoption through the Global Renewables Alliance.

To reflect the importance of this goal, we set a target focused on working with clients on capital project delivery for renewable energy projects.

When we first started measuring the size of our renewable energy portfolio in FY21, we worked on 183 projects contributing to in excess of 60 GW of installed renewable energy capacity.

In FY25, ERM has worked on over 1,100 projects contributing in excess of 200 GW of installed renewable capacity and more than 47 GW of installed energy storage. This is equivalent to the annual carbon emissions of more than 45 million US households for renewable energy and the annual carbon emissions of more than 10.5 million US households for energy storage. According to the International Energy Agency, global annual renewable capacity additions increased to over 660 GW in 2024.

We have therefore more than tripled our own contribution to renewables development over the past 5 years and are committed to supporting the growth of renewable energy and the associated changes required to energy infrastructure and markets in the years to come. We have evolved our methodology for these metrics each year, with data remaining comparable over this time.

In FY25, ERM worked on over

1,100

renewable energy development projects

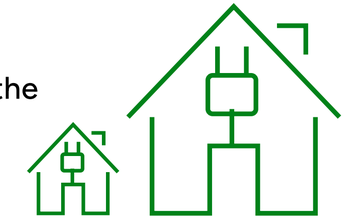
Contributed to in excess of **200 GW**

of installed renewable capacity and more than

47 GW

of installed energy storage

Equivalent to the annual carbon emissions of



45 million+

US households for renewable energy and the annual carbon emissions of

10.5 million+

US households energy storage

We have more than tripled our own contribution to renewables development over the past **5 years**

ENABLING ACCESS TO RENEWABLE ENERGY

An important element of meeting the objectives of the Paris Agreement is the decarbonization of the global economy through accessing renewable energy. ERM has specialist teams which work with companies to secure long-term supply of renewable energy through power purchase agreements (PPAs) and other contractual mechanisms.

With strong demand signals from the market, renewable energy developers can secure project financing and complete projects within a timely manner. In the past year, we have developed measures to quantify our impact in this growing market. By their nature, contracts tend to be longer-term and commercially sensitive, and so we have produced aggregated data to reflect the impact during the past financial year.

In FY25, our team enabled clients to secure the supply of 1,484 MW of renewable energy. The electricity generated by these contracts is equivalent to the energy usage of about 304,000 average US households.

ERM also facilitated the execution of contracts for new, additional renewable energy projects that completed construction and started operating in FY25, through contracted capacity of 1,355 MW.

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Electricity generated by these contracts is equivalent to

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ERM facilitated new, additional, renewable energy projects that completed construction and started operating in FY25, through contracted capacity of

1,355 MW

IMPACT INSIGHTS

Through securing forward supply of renewable energy, companies are able to:

1. Meet their public commitments to decarbonize.
2. Negotiate electricity and renewable energy certificate prices into the future, with the objective of mitigating long term price fluctuations (hedging benefit).
3. Support the development of new renewable energy infrastructure, contributing to the broader clean energy transition.
4. Support regional and rural communities where renewable energy projects are typically developed and operated.

SUPPORTING DECARBONIZATION JOURNEYS

This year we have introduced new metrics to measure how we are supporting clients in their decarbonization efforts, which begins with a baseline of robust GHG emissions data, through to target setting, planning and implementation of actions. Clients engage us at different stages of their decarbonization journey. Therefore, in this initial year of data collection, we have focused on 130 of our largest projects with selected clients and will build on this in the future.

Applying rigorous protocols is essential in establishing a GHG baseline and disclosing this to regulators, investors and other stakeholders. In the past year, we identified over 11.4 million ktCO2e of Scope 1, 2 and 3 emissions through applying detailed GHG accounting methodologies. From this foundation, we worked with many of these clients to develop robust emission reduction targets, typically aligned with the Science Based Targets initiative for near-term and long-term targets.

From this basis, clients identified more than 310,000 ktCO2e of emission reduction opportunities. In addition, the clients in this cohort reported allocating $1.5 billion in capital investments to meet reduction targets.

We will continue to work with our technical teams and clients to extend the scope of projects and metrics within this methodology.

In the past year, we identified over

11.4 million

ktCO2e emissions across Scope 1, 2 & 3

We helped clients identify more than

310,000 ktCO2e

of emission reduction opportunities

Clients reported allocating

$1.5 billion

in capital investments to meet reduction targets

This image was taken by Hannah Watts

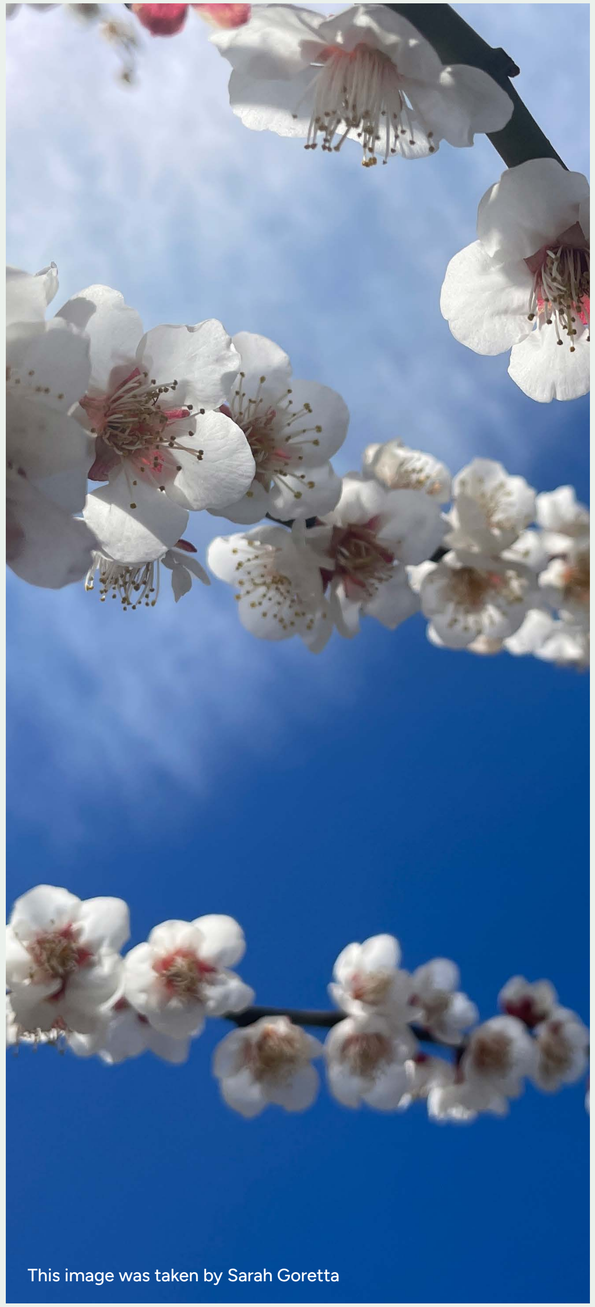
CASE STUDY

Supporting Vale with its decarbonization journey

Vale, a Brazilian multinational in the mining sector, operating across more than 20 countries appointed ERM to support its transition to a low-carbon economy through a comprehensive decarbonization roadmap. Our role as a technical climate advisor to Vale began in FY25 and includes identifying projects to expand alternative energy use and reduce fossil fuel reliance.

Under a three-year agreement, ERM is providing technical support on Vale's decarbonization strategy and analyzing Scope 1, 2 and 3 targets in the context of regulatory frameworks and sector trends. Our experts in Brazil have developed a tool to project the carbon footprint of Vale's products, helping identify gaps and opportunities to improve data quality and target tracking.

ERM is also assisting with land use and land change inventories, adapting carbon management processes for new investments and assessing climate risks and opportunities across Vale's operations.



This image was taken by Sarah Goretta

CASE STUDY

Financing net-zero: how ERM supported ContourGlobal

ContourGlobal, a UK-based power-generation company operating in 20 countries, is accelerating its transition to renewable energy with ambitious decarbonization goals, including phasing out coal by 2027, adding at least 4 GW of renewable energy capacity by 2030 and bringing its net-zero date forward to 2040, assuming an enabling policy and infrastructure environment.

To help finance this transition, ContourGlobal partnered with ERM to develop a Green Bond framework underpinned by a viable net-zero pathway that would provide a robust, credible, and transparent foundation for sustainable financing.

The Green Bond Framework aligned with the International Capital Market Association Green Bond Principles, and anchored against the EU Taxonomy, enabling sustainable financing for solar, wind, hydropower, low-carbon hydrogen, and energy storage projects.

ERM ensured all investment categories aligned with the United Nation's Sustainable Development Goals and the EU Taxonomy Eligibility and Technical Criteria, engaging with a Second-Party Opinion provider who issued an "Excellent" rating for the Framework and a "Substantial Transition" outcome for the net-zero strategy.

In May 2025, the ERM - ContourGlobal partnership also received recognition as Highly Commended at the Sustainability Delivery Awards in Chicago, US. Beyond technical support, ERM facilitated strategic alignment across ContourGlobal's leadership, integrated sustainability criteria into mergers and acquisitions processes and initiated a Marginal Abatement Cost Curve modelling program to refine the preliminary cost of abatement and prioritize optimal emissions reductions pathways.

Through ERM's expertise, ContourGlobal now has a validated net-zero pathway, a robust Green Bond Framework, and strong investor alignment- positioning the company as a leader in sustainable energy transformation.

> "Engaging with the highly responsive and experienced ERM team resulted not only in a strengthened Green Bond Framework, which will facilitate ContourGlobal's ongoing transition to increase our renewable energy generation, but also galvanized our sustainability-linked strategy, which is reflected in our values of "The Right Power Forward"."
>
> **Linda Wrong,**
> **Global Head of Sustainability, ContourGlobal**

Our climate partnerships & collaborations

During FY25, we sustained our societal impact through our diverse network of collaborations and partnerships with like minded organizations across the globe, who share our commitment to a net-zero future. ERM remains committed to the **Pledge to Net-zero**, **Climate Pledge** and continues to work with other business and investor organizations focused on climate action. We also contributed to consultation processes on science-based targets, the GHG protocol and the use of voluntary carbon credits.

Thought leadership continued to be a central focus for much of our involvement, as we seek to not just participate but actively drive change. Examples of the many publications and podcasts are included the 2025 Sustainability Report and further information can be found on **erm.com**.

RISING TO THE ENERGY CHALLENGE IN ASIA

Asia's role in delivering a global net-zero future is critical. The scale of the challenge in meeting the unrelenting demand for energy growth, while drastically reducing greenhouse gas emissions in line with targets under the Paris Agreement, is immense. ERM's thought leaders offer a perspective on how to progress the low-carbon economy transition within Asia.

EMBEDDING JUST TRANSITION INTO CORPORATE CLIMATE ACTION STRATEGIES

This report represents ERM's contribution to the goals of the Business Commission for Tackling Inequality (BCTI), launched by WBCSD and partners, and is aimed at pragmatically supporting businesses as they plan for a just transition. It highlights the critical social and human rights dimensions that need to be considered as businesses seek to decarbonize their value chain.

CASE STUDY

Building climate resilience in the Mining sector

The International Finance Corporation (IFC) Climate Resilient Mining Initiative, supported by ERM, aims to embed climate resilience into the core of mining sector planning, investment, and policy.

Recognizing that climate risks are not yet consistently integrated into mine design or financial models, the initiative sets out three strategic objectives:

1. Empower mining companies by defining mining archetypes and their climate risk profiles.
2. Support financial decision making by quantifying the benefits of resilience.
3. Inform policy and regulation by producing policy guides to incentivize climate-smart mining practices.

The IFC and ERM partnership was launched at two leading mining conferences and aims to build a framework that quantifies the benefits of positive interventions at mining sites throughout every stage of the mine lifecycle.

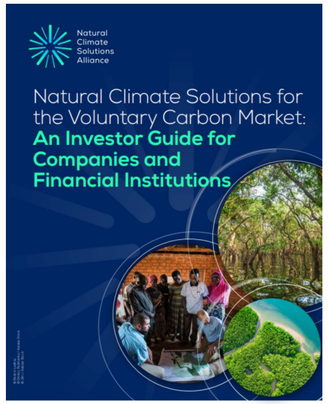
The framework will also show the financial benefits of climate resilience by demonstrating how approaches that include efforts both inside and outside the mine fence can have a positive effect on mining financial performance and economics - and inform access to tailored finance for accelerated climate action.

"Mines and other large industrial assets face significant climate risks. By investing in resiliency, operators de-risk these assets. The IFC framework helps quantify that value, making it visible in sustainability-linked finance and driving climate action."

Stacy Hope, Partner, ERM

LONDON CLIMATE WEEK, JUNE 2024

In the build up to the Conference of Parties (COP29), ERM reinforced our commitment to sustainability leadership through a series of events and initiatives in London Climate Week. Events included hosting a joint WBCSD and ERM event on the business case for nature-based solutions and hosting a workshop on aligning associations with climate ambition.



ERM was also involved in the launch of the investor guide for Natural Climate Solutions (NCS) which was produced by ERM and its Sustainability Institute alongside the Natural Climate Solutions Alliance (NCSA) and Forest Investor Club (FIC). The guide provides insights to investors on how to identify and invest in high-integrity NCS projects – all for the ultimate purpose of increasing the flow of financial capital into these promising and high impact solutions.

NEW YORK CLIMATE WEEK, SEPTEMBER 2024

Reflecting the growing importance of New York Climate Week, ERM hosted a series of events during the week which focused on navigating the complexity of geo-political change and uncertainty in the markets, to deliver practical, scalable solutions through cross-sectoral collaboration.

The ERM delegation participated in more than 80 events during the week including the UN Private Sector Forum and UN Global Compact Summit, the WBCSD Council Meeting, Principles for Responsible Investment (PRI) Forum and Climate Pledge Summit.

ERM co-hosted roundtables with WBCSD, Global Reporting Initiative (GRI), Persefoni, Salesforce and Sweep, amongst others. We organized sessions on quantifying the financial value of investment and responsible policy investment, and sponsoring the Voluntary Carbon Markets Initiative (VCMI) Day, the International Emissions Trading Association (IETA) event and Sustainableit.org reception. As members of the Global Renewables Alliance (GRA), our senior leaders participated in their summit, along with roundtables where we contributed to discussions on just transition, financing and other related topics.

COP29, BAKU, NOVEMBER 2024

ERM's delegation to COP29 included thought leaders from across our climate-related communities and was also attended by senior leaders. In addition to speaking at assorted events, ERM also hosted the Council for Sustainable Transformation roundtable on company-investor engagement as a catalyst for climate action and co-hosted a transition planning roundtable with WBCSD.

For insights on COP29, please listen to the ERM podcast.

Regulatory climate reporting

UK STREAMLINED ENERGY AND CARBON REPORTING (SECR)

In compliance with our UK SECR reporting requirements, the below table reports all our required emission sources under The Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended). Our reporting boundary aligns with our financial statements and follows the GHG Protocol Corporate Standard. Emissions are reported for our UK operations in CO2e using IPCC AR5 GWPs without climate feedback. Scope 2 is calculated using the market-based method. We used Ecometrica to manage our data, applying the 2024 Department for Energy Security and Net Zero emission factors for our UK emissions.

	Year ended	Year ended	Year ended	Year ended
	FY24	FY25	FY24	FY25
	CO2 tons	CO2 tons	KWh	KWh
FUEL TYPE				
Electricity[1]	0	0	402,241	704,128
Gas	42.29	26.39	231,157	144,256
Total	**42.29**	**26.39**	**633,398**	**848,383**
CO2 emissions per $1,000,000 of gross revenue	0.029	0.019	160	1,260

[1] Emissions are reported market-based. ERM has sourced 100% renewable energy through green energy contracts or energy attribute certificates for FY25 and FY24.

California Voluntary Carbon Market Disclosures Act – Assembly Bill 1305

COMPENSATING FOR OUR RESIDUAL EMISSIONS BEYOND VALUE CHAIN MITIGATION

In accordance with California Assembly Bill 1305 – the Voluntary Carbon Market Disclosures Act 1305, this disclosure sets out details of ERM's voluntary carbon offset purchase, undertaken as part of our approach to management of the carbon emissions associated with our operations during FY25.

This disclosure should be read in conjunction with the wider information set out in this Climate Supplement, which includes our approach to decarbonization, science-based targets, FY25 performance and approach to Beyond Value Chain Mitigation.

VOLUNTARY CARBON OFFSETS PURCHASES

In FY25, we have continued our support in the REDD+ Katingan Peatland Restoration and Conservation Project in Central Kalimantan, Indonesia for the second year. This project safeguards nearly 150,000 hectares of tropical peat swamp forest, one of the largest remaining intact peatlands in the country. Peatlands store vast amounts of carbon both above and below ground. Without protection, these areas are at risk of being drained and cleared for industrial plantations, releasing substantial greenhouse gas emissions. Our continued backing reflects our commitment to projects that offer high-integrity, nature-based climate solutions.

The Katingan project delivers substantial co-benefits beyond emissions mitigation. It supports the livelihoods of over 45,000 people in 35 villages through sustainable activities like eco-tourism, rattan harvesting, and fire prevention. The forest is also a vital habitat for endangered species including the Bornean orangutan and proboscis monkey, contributing to global biodiversity goals.

The project is certified under both the Verified Carbon Standard (VCS) and the Climate, Community and Biodiversity (CCB) Standard, and has received positive ratings from independent carbon credit ratings agencies.

In FY25, ERM purchased 2,757 carbon credits from a 2020 Vintage to address our residual Scope 1 emissions, Scope 2 emissions not addressed through market-based instruments, and over 40% of Scope 3 emissions from internal business travel, where we have strong operational control and reliable data in place.

This table includes a description and linkage to the independent third-party registry that officially verifies and maintains the project documentation related to the operating quality and emission offset reductions of the REDD+ Katingan Peatland Restoration and Conservation Project.

Applicable Standard:	VCS
Project Identification Number:	VCS1477
Type of project:	Avoidance / Reduction: Nature Based Solutions (Other): Forest Conservation (REDD+)
Protocol used to estimate emissions reductions or removal benefits:	VM0007
Project location:	Central Kalimantan, Indonesia
Registry Page:	https://registry.verra.org/app/projectDetail/VCS/1477

Additional information regarding the project can be found on the Verra Registry Page.

California Voluntary Carbon Market Disclosures Act – Assembly Bill 1305

This continued support reinforces ERM's long-term commitment to climate action, biodiversity, and community resilience through credible carbon finance.

OUR COMMITMENT TO DECARBONIZATION

ERM is committed to reducing Scope 1, 2, and 3 emissions, consistent with our established SBTi emissions reduction targets, which are validated as aligned to the SBTi Corporate Net-Zero Standard and are detailed in the ERM Decarbonization Strategy and in this Climate Supplement.

We are also committed to addressing residual emissions on the path to net zero and support climate action beyond our value chain, using voluntary carbon markets to scale finance for nature, communities, and innovation. Further information on our approach to meet this goal and how interim progress is being measured is set out in this Supplement.

ERM is a member of the Beyond Value Chain Mitigation (BVCM) working group of the World Business Council for Sustainable Development (WBCSD) and the Natural Climate Solutions Alliance (NCSA), committing to a high-integrity BVCM approach. These efforts reflect ERM's long-term commitment to climate action, biodiversity and community resilience through credible carbon finance.

Climate-related financial disclosure (CFD)

Included in this section is ERM's Climate-related Financial Disclosure 2025, published in pursuance of pursuance of the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD) and in fulfilment of the requirements for The Non-Financial and Sustainability Information Statement, as prescribed under The Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022, hereafter referred to as CFD.

Where information is provided in this Supplement consistent with CFD & TCFD requirements

SECTION OF THIS SUPPLEMENT	CFD REQUIREMENT	TCFD PILLAR
Decarbonising our own operations & FY24 Performance Data	Context information.	Metrics and targets: disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and related risks.
Governance of climate related risks and opportunities	Governance of climate related financial risk and opportunities.	Governance – organization's governance around climate-related issues and opportunities.
Our strategic approach to consideration of climate related risk and opportunity	Description of how processes are integrated into overall risk management. Identification, assessment, and management of climate-related risks and opportunities.	Risk Management – how the organization identifies, assesses and manages climate-related risks.
Our material climate related risk and opportunity	Description of principle climate-related risks and opportunities arising in connection with the operations of the company and the relevant time periods; Impact of principle climate-related risks and opportunities on business model and strategy; Analysis of resilience of business model and strategy, taking into account different climate-related scenarios.	Strategy – the actual and potential impacts of climate-related risks and opportunities on the organization's business, strategy and financial planning where such information is material.
Monitoring our performance	Description of targets used to manage climate-related risks and realize climate-related opportunities and performance against those targets; KPIs used to assess progress against targets used to manage climate-related risks and realize climate-related opportunities and a description of the calculations which KPIs are based on.	Metrics and targets – the metrics and targets used to assess and manage relevant climate-related risks and opportunities.

Our governance of climate risks & opportunities

STRUCTURE

Responsibility for the consideration of climate-related risks and opportunities is embedded throughout our corporate governance structure.

As a professional services business which delivers market leading climate-related and wider sustainability consultancy to clients, consideration of climate-related risks and opportunities comprehensively informs our strategic management and operational planning.

BOARD'S OVERSIGHT OF CLIMATE-RELATED RISKS AND OPPORTUNITIES

The Board of Directors of the Group parent company The ERM International Group Limited is responsible for the direction and oversight of the Group on behalf of its shareholders and is accountable to them, as owners, for all aspects of ERM's business. Further information on the role of the Board is subsequently set out in this Statement. The Board meets six to seven times per year to review performance and consider key strategic growth plans, which includes the impact of climate-related risks and opportunities on ERM's business strategy, such as our approach to accessing and capitalizing upon the market for energy transition-related services.

Supporting the consideration of climate-related risks and opportunities is the Sustainability and Risk Steering Group, which serves as an advisory committee to the Board. It works with the Board to identify and manage risks relating to ERM's strategy, reputation, reporting and disclosures. This includes horizon scanning across evolving regulatory, client and wider stakeholder requirements and expectations to inform our positioning on sustainability issues, including identifying and managing climate-related risks to protect ERM's brand and commercial position.

MANAGEMENT'S ROLE IN ASSESSING AND MANAGING CLIMATE-RELATED RISKS AND OPPORTUNITIES

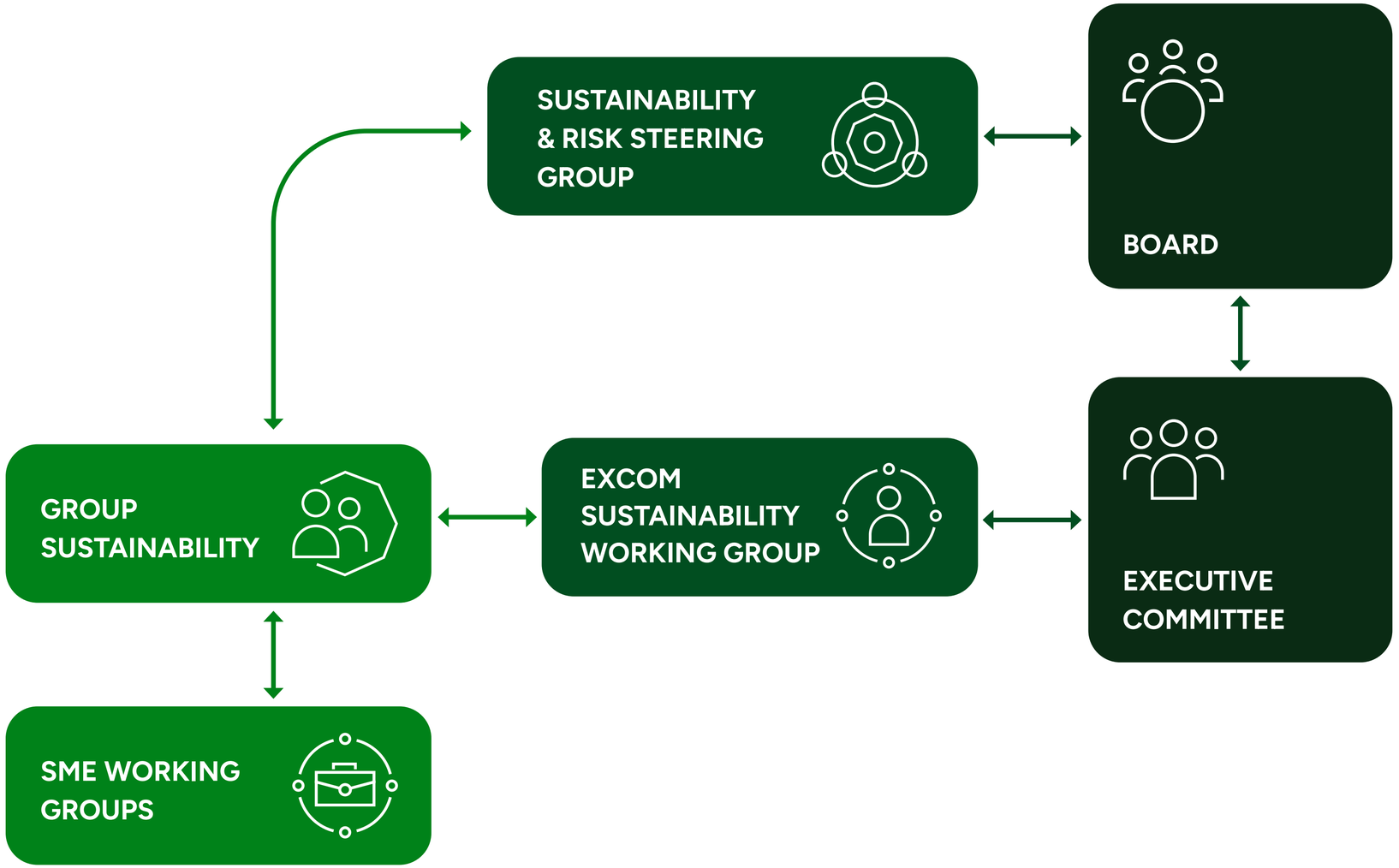
On a day-to-day basis, the company is managed by the Executive Committee ("ExCom"), comprised of four of the five executive directors of the business and a number of other senior Partners in executive management roles who lead geographic, service, industry and client divisions of our operations, legal, people development, sustainability & risk and other professional support functions.

The ExCom has accountability for managing business operations and generally meets monthly to discuss performance and plans in support of this. This includes ensuring that the strategic management of our climate-related risks and opportunities is being undertaken effectively to optimize current and future business performance through regional and country level planning, recruitment and renumeration, and aligned to our ability to capitalize upon climate-related opportunities for commercial growth.

The ExCom is supported by the ExCom Sustainability Working Group, which advises on all aspects of operationalizing sustainability across our value chain, including our management of climate-related risks, operational strategy, programmatic priorities, target setting and resourcing.

The Working Group comprises representatives from the Board, ExCom and our Global Sustainability Director and Head of Sustainability. This Working Group has oversight and reports into ExCom on ERM's decarbonization strategy and performance against targets, which includes our net-zero and science-based targets (SBT) commitments.

To support our senior leadership, the Climate-related Financial Disclosures/Taskforce on Climate -related Financial Disclosures (CFD/TCFD) Working Group oversees the identification of climate-related risks and opportunities for the business. This Working Group comprises representatives of Risk, Sustainability, Operations, Finance, Clients and Services, who provide specialist subject matter expertise on what and how the business should respond to such risks.



Our approach to strategic consideration of climate-related risks & opportunities

OUR APPROACH

ERM strategically considers all aspects of potential climate-related impacts to our operations, including people, industry and service line, operational, financial, geopolitical and legal parameters, to assess potential risks and opportunities to our business.

Strategic risks and opportunities are identified through a multi-faceted approach involving ongoing market, regulatory and horizon scanning, engagement with clients and wider stakeholders, the input of our subject-matter experts and senior operational leaders across the globe and is supported by our annual Double Materiality Assessment process.

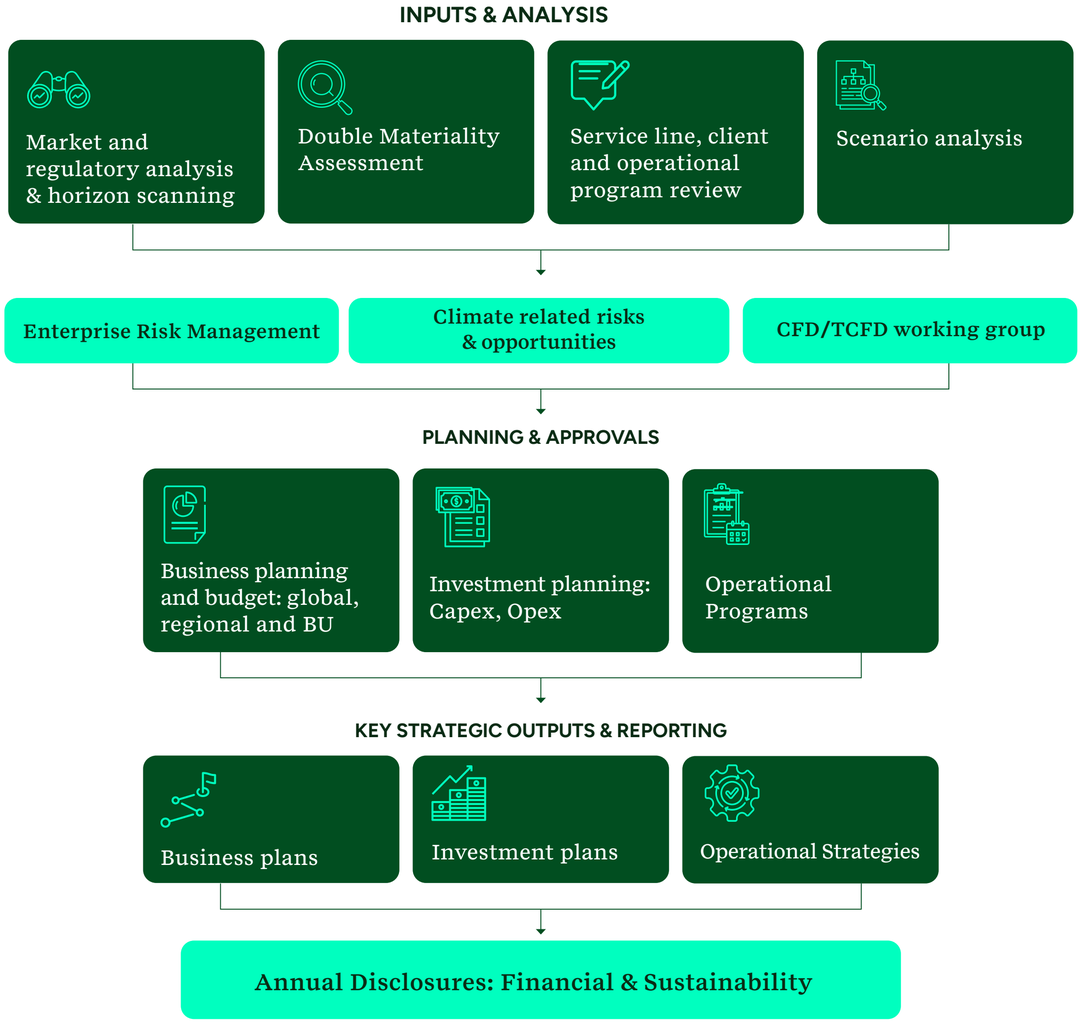
Supplementing this approach and consistent with the recommendations of the TCFD, a further detailed analysis and review of current or emerging climate-related risks and opportunities is undertaken annually, supported by the CFD/TCFD Working Group. working in conjunction with senior management to deliver our strategic and operational work programs. Our senior management includes regional and business unit managing partners, service and client leads. The output of this analysis supports visibility of the potential impacts across the short-, medium- and longer-term horizons and informs the content of this statement.

MANAGEMENT OF RISK

The key risks and opportunities identified are incorporated into the enterprise risk register, overseen by our Global Head of Risk, reported to ExCom and to our Board. The register remains live and subject to ongoing review from our ExCom and Board. This informs the identification of key strategic risks and opportunities for the business and supports commercial planning, investment strategy and our operational programs.

Our enterprise risk management process aligns broadly with the Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework, which addresses control environment, risk assessment, information and communication, monitoring, and existing control activities. This includes the integration of material climate-related issues into our risk management and our strategy. Under the oversight of our Global Head of Risk, our Risk function serves as a second-line support to help our organization deliver on our goals, anticipate and manage risks, flow risk information to decision makers and implement and continually improve risk management.

OUR APPROACH TO THE IDENTIFICATION, ASSESSMENT & MANAGEMENT OF RISK



The assessment of climate-related risks & opportunities draws upon updated scenario analysis and impact identification in support of wider strategic planning and this disclosure.

This process enables the business to review potential climate-related risks and opportunities, expand understanding of where material exposures may exist and refresh the drivers and timeframes of potential impacts.

Consistent with UK Government guidance[1], the assessment of impacts to our business is based on three timeframe horizons of short-term (up to 2030), medium-term (up to 2040) and longer-term (up to 2050).

THESE TIMEFRAME SCENARIOS TAKE INTO CONSIDERATION:

- Our own decarbonization targets, operational approach, strategic commitments and business planning
- Different time horizons for physical climate risk and the nature of such risks
- National and international policy and regulation, and potential transition scenarios to a low-carbon economy
- Changes in the global economy and markets we operate in

We have also considered the impacts on our own operations and services over the immediate timeframe as part of the proactive management of our operations.

The scenarios selected align with published guidance and data available from the leading international bodies and combine qualitative and quantified measures of development alongside climate data to create plausible scenarios for how quickly society can curb emissions.

To assess trends related to the transition to a low-carbon economy, we use information from the Network for Greening the Financial System (NGFS) which sets out a range of hypothetical long-term scenarios around the speed and nature of the low-carbon economy transition. These scenarios consider how climate change (physical risk) and climate policy and technology trends (transition risk) could evolve in different futures, under both higher and lower risk outcomes[2].

PHYSICAL SCENARIOS AND ASSOCIATED TIME HORIZONS SELECTED FOR ERM'S SCENARIO ANALYSIS

	SHARED SOCIOECONOMIC PATHWAY (SSP) 1 – 2.6	SHARED SOCIOECONOMIC PATHWAY (SSP) 5 - 8.5
Source	Intergovernmental Panel on Climate Change (IPCC) Assessment Report 6 (AR6) and Shared Socioeconomic Pathways (SSP).	
Description	Referred to as a lower-emissions scenario, this scenario projects warming to remain below 2 degrees Celsius by 2100 and is aligned to current commitments under the Paris Agreement.	A high-emissions scenario, which follows a business-as-wusual trajectory and assumes limited additional climate policy or regulation, resulting in carbon dioxide emissions tripling by 2100.
Time horizons	The impact of these two physical scenarios is assessed across short, medium and longer-term timeframes.	

[1] Task Force on Climate-related Financial Disclosure (TCFD) - aligned disclosure application guidance.

[2] NGFS Scenarios Portal

TRANSITION SCENARIOS AND ASSOCIATED TIME HORIZONS, SELECTED FOR ERM'S SCENARIO ANALYSIS

	TRANSITION SCENARIOS
Orderly Scenario	This scenario assumes that climate policies are introduced early and become gradually more stringent. Both physical and transition risks are relatively subdued. Broadly aligned to the lower emissions IPCC/SSP scenario.
Disorderly Scenario	This scenario assumes higher transition risk due to policies being delayed or divergent across countries and sectors. Broadly aligned to the lower emissions IPCC/SSP scenario.
Hot House World	This scenario assumes that some climate policies are implemented in some jurisdictions, but global efforts are insufficient to halt significant global warming. The scenarios result in severe physical risk including irreversible impacts. Broadly aligned to the high emissions IPCC/SSP scenario.
Too Litte, Too Late Scenario	This scenario assumes that a late and uncoordinated transition fails to limit physical risks. Broadly aligned to the high emissions IPCC/SSP scenario.

SURETY OF ASSESSMENT

As per previous analyses, the greatest level of surety exists around the short-term scenario planning and identification of potential climate-related risks and opportunities for our business. As the scenarios progress towards our medium- and longer-term timeframe of up to 2040 and 2050 respectively, the analysis represents horizon scanning taking into consideration the different physical and transition scenarios outlined by IPCC/SSP and NGFS. This horizon scanning considers the projected impacts of ongoing climatic change on the physical environment within which we operate, the potential need and capacity to adapt to such changes across our geographical operations and the potential evolution of the market and client demand, in so far as these can be discerned as we look ahead to mid-century and beyond.

SUMMARY OF THREE TIMEFRAME SCENARIOS FOR ASSESSMENT

SCENARIO	TIMEFRAME	CONTEXT
Short-term	Up to 2030	Representing our short-term planning scenario. Taking into consideration our Business Strategy, current operational plans, Decarbonization Strategy and our SBTi 2028 & 2030 emissions reductions targets. Considers the impact of both potential lower and higher emissions physical risk IPCC/SSP scenarios, and the range of NGFS transition scenarios up to 2030.
Medium-term	Towards 2040	Representing our medium-term planning scenario and aligning to our SBTi 2040 net-zero target. Considers the impact of both potential lower and higher emissions physical risk IPCC/SSP scenarios, and the range of NGFS transition scenarios up to 2040.
Longer-term	Towards 2050	Representing our longer-term planning scenario, beyond our current business strategy and operational planning, as well as SBTi targets. Considers the impact of both potential lower and higher emissions physical risk IPCC/SSP scenarios, and the range of NGFS transition scenarios up to 2050.

Impact assessment parameters & financial materiality

To support our analysis, we have assessed different parameters by which climate-related risks or opportunities may impact our business.

These include:

- Point of impact on our operations;
- Whether the impact is realized now (actual) or potential;
- The likely duration of impact;
- The geographical scope of our operations impacted and potential variation within this;
- The estimated magnitude of potential impact to our operations;
- The probability of potential impacts being realized; and
- Whether mitigation is possible and what this may look like.

The consideration of these impact parameters informs the analysis of the financial implications of the identified residual risks and opportunities. This is assessed through consideration of:

- The cost of required mitigation and/or enhancement of the identified risk or opportunity respectively – this is assessed as a capex/opex cost and considered in the context of our overall investment strategy and operational budgets. This is rated as low, medium or high in terms of financial cost and impact on our business.
- The potential impact to our revenue generation and profitability of the residual risk or opportunity post mitigation/enhancement.

This is considered in the context of overall current and projected growth of the business and rated as low, medium or high in terms of financial impact and either positive or negative subject to whether this is generation/value creation or extraction.

Based on this analysis, an assessment is made on the projected financial impact of the risk or opportunity against each of the scenario timeframes – immediate to short-term, and medium- to long-term. A final determination is then made of whether the identified risks and opportunities are currently regarded as material to our business or not, with accompanying narrative. Where we anticipate materiality to change over timeframes, this is also noted.

CLIMATE-RELATED RISKS AND OPPORTUNITIES CONSIDERED IN THIS YEAR'S ASSESSMENT

CATEGORY	CLIMATE-RELATED RISKS AND OPPORTUNITIES
Markets	Changing customer/client behavior influencing market demand for our services
	Access to new markets
Policy and regulatory environment	Increased cost of GHG emissions abatement
	Enhanced GHG emissions reporting obligations in some jurisdictions, with removal of GHG emissions reporting requirements in other jurisdictions
	Increased costs and/or reduced demand for products and services resulting from fines and judgements
	Mandates on and regulation of existing products and services
	Geo-political instability and/or impact to decarbonization, clean energy and disclosure policy, tax regimes, and regulation
	Exposure to litigation, directly or through clients
Technology	Technology, digital and AI investment required to meet evolving client needs
Reputation	Shifts in consumer preferences and expectations
	Changing investment in climate-exposed assets and products
	Increased stakeholder concern or negative stakeholder feedback

CATEGORY	CLIMATE-RELATED RISKS AND OPPORTUNITIES
Physical risks (acute)	Increased frequency and severity of extreme weather events such as cyclones, wildfires and floods
Physical risks (chronic)	Changes in precipitation patterns and extreme variability in weather patterns
	Rising mean temperatures
	Rising sea levels
Resource efficiency	Use of more efficient modes of transport
Reputation	Use of recycling, circular use of materials
	Move to more efficient buildings
	Reduced water usage and consumption
Energy sources	Use of lower-emission sources of energy
	Use of supportive policy and financial incentives
	Use of new technologies to manage energy efficiency
Resilience	Resource substitutes/diversification

Physical climate-related risks & opportunities

As noted previously, the assessment considered a broad range of potential climate-related risks and opportunities which include physical risks, both acute and chronic, and the impact these could potentially have on our business operations, noting the potential for different transition scenarios.

The impact of climate change in terms of temperature rise, changes in precipitation patterns and volume, variability and extreme weather is already being seen across the globe but has the potential to be exacerbated subject to the speed and nature of transition which occurs. We are alert to the potential range of risks that this may pose in the future to our operations, as with any multinational company.

The nature of our business is primarily office-based, either in our own offices or those of our clients. With respect to our own operations, our Global Operations teams oversees the running of our offices, working with regional and local facilities teams which annually plan for the requirements associated with each office, consistent with our stringent Health & Safety requirements. Air conditioning and/or heating is integral to our office running and we are strategically committed to the use of renewable energy across all our offices, pursuant to our decarbonization strategy, and to purchase renewable energy certificates (RECs) to compensate for residual emissions. We proactively budget for the cost of this, whilst also seeking to incrementally introduce energy efficiency measures through our office optimization program. The cost - both current and future state - is not financially material.

Acute physical risks pose potential disruption to any business and have been considered in relation to the physical location of our offices, specifically those in locations identified as being potentially prone to extreme weather conditions in the short-, medium- and longer-term. This also takes into consideration existing and predicted capacity to adapt to such conditions. In the event of an acute physical risk, such as a cyclone or flood, our operational priority is the safety and wellbeing of our employees. Once secured, delivery of our services to clients can be maintained through switching to alternative working environments, including home working and alternative premises. Subject to the scale of impact of the specific physical risk, for example, if the impact is felt on a national or regional geographical basis, the impact to our business has the potential to be material at the local level in the immediate term. This impact will be mitigated by the operational measures we would deploy, as outlined in the table and those deployed by the respective regional and national administration.

Once adjustments are implemented, we would anticipate the impact to our business to be decreasingly and ultimately not material. Even under an ‘orderly’ transition scenario, acute physical risks are likely to continue to manifest, with varying ability to adapt to such risks in geographies across the world. As outlined in the assessment, however, we believe the impact of such risks to be temporary in nature and limited in terms of their potential financial materiality to the business. We have established adaptation measures integrated into our business planning to enable continuity of services to clients and business resilience.

Under the ‘hot house world’ or ‘too little, too late’ scenarios, there is a significantly increased likelihood of physical risks becoming chronic and a reduced potential for certain economies to adapt or increased level of investment required to support this. Our ongoing constraints mapping will actively consider this and inform our planning around office location and deployment of personnel in-field, working with clients to ensure we continue to deliver services and remain resilient.

In the event that physical risks are anticipated to become chronic, for example, increased and sustained high temperatures which would particularly manifest under ‘hot house world’ and ‘too little, too late’ scenarios, adaptation measures will be considered in respect of the relevant office and business unit operational planning. Actions would then be undertaken through our office optimization and business unit planning, to adjust our office working environment or relocate to alternative premises. Home working, employee commuting to work, and work undertaken in-field would also be adapted to reflect changed climatic conditions and incorporated into our working practices, health and safety protocols and service delivery plans. This would be proactively assessed, factored into the respective business unit budget and implemented in a manner which we do not anticipate to be financially material to the business unit or wider business but have conservatively noted as a potential material risk in the medium- to long-term, which will be actively monitored and mitigated against.

Impacts to our operational strategy & business resilience

Our operational strategy actively considers the potential varying impacts to business continuity and resilience in the short-, medium- and long-term which would emerge from the different assessment scenarios. Whilst it is hoped that we will see the realization of the 'orderly' transition scenario, the business is also prepared for the possibility of alternative transition and scenarios, as outlined by NGFS, which may materialize.

As a global sustainability consultancy, we operate in accordance with our longstanding commitment to demonstrate credible net-zero leadership and implement operational programs consistent with this. From an operational perspective, our established decarbonization program which has been validated to align with the SBTi Corporate Net-Zero Standard, sees us on a sustained pathway of emissions reduction in pursuit of net-zero by 2040. This positions us to be beyond compliant with both current and projected escalating regulatory commitments to reduce emissions across medium- and longer-term scenario timeframes. Our incremental emissions reductions also buffer the business against potential rising costs associated with market-based mechanisms delivering credits and beyond value chain mitigation.

ORDERLY TRANSITION SCENARIO

It is the purpose of our business to support clients transition in a timely manner to a net-zero or low-carbon future. We will work with our stakeholders towards the realization of the 'orderly' transition scenario and anticipate demand for our commercial services will continue to increase in support of this. Immediate and short-term demand arises from clients who are actively transitioning now, comprising the early movers and/or those preparing for progressive transition. Demand for services is anticipated to continue to grow and likely escalate as we move towards 2030 and a further wave of demand to manifest towards the 2040-2050 time horizons for those industries/sectors which may require a more staged or elongated timeframe for transition. In this scenario, from 2050 onwards, we anticipate client demand to be centered on support to sustain low-carbon operations and adaptation to the impact of climatic change already in progress before transition has been achieved.

DISORDERLY TRANSITION SCENARIO

ERM is committed to working with stakeholders to avoid the realization of the 'disorderly' transition scenario, but we nonetheless take into consideration the potential for this scenario to be realized. Even in the scenario of other state or business actors seeking to adopt a more passive or fragmented approach to decarbonization, we believe wider societal, consumer and investor demand will at least partially mitigate against this. As previously noted, ERM seeks to work with those businesses who are invested in delivering a low-carbon future, providing ongoing demand for our services.

Our cross-sectoral and global coverage enables us to adapt and remain agile and resilient in the face of geo-political uncertainty impacting the speed or scale of policy and regulatory driven change, and potential variability in the rate of transition across sectors or geographies. In the event of industry or country specific policy and regulatory uncertainty impacting market demand, our operational model enables rapid retraining and/or redeployment of personnel, to mitigate against potential material financial impact. This can be undertaken on a temporary or sustained basis, subject to projections of how we anticipate the respective sector or country will respond in the short- to medium-term. Our operational strategy supports the business to capitalize upon market demand, reflecting our assessment of current and projected climate-related commercial opportunities and taking into consideration foreseeable geo-political, regulatory and sectoral disparities to support business resilience.

'HOT HOUSE WORLD' AND 'TOO LITTLE, TOO LATE' SCENARIOS

As previously noted, it is our stated purpose to work with stakeholders towards a more sustainable future. Integral to this is the avoidance of the 'hot house world' and 'too little, too late' scenarios. As with all businesses, we are nonetheless alert to the potential for these scenarios to materialize. The evolution of these scenarios is likely to occur over a longer-period of time, notably our longer-term time horizons of 2050 and beyond. As with the 'disorderly' transition scenario, however, our operational model will remain agile to enable us to adapt to an evolving market and sustain material financial opportunity across these time horizons.

We anticipate that as with the previous scenarios, many clients will seek to decarbonize in line with their own purpose, commercial drivers and stakeholder pressure. Other clients may seek to elongate but ultimately transition. We will support our clients in either scenario and believe this represents a material financial opportunity to the business. In the event that the scale of societal transition is not adequate to prevent significant climatic change, clients will require support to adapt to a 'hot house world' or the even more significant scenario within which the scale of climatic change is so severe that there are tangible impacts for some businesses in terms of their ability to operate within certain geographies. In this scenario, we will support our clients to adjust their operational approach and this represents a material financial opportunity.

CLIMATE-RELATED RISKS AND OPPORTUNITIES

TOPIC	POTENTIAL FINANCIAL IMPACT	RISK OR OPPORTUNITY	SHORT-TERM: UP TO 2030	MEDIUM-TERM: TOWARDS 2040	LONG-TERM: TOWARDS 2050	RATIONALE
MARKET DRIVERS						
Changing customer/ client behavior influencing market demand for our services	Change in demand for climate-related services and transition of high-carbon sectors	Opportunity	Material	Material	Material	Our business is predicated on providing professional services to enhance sustainability performance in our client base. We see the demand for such services as continuing to escalate and therefore as presenting a material opportunity. Our geographical scope, breadth of technical expertise and ability to diversify our service offering in anticipation of/response to client need, positions us well to capitalize upon this market opportunity. Changing policy, regulatory, disclosures and investment requirements are impacting business investment in some markets, causing fluctuation in demand within the immediate to short-term timeframe but this is not anticipated to be sustained in the medium-term as we progress towards 2040, when the urgency of addressing climate change further intensifies. Longer-term, in so far as it is possible to discern the potential market towards 2050, it is anticipated that the demand for climate-related services will evolve to support businesses in sustaining their low-carbon operational impact post transition in the 'orderly' and 'disorderly' transition scenarios, and to support operational adaptation to climate change in the event of the 'hot house world' or 'too little, too late' scenarios.
	Decline of spend for activities within sectors that cannot transition	Risk	Decreasingly Material	Not Material	Not Material	Our business supports our client base in transitioning to a low-carbon future, including working with those currently in more carbon intensive industries who are seeking to make this transition. Under both 'orderly' and 'disorderly' transition scenarios, we anticipate that the demand for transition support will continue, albeit at a potentially slower rate in some geographies within the immediate to short-term timeframe up to 2030, but with accelerated demand as we move to the medium- to longer-term timeframes, as the urgency of addressing or abating climatic change further intensifies. Our business model is predicated on shifting away from those projects/activities which do not support transition to a low-carbon future. As such, the potential future state decline of activities within sectors that cannot transition represents an increasingly diminishing financial impact to our business, even under the 'hot house world' or 'too little, too late' transition scenarios.
	Retirement of high-carbon production assets	Opportunity	Material	Material	Decreasingly Material	We are already supporting clients with the divestment or closure of high-carbon assets worldwide and predict the demand for services will vary across geographies but generally be sustained globally. We have a strong and growing service line which supports the transition of assets to facilitate renewable energy generation. Whilst it is recognized that investment in clean energy is being reduced in the immediate to short-term within the US, it is being sustained or increased in other geographies, and it is anticipated that demand will increase and become global in scope in the medium- to longer-term horizon under both the 'orderly' and 'disorderly' transition scenarios, and to a lesser extent within the 'hot house world' transition scenario. Anticipating this demand, we have and will continue to cater service line development and team capacity to meet this demand and view this as a financially material opportunity for the business.

TOPIC	POTENTIAL FINANCIAL IMPACT	RISK OR OPPORTUNITY	SHORT-TERM: UP TO 2030	MEDIUM-TERM: TOWARDS 2040	LONG-TERM: TOWARDS 2050	RATIONALE
MARKET DRIVERS						
Changing customer/ client behavior influencing market demand for our services	Increase in demand for low-carbon infrastructure, products and services	Opportunity	Material	Material	Material	The business is already seeing the demand for low-carbon infrastructure, products and services materializing and we anticipate a sustained increase in the demand for our professional services in support of this, for both 'orderly' and 'disorderly' transition scenarios. In either scenario, we anticipate that client demand will further increase in the run up to key global decarbonization milestones, followed by demand for ongoing support to continue to sustain low-carbon operations and adapt to climatic change which will have already materialized. In the hot house world transition scenario, reflecting the potential for critical international net-zero targets to be missed, there will be renewed urgency for businesses to decarbonize their operations to prevent even further climatic change. Across scenarios, this represents a financially material opportunity for the business and one which we have strategically positioned ourselves to capitalize upon through capacity building across our operational geographies. This includes acquisition of specialist capacity which has and further can significantly enhance our ability to meet ever increasing client demand and further capitalize upon our market presence.
Access to new markets	Increased revenues through access to new and emerging markets (e.g., partnerships with governments, banks)	Opportunity	Material	Material	Material	Our business strategy includes investment in strategic partnerships which bolster our capacity to access or enhance our position in emerging markets globally and materially increase revenue generation. Emergent markets for climate- related services represent a financially material opportunity to the business both now and in future state across all transition scenarios. As with aforementioned opportunities, we anticipate this opportunity will be sustained and demand accelerate as we progress towards 2040 and through to 2050 as the urgency of addressing and then adapting to climate change further intensifies.
POLICY AND REGULATORY ENVIRONMENT						
Increased cost of GHG emissions	Increased demand for carbon trading and beyond value chain mitigation – within client base	Opportunity	Material	Material	Material	Key to our business strategy is a dual approach of acquisitions and service line development to meet the current and anticipated evolving market demand for carbon trading and beyond value chain mitigation. ERM Climate Markets is our business line which supports clients to mitigate their unabated emissions through investment in high-quality carbon credits that support their broader net-zero and sustainability goals. The demand for these services is already evident and anticipated to increase across scenarios and presents a financially material impact to the business.

TOPIC	POTENTIAL FINANCIAL IMPACT	RISK OR OPPORTUNITY	SHORT-TERM: UP TO 2030	MEDIUM-TERM: TOWARDS 2040	LONG-TERM: TOWARDS 2050	RATIONALE
POLICY AND REGULATORY ENVIRONMENT						
Increased costs and/or reduced demand for products and services resulting from fines and judgments	Increased costs and/or demand for products and services resulting from fines and judgments -within client base	Opportunity	Material	Material	Material	We provide specialist support to our clients to enable them to meet current and future state regulatory requirements and enhance the sustainability of their operations. This serves to bolster their ability to meet stakeholder requirements and reduce their exposure to potential fines and judgments in any transition and time scenario. The provision of services to operationalize sustainability in our clients is a commercial opportunity for us, which is material in terms of financial impact. Our strategy is to continue to invest in technical expertise and technology enablement to support our service delivery and escalating market need in this context.
Geo-political instability and/or impact to decarbonization, clean energy and disclosure policy, tax regimes, and regulation	Slowdown in climate-regulation caused by geopolitical conflict and/or economic downturn	Opportunity	Material	Material	Material	We support our client base to pre-empt regulatory requirements and enhance the surety of their ability/capacity to address current and future challenges. Clients are determining their own approach and scale of ambition in the face of growing regulatory complexity and uncertainty in and across geographies/jurisdictions. For some clients, regulatory slowdown presents opportunities for competitive advantage and we are commissioned to support their ability to capitalize upon this potential. For other clients, we support their recalibration of approach and implementation of business strategy. We provide support across the range of client positioning and this is, therefore, a financially material opportunity for the business and one which we anticipate will be sustained in the future, particularly in the immediate and medium-term scenarios, as stakeholder pressure to deliver net-zero is anticipated to escalate across geographies. This applies in particular within the ‘orderly’ and ‘disorderly’ transition scenarios.
Exposure to litigation	Impact to client strategy and demand for advisory services	Opportunity	Material	Material	Material	In recent years, across the globe but particularly in developed economies, there has been an increase in stakeholder led litigation, as stakeholder scrutiny of corporate performance has evolved into direct legal challenge, with both the efficacy of transition planning and compatibility of corporate investment with climate regulatory frameworks presenting two central foci for litigation. Whilst the change in strategic direction in the US may impact the scale and immediacy of litigation in this jurisdiction, the threat of stakeholder litigation remains real in geographies such as Europe, where stakeholder pressure is significant. We anticipate this trend to continue with escalation anticipated across our scenario timeframes as the drive for net-zero gains ever increasing urgency and societal scrutiny intensifies. In the event that ‘orderly’ transition is not realized, the potential for litigation may significantly increase. We already see our client base responding to this trend and anticipate ongoing increase in demand for our services to support pre-emptive measures to mitigate litigation. We view this as a financially material opportunity for the business, with ongoing review of specialist capacity being critical to meet demand.

TOPIC	POTENTIAL FINANCIAL IMPACT	RISK OR OPPORTUNITY	SHORT-TERM: UP TO 2030	MEDIUM-TERM: TOWARDS 2040	LONG-TERM: TOWARDS 2050	RATIONALE
TECHNOLOGY						
Technology, digital and AI investment required to meet evolving client needs	Capital investments and capability building to address client need & market opportunity for technology services to client	Opportunity	Material	Material	Material	The business has been strategically investing in technological advancements which support our diversification of services to meet evolving client demand, key amongst which is investment in technology which supports ever increasing data management and disclosure requirements. Our technology portfolio includes an array of products directly created to meet identified needs and positions us strongly to capitalize upon growing market demand. This is augmented by commercial partnerships with many third-party digital providers. We are also investing in building capability within our workforce to support our transition to ever increasing use of technology, including AI, within our service delivery to clients. Across all scenario planning, this represents a financially material opportunity for the business across all transition and time scenarios.
RESILIENCE						
Physical risks - acute	Increased severity of extreme weather events such as cyclones and floods	Risk	Not material	Potential to be material	Potential to be material	As our climate impact scenario analysis indicates, acute physical risks are anticipated to increase across the geographies within which we operate and significantly in certain regions such as Asia even under the 'orderly' transition scenario but with greater magnitude across the alternate transition scenarios. Our approach to management of these risks is subject to ongoing review and catered to the countries/regions within which we operate. In the event of an acute physical risk, such as a cyclone or floods, our operational efforts are focused on prioritizing the safety and wellbeing of our employees. Once secured, delivery of our services to clients can be maintained through switching to home-based working and through the leasing of temporary office facilities, should our offices be physically impacted. Disruption to business continuity in the respective location is, therefore, anticipated to be temporary and can be mitigated through the aforementioned measures. Our business continuity and travel planning help minimize impacts to employees working remotely or in-field. Repairs to the physical infrastructure of the office are anticipated to be recoverable through our insurance and the financial impact to the business whilst material at the local level in the immediate timeframe is not considered material in respect of the global financial performance of the business. We will actively monitor changing climatic conditions and the potential for acute physical risks to become chronic and impact a wider geographical area as we progress towards medium- and long-term horizons. We have, therefore, noted the potential for chronic physical risks to become material in the medium- to long-term, though will seek to offset these through mitigation measures.

TOPIC	POTENTIAL FINANCIAL IMPACT	RISK OR OPPORTUNITY	SHORT-TERM: UP TO 2030	MEDIUM-TERM: TOWARDS 2040	LONG-TERM: TOWARDS 2050	RATIONALE
RESILIENCE						
Resource substitutes/ diversification	Increased cost of retaining supply chain ability to operate under various conditions	Risk	Not material	Potential to be material	Potential to be material	Future state, suppliers and specifically subcontractors, may face increased challenges and costs in operating within physical environments impacted by climatic change, particularly those who conduct in-field services for us – this applying to medium-term and potentially longer-term horizons even under an 'orderly' or 'disorderly' transition scenario. There is also recognition that as regulatory requirements for decarbonization and enhanced disclosure continue to grow, this may increase costs for subject matter experts and niche suppliers. The business is focused on engaging our subcontractors to understand and build capacity in terms of decarbonization, adaptation and resilience to ensure continuity of service provision. This does not currently present a material risk to the business, but we remain alert to the need to pre-emptively mitigate against this particularly in more vulnerable locations and markets, through both diversifying the supplier base but also our approach to relevant service line delivery, if required and particularly in consideration of potential 'hot house world' or 'too little, too late' scenarios.

The nature of our business means that the suite of our metrics/targets are collectively focused on supporting our own operational decarbonization and that of our clients, and the commercial opportunity which this creates. Our business plan integrates targets aimed at sustaining and growing our business across short-, medium- and long-term planning, and takes into consideration our geographical scope, sectoral presence and projected demand for our services across the scenarios set out in this assessment. Commercial targets are set accordingly for service teams, sector, and client workstreams, and for our business units and regions, which are integrated into business planning. Progress against these commercial targets is monitored on a quarterly, half-yearly and annual basis.

A wider set of sustainability metrics are also established each year to support our operational programs, including in key areas such as people management and the recruitment and retention of staff which supports our ability to be agile in the face of increasing market demand or climate-related professional services. Performance against these targets is published in our annual Sustainability Report and our wider financial performance is set out in this report.

A summary of performance against our FY25 targets/KPIs and our FY26 targets, is here:

Category	FY25 KPI	Performance against FY25 targets	FY26 target
Adaptation to changing physical environment	New: Track % of offices with updated business continuity plans that take into account climate-related physical risks	All ERM offices are required to have business continuity plans in place that consider climate-related physical risks.	New: Review office business continuity plans in highest risk countries. Our focus is on reviewing the rigor of our continuity plans with particular emphasis upon those countries which are anticipated to experience the most acute risks.
	New: Develop methodology and KPI to track productivity loss arising from physical risks (e.g., days lost due to inability to conduct in-field survey activity due to extreme weather/changing climatic conditions)	Methodology has been established to record and track productivity loss arising from physical risks – this is achieved through specific codes for timesheet reporting, to record time lost due to extreme weather/ changing climatic conditions.	Track and report time reported using the designated code and to further understanding of specific locations or service lines which are impacted by such productivity loss.
Transition of operations	Reduce scope 1, 2 and 3 emissions in line with SBTi targets against FY20 baseline.	Our FY25 emissions data indicates that we remain on track to achieve our short-, medium- and long-term SBTi targets.	Our FY25 target is retained and will remain a rolling annual target.
Changing market for climate-related service delivery	Year on year growth in net revenue	Our FY25 financial performance is set out in our annual financial statutory accounts – cross-reference to wider report.	Our FY25 target is retained and will remain a rolling annual target.

Note: Historical performance data to be included in this statement.

Our decarbonization targets

ERM's targets have been validated by SBTi as aligned to the Corporate Net-Zero Standard. This means we are committed to reaching net-zero greenhouse gas emissions across the value chain by FY40.

OUR NEAR-TERM TARGETS

By 2028: 45% of suppliers by emissions covering purchased goods and services will have science-based targets.

By 2030, we will:

- Reduce absolute Scope 1 and 2 GHG emissions by 50%.
- Achieve 100% annual sourcing of renewable electricity (currently at 99%).
- Reduce absolute Scope 3 GHG emissions from business travel and employee commuting by 42%.

OUR LONG-TERM TARGETS

By 2040, we will:

- Reduce absolute Scope 1 and 2 GHG emissions by 90%.
- Reduce absolute Scope 3 GHG emissions from purchased goods and services, business travel and employee commuting by 90%.

Both near-term and long-term targets are set against a FY20 base year.

All emissions data presented in our Sustainability Report 2025 is expressed as carbon dioxide equivalent (CO2e) and includes all Kyoto gases and refrigerants. ERM uses the IPCC Fifth Assessment Report as a source of global warming potential (GWP) without climate feedback. All Scope 2 data has been calculated using a market-based approach, unless otherwise stated. For further information on market-based methods, please refer to www.ghgprotocol.org.

ERM uses Ecometrica as our sustainability management system to collect and manage our greenhouse gas data. Ecometrica uses emission factors from DEFRA, EEIO, EPA, IEA, IPCC, European Residual Mix factors and custom factors (derived from multiple sources). Ecometrica hosts these emission factors and regularly updates them when the latest factors are released, and data calculation is conducted within this platform. For calculation of Scope 3 categories, including category 1 and category 2, ERM has used EEIO emission factors, in line with guidance from the GHG Protocol.

We report environmental data for offices that fall within ERM's materiality threshold (as defined in our Sustainability Reporting Protocol) per fiscal year (FY), which runs from 1 April to 31 March. ERM's Sustainability Reporting Protocol provides guidance for the development and maintenance of robust data collection systems that will measure sustainability performance across all key performance areas in a consistent, accurate and auditable manner.

We work with property owners to improve our access to actual energy consumption data for leased offices. Where data is unavailable, we use the average data method as per the GHG protocol and estimate the energy data using office floor size. Sources excluded are reviewed annually to determine if emissions are considered de minimis. For FY25, offices that encompassing fewer than 50 square meters, excluding dedicated server- hosting spaces, were considered de minimis and excluded from energy data collection and reporting process. In FY25, a few ERM offices moved to shared spaces with low occupancy, and these offices qualify as de minimis.

In addition to office energy, we have established a standardized process to calculate emissions associated with the use of company vehicles. This process enables us to monitor and report emissions at the level of individual company cars, ensuring greater transparency and accountability in our overall emissions reporting.

Regardless of whether an office meets the de minimis exemption or not, we collect data to calculate business travel emissions for all ERM employees. We introduced the use of a centralized expense claim system, which helps improve data completeness.

STRENGTHENING SCOPE 3 DATA ACCURACY

We have undertaken a series of initiatives to strengthen the accuracy and completeness of our Scope 3 carbon inventory, in support of our net-zero commitment. In the past year, this included the addition of well-to-wheel emissions and expanded reporting across additional Scope 3 categories. We started reporting fuel and energy related activities from past year. We also restated all our historical data to include well-to-wheel calculations on business travel and employee commuting.

PURCHASED GOODS & SERVICES EMISSIONS

As part of our ongoing improvement efforts, enhancing the quality of value chain emissions data remains a key priority. This year, we focused on refining the quantification and coverage of Category 1 Purchased Goods and Services. A detailed vendor-level and account-level analysis was conducted, resulting in a more accurate and representative dataset. Updates to historical data sets are expected in future reporting cycles to ensure consistency and comparability over time.

COMMUTER AND HOMEWORKER EMISSIONS

ERM conducted a Global Commuter and Homeworker survey in FY25 to capture accurate commuter and homeworker data from our employees. In this survey we also collected data around renewable energy use while working from home which is incorporated in our calculation of homeworker GHG emissions. Our Global Commuter and Homeworker survey achieved a response rate of 62% globally, which is higher than industry standards. Further, the FY25 data was added to our carbon data management platform which calculates the commuter emissions for various types of travel (e.g., car, public transport, etc.) and the additional energy demand associated with home working, applying residential heating and cooling data based on country-specific emission factors.

For the last years, we have calculated the associated energy use and GHG emissions from home-based work given that many of our employees work a portion of their time at home. Capturing this additional energy use and associated carbon emissions gives us a more complete understanding of our Scope 3 emissions. In FY25, we calculated 3,206 tCO2e emissions from employee commuting and 3,035 tCO2e associated with the additional energy demand from our employees working from home, for a total of 6,241 tCO2e. For comparison, our FY24 emissions from commuting and homeworking are 7,183, so our emissions has reduced 13% this year. This reduction is majorly from low-carbon transport usage by our employees.

We do not include the estimated energy demand associated with working from home in our total GHG footprint, as it is voluntary reporting under the GHG Protocol and lacks final standards and guidance. We will continue to track the development of standards and guidance with respect to homeworker data reporting.

ACQUISITIONS EMISSIONS DATA INCLUSION

All data reported in our 2025 Sustainability Report and supplements includes data for new offices and offices added through ERM acquisitions in FY25 where available. This is noted where relevant. The data for the following ERM acquisitions is included: Arcus, RCG, OPEX, Point Advisory, MarineSpace, Shelton Group, Element Energy, E4Tech, Coho, Energetics, TMB TBZ and Libryo. We report Scope 1, 2 and 3 GHG emissions associated with these acquisitions.

Assurance statement

LRQA Independent Assurance Statement

Relating to ERM's Climate data, Health & Safety data and People data in the ERM Sustainability Report 2025 for the period from April 1, 2024- March 31, 2025.

This Assurance Statement has been prepared for ERM Int Ltd in accordance with our contract and is intended for the readers of the ERM Sustainability Report 2025.

Terms of engagement

LRQA was commissioned by ERM Int Ltd (ERM) to provide independent assurance of its greenhouse gas (GHG) emissions (Climate data), Health & Safety data and People data for April 1, 2024 - March 31, 2025, against the assurance criteria below to a limited level of assurance and materiality of the professional judgement of the verifier using The Greenhouse Protocol – A Corporate Accounting and Reporting Standard (revised edition, Jan 2015) and GRI Standards for performance data. LRQA's verification procedure is based on current best practise and is in accordance with ISAE 3000 and ISAE 3410.

The scope of our assurance engagement covered ERM's global operations and activities and specifically verified conformance with the following requirements:

- ERM's sustainability reporting protocol and written procedures
- World Resources Institute / World Business Council for Sustainable Development Greenhouse Gas Protocol: A corporate accounting and reporting standard, revised edition (otherwise referred to as the WRI/WBCSD GHG Protocol) for the GHG data.
- GRI Standards: 2-7, 305-1, 305-2, 305-3, 401-1, 405-1, 403-9 & 403-10.

LRQA evaluated the accuracy and reliability of data and information for only the selected indicators listed below:

<u>Climate data</u>

- Direct (Scope 1) GHG emissions: Natural gas, company owned cars and refrigerant gas loss from air conditioning systems (GRI Standard 305-1)
- Energy Indirect (Scope 2) GHG emissions: Office space electricity, steam (district heating) and company cars (GRI Standard 305-2)
- Other Indirect (Scope 3) GHG emissions (GRI Standard 305-3):
  - Category 1 - Purchased goods and services emissions
  - Category 2- Capital goods
  - Category 3 - Fuel and energy related activities
  - Category 6 - Business travel
  - Category 7- Employee commuting

<u>Health & Safety data</u>

Work Related Injuries (GRI Standard 403-9) and Work-related ill health (GRI Standard 403-10):

- Severity rate and severity rate by region
- Total recordable incident rate (TRIR)
- Number of recordable incidents and recordable incidents by type
- Number of life impacting events
- Fatality rate
- Subcontractor injury and illness

<u>People data</u>

- Employees by employment contract, by gender and by region (GRI Standard 2-7)
- Employees by employment type, by gender and by region (GRI Standard 2-7)
- New hires by gender, by region and by age group (GRI Standard 401-1)
- Total turnover, by gender and by region (GRI Standard 401-1)
- Percentage of employees, by gender and by age group (GRI Standard 405-1)

Our assurance engagement excluded the following data and information of ERM:

Climate data

- Leased or owned office locations that are registered as encompassing less than 50 square meters/538 square feet due to de-minimis source
- Dedicated server hosting spaces
- Fuels combusted by equipment utilized by subcontractors or clients on ERM project sites
- Fugitive emissions from vehicle AC due to de-minimis source
- Business travel emissions by water, subway, lighter rail, taxi and bus due to non-availability of data
- Emissions from waste due to de-minimis source

Health & Safety data

- Days away from work case (DAWC) rate
- Safety AT ERM score

People data

- % Employees by employment contract, by gender, by region
- % Employees by employment type, by gender, by region
- Total turnover by age
- Voluntary turnover by gender, by region
- Performance and career development reviews data.

LRQA's responsibility is only to ERM. LRQA disclaims any liability or responsibility to others as explained in the end footnote. ERM's responsibility is for collecting, aggregating, analysing, and presenting all the data and information within the Report and for maintaining effective internal controls over the systems from which the Report is derived. Ultimately, the Report has been approved by, and remains the responsibility of ERM.

LRQA's Opinion

Based on LRQA's approach nothing has come to our attention that would cause us to believe that ERM has not, in all material respects:

- Met the requirements of the criteria listed above; and
- Disclosed accurate and reliable performance data and information as no material errors or omissions were detected.

The opinion expressed is formed on the basis of a limited level of assurance and at the materiality of the professional judgement of the verifier.

Note: *The extent of evidence-gathering for a limited assurance engagement is less than for a reasonable assurance engagement. Limited assurance engagements focus on aggregated data rather than physically checking source data at sites. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.*

LRQA's approach

LRQA's assurance engagements are carried out in accordance with our verification procedure. The following tasks were undertaken as part of the evidence gathering process for this assurance engagement:

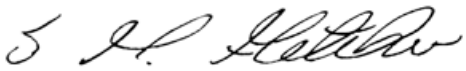
- Reviewing ERM's Methodology and documented procedures.
- Interviewing relevant employees of the organization responsible for managing Climate performance data, Health and Safety performance data and People performance data.
- Sampling data collection and reporting processes on Ecometrica (Climate data), Event Communication System (Health & Safety data) and Workday (People data) for the reporting period April 1, 2024 - March 31, 2025.
- Verifying GHG emission factors used with the source reference and confirming their appropriateness.
- Verifying underlying calculations and formulae for Climate, Health & Safety and People performance reporting.
- Assessing ERM's data management systems to confirm they are designed to prevent significant errors, omissions, or misstatements in the Report. We did this by reviewing the effectiveness of data handling procedures, instructions, and systems, including those for internal quality control.

LRQA's standards, competence, and independence

LRQA implements and maintains a comprehensive management system that meets accreditation requirements for ISO 14065 Greenhouse gases – Requirements for greenhouse gas validation and verification bodies for use in accreditation or other forms of recognition and ISO/IEC 17021 Conformity assessment – Requirements for bodies providing audit and certification of management systems that are at least as demanding as the requirements of the International Standard on Quality Control 1 and comply with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants.

LRQA ensures the selection of appropriately qualified individuals based on their qualifications, training and experience. The outcome of all verification and certification assessments is then internally reviewed by senior management to ensure that the approach applied is rigorous and transparent.

Report verification is the only work undertaken by LRQA for ERM and as such does not compromise our independence or impartiality.



Steve Fletcher
LRQA Lead Verifier

Dated: 5th June 2025

On behalf of LRQA Ltd
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Climate Supplement

2025

Sustainability is our business

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