

# Our Approach to Materiality & Reporting



This image was taken by Phuong Thai



# Introduction

This supplement sets out additional information on ERM's approach to assessing materiality, stakeholder engagement and reporting, and should be read in conjunction with the ERM Sustainability Report 2025.

As the world's largest advisory firm focused solely on sustainability, we understand the importance of transparently communicating our approach to materiality, stakeholder engagement and reporting, which is informed by our many years of experience advising clients on these topics.

Further, stakeholder engagement is a key component of our approach to double materiality assessments which, alongside our wider strategic business imperatives inform ERM's approach to sustainability. Through our annual sustainability report, we provide stakeholders with information and updates about our sustainability performance, focusing on those topics most relevant to our business and stakeholders.





# Our approach to double materiality

For many years, ERM has conduct materiality and in more recent years double materiality assessments (DMAs) as part of our annual sustainability reporting cycle. Our approach to double materiality has evolved alongside the changes in the reporting landscape, driven by stakeholder demands for more transparency and a recognition that sustainability can present significant risks but also opportunities to businesses and their financial performance.

Our double materiality assessment is conducted in line with the requirements of the Global Reporting Initiative (GRI). Following announcements in 2024 that the scope and reporting requirements of the European Union’s Corporate Sustainability Reporting Directive (CSRD) will be revised, we maintained our FY24 approach to double materiality, which integrates key CSRD components including the identification of material risks, opportunities and impacts to our business.

Our FY25 DMA served as an update to the prior reporting year’s more extensive assessment, details of which can be found in our 2024 Sustainability Report.

## DUAL CONSIDERATION OF IMPACT

The DMA process considers sustainability topics from two angles:

- 1. Financial materiality:** External factors or issues which may impact ERM directly or indirectly and can be classified as risks and opportunities.
- 2. Impact materiality:** The impact, both positive and negative, of our business and operations on the environment and wider society.

Our assessment considers stakeholder priorities of what is important or material for us a business to address. This dual consideration better positions

the business to manage our material topics and meet the expectations of our stakeholders.

## SCOPE

Together, the consideration of financial and impact materiality allows us to identify sustainability-related risks, opportunities and impacts across our value chain. Our value chain encompasses our suppliers and contractors as a sub-category of suppliers, our people and offices, investors, clients, partners and collaborators, and wider society. More detail about our value chain is set out in the About us section of our 2025 Sustainability Report.

## ASSESSMENT TIMEFRAMES

The DMA has considered the risks, opportunities and impacts of topics both in the near-term (impacting our operations in FY26) and beyond (FY26-FY30) when identifying what we consider material to us as a business. A greater level of surety exists around the immediate-short term timeframe, with analysis of potential impacts in the longer-term being based on horizon scanning of potential regulatory and policy trends, anticipated market and client demand, societal trends and the potential evolution and adaptation to risks such as climate change.

# Materiality methodology

In line with our FY24 approach and ensuring a thorough update to our DMA, the process comprises seven key stages.

1

A detailed benchmark analysis including input from our enterprise risk management register, previous materiality assessments, regulatory and market horizon scanning, trends and peer review and consideration of the membership criteria of our partner organizations.

2

Adopting the full list of topics set out in ESRS as the framework for consideration, a long list of potential risks and opportunities was identified for detailed assessment. (Note: Conducted in FY24 and checked for ongoing alignment in FY25.)

3

The risks and opportunities under each topic were assessed in terms of: point of impact in our value chain; whether the impact is actual or potential; geographical scope; temporal scope; probability of being realized; mitigation and the cost thereof; and the residual impact after mitigation. The outcome of the assessment was a short-list of topics which are considered to present the most significant risks or opportunities, the impact of which would be material to the business.

4

Interviews were conducted with stakeholders to gather feedback on our short-listed material topics. Stakeholders were asked to rank the material topics (low, medium, high) on the basis of their perceived impact to our business and the perceived impact of our business on these topics, in the immediate and longer term.

- Internal stakeholders interviewed included: Members of the Board and Executive Committee (ExCom), subject matter experts and a range of employees at varying career levels from across our global operations.
- External stakeholders interviewed included: Clients, investors, strategic partners and non-governmental organization representatives.

5

Qualitative and quantitative feedback from stakeholder interviews was used to review the shortlist of topics. Based on the combined analysis, a final shortlist of material topics was produced. Targets and KPIs were then developed to be able to track our future performance and progress.

6

The outcomes of the double materiality assessment process were presented to the ExCom for approval.

7

Regular reports on progress against targets will be presented to the ExCom and Board and reported in our annual Sustainability Report.



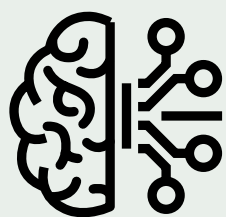
# Our FY25 material topics

Based on the outcomes of our double materiality assessment, we have added an additional material topic, bringing the total to seven topics. Our material topics comprise:



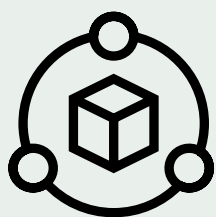
## GOVERNANCE

Retained from FY25, reflecting the ongoing importance of this topic to our direct operations and wider value chain.



## TECHNOLOGY & GENERATIVE AI

Formerly a sub-component of Governance but now elevated to a standalone material topic.



## SUSTAINABLE SUPPLY CHAIN

Retained from FY25, reflecting the importance of suppliers to the attainment of our purpose.



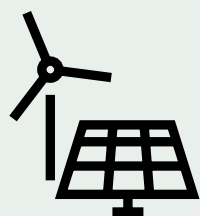
## PEOPLE

Retained from FY25 in recognition of the enduring material importance of our workforce and those of our wider stakeholders.



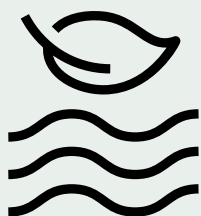
## SOCIAL IMPACT & HUMAN RIGHTS

Evolved from our FY25 topic 'Human Rights' to reflect the material importance of our wider social impact.



## CLIMATE & ENERGY

Evolved from our FY25 topic 'Climate' to explicitly recognize the importance of the energy transition to a future low-carbon economy.



## NATURE & WATER

Evolved from our FY25 topic 'Nature & Water' to explicitly recognize the importance of sustainable water management within the broader scope of nature.

The terminology used for our material topics continues to be in alignment with that of the ESRS and other widely recognized sustainability reporting standards.

Maintaining our established approach, in collaboration with ERM's functional leaders, ExCom and the Board, we have developed targets for all our material topics.

These targets, presented at the start of every material topic section within the 2025 Sustainability Report, ensure the management and integration of our material topics into the wider business.






# Materiality across ERM's value chain

Our double materiality assessment has identified seven topics which are mapped in terms of their scale of impact across our value chain.



## OUR MATERIAL TOPICS

COMPONENTS OF OUR VALUE CHAIN

	GOVERNANCE	TECHNOLOGY & GENERATIVE AI	SUSTAINABLE SUPPLY CHAIN	PEOPLE	SOCIAL IMPACT & HUMAN RIGHTS	CLIMATE & ENERGY	NATURE & WATER
 Supply chain	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>
 Direct operations	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>
 Client services	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>
 Partnerships	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>
 Wider society	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>

# Our approach to stakeholder engagement

In accordance with the GRI Standards, ERM describes the stakeholders to whom we consider ourselves accountable. The content of our sustainability report is shaped by insights gathered through ongoing stakeholder engagement throughout the year, as well as targeted consultations conducted specifically for the report. These engagement outcomes directly inform and align with the material topics presented in our sustainability disclosures.

## ERM'S STAKEHOLDERS

Our stakeholders encompass a broad and diverse group, including employees, clients, investors, lenders, suppliers and subcontractors, strategic partners, local communities, government bodies, non-governmental organizations (NGOs), business and industry associations, as well as academics and other thought leaders. Each year we use the DMA to review and inform our stakeholder list and directly engage with a targeted group of these stakeholders. Our stakeholders are reflected in the five overarching value chain categories also considered in our materiality assessment. Through this assessment, we confirm and if necessary update our relevant stakeholders on an annual basis.




## STAKEHOLDER ENGAGEMENT

ERM adopts an inclusive approach to stakeholder engagement, based on our commitment to be transparent in our operations and seeking to broaden and sustain our impact in shaping a






sustainable future. Throughout the year, our people engage with a diverse range of stakeholders through the delivery of our client works, our partnerships and collaborations. We use feedback from our people to inform the identification of stakeholders whom we should engage and the feedback from our stakeholders collectively helps us to understand, prioritize and manage our sustainability impacts as an organization as well as to evolve our client services. We engage with stakeholders through a variety of mechanisms, including direct dialogue, surveys, engagement at professional and industry forums.

The frequency and nature of this dialogue are designed to enable regular communication with stakeholders on key issues. We conduct additional engagement with stakeholders as part of the development of our sustainability reports, and this feedback is an important input of our report preparation. Key issues raised by stakeholder groups, along with our response, can be found on the following pages.



VALUE CHAIN COMPONENT	STAKEHOLDER GROUP	FREQUENCY & METHOD OF ENGAGEMENT	TOPICS OF INTEREST & ERM'S RESPONSE
 <b>Supply chain</b>	Contractors and suppliers	<b>Ongoing:</b> <ul style="list-style-type: none"> <li>Communications on policies and expectations</li> <li>Vendor surveys</li> </ul>	<ul style="list-style-type: none"> <li>Health and safety at work sites: see People</li> <li>Business conduct and ethics: see Governance</li> <li>Sustainability performance: see Sustainable Supply Chain</li> </ul>
 <b>Direct operations</b>	Employees and potential employees	<b>Ongoing:</b> <ul style="list-style-type: none"> <li>Knowledge sharing through collaboration tools</li> <li>Open door leadership</li> <li>Employee information sharing sessions</li> <li>Employee and team meetings</li> <li>Open forums with Group CEO and senior leaders</li> <li>Employee surveys</li> <li>Technical communities</li> <li>Employee resource groups</li> </ul> <b>Semi-annual:</b> <ul style="list-style-type: none"> <li>Performance and development discussions</li> </ul> <b>Annual:</b> <ul style="list-style-type: none"> <li>Employee reviews</li> </ul>	<ul style="list-style-type: none"> <li>Diversity, inclusion &amp; belonging: see People</li> <li>Well-being of employees: see People</li> <li>Health and safety at work: see People</li> <li>Training and career advancement: see People</li> <li>Innovation and digitization: see Technology &amp; Generative AI governance</li> <li>Salary, benefits and workplace flexibility: see People</li> <li>Criteria for selecting clients and projects: see Governance</li> <li>Protecting the privacy and security of data: see Technology &amp; Generative AI</li> </ul>
 <b>Direct operations</b>	Senior managers and Partners	<b>Ongoing:</b> <ul style="list-style-type: none"> <li>Partner calls (global and regional)</li> <li>Meetings</li> <li>Open door leadership</li> </ul> <b>Semi-annual:</b> <ul style="list-style-type: none"> <li>Performance and development discussions</li> </ul> <b>Annual:</b> <ul style="list-style-type: none"> <li>Employee reviews</li> </ul>	<ul style="list-style-type: none"> <li>Understanding and managing risks: see Governance</li> <li>Sustainable financial performance: see <a href="#">Financial overview</a></li> <li>Protecting the privacy and security of data: see Technology &amp; Generative AI</li> <li>Health and safety at work: see People</li> <li>Employee attraction, development and retention: see People</li> <li>Innovation and digitization: see Technology &amp; Generative AI</li> <li>Criteria for selecting clients and projects: see Governance</li> <li>Business conduct and ethics: see Governanc</li> <li>Governance: see Governance</li> </ul>



VALUE CHAIN COMPONENT	STAKEHOLDER GROUP	FREQUENCY & METHOD OF ENGAGEMENT	TOPICS OF INTEREST & ERM'S RESPONSE
 <b>Direct operations</b>	Board Directors and Investors	<b>Bi-monthly:</b> <ul style="list-style-type: none"> <li>Board meetings</li> </ul> <b>Ongoing:</b> <ul style="list-style-type: none"> <li>Business updates</li> </ul>	<ul style="list-style-type: none"> <li>Governance: see Governance</li> <li>Understanding and managing risks: see Governance</li> <li>Sustainable financial performance: see <a href="#">Financial overview</a></li> <li>Business conduct and ethics: see Governance</li> <li>Performance against sustainability goals: see Targets &amp; Performance and Performance data</li> </ul>
 <b>Partnerships</b>	Lenders	<b>Ongoing:</b> <ul style="list-style-type: none"> <li>Lender briefings</li> </ul>	<ul style="list-style-type: none"> <li>Performance against financial goals: see <a href="#">Financial overview</a></li> <li>Performance against sustainability goals: see Targets &amp; Performance and Performance data</li> </ul>
 <b>Client services</b>	Clients	<b>Ongoing:</b> <ul style="list-style-type: none"> <li>Reviews of projects, programs and relationships</li> <li>Client feedback tool</li> <li>Supplier surveys</li> </ul>	<ul style="list-style-type: none"> <li>Technical competence: see People</li> <li>Understanding and managing risks: see Governance</li> <li>Protecting the privacy and security of data: see Technology &amp; Generative AI</li> <li>Health and safety at work sites: see People</li> <li>Sustainability performance: see Managing our impact and Performance data</li> <li>Diversity, inclusion and belonging: see People</li> <li>Innovation and digitization: see Technology &amp; Generative AI</li> <li>Insights and thought leadership: see About Us</li> <li>Impact of our services: see Managing our impact and Client project impact</li> </ul>
 <b>Partnerships</b>	Strategic partnerships	<b>Ongoing:</b> <ul style="list-style-type: none"> <li>Reviews of initiatives, projects and relationships</li> </ul>	<ul style="list-style-type: none"> <li>Technical competence: see People</li> <li>Innovation and digitization: see Technology &amp; Generative AI</li> <li>Insights and thought leadership: see About Us</li> <li>Impact of our services: see Managing our impact and Client project impact</li> </ul>
 <b>Wider society</b>	Community members	<b>Ongoing:</b> <ul style="list-style-type: none"> <li>Project-related meetings</li> </ul>	<ul style="list-style-type: none"> <li>Technical competence: see People</li> <li>Compliance: see Governance</li> <li>Communities: see Social impact &amp; Human rights</li> </ul>



# Our approach to reporting

ERM's 2025 Sustainability Report to which this document is supplementary, details our performance during FY25 (1 April 2024 through to 31 March 2025) against our material topics identified through our materiality assessment. It addresses topics that are of significant interest to our stakeholders and our business. Our previous report, covering FY24, was issued in July 2024.

This report has been reviewed and approved by the ExCom Sustainability Working Group, under delegated authority from the Executive Committee.

ERM has prepared this report in accordance with the Global Reporting Initiative (GRI) and we are continuing to monitor evolutions in the regulatory reporting landscape to prepare for reporting in accordance with the European Union's Corporate Sustainability Reporting Directive (CSRD). While developing this report we focused on the following principles:

- Accuracy;
- Balance;
- Clarity;
- Comparability;
- Completeness;
- Sustainability context;
- Timeliness; and
- Verifiability.

In preparing this report, we have taken steps to ensure the information, data and materials contained within this report are correct at the date of publication (July 2025). However, we cannot guarantee that the information, data and materials remain correct after that date.

For this reason, the contents of this report are provided for informational purposes only and may not be relied on. ERM disclaims liability for any reliance made on the information, data and materials contained in this report. If you would like more detail on any information in this report, contact [sustainability@erm.com](mailto:sustainability@erm.com).

ERM discloses its financial performance in accordance with regulatory requirements and the expectations of broader stakeholders. This information is available on [erm.com](https://erm.com).



# Assurance

At ERM, we strive to be a leader not just in providing sustainability services to our clients but also in our own sustainability reporting. In pursuit of this, we transparently set out how we gather, record, compile, analyze and report information and the processes used in the preparation of our 2025 Sustainability Report and its supplements. To ensure that stakeholders can have confidence in the quality, clarity and materiality of the information we report, ERM has engaged LRQA to undertake assurance. Our assurance approach integrates both internal and external review processes, leveraging our in-house expertise. ERM has established governance, reporting and internal review mechanisms in place, ensuring the integrity of the information we provide.

We took on board findings from our external assurance provider last year and have integrated these into our operational practices. This included for example refining our methodology for accounting refrigerant gas emissions, introducing standardized templates for managing energy bills and enhancing fleet record-keeping.

We engaged LRQA to provide limited assurance to the International Standard on Assurance Engagements (ISAE) 3000 for data reported from

ERM's global operations for the following datasets:

- GRI 305-1: Scope 1 GHG emissions
- GRI 305-2: Scope 2 GHG emissions (location- and market-based)
- GRI 305-3: Scope 3 GHG emissions that are part of our current Science Based Targets initiatives (SBTi)
  - Category 1: Purchased goods and services
  - Category 2: Capital goods
  - Category 3: Fuel and Energy-Related Activities
  - Category 6: Business travel (internal and external)
  - Category 7: Employee commuting and working from home
- GRI 403-9: Work-related injuries
- GRI 403-10: Work-related illnesses
- GRI 2-7: Employees
- GRI 401-1: New employee hires and turnover
- GRI 405-1: Diversity of governance bodies and employees

A copy of the assurance statement is available in our Data Supplement.



This image was taken by Camila Avilés Irama





# Our Approach to Materiality & Reporting

Sustainability is our business

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