



SUSTAINABILITY

MEANS

BETTER BUSINESS

Sustainability Report 2018



Contents

CEO message	2
Megatrends	4
Climate change	5
Digital transformation	6
Population growth	7
Emerging middle classes	8
Addressing sustainable development through SDGs	9
Our impact	10
Tackling climate change	11
Tech-enabled innovation	16
Sustaining growth	20
Sustainable consumption	25
SDG contribution	33
Programs & practices	37
Our people	38
Health and safety	42
Governance	45
Environment	48
Society	51
ERM Foundation	56
Performance	60
Future targets	64
FY18 data background	65
Reporting approach	66
Value chain	68
Stakeholder engagement	69
Materiality	71
Assurance	73



CEO message



The focus is shifting

In the past year, we have witnessed the continued realignment of the relationship between business and sustainability.

Companies are not only focused on understanding and managing the impact they have on the environment and society, but increasingly developing strategies to address the impact of the environment and society on the company itself.

“Global market forces increasingly require businesses to balance their planetary and societal responsibilities with the inevitable tension to meet shareholder commercial expectations.”

Keryn James
CHIEF EXECUTIVE OFFICER

There is momentum

Global market forces increasingly require businesses to balance their planetary and societal responsibilities with the inevitable tension to meet shareholder commercial expectations.

Recent statements from leading investors, regulators, business leaders and other stakeholders recognize this changing context.

Investors are realizing that company risk and growth are increasingly tied to environmental, social and governance (ESG) understanding and management. Issues including climate risk, human rights, supply chain management, diversity and safety are now Board-level topics. These challenges are complex, requiring a depth and breadth of understanding, technical expertise and commercial awareness to deliver integrated solutions, and create long-term business value.

The Business and Sustainable Development Commission identified the Sustainable Development Goals (SDGs) as a key driver of economic growth – an estimated \$12 trillion dollars of new market value.¹ Leading businesses are at the forefront of product and service innovation, addressing the SDGs while delivering economic growth. SDG-related issues are influencing the cost of capital for companies, and we see this influence growing over time.

ERM: Bridging the gap

In 2017, ERM conducted research on climate risk with 120 Chief Financial Officers and Chief Sustainability Officers. We found that companies recognize the pressing need to develop responses to climate risk, but lack the tools to model future impacts, and to report these with confidence. As authors of the Technical Supplement on Scenario Analysis for the Taskforce on Climate-related Financial Disclosure (TCFD), ERM is at the forefront of helping companies address climate risk. Our approach combines technical excellence, a strong understanding of societal expectations, and business acumen together with the client's internal functions including investor relations, finance, risk, strategy, procurement, environment, health and safety, and others to advise clients on the financial impacts of climate change on their business, including scenario analysis.

We also apply this approach when working with sectors and companies committed to the SDGs and seeking ways to interpret and deliver on these goals within the context of their own business. We have worked with the World Business Council for Sustainable Development (WBCSD) on guidelines to develop SDG sector roadmaps, and we are now working with a number of sectors on their approaches to the implementation of the SDGs. Our integrated methodology is also effective when working with companies and organizations wanting to deliver and measure their environmental, social and economic impacts through their SDG commitments.

This applied approach to sustainable development is incorporated into our business strategy and enables us to work with business over the full life cycle of their assets from new market entry, to capital projects, operational management and ultimately retirement. Environmental, health and safety, social and governance issues are apparent at all stages of the asset life cycle, and ERM's breadth and depth of services enables us to advise and serve clients over the longer term, wherever they are located across the world.

¹ "Better Business, Better World" Business and Sustainable Development Commission Report January 2017: <http://report.businesscommission.org/>

CEO message continued

Life cycle impacts apply to products as well. ERM's approach to product stewardship seeks ways to avoid product impoundment or recall, which can disrupt supply chains, increase costs, and damage brand and reputation. Our approach also aims to identify and mitigate these risks while looking beyond them to assess key product and brand differentiators that have the potential to drive innovation and contribute to the bottom-line growth.

Responding to stakeholders

We are proud to be a Global Reporting Initiative (GRI) Standards Pioneer. This is our second year of reporting to the GRI Standards: the global best practice for sustainability reporting. This report serves as our Communication on Progress, an annual disclosure to stakeholders on progress made in implementing the Ten Principles of the UN Global Compact in the areas of human rights, labor, environment and anti-corruption.

One of my primary commitments as CEO has been to strengthen our engagement with internal and external stakeholders on issues that are of importance to them. This feedback informs our focus on the issues facing our world and our clients, which allows us to prioritize activities within our business strategy.

On behalf of the Executive Committee, I extend my thanks to our employees for sharing their stories, photography and insights for this report. The people of ERM deliver on our purpose of shaping a sustainable future with the world's leading organizations every day: in the services we provide our clients, the projects we support through the ERM Foundation and the way we operate our business.

Sustainability really does mean better business.

Keryn James
Chief Executive Officer



Megatrends

Megatrends encompassing significant social, economic, political, environmental or technological changes have a major impact on business and society as a whole, and will continue to do so for decades to come.

Of the key megatrends presenting major challenges to government, industry and civil society over the coming years, four are particularly relevant to ERM's work with our clients:

- Climate change
- Digital transformation
- Population growth
- Emerging middle classes

As a leading sustainability consultancy, ERM understands the megatrends' impact on the technical, business and societal challenges facing our clients.



Megatrends continued

Climate change

Global political action, regional legislation, technology breakthroughs, market disruption, extreme weather events, investor priorities and consumer sentiment make the transition to a low-emissions future fundamentally important to all businesses. The way companies manage this transition takes on new significance as stakeholders look to accurately assess and measure the environment's impact on a company's business models, assets and reputation, as well as the organizational preparedness to cope with this unprecedented energy shift.

The low-emissions transition is well underway – driven by intensifying climate policy, advances in technology, changing investor sentiment and fundamental market shifts. In December 2015, the Paris Agreement set a global target to reduce the impact of climate change to below 2 degrees Celsius through Nationally Determined Contribution Plans (NDCs). According to the Emissions Gap Report 2017 issued by the UN Environment Programme, current state pledges in the NDCs cover no more than one-third of the emission reductions needed.² Society must achieve even greater emissions reductions than those pledged by countries, recognizing continued forecast growth in global energy demand.

For many companies climate risk is already very real, creating supply chain vulnerabilities and prompting consumer demand for change. For the investment community, the risks posed by a company's greenhouse gas emissions, or its dependency on carbon in the supply chain, is of particular concern. Climate-related risk is no longer just an environmental issue, but also one that has a direct impact on a company's longer-term financial standing, reputation and ability to attract investment.

Learn more about how this relates to ERM's work with clients: [Tackling climate change](#)

² The Emissions Gap Report 2017. United Nations Environment Programme (UNEP), November 2017: www.unenvironment.org/resources/emissions-gap-report.

Megatrends continued

Digital transformation

Technology is accelerating the pace of change. It drives new – and often disruptive – ways of doing business in response to multi-faceted and increasingly complex challenges. Cloud computing, robotics, the Internet of Things, machine learning and artificial intelligence are transforming customer expectations, product development, collaboration and organizational structures, while changing how citizens engage companies, government and civil society. This represents a significant opportunity for our clients – from how they engage with key stakeholders to how they optimize their operations.

Smarter products, better collaboration, faster processes and lower costs are just some of the drivers behind new technology adoption. Greater access to technology, particularly mobile devices, means greater access (for those with adequate bandwidth and skills) to education, work, financial services and information, as well as new markets and buyers for goods. By enabling greater productivity and agility, digital technology enables companies to evolve and improve their operations, but not without risks.

All of this is reliant on the flow of accurate and timely data. While real-time access to accurate and granular data has become essential to maximizing efficiency and agility, the risks associated with data integrity, security and privacy are of increasing concern to companies, governments and the public. It is the ability to derive insights from data that will set well-performing companies apart as they manage complex environmental and social challenges.

Greater availability and adoption of technology will play a key role in addressing a range of socio-economic and environmental challenges. At the same time, it presents a host of new environment and social impacts to address – from intensive energy use to the elimination of jobs.

Learn more about how this relates to ERM's work with clients: [Tech-enabled innovation](#)

Megatrends continued

Population growth

According to the United Nations, the world's population is expected to increase by more than 30 percent to upwards of 9 billion between now and 2050. The additional food, energy, homes and transportation required for these extra people will place an additional burden on the planet's already strained resources.

A large proportion of this population increase will occur in the world's less developed regions, including Africa, Asia and Latin America.

Key factors behind the continuing population growth in less developed regions are lower rates of infant mortality and greater life expectancy thanks to improved standards of living, including greater access to clean drinking water. As a result, tomorrow's population will not only be larger but older, which creates additional challenges such as increased pressure on healthcare and pensions.³

More than 50 percent of the world's population lives in urban areas today. By 2045, global urban population will increase 1.5 times to 6 billion people, according to the World Bank.⁴ Urbanization brings its own challenges, including access to clean water, unhealthy air, waste disposal issues and increased poverty.

With more people, the competition for vital and often scarce resources will grow. The ability to access sufficient food, water and energy for a growing population will have repercussions for the private sector, civil society and the environment. A collaborative approach is required to address these systemic issues due to their complexity and scale.

Learn more about how this relates to ERM's work with clients: [Sustaining growth](#)

³ An Aging World: 2015. Wan He, Daniel Goodkind and Paul Kowal, US Census Bureau, International Population Reports, P95/16-1, US Government Publishing Office, 2016: <https://www.census.gov/content/dam/Census/library/publications/2016/demo/p95-16-1.pdf>.

⁴ The World Bank Urban Development Overview, updated 21 March 2018: <http://www.worldbank.org/en/topic/urbandevelopment/overview>.

Megatrends continued

Emerging middle class

The world's population is not only growing, it is evolving with tremendous expansion of the middle classes – an estimated 5.4 billion people by 2030, compared with 3 billion in 2015, according to a report published by the Brookings Institution.⁵

As incomes rise among the middle classes, so does access to information and education. Higher incomes and faster development rates mean that the emerging middle classes will have greater spending power and greater expectations. Women in particular will have greater access to education and employment, and they will play a larger role in purchasing and other decisions. These shifts in human development and social balance of the power have major implications for consumption patterns and living standards, as well as for sustainable development.

Experience and data show that although the emerging middle classes often want to retain their culture and traditions, they are keen to adapt their diets and lifestyles as their income increases. Consumption of processed food, meat and dairy products rises along with sales of manufactured goods such as phones and other technological devices, cars, household goods and appliances. The demand for better quality housing, infrastructure and public services rises as well.

The emerging middle classes present companies with new opportunities and new revenue streams. For many, this demand will create opportunities to expand into new markets and to launch new products. However, this upsurge in demand will also increase some long-term risks. It is estimated that more than 3.9 planet Earths would be needed to sustain a global population enjoying the current lifestyle of the average US citizen.⁶ Food, water, housing and energy, which are already under pressure due to population growth and climate change, will be particularly affected.

Learn more about how this relates to ERM's work with clients: [Sustainable consumption](#)

⁵ The Unprecedented Expansion of the Global Middle Class: an Update. Homi Kharas, the Brookings Institution, 2017: https://www.brookings.edu/wp-content/uploads/2017/02/global_20170228_global-middle-class.pdf.

⁶ How many Earths do we need? Charlotte McDonald, BBC News, 16 June 2015: <http://www.bbc.com/news/magazine-33133712>.

Addressing sustainable development through SDGs

The four megatrends interact with each other, creating complex implications for the environment and society. Meeting future energy needs, especially among the middle classes, will exacerbate efforts to reduce climate change emissions. Climate change will alter where and which crops farmers can grow to feed an expanding – and increasingly urbanized – global population.

Emerging technologies can greatly improve the quality of life and the environment, provided they are managed to avert potential risks associated with loss of jobs, data privacy and a less active lifestyle. How and when the business world addresses these megatrends will affect whether society can collectively achieve the Sustainable Development Goals (SDGs).

Among our clients, we see a growing interest in contributing to the realization of the SDGs while achieving business value for their organizations. ERM is helping companies identify and manage the environmental and sustainability risks and opportunities related to climate change, digital transformation, population growth and emerging middle classes. Using the SDGs as a framework, we work with clients to set strategies and implement programs to maximize the positive impacts while minimizing the negative impacts resulting from these megatrends.

Achieving the SDGs will take contributions from governments, civil society and businesses. ERM's contribution to the SDGs is driven not only by our own operations and the work of the ERM Foundation but, importantly, by how we influence and enable the efforts of our clients around the world.

Learn more about how this relates to ERM's work with clients: [SDG contribution](#)



Our impact

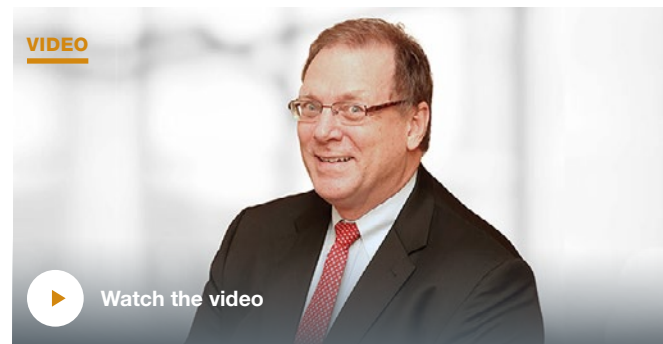
ERM's greatest impact on sustainability is the work we do for our clients. The megatrends of climate change, digital transformation, population growth and emerging middle classes are accelerating the pace of environmental, health and safety (EHS) and social challenges, with major consequences for our clients. The services ERM offers are more relevant today than ever.

Global market forces increasingly require businesses to balance their planetary and societal responsibilities while still meeting their shareholder commercial expectations, resulting in some inevitable tensions.

By integrating commercial acumen and technical excellence with a deep understanding of societal expectations, we work with our clients to deliver business value by addressing their EHS and social issues while managing risk and seeking business opportunities.

Our experts work with the world's leading companies to help them deliver on their ambitions and position them for the competitive markets in which they operate now – and wish to access in the future.

Explore the examples provided in this section to learn more about ERM's impact on complex sustainability challenges.



Tackling climate change

Sustainability means better actions

A fundamental business challenge for every organization is to understand and manage the risks associated with climate change across its value chain, now and into the future. ERM works with clients to:

- Map carbon risk across all the activities and geographies in which the business operates;
- Verify and increase disclosure of current and future risks and opportunities to investors and other key stakeholders; and
- Develop and implement a plan of action to manage the risks and maximize business opportunities resulting from the transition to a lower-emissions future.

Forward-looking, scenario-based, climate risk management

The impacts of climate change are increasingly recognized as a material financial risk to businesses. This is requiring a greater focus on issues like the management of supply chains and physical assets that are becoming more important to investors. We partner with our clients and other organizations to understand the business implications of the Paris Agreement – and in what ways companies will need to contribute to a lower-emissions future.

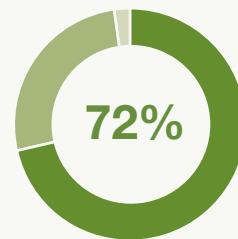
CASE STUDY

Climate change risk: the new investment fundamental

With mainstream investors ramping up pressure on companies for greater disclosure of the risks of climate change to their business, an ERM survey of 120 Chief Financial Officers and Chief Sustainability Officers reveals that few companies are well prepared to bridge the gap between sustainability and finance:

- Most companies see the need to develop climate change strategies, but lack tools to share and report accurately.
- The finance function is lagging in awareness and prioritization of managing climate change risk.

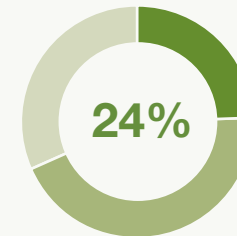
We believe that to bridge the gap between sustainability and finance in addressing climate risk to their businesses, companies need to directly address changing investor pressures on climate change and provide greater comfort to capital markets. Read ERM's insights on how companies can bridge this gap in our report "[Climate Change Risk: The New Investment Fundamental](#)."



- Increase
- No change
- Decrease

Q. Over the last five years, has your organization faced an increase or decrease in significant pressure from investors to report on climate-related risk and management?

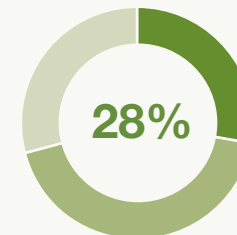
The overwhelming majority of companies (72%) said significant pressure from investors to report on climate-related risk and management had increased over the past five years



- A high priority
- A medium priority
- A low priority

Q. How much of a priority do you perceive climate-related risk and management disclosure to be for the finance team within your organization?

At present, very few finance executives view climate risk as the responsibility of finance



- A high priority
- A medium priority
- A low priority

Q. How much of a priority do you perceive climate-related risk and management disclosure to be for the following functions within your organization?

Just 28% of CFOs in our survey believed climate risk was a priority for the finance team



Tackling climate change continued

ERM's approach

ERM's approach enables businesses to pursue forward-looking management of climate-related risks and opportunities. This not only helps satisfy investor and shareholder demands for transparency and disclosure, it empowers businesses to make more informed business risk decisions and implement more effective operational changes.

We have deep experience in evaluating transition and physical risk for many industries across a range of geographies, providing consistent technical advice in a business context with a unique and up-to-date perspective of the sustainability and climate change agenda. What sets ERM's advice in this area apart is our ability to build on our deep technical expertise from working on these issues for more than 20 years, our strong understanding of societal expectations and our commercial acumen.

Supporting our clients

For many organizations, climate change will generate both risks and opportunities over the coming decades. Their timing and scale is uncertain, driven by policy, regulation, carbon pricing, technology, stakeholder and market sentiment, as well as physical climate change. Faced with this uncertainty, we believe scenario analysis is critical to developing a robust response to both challenges and opportunities.

ERM supports major companies – across a range of sectors – for which both policy and technology related “transition” risks and climate-related “physical” risks could have material financial implications.

ERM was the lead author of a groundbreaking approach for investors and businesses to assess climate financial risk – supporting the G20 Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD), which is chaired by Michael Bloomberg.

CASE STUDY

Task Force on Climate-related Financial Disclosures (TCFD)

ERM was engaged by the TCFD to prepare the [technical supplement on The Use of Scenario Analysis in Disclosure of Climate-related Risks and Opportunities](#), which was released in June 2017.



ERM's appointment was based upon our deep experience in evaluating transition and physical risk for many industries across a range of geographies. Mark Carney, Chair of the G20 Financial Stability Board and Governor of the Bank of England, commended TCFD's recommendations for scenario-based disclosures as “ground-breaking innovation.”

The TCFD recommendations provide important guidance for companies and investors as they seek to understand how climate-related risks and opportunities may impact business and their financial performance into the future.

At the 2017 Bloomberg Sustainable Business Summits in London and New York, ERM Partner and technical supplement co-author James Stacey outlined how businesses can benefit from linking social and environmental risk to future business and financial planning. Learn more about ERM's partnership with Bloomberg in the [Society section](#) of this report.

Assessing climate risk

ERM understands the risks and opportunities that the transition to a lower-emissions future presents for companies and investors alike. We have developed a robust scenarios-based approach built on a range of data sources, aligned to our advice to the TCFD, to assess and manage emerging risks and opportunities. Our methodology is adaptable to the client's needs: holistic or events-based scenarios, top-down portfolio screening and bottom-up asset, value chain and company analysis, as appropriate.

We also work with asset owners, asset managers, and insurers to understand the impact of the carbon transition on their portfolios. For example, a key question for insurance companies is how to assess the materiality of transition risks across different infrastructure investments that will vary greatly by geography, sector and time horizon. As outlined by Mark Carney, the Chair of the Financial Stability Board, the risk of a disorderly transition to a lower-emissions economy could materially impact the global financial markets and hence the financial performance of insurers' investments in infrastructure.⁷

⁷ Breaking the tragedy of the horizon – climate change and financial stability, speech by Mark Carney given at Lloyds of London, January 2015: <https://www.bankofengland.co.uk/speech/2015/breaking-the-tragedy-of-the-horizon-climate-change-and-financial-stability>

Tackling climate change continued

CASE STUDY

Assessing climate-related financial risk to infrastructure investments with ClimateWise



ClimateWise – the global insurance industry leadership group facilitated by the University of Cambridge Institute for Sustainability Leadership (CISL) – has been collaborating with ERM to help identify the circumstances under which exposure to transition risks (and opportunities) could become a material factor on the financial performance of investments in infrastructure. The outputs from the project hold significant practical value for the sector.

The project team developed a methodology to assess financial impact on investments over relevant timeframes. This framework provides investors and regulators with enhanced understanding of how these risks drive financial performance. The focus of the framework is on financial results: providing insight into how various assets' revenue and costs could be impacted and what options are available to minimize exposure. This unique framework supports the quantification of climate-related financial risk recommended by the Task Force on Climate-related Financial Disclosures (TCFD), building investors' capabilities to better manage risk and take strategic advantage of emerging opportunities presented by the low-carbon transition.

The open source framework will be published in 2018 and can be downloaded from www.cisl.cam.ac.uk/transitionrisk

Defining corporate strategy to address climate change impacts

Climate change presents profound implications for businesses. There is, for example, increased regulatory and financial pressure to reduce the greenhouse gas (GHG) intensity of energy supplies resulting in a growing demand for renewables. Physical assets and supply chains are vulnerable to weather and climate change (e.g., sea level rise, increased frequency and severity of extreme weather events, stress on water resources). International shipping is under pressure to reduce emissions, but advances in technology are necessary to generate alternatives to fossil fuels. Leading cities around the world are pursuing lower-emissions development strategies.

CASE STUDY

Working with Sembcorp on developing its climate change strategy



A cross-functional team within Singapore-based integrated energy company Sembcorp Industries engaged ERM to help develop and disclose its position on climate change risks and opportunities.

We provided an assessment of material climate change risks and opportunities, now and in the short-to-medium term future. ERM helped raise internal awareness around those risks and opportunities so that corporate and business unit management recognized and accepted the business case for action. The team identified strategic options and priority actions to address risks and opportunities, utilizing existing capabilities while developing new initiatives within Sembcorp.

The complexities of transitioning to a lower-emissions economy also present significant environmental and social challenges. For example, we are working with companies to develop more sustainable methods of mining to meet market demands for mineral and metal inputs that are integral to lower-emissions technology, from electric car batteries to wind turbines and solar panels.

Businesses increasingly understand that they need to take new approaches to address climate change impacts. They are signing up for leadership initiatives such as Science Based Targets, We Are Still In and RE100, and need to determine how to deliver on their commitments. ERM helps companies do this by assessing their readiness; conducting scenario, risk and opportunity analyses; satisfying stakeholders with regulated and voluntary disclosures; and creating value and mitigating risk across their asset base, value chain and business portfolio mix.

ERM provides technical expertise to enable clients to think more broadly about corporate strategy and anticipate the future. We understand how technical issues and societal challenges and impacts fit into a broader business agenda. Globally, ERM provides climate change strategy and associated risk assessment and risk management support to clients with broad portfolios across different sectors.

Tackling climate change continued

Building resilience in a lower-emissions future

To build resilience to climate change and prepare for a lower-emissions future, ERM is helping organizations develop both mitigation strategies and adaptation response plans.

CASE STUDY

Emissions reductions validation for the Dow Chemical Company and the International Olympics Committee (IOC) Carbon Partnership



ERM will continue to work with Dow to provide third-party validation of emissions reductions projects, as we did with the Olympic Winter Games at Sochi 2014 and Olympic Games Rio 2016.

Since September 2017, Dow has been the Official Carbon Partner of the International Olympic Committee, as part of a global effort by the IOC to neutralize its carbon emissions. The partnership, which runs through to 2020, has the goal to deliver third-party-verified greenhouse gas (GHG) emissions reductions derived from innovative production processes and products developed by Dow in many different geographies. It builds on successful carbon mitigation programs implemented by Dow and the Organizing Committees of the Olympic Games Sochi 2014 and Rio 2016, and significantly extends the program's reach and influence to a global scale. With the program, Dow is harnessing the market penetration of new technologies and products contributing to the development of a low carbon and more efficient economy.

Moving to cleaner and renewable energy sources

Renewable energy sources are part of the mix in moving to a lower-emissions future. ERM is involved in a range of wind energy projects where we combine technical expertise with an understanding of the wind energy development process, local regulatory systems and stakeholder concerns with a strong appreciation of the commercial context of these developments. We understand that the development process consists of a number of key elements, from site selection, environmental studies, stakeholder engagement and permitting through construction, transmission and operation. Each of these steps is critical to the successful and commercial development of wind energy.

CASE STUDY

From former coal mine to wind energy

ERM is supporting development of a 150 megawatt wind energy facility at a former coal mine in West Virginia, US. The project area encompasses over 15,000 acres of previously or currently mined land. ERM led the environmental survey and permitting aspects of the project including wetland, cultural resources, bat habitat, noise and visual field studies. We provided expert witness testimony to the West Virginia Public Service Commission regarding our work, and the project was approved by the Public Service Commission in 2017. The project is expected to begin construction in 2019 and become operational in early 2021.

Tackling climate change continued

Forefront of reporting and disclosure

Mainstream investors increasingly are demanding transparency, and shareholders are demanding financial disclosure. As demand for transparency and disclosures increases, organizations can leverage sustainability reporting processes to drive improved business performance and value through a focus on material issues.

CASE STUDY

Demystifying Dow Jones Sustainability Indices (DJSI)



Participants at joint ERM and RobecoSAM workshop on demystifying DJSI

In collaboration with RobecoSAM, the asset manager providing the research backbone for the DJSI, ERM India conducted the second capacity enhancement workshop to help businesses make informed business sustainability decisions. Facilitated by subject matter experts from RobecoSAM and ERM, this interactive workshop, “Demystifying Dow Jones Sustainability Indices (DJSI),” focused on sharing conceptual insights and industry-wide best practices that are critical to a business’ long-term sustainability performance. The key benefits of the workshop included:

- Increased knowledge about the methodology behind DJSI and RobecoSAM’s Corporate Sustainability Assessment and scoring process;
- Conceptual deep-drives on selected criteria where organizations have scope for improvement: human rights, supply chain management, human capital development, and impact measurement and valuation;
- Improved understanding of financially material sustainability aspects and how investors utilize them in their investment decision-making;
- Industry-wide best practices in India – what your peers are doing to score better on the DJSI Index; and
- DJSI 2017 responses and emerging performance trends by Indian corporations.

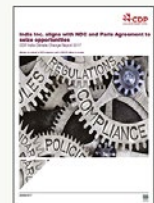
ERM is supporting many leading companies in Asia, Europe and North America with their DJSI 2018 submissions.

The process of developing sustainability reports, inherently a cross-functional exercise, can help drive internal collaboration, innovation and improved decision-making. It becomes a tool to help organizations crystallize their sustainability approach within their business strategy, mitigate risks, improve sustainability and operational performance, strengthen internal management systems and improve relationships with key stakeholders.

ERM collaborates closely with leading international organizations, such as the World Business Council for Sustainable Development (WBCSD), Global Reporting Initiative (GRI), Sustainability Accounting Standards Board (SASB) and the Carbon Disclosure Project (CDP), to help shape and bring insights to global standards for reporting and disclosure around carbon.

CASE STUDY

ERM co-authors CDP India report



For the second year, Carbon Disclosure Project India (CDP India) and ERM jointly developed the India Climate Change Report 2017. In 2017, 51 Indian companies responded to the CDP Climate Change questionnaire, of which 43 were among the Bombay Stock Exchange Top 200 companies and 3 from other benchmark samples to whom CDP India had sent information requests. In addition, another five self-selected companies came forward on their own volition to disclose their climate impact to CDP. Fifty-one companies reported total emissions of 275.92 million tons of carbon dioxide equivalents.

CDP India and ERM launched the report at the Bombay Stock Exchange in October 2017. ERM works with many other clients around the world with CDP reporting.

Tech-enabled innovation

Sustainability means better insights

Companies acquire and manage significant amounts of detailed data, but this information is often stored in different server locations, software systems, directories, files and format types. As a result, extracting full business value from environmental, safety and social data collection efforts seldom happens. ERM has moved aggressively to help clients utilize big data to drive operational performance.

CASE STUDY

Testing certain causal factor hypotheses for mining client



For a mining client, we have delivered a proof of concept (POC) around safety incidents that tested certain causal factor hypotheses. Key to our work was having the ability to use modern software platforms, such as machine learning with data scraping and statistical analysis techniques, to find correlations between disparate datasets. We evaluated five years of data on weather, production rates, employee roles and length of service, and recorded incidents. Our data scientists worked alongside subject matter experts in safety, human factors and other areas.

The work completed in this POC showed some surprising findings. For example, incident rates went up as production rates went down. It also showed surprising insights into incident repeat rates as well as correlations between contractor ratios and incidents and critical risk factors and incidents. As of this writing, this POC is being considered for wider application within the organization.

We are developing tools that help provide businesses with a competitive edge through innovative approaches in addressing sustainability challenges.

CASE STUDY

Automating groundwater monitoring at coal combustion residual sites

Recently implemented US federal regulations require groundwater monitoring and reporting for coal combustion residual sites (i.e., landfill and surface impoundments). Since compliance with this rule required similar data management workflow and the same suite of analyses across all Power Sector clients and facilities, ERM's subject matter experts in statistical analysis developed a dynamic reporting tool to bring substantial automation to the analysis and reporting.

This toolkit leveraged ERM's existing data infrastructure to automatically receive field-collected data in a standardized format. It then automatically executes a decision framework and appropriate statistical analyses consistent with regulatory requirements and US Environmental Protection Agency guidance. Finally, the tool automatically exports pre-formatted tables and figures and a pre-populated written report that can be further customized by the project team.

This service was offered to four different utility clients and over 25 facilities in the United States in 2017. We estimate that this tool reduced the labor effort for statistical reporting by more than 50 percent, while simultaneously standardizing our service offerings and reducing the risk of errors. We look forward to expanding the functionality of this tool to accommodate other facilities requiring regular groundwater compliance reporting.

Technology to engage stakeholders

For businesses, digitization transforms customer expectations, product development, collaboration and organizational structures. In the public sector, it can change how citizens engage with government departments and political leaders. This represents a significant opportunity for organizations to achieve better business outcomes, from how they engage with key stakeholders to how they optimize their operations.

CASE STUDY

Analyzing public comments on proposed Black Butte Copper Mine

One of the ways a citizen can contribute to the environmental review process for a project is by submitting a public comment. However, public comments can generate immense quantities of documents that need to be examined. The proposed Black Butte Copper Mine, a project in Montana (US), recently received over 9,000 public scoping comments in the environmental review process. Reviewing and processing all the documents can be resource and time intensive.

This situation demanded a creative technological solution. By leveraging custom software development, we were able to extract the inputs provided and produce the output needed for analysis. We were also able to discern template form comments from unique comments using an algorithm to categorize non-variant and variant submissions. This process enabled our teams to minimize effort for an analyst from a month to about a week of time.

A tech-enabled solution like this can support large-scale citizen engagement, enabling teams to evaluate more comments in less time. In this way, ERM can offer a unique in-house opportunity to optimize resources, time and budget for our clients.

Tech-enabled innovation continued

Helping technology companies manage their sustainability performance

The technology, media and telecommunications (TMT) industries face specific EHS and social challenges when entering new markets, taking on new capital projects, seeking to improve their environmental and safety performance or retiring assets. The TMT sector is worth almost \$10 trillion globally. Their impact influences and shapes much of society today. ERM works with TMT companies to create business value through operational and energy cost savings, efficiency improvements, risk reduction and compliance assurance.



CASE STUDY

Environmental compliance assessments of data center and mission-critical facilities



ERM supported a confidential client's cloud operations and infrastructure business worldwide, including environmental compliance assessments of data center facilities across Europe and Asia.

ERM developed a comprehensive environmental questionnaire and conducted on-site assessments that included pre- and post-visit discussions and focused on themes of environmental permitting, environmental management, air emissions, waste management and chemical management, among others. After the assessments were completed, ERM generated in-depth environmental compliance reports that outlined relevant regulations, onsite observations and ERM's suggested corrective actions for the client.

ERM helped the client remain proactive and competitive by enabling them to monitor and get ahead of any environmental compliance issues at their facilities and provide comprehensive corrective actions to address and remedy issues. The work contributed to the client's global cloud operations and infrastructure business and strategy – a key growth area for the client.

Among the services we provide our TMT clients, ERM assists with infrastructure and operational site selection and permitting, including cultural and land resources. We provide data management and information solutions for environmental and safety management systems. We improve management of environmental safety and social issues for data centers, supply chains and reverse supply chains. We help clients identify and comply with product stewardship regulations and registrations to support product launches. To keep up with the constant retooling of infrastructure, we help TMT companies with asset retirement and redevelopment.

Tech-enabled innovation continued

CASE STUDY

Trans-Pacific Cable Environmental Permitting and Environmental Impact Report



ERM conducts site safety meeting with drillers

ERM supported the siting, environmental permitting and installation monitoring of a new telecommunications “hub” in the City of Los Angeles and a new subsea cable system connecting California (US) and Hong Kong for a private consortium. The new Internet infrastructure has capacity for four trans-Pacific fiber optic cable systems, and two systems are already underway at the Los Angeles landing site.

Tyco Electronics Subsea Communications (TE SubCom) is co-building the Pacific Light Cable Network (PLCN), a 12,800 km trans-pacific submarine cable system that will provide the first direct undersea route between Hong Kong and Los Angeles, California with ultra-high capacity transmission. ERM is providing environmental support to TE SubCom on both sides of the Pacific, in the US and Hong Kong. PLCN, connecting Los Angeles to Hong Kong, is scheduled for installation in 2018.

ERM prepared the environmental impact report (EIR) for the Lead Agency, the City of Los Angeles, and led environmental approvals and seabed licensing in California and Hong Kong.

Leveraging technology in the delivery of services to our clients

ERM’s research and insights from work with our clients demonstrate that EHS and sustainability functions are typically behind other parts of their organizations in leveraging technology and digitization to enhance their business.

HIGHLIGHT

Our new global project delivery platform in a technology-enabled world

We are proud to announce the arrival of ERM’s new global project delivery platform that is driving the technology enablement of our core services. The first stage was the development of our Site Investigation and Risk Assessment (SIRA) app, which our site remediation experts developed in FY18. This tool is currently being deployed and tested at 20 client sites around the world. Global deployment is planned for mid-2018.

Every day, ERM helps clients manage their legacy asset portfolio, optimizing reserves and reducing spend while maximizing asset value during sale, acquisition and retirement. ERM’s new platform enables globally consistent delivery of projects and programs across the complete life cycle – delivering faster, better and safer services to our clients.

We have a rolling program of development of enabling technologies to advance our core services. The next service to be technology-enabled is due diligence in support of Mergers and Acquisitions.

The role of technology continues to grow in ERM’s approach to serving our clients. We are developing tools to improve collaboration, analytics and modeling and to simplify the collection and management of data in the field while providing clients with real-time visibility, dynamic reporting and insights into data.

CASE STUDY

Managing environmental and social risk at earliest point in mining life cycle

At the 2018 Prospectors and Developers Association of Canada (PDAC) international convention, ERM launched our Catchment Scale Exploration Tool (CSET), a proprietary approach to generate mineral exploration target areas or extension to known deposits. It is an important example of providing value to our clients through technology.

CSET examines geochemical data from springs, groundwater wells or stream water, to identify the geochemical signature of mineral deposits, and uses catchment-scale modelling to indicate a vector of where the water came from. Rather than raw geochemical anomalies, the tool uses the saturation index approach to amplify anomalies related to minerals.

CSET not only provides exploration companies with an alternative method for the identification and targeting of blind deposits. It additionally provides those companies with a catchment scale model of the potential development area, which will help companies manage their environment and social risk at the earliest point in the mining life cycle. This offers critical, time-sensitive information on the sustainability risks, liabilities and opportunities associated with investment decisions to be collected – in one, seamless tool.

Tech-enabled innovation continued

ERM's own journey in embracing data and technology

ERM recognized that our business model, like other business models on the planet, was being disrupted by the digital world around us. We committed to address it and engaged external advice, entering into a partnership with the digital advisory arm of Infosys, an India-based information technology (IT) market leader.

We created a vision for what it would look like to be the digital leader in our industry, and built a roadmap of what needed to change. As part of ERM's strategy, we appointed a [Head of New Digital Business](#), responsible for creating, developing and implementing new ways of working with our clients.

CASE STUDY

Infosys partnership creates client value through collaboration



ERM has signed a Memorandum of Understanding (MOU) with Infosys. This is a significant step in our digital transformation journey, and one that we expect will unlock the delivery of a unique value proposition for our clients.

In signing this MOU, we have established a broader collaborative partnership that can leverage the opportunities to improve delivery through our combined strengths and services and create joint new digital offerings addressing our clients' sustainability challenges. It also supports our purpose in shaping a sustainable future with the world's leading organizations.

We have a decade's worth of experience with an amazing ecosystem of environmental management information system platform partners to help our clients' software enable their EHS programs. Expanding our ecosystem of partnerships to include Infosys will allow us to assist clients with other technology and data opportunities that have emerged in the modern digital world. Our early work with Infosys has focused on how we work at ERM and how we can use automation, analytics and – someday soon – artificial intelligence to help clients become more efficient in their data management programs, and use those data to become more effective stewards of EHS.

Utilizing our own infrastructure to bring value to clients

In modernizing our IT infrastructure, we invested money to save money while better equipping our people. From there, we developed systems and tools that provide value to ERM and our clients. For example, we can now integrate and analyze data from several different ERM systems in order to get better insights to how and where we are serving our global key clients.

Dashboards that tie data from human resources, customer relationship management, project accounting and safety provide account directors a comprehensive view of their client's projects – they can instantly see who is working where, the current cost of ERM's services on the project, and how our safety management system is being used on those portfolios. These efforts would not have been possible had we not invested in our digital infrastructure, based on Microsoft's Azure technology stack.

Our own market-leading Information Solutions team has a long track record of taking clients through a journey similar to our own to modernize and improve their EHS and sustainability systems and performance. As the ecosystem of software products evolve and move to the cloud, we have seen a resurgence in our systems work. Additionally, we have expanded our domain expertise to cover systems that address occupational health and industrial hygiene and electronic permit-to-work systems that have emerged.

Sustaining growth

Sustainability means better development

Forward-thinking companies are considering the future impacts – both negative and positive – of population growth. They are developing adaptation strategies and designing new products, projects and services that will help the world better cope with a larger and older population with different needs and consumption patterns.

ERM provides organizations with the technical expertise and business acumen to help manage impacts on people and the planet by:

- Facilitating new market entry through permitting assistance, project financing and meeting environmental and social standards and expectations;
- Helping clients develop resilient infrastructure more safely, efficiently and cost-effectively;
- Unlocking business value by improving EHS and social performance while reducing operational risk; and
- Achieving site closure in a cost-effective manner that is appropriately protective of human health and the environment, and at the same time return sites to productive use wherever possible.

Population growth is a potential opportunity for our clients to challenge traditional approaches to sourcing raw materials, consuming natural resources, manufacturing products and operating key sites.

Building an infrastructure for the future

ERM helps clients keep major capital projects on schedule, on budget and on scope by providing EHS and social insights and expertise throughout the project life cycle, from planning and design to implementation and ongoing management. We work hand-in-hand as part of a cohesive unit with our clients' development and construction teams, engineering, procurement and other parties to provide a unique focus on sustainability-related issues that are often underestimated. ERM brings business value to infrastructure projects by helping clients avoid delays, gain faster approvals, protect the project's net present value and improve their license to operate through effective stakeholder engagement.

CASE STUDY

ERM builds on successful client delivery for High Speed Two



©HS2 Ltd/Grimshaw

After more than 6 years playing a leading role in the development of the United Kingdom's new high-speed rail network (referred to as High Speed Two or HS2), ERM has been awarded another significant contract on the project. We are part of a world-class team, including Arup

and Grimshaw Architects, taking forward the design of the scheme's flagship London station at Euston. This forms a major component of the build-out phase of the project, and ERM will be providing expertise and analysis relating to environmental compliance, consents and sustainability over a range of technical disciplines during the coming years.

HS2 will be the backbone of the national rail network connecting 8 of the UK's 10 largest cities. The project will be built in three phases: Phase 1 runs from London to the West Midlands and is planned to open in 2026; Phase 2a will extend the high speed line to Crewe and is planned to open in 2027; and Phase 2b will complete the network by 2033, linking the West Midlands to Leeds in the North East and Manchester in the North West. The total network will be around 553 km (344 miles) of track, and trains will operate at speeds of up to 360 km/h (225 mph).

The new contract builds on what is now a large portfolio of work for ERM on the HS2 project, comprising environmental impact assessment work, expert inputs during the authorization stages and advice to one of the Civils Contractors for construction.

We work with clients across industry sectors, particularly on complex and often high-profile projects that require ERM's unique and proven combination of business outcome orientation, technical depth and ability to understand the broader social context.

Sustaining growth continued

Social and environmental expertise for projects from concept to closure

In every sector, our clients' activities affect and interest landholders, employees, shareholders, nearby residents and businesses, governmental authorities, nongovernmental and community-based organizations, the media and the public. Companies strive to build strong, authentic relationships with their stakeholders based on mutual respect and trust, proactive engagement, transparent decision-making, and an equitable distribution of impacts and benefits.

CASE STUDY

Social and Human Capital Protocol helps companies improve performance

The Social and Human Capital Coalition is a global multi-stakeholder collaboration that brings together leading initiatives and organizations to help companies recognize, measure and value the importance of people and communities. Mike Wallace, a Partner from ERM's newly acquired firm BrownFlynn, serves as Interim Executive Director of the Social & Human Capital Coalition.



The Social and Human Capital Protocol is a key resource of the coalition. It helps facilitate the mainstreaming of measurement and valuation of people and communities, shifting the improvement of social and human capital performance from an optional extra to a core part of business decision-making. The first version of the protocol is the result of 2 years of collaborative development involving input from over 50 companies, including ERM.

This first sector guide to the Social and Human Capital Protocol supports sustainability practitioners from companies in the forest value chain in measuring and valuing their social impacts and dependencies. The Forest Products Sector Guide includes a case study showcasing the work ERM was involved in for Mondi in South Africa. The case study is featured as well in Mondi's Sustainable Development Report. Mondi is an integrated packaging and paper Group with 109 operations in more than 30 countries in Europe, Russia, North America and South Africa.

From planning a new project to retiring an old asset, companies engage ERM to provide expertise and innovative technology to help manage impacts successfully. We focus on identifying and reducing risks throughout a project's life cycle, which in turn benefits our clients, local communities and the environment.

CASE STUDY

Auditing the sustainability impacts of a planned solar project in Malawi



A young girl against the arid landscape in rural Salima during the dry season

ERM undertook a land acquisition and compensation audit for a planned solar project in Salima District, Malawi, for JCM Matswani Solar Corp Limited (ProjectCo). As a result of the audit and as part of the company's corporate social responsibility policy required by lenders, ERM subsequently undertook a feasibility study for community investment options in the areas of rural electrification, agriculture, and water and sanitation, with a focus on gender. ERM is also currently undertaking an Environmental and Social Impact Assessment and Livelihood Restoration Plan for the planned project.

ProjectCo is a Malawian company owned and managed by JCM Power, InfraCo Africa and Matswani Capital. This photo represents the arid nature of the area that is experiencing longer dry seasons, which negatively impact agricultural productivity.

Sustaining growth continued

Companies are under pressure to simultaneously cut costs, improve their EHS and social performance, and reduce operational risks. New regulations are not just another compliance requirement that staff should manage, but can lead to significant operational challenges and opportunities for creating business value.

CASE STUDY

Comparative analysis of environmental impact studies in eight countries



In order to strengthen the environmental licensing processes in Peru, Peru's Environmental Licensing Agency (SENACE) engaged ERM to develop a benchmarking study of relevant aspects of the Environmental Impact Studies in different countries. The objective was to carry out a comparative analysis of the planning, elaboration and evaluation process of the detailed environmental impact studies for the mining and energy sectors in eight countries: Peru, Chile, Colombia, Mexico, England, Canada (British Columbia), Spain and South Africa. The report provided comparative data for the eight countries based on regulations from each province, city and region where mining and energy activities are developed, as well as EIA experts from each country analyzed.

Returning contaminated sites to productive use

Companies with environmentally contaminated sites face significant regulatory, financial and reputational risks. Successfully and cost-effectively managing large sites across multiple jurisdictions challenges even well-run companies. Whether it involves long-term monitoring, active remediation or working towards closure, the cleanup and management of contaminated sites is complex and costly.

To safeguard compliance and asset value, organizations need to take a proactive approach to contaminated sites that enables them to safely eliminate, reduce or transfer associated liabilities while also communicating progress with their stakeholders and ultimately return land to productive use.

ERM is a leader in helping global companies address their most challenging contaminated sites throughout the entire remediation life cycle. For over 40 years, we have supported leading companies across the globe develop pragmatic and sustainable remediation strategies and execute them cost effectively. We focus on end-use, working closely with clients and developers to tailor remedial strategies to suit the potential transfer and future use of their sites or to develop productive reuse strategies.

CASE STUDY

ERM helps Teck win 2017 US Bureau of Land Management environmental award



The Hardrock Mineral Environmental Award was presented to Teck American Incorporated for remediation work performed on the McCracken Mine project, a former-silver mine located in Arizona. Teck did not operate the mine, but owns property in the McCracken Peak area of Mohave County. ERM played a significant role and was responsible for the cultural resources and biological surveys prior to the clean-up, preparation of design documentation for remediation contractors bidding, and construction oversight. The successful remediation project resulted in the removal of approximately 20,000 cubic yards of mine tailings located on public lands in a sensitive and fragile desert landscape.

The McCracken Mine closure project preserved wildlife habitat and plant communities critical to the regional ecosystem, while also restoring a public use area to near pre-mining conditions. All of those involved shared a mutual enthusiasm for, and commitment to, responsible and sustainable mineral development, which was essential to the success of this mine clean-up project.

Sustaining growth continued

Responsible resettlement and livelihood restoration for major projects

As the population grows and evolves, the demand for energy and resources continues. In response, companies are embarking on major projects, which have increased in complexity as regulations become more stringent, investors more proactive and communities more engaged.

ERM's social and public affairs experts work alongside our environmental and technical risk experts and our clients' internal staff to develop integrated solutions to complex, multi-dimensional challenges that fit the specific needs of the company. We offer a comprehensive range of services and practical support including social impact assessment, resettlement and livelihood restoration, social investment planning and development of local benefit sharing packages.

CASE STUDY

Enel community relations and resettlement in Chile



In June 2017, the electricity generation company, Enel Generación Chile, engaged ERM in an in-depth analysis of its relationship with local community members affected by resettlement in Coronel, Chile, which was started in 2008 and involves over 1300 families.

The project team studied gaps between the resettlement process and applicable international standards. This study led to several actions focused on the resolution of various historical issues and conflicts, including:

- Reparation of defective housing provided during the initial resettlement via the development of a technical work group comprised of company, community and CITEC (Bio Bio University) focused on the diagnosis of the necessary repairs to houses.
- Identification of the impacts to the quality of life of the families that lived since 2010 in houses with construction defects and quantification of relative compensation.
- Replacement of communal property that the families had in their place of origin, including the reconstruction of the historic school and the churches in the new neighborhoods.
- Implementation of a program for restoration of livelihood through the development of the "My neighborhood, our neighborhood" program that foresees the realization of requalification projects for new and existing neighborhoods in the area near the plant.

ERM helped create the necessary conditions to reengage the community in a meaningful manner and resolve long-standing issues, and in doing so, has contributed to reinvigorate Enel's social license to operate.

International standards and industry best practices underscore a key principle: households whose livelihoods are directly affected by a project should enjoy the same or ideally a higher standard of living after being economically displaced as before. Livelihood restoration seeks to make measurable improvements to the income and well-being of affected households by helping them increase production, engage in higher-value economic activities or otherwise transform their livelihoods.

Sustaining growth continued

CASE STUDY

Mitigating economic displacement through livelihood restoration in DRC



The small business owner of a chicken hatchery

To diversify income streams and encourage investment of cash compensation entitlements in sustainable livelihood strategies, ERM developed a small business support initiative for displaced households at the Tenke-Fungurume Mine in Democratic Republic of Congo.

In anticipation of compensation, 160 participating households completed a 5-day workshop, which provided basic skills on establishing and managing micro-enterprises, including basic market principles, carrying out market surveys and developing business plans.

Following the training course, trainers work closely with the participating households to finalize their individual business investment plans. Trainers will continue to provide support during a 12-month business incubation period.

Success rates have been very encouraging, with monitoring data providing strong evidence of household income diversification through productive investment of cash compensation entitlements.

ERM's methodology for livelihood restoration provides local stakeholders with the opportunity to be actively involved in the design and decision-making process, which increases the likelihood that measures will be culturally appropriate and supported over the long term.

CASE STUDY

Improving community outcomes at thermal power plant in Vietnam



Client donated the construction of two rooms at Cam Hai primary and secondary school

A thermal power client in Vietnam hired ERM to carry out a Livelihood Restoration Completion Audit (LRCA) related to the economic displacement of 68 households of farmers and fishers impacted by the construction of a pond used to store ash waste from the coal-fired facility. ERM conducted the original socioeconomic baseline study in 2013 and prepared an initial Livelihood Restoration Plan (LRP) in early 2014, which

then underwent a process of consultation with local authorities, potential education and training agents and the affected households. The LRP was designed to take into account local economic activities and labor demands and to be integrated with both the client's own community development plans and programs run by local authorities.

Part of the LRP promoted existing land-based livelihoods through access to local market and procurement networks, enhanced animal breeding and the formation of farming and fishing cooperatives. Other elements focused on skills training and local enterprise development. Through collaboration with a local vocational center, a final component targeted young people, especially girls; children of affected households headed by women; and other vulnerable groups.

Once the LRP was complete, the client commissioned ERM to conduct a closeout audit. To avoid any conflicts of interests, ERM used a separate team to review monitoring and internal audit reports, records of consultations and meetings, and grievances related to livelihood restoration and how they were resolved. Affected households and local authorities were also interviewed. Significantly, the team observed an improvement in average monthly incomes among affected households, attributed to the successful implementation of the LRP.

Sustainable consumption

Sustainability means better livelihoods

ERM helps organizations balance profitable growth with sustainable growth by helping them transform their operations and products to deliver better outcomes while mitigating the risks associated with environmental and social issues.

We work with companies to reduce waste and use less energy and water, without compromising – and in fact generating – business value.

Smarter use of the planet's resources

Across the life cycle of assets and products, ERM provides services so our clients can be successful while making smarter use of the planet's resources.

CASE STUDY

Sustainable mining and building “the mine we want to see”



While much is written about the decline of traditional sectors in the face of disruptive industries, metals and minerals are, and will continue to be, vital components of everyday life and a key aspect of the new digital economy. They are necessary to make mobile phones and electric cars, the batteries built to power them and the infrastructure used to charge them. They are also frequently required to produce low voltage lighting, solar panels and wind turbines – all building blocks for a lower-emissions economy.

ERM works with mining companies around the world to help address technical challenges, from safety and water management to social performance and mine closure. We understand the tension of having to provide important commodities to society without causing harm, and accomplishing this in an economically viable way.

Building on our insights, we are convening conversations to help the sector think about the notion of “the mine we want to see” – and what it will entail to get there.

Ahead of this year's Prospectors and Developers Association of Canada (PDAC) Convention, ERM published a document to stimulate a conversation with the sector on what the future of sustainable mining needs to look like. We convened a panel at the convention with leading companies to explore this topic further. Our panelists shared how today's mining companies need to continually innovate, act and adapt – not just to compete, but to survive.

By putting sustainability at the heart of their change agenda, mining companies can address the risks and challenges facing their business and seize the opportunities presented by a digital age.

ERM has supported businesses globally with their major capital projects for more than 40 years. Our goal is to enable our clients to secure financing, obtain host country approvals, drive social performance and to construct, operate and retire their projects sustainably, on schedule, and on budget. In the face of critical sustainability challenges, our clients rely on our ability to assist them in functioning more effectively and sustainably.

Sustainable consumption continued

CASE STUDY

Helping Rio Tinto prepare for the opening of a mine and processing plant for a new and unique lithium-borate mineral jadarite



Rio Tinto's Jadar project in Serbia

ERM is developing an environmental and social impact assessment (ESIA) for a lithium-borates mine and processing plant project for Rio Tinto in Serbia. Once in operation, the mine will have the potential to supply a significant share of global demand for lithium, a demand fuelled by its most notable use in batteries for hybrid and electrical vehicles.

Within the scope of ESIA preparation, ERM is providing a wide range of services including extensive and detailed baseline studies, options assessment and engineering-collaboration, Serbian regulatory advice, stakeholder engagement planning, hazardous materials classification, resettlement and land acquisition advice and specific in-country presence. By combining our global ESIA and permitting experience with a bespoke team of Serbian experts, ERM is helping the client progress through different study phases.

Assessing impacts across the product life cycle

Given the pressures of the growing middle classes on society and the planet, there is growing demand for innovative products and services to address complex issues such as climate change, access to water and plastics in the environment. Yet even “green” decisions bring with them complex consequences across the product life cycle.

Through life cycle assessment (LCA) studies, ERM can assist clients in early identification of risks and opportunities in their operations and maximize business value. LCAs can be done across the full value chain of operations (cradle-to-grave), from the production and processing of raw materials, through manufacture, use, reuse and end of life. Issues commonly appraised include carbon, resource, water, and toxicity footprints. Increasingly, social metrics such as human rights, health and safety are also considered in these studies.

CASE STUDY

Life cycle dataset for the cobalt industry



ERM worked with the Cobalt Institute to generate the first industry-wide life cycle inventory dataset for refined cobalt, in order to provide a better understanding of the environmental impacts and primary energy demand of cobalt production.

This new cobalt LCI/LCA dataset will help LCA practitioners to meet data needs in the battery, automotive and other sectors – which depend on cobalt to help power the low carbon economy of the future.

ERM conducted a peer-reviewed life cycle assessment (LCA) with participation from eight major cobalt producers, who produce cobalt as a by-product from either nickel or copper production. The new dataset has been used as part of the EU Product Environmental Footprint Pilot on rechargeable batteries, and has been incorporated into LCA databases. Work is underway to incorporate the new cobalt data into other studies as well.

This project provided an up-to-date representative dataset for cobalt to support manufacturers and downstream users in their efforts to improve the environmental performance of their cobalt-containing products.

Sustainable consumption continued

LCA studies can inform decisions on cost reductions, reduce business risks, enhance a company's or product's reputation, improve environmental management and procurement, enable credible environmental claims and product declarations, and support development of sustainable products and services.

CASE STUDY

Life cycle assessments for confidential client

ERM assisted a leading company with a life cycle assessment (LCA) for several new products. The LCA study helped the client with its regulatory approvals, and it sets the groundwork for future LCA studies.

We provided the client with a cradle-to-gate streamlined LCA study that estimated the environmental impact profile of the products. The impact profile included GHG emissions, ozone depletion, human toxicity, non-cancer effects, particulate matter, photochemical ozone formation (VOCs), acidification, freshwater eutrophication, marine eutrophication, freshwater ecotoxicity, land use and water resource depletion. This study provided valuable information about priority issues during key stages of the product life cycle.

Protecting brands through product stewardship

ERM helps companies create business value through sustainable product design; procurement and raw material management; clear understanding of health and environmental impacts in the manufacture, use and disposal of products; and effective engagement with customers, consumers and other stakeholders.

We work with companies to address gaps in product stewardship that can result in product impoundment or recall, which can disrupt supply chains, increase costs, and damage brand and reputation. We aim to identify and mitigate these risks while looking beyond them to support product innovation and brand differentiators that have the potential to contribute to the bottom line.

CASE STUDY

Helping clients meet REACH deadline



When the May 31, 2018 deadline was looming for compliance with the third and last registration under the European Union's Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) requirements, ERM provided additional help to our clients and their suppliers. The deadline covered the registration of all phase-in substances, manufactured or imported into the European Union, at quantities above 1 metric ton per year.

ERM scaled up quickly to deliver for our clients with this highly specialized service. We helped clients stay in business by ensuring they met this critical regulatory requirement.

ERM combines the product safety and EHS perspectives. With our holistic lifecycle view on substance use and the local presence in all global markets, we identify best marketability options for products and prevent negative surprises.

ReachCentrum, an ERM Group company specializing in REACH regulation and a market leader for REACH consortia management, established a dedicated program to support companies in the various steps of registration and co-registration, in particular in providing letters of access (for the data required) and in supporting dossier preparation and dossier application to ECHA, the European Chemical Agency. ReachCentrum automatized its approach, helping clients mitigate the burden of registration in a time- and cost-effective way.

The acquisition of ReachCentrum by ERM provided a strategic perspective to its staff, who now support clients beyond the European Union with consortia management, financial management and data-sharing services. We see the need for ReachCentrum services strongly evolving in areas such as Turkey, Taiwan and Korea.

Sustainable consumption continued

Integrating sustainability across the supply chain

Focusing on a company's sustainability impacts is a priority for efficiency, cost savings and revenue growth. Yet the impacts of any organization's supply chain can be significantly greater than its direct impacts. A less robust supplier engagement program can leave businesses open to environmental, financial, regulatory and reputational risks and liabilities, and potential interruption to business-critical supply chain processes. There are also missed opportunities to leverage efficiencies from a high-performing and more sustainable supply chain.

CASE STUDY

Sustainable supply chain management for India-based multinational companies

ERM in India conducted training on sustainable supply chain management for leading Indian corporations. A team of ERM subject matter experts developed customized training content and used accelerated learning methodologies to deliver the workshops. The training modules encompassed the key components of the sustainable supply chain process:

- Review internal process and support in place and assign responsibilities to lead;
- Map the supply chain and identify highest risk areas;
- Establish sustainability criteria for selection, evaluation and monitoring, applying relevant industry standards;
- Evaluate suppliers and engage to influence improvements;
- Integrate results of evaluation into sourcing decisions using balanced scorecard and alignment of internal buying incentives; and
- Ongoing monitoring, engaging, rewarding, reporting and working responsibly toward sector-wide change.

ERM's training helped sensitize multi-disciplinary stakeholders on the business-critical aspects of integrating sustainability within the supply chain processes.

ERM works with the manufacturers of consumer goods to identify, measure and mitigate their environmental and social impacts. We support our clients in addressing the challenges of sustainability across their supply chains, helping them to improve compliance with regulations and industry standards while meeting the needs of consumers, customers, suppliers and other stakeholders.



Sustainable consumption continued

Innovative solutions to water management

Water availability and quality is a growing global challenge for many organizations as they struggle to meet regulatory requirements, stem rising costs, reduce impacts and ensure business sustainability.

In addition to helping companies meet regulatory requirements, ERM helps clients ensure the quality and longevity of water resources for both their own needs and those of the wider community. We apply a deep understanding of water issues to help companies improve operations, reduce water use, control costs and ensure compliance.



CASE STUDY

Water risk assessment for P&G

Water is essential in the manufacturing of many P&G products. ERM was engaged by P&G to conduct water risk assessments of 38 manufacturing sites located in areas designated as experiencing high water risk.

We developed and piloted a detailed questionnaire related to both internal and external risk factors that each site completed, looking at water risk exposure, water management and potential business impact. We evaluated the questionnaire results, incorporating water risk scores from public tools, including World Resources Institute (WRI) Aqueduct Water Risk Atlas and World Wildlife Fund (WWF) Water Filter. Furthermore, WRI and WWF reviewed and provided feedback on ERM's methodology for assessing water risk inside and outside the four walls of the facility.

Based on our evaluation, ERM prepared detailed site-level reports, along with a summary corporate report, highlighting the key findings and relative scoring to aid in raising awareness and understanding of water risk issues at the site and corporate levels. The results of our work serve as the basis for the next phase in P&G's water risk assessment framework.

“This questionnaire provided a strong basis for developing a rigorous scoring system that would address the unique features of our manufacturing processes. WWF and our partners at WRI were invaluable in its creation, and consultants at Environmental Resources Management (ERM) helped our vision come to life. This included assessing water risk exposure and water management practices occurring both inside and outside our walls.”

P&G 2017 Citizenship Report

By taking a strategic approach to water management, organizations can ensure continuity of operations in the face of supply challenges, and safeguard reputation and competitive advantage.

Sustainable consumption continued

CASE STUDY

Moneta Divide water quality assessment for Aethon Energy

Aethon Energy's planned development of the Moneta Divide gas field in Wyoming, US, will result in an increase in produced water discharges and beneficial use to the environment. This increase will require a revised permit that adequately protects water quality for all downstream receptors. ERM provided state-of-the-art water quality assessment using computational models to answer the question: what levels of discharges can be released before adverse water quality changes occur?

Using powerful computer resources, the most elaborate calibrated water quality model of its kind was created for the Boysen Reservoir and the surrounding tributaries. ERM's model reproduced observed conditions and made predictions of hypothetical future scenarios. The study spanned a period of more than one year, and was a collaborative effort between Aethon Energy, the Wyoming Department of Environmental Quality and ERM. This innovative approach

AETHON 

resulted in proposed permit levels that enable Aethon Energy to significantly increase production, while complying with applicable antidegradation requirements to protect potential drinking water and aquatic life sources. The model also generated a tool to help Aethon Energy estimate the amount of produced water treatment needed under the varying future conditions to ensure protection of water quality. The study and its outcome were shared with various stakeholders providing assurance that no adverse water quality changes would occur.



ERM's thought leadership on water-related issues includes identifying trends and opportunities for collaborative projects that lead to tangible societal benefit. We are involved in developing tools, delivering technical presentations and organizing panels that help companies improve their understanding of water risk and responsible water stewardship.

CASE STUDY

World Water Day highlights ERM Foundation in action



World Water Day focuses attention on the importance of water. The theme for 2018 was "Nature for Water" – exploring nature-based solutions to the water challenges we face in the 21st century.

ERM used Water Day to raise employee awareness of the ways ERM brings strategic and technical know-how to help our clients understand and manage water risks and water sustainability, and to discover more about some of the water, sanitation and hygiene programs being supported by the ERM Foundation.

In Ghana, the ERM Foundation team worked with [Saha Global](#) to provide clean drinking water for 2,400 people through the creation of women-owned clean water businesses, empowering women and benefitting local economies. In addition, ERM employees are providing pro bono support to develop a water testing training manual and build a monitoring schedule based on performance data. The project outcomes included reduction of water-related illness and improved community health and sanitation; improved livelihoods for women entrepreneurs; improved water testing procedures and overall water quality.

Sustainable consumption continued

Protecting people's lives through safety transformation

Managing health and safety is a core responsibility for every organization. ERM helps companies address safety challenges, delivering immediate reductions in risk and sustained improvements in safety performance.

CASE STUDY

Global recognition for transformation in safety culture and performance

ERM is working with a client in the oil and gas sector on an ambitious cultural change program. With many thousands of personnel in a highly challenging working environment, ERM has provided broad-based support to the organization's leadership, helping to create alignment on the prevailing safety culture within their operations and their future vision for safety culture and performance.

ERM consultants have also been coaching senior leaders in the organization, middle management and frontline leaders on practical actions they can take to deliver enduring change to the culture, behaviors and safety performance on the frontline.

The culture change program has helped our client to create a more open culture where people feel freer to speak up: there was a four-fold increase in reporting of safety observations since 2016. Trust in leadership is markedly improved. Critically, safety performance is continuing to improve and high-potential incidents are trending downward.

The client team that has been driving the cultural change program with ERM's support was recognized as the winner in the global organization's annual safety and environment category. The deeply collaborative engagement with the client is ongoing and continues to deliver great outcomes.

Combining technical expertise in risk, process and occupational safety, human factors, and information systems, with a focus on leadership, culture and behaviors, we work with clients to achieve the full benefit of their safety investment – safeguarding lives, assets and reputation.

CASE STUDY

Doubling safety performance for employees and contractors

Shell Pernis is the largest refinery in Europe and one of the largest in the world. With more than 2,000 employees and 1,000 contractors on site, it is also the largest employer in the region. Prior to the project, both employees and contractors expressed that current safety programs needed a refresh to contribute to the next step in improving Safety Performance.

The goal for 2017, and again in 2018, is to make Pernis two times more safe than the prior year. To achieve this objective, Shell recognized that safety behavior and safety leadership are key drivers of improvement. To kick-start the process, Shell launched an engagement survey with all the employees. This was followed by the introduction of a Safety Excellence program, together with contractors. Shell requested ERM assist them on this journey.

ERM started with a one-week diagnostic assessment. Observing conditions and behaviors in the field and interviews with leaders gave Shell and ERM good insights into root causes and underlying issues. This was followed by a leadership workshop, which created a personal and organization imperative for leaders in the organization to change the current approach.

Coaching leaders in the field enhanced their hazard recognition skills and equipped them with techniques to engage with personnel in a style designed to enact behavioral change. Sustaining the performance improvement included invigorating core safety processes and preparing internal coaches to continue the learning cycle.

“Shell Pernis achieved its goal to make the site twice as safe as the prior year in 2017. ERM has been very helpful to create a positive momentum with a leading coalition. This led to voluntary participation of 350 leaders that have been coached as safety champions in 2017-2018. The diagnostic stage and the field coaching were very powerful interventions that supported the overall approach that was led by Site Leadership.”

Jos Van Winsen,

General Manager at Shell Nederland Raffinaderij B.V

Sustainable consumption continued

ERM works with industry and multi-stakeholder organizations to provide pragmatic and actionable guidance for addressing sustainable development. Increasingly, this involves implementing the SDGs either as standalone programs or integrated into the core business of the company. Given that human factors can be optimized to enhance safety, increase productivity and reduce human error, they play a significant role in achieving each of the SDGs through the formation of effective systems to support human performance and behavioral change.

HIGHLIGHT

Exploring the role of human factors in achieving the SDGs

London-based ERM consultant, George Sammonds, published an article on “Building a sustainable future,” which explores the role of human factors in responding to megatrends and achieving the SDGs. The article, published in the November-December 2017 edition of *The Ergonomist*, highlights some of the work ERM has conducted.

The megatrends are shaping numerous segments of the economy and have major implications for businesses. As noted in the article, human factors can aid the debate on climate change by making data accessible and meaningful to its target audience. Digital transformation requires consideration of device usability and effective integration of technology. Human factors can support population growth by aiding cultural change to develop new ways of working and traveling that minimize impact, and it can assist the emerging middle classes by helping to meet their aspirations while encouraging a more responsible attitude towards consumption.

Through driving effective behavior change and better understanding of human needs, human factors are core to successfully addressing the SDGs.



“Megatrends are shaping numerous segments of the economy and have major implications for businesses... human factors services can help them manage the risks and respond to the opportunities they present.”

Excerpted from the article “Building a sustainable future” by George Sammonds, ERM, London, United Kingdom”

SDG contribution

Sustainability means better outcomes

Created by the United Nations in 2015, the Sustainable Development Goals (SDGs) comprise 17 goals and 169 actionable targets to end poverty, fight inequality and injustice, and tackle climate change by 2030. As corporate responsibility and climate-related risk have an increasingly more direct impact on a company's financial standing and reputation, aligning core business strategies with the SDGs has the potential to offer an organization new market opportunities and to help retain or regain its license to operate.

ERM works with clients across sectors and geographies to demystify the SDGs from a private-sector perspective. We help companies identify and add value by incorporating the SDGs in their business strategies and programs.

CASE STUDY

Helping SCG in Indonesia align with the SDGs



SCG, a Thai-based diversified business in the chemicals, packaging, cement and building materials sectors, has operated in Indonesia since 1995. ERM recently worked with SCG in Indonesia to define its sustainable development priorities, taking into consideration the local operating context in determining how the company can align and contribute to the SDGs.

Using a stakeholder engagement process, we helped SCG Indonesia assess and prioritize key issues, such as community and society development and energy management. We helped the organization understand and identify the critical issues that will advance its sustainable development roadmap in Indonesia.

ERM colleagues in Indonesia and Thailand worked in close collaboration to ensure alignment with SCG Corporate's approach to sustainable development. With this project, SCG is continuing to strengthen its competitive position while building its brand and sustainable growth in Indonesia.

Creating a roadmap for achieving the SDGs

Increasingly, investors realize that company risk and growth are tied to sound environmental and social practices. Contributing to the SDGs will serve to enhance returns, mitigate risk, strengthen reputation, drive innovation and much more, as documented by the Business and Sustainable Development Commission.⁸ Full integration of the SDGs into business strategy has the potential to contribute significant market opportunities and jobs around the world.

⁸ To learn more about the Business and Sustainable Development commission, visit <http://report.businesscommission.org/>.

Many companies and a few sectors have taken the first step to mapping the SDGs against their existing activities. However, making the leap from mapping to using the SDGs to strategically innovate, grow and demonstrate progress has proven more challenging. ERM helps companies not only with mapping, but also in developing, tracking and communicating their strategy and progress in contributing to the SDGs.

CASE STUDY

Building SDG sector roadmaps



As highlighted in the World Business Council for Sustainable Development (WBCSD) CEO Guide to the SDGs, a sector-based and collaborative approach will be essential if the true business value of the SDGs is to be realized. WBCSD recently launched its official guidelines for SDG Sector Roadmaps, developed with technical support from ERM.

We are leading the development of practical, accessible guidelines to assist leading companies in articulating a common vision for how their industry can implement SDGs to optimize business value – not only as individual companies, but also for entire sectors.

ERM currently is working to complete the first sector-based roadmap for the chemical sector. This initiative is driven by a selection of leading chemical companies and industry associations. The roadmap identifies areas where the chemical sector can have the most impact and explores key opportunities and pathways to accelerate and optimize this impact on the road to 2030, while also presenting a strong business case for action. The chemical sector guide is expected to be published in mid-2018. ERM is also working with a number of other sectors on their roadmaps.

SDG contribution continued

Helping clients with their sustainability journey

In addition to helping business address the SDGs at a macro level, such as our sector-level roadmaps with WBCSD. We also work with companies on addressing the SDGs in a practical manner that creates business value, from strategy and goal development to measuring and reporting on progress.

CASE STUDY

Working with leading energy company in Thailand to develop SDG strategy

ERM assisted a leading energy company in Thailand in developing its “SDGs for Sustainability Strategy.” Based on selected priority SDGs, we helped the client understand its baseline performance, identify relevant initiatives and key performance indicators, and set targets. We have also helped the client define methodologies for measuring and communicating impact resulting from the strategy implementation. Adoption of SDGs in business strategy has helped the company understand its current contribution to society and design investing strategies for better impact.

For more than four decades, ERM has been working with clients around the world and in diverse industry sectors to identify and leverage opportunities to improve performance and profitability, strengthen their reputation and relationships with key stakeholders, and enhance competitive advantage by embedding sustainability across their businesses.

CASE STUDY

Assuring J&J progress towards its SDG targets

Leading companies are making commitments related to the SDGs in their long-term strategic sustainability performance goals. As part of the assurance of its 2017 reporting, the global health care company Johnson & Johnson asked ERM CVS to assure its progress status for each of its 2020 SDG targets. Our in-depth investigation of the underlying methodologies and the 2017 results for the supporting programs gives senior management and external stakeholders confidence in the disclosed results, as well as recommendations for improvements to goal definitions and underlying reporting processes going forward.

Within any organization, improving sustainability can cover a range of issues, from responding to megatrends such as climate change and developing new products to retiring legacy assets and operating in an efficient, compliant and responsible way.



SDG contribution continued

HIGHLIGHT

Understanding the business drivers for sustainable remediation and their link to the SDGs



The practice of sustainable remediation has evolved significantly over the last ten years, and there is now considerable guidance available. Nevertheless, it can remain an area of uncertainty for remedial managers.

Alan Thomas, ERM Technical Fellow based in Oxford, United Kingdom, and Kevin Morris, ERM Technical Director based in

Philadelphia, Pennsylvania, United States, led a client webinar on “The Business Case for Sustainable Remediation.” The presenters provided an update on current thinking and practices in sustainable remediation and discussed how to promote and get support to build a sustainable remediation program with internal stakeholders through recognizing linkages with corporate sustainability indicators and the broader SDGs. They shared examples of best practices that demonstrably show value by managing sites in both a sustainable and cost-effective manner while considering all stakeholders.

Guest speakers Jonathan Smith, Shell Global Solutions, and James Henderson, DuPont, provided insight on the business drivers and challenges at a portfolio and site-specific level.

Alan Thomas recently spoke at the Global Symposium on Soil Pollution in Rome, Italy, on “embedding sustainability in contaminated site management: practical experiences and case studies.” The symposium was jointly organized by the UN Food and Agriculture Organization and its Global Soil Partnership, Intergovernmental Technical Panel on Soils, together with the Secretariats of the Basel, Rotterdam and Stockholm Conventions, UN Environment and the World Health Organization.

HIGHLIGHT

ERM acquires strategic sustainability consultancy BrownFlynn Ltd



ERM has acquired BrownFlynn Ltd. (BrownFlynn), a leading corporate sustainability and governance consulting business, based in Cleveland, Ohio, United States. This acquisition strengthens our capability in the North American market to advise clients on their strategic sustainability journey, linking internal frameworks with the SDGs and business drivers, and communicating effectively with stakeholders.

Established in 1996, BrownFlynn advises Fortune 500 and privately held businesses on all aspects of corporate sustainability advisory services: setting strategy, helping navigate reporting frameworks and ratings, undertaking materiality assessments, setting bold goals and key performance indicators, communicating progress through design and storytelling, and monitoring environmental, social and governance trends.

This acquisition also complements ERM’s strengths in data management and technical solutions in addressing the sustainability challenges facing companies and stakeholders today.

SDG contribution continued

ERM's contribution to the SDGs

ERM supports the SDGs. We contribute to them in three ways within our value chain, through:

- Our consulting services with and for clients and other leading organizations;
- Our operations; and
- The ERM Foundation.

Focusing on the SDG targets and indicators, in keeping with evolving best practices, will be the most effective and measurable way for ERM to support the SDGs.

ERM's purpose is shaping a sustainable future with the world's leading organizations. ERM continues to build our global expertise as we collaborate with key international standard bodies, industry organizations and investor groups.

Although our work with clients and other leading organizations represents our most significant contribution to achieving the SDGs, ERM also supports the SDGs through our own operations and the activities of the ERM Foundation. Our colleagues asked ERM's sustainability team to share current thinking on how the world is shaping a sustainable future, and so we ran a series of employee-led webinars on the SDGs. More than 1,000 ERM employees participated in 8 webinars, presented in 3 languages by 19 ERM colleagues.



CASE STUDY

From mapping to action – SDGs as a framework for delivering transformative change



Participants at SDG session at GRI Reporters' Summit

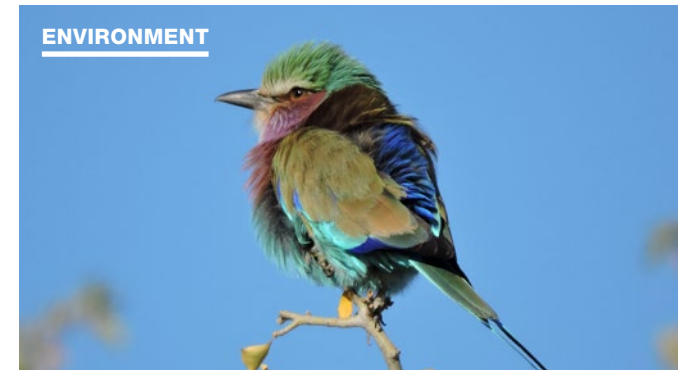
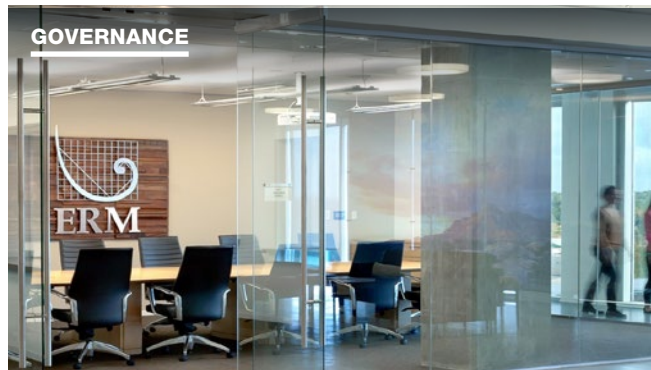
ERM's Jennifer Eastes, Principal Consultant, and Linden Edgell, Global Sustainability Director, presented with Sue Allchurch, Chief of Participant Relations, Fund Raising and Communication at UN Global Compact on the topic of "From Mapping to Action: SDGs as a Framework for Delivering Transformative Change" at the GRI Reporters' Summit in Phoenix, Arizona.

The presenters shared experiences, tools and examples of company and sector initiatives to drive ambitious action for change. Throughout the session, it was clear that many participant organizations want to contribute to the SDGs, but do not know where to begin.

Through the group discussion, several areas of consensus emerged. Companies should prioritize the SDGs and focus their efforts on a select few. Business, and not only government, has a key role to play in delivering on the SDGs. Some SDGs are more relevant than others, and measuring your company's impact is difficult but important. There is momentum around the SDGs, and companies feel pressure from stakeholders to demonstrate their contribution.

Programs & practices

Within each of the following sections, we describe our programs and practices for managing our highest-priority sustainability issues, confirmed through ERM's stakeholder engagement process, materiality assessment and senior-management review. We also provide commentary on our performance, with the supporting data contained in the Performance section of the report.



Our people

Our commitment

Our ability to attract, develop, reward and retain talented employees is central to our business strategy and vital to our future. We want to hire passionate people and ensure that we nurture and support their development and success.



Our people continued

HIGHLIGHT

ERM Company Values

We are engaging and raising awareness with our people while adapting our processes to ensure a more inclusive approach. This approach builds on what we are doing to nurture the best talent and, importantly, reinforce our company values:

Accountability: We are each personally accountable and jointly responsible for the success of ERM and for the delivery of quality work to our clients.

Caring for our people: We are looking after our people, their safety, well-being and development. We also treat each other with respect.

Client focus: We value entrepreneurial, innovative and client-orientated behavior.

Collaboration: We are one organization globally: we believe in the principles of partnership, respect for each and every individual and mutual support across the world.

Empowerment: We will help all our people to realize their potential.

Transparency: We expect the highest level of ethical behavior and personal integrity in all our transactions in accordance with our **ERM Code of Business Conduct and Ethics**.



We ended the year with 4,500 full-time equivalent (FTE) employees, which was an increase from 4,300 FTE employees at the end of fiscal year 2017 (FY17). In response to market conditions and current employment preferences, our staffing strategy has evolved to provide opportunities for flexible working arrangements in response to client needs in addition

to full-time employees. ERM's year-on-year voluntary turnover decreased from 11.8 percent to 11 percent in FY18, which is notably better than our industry's average.

Read more on our workforce in the [supporting data](#) section.

Work-life balance

Our business sometimes demands long hours, frequent or extended travel, and deadline pressures. Within this context, ERM strives to maintain an appropriate work-life balance for its employees.

- We provide flexible working arrangements where feasible, enabled by technology, and we will continue to ensure we are meeting the needs of our employees in the years ahead.
- We encourage wellness activities, and many of our offices implement initiatives, such as gym memberships, team sports, recognition of special family days and fresh fruit supplies.

Flexibility is often cited by employees as a key reason for working at ERM.

Diversity and inclusion

At ERM, we know that creating a diverse and inclusive work environment is an essential part of making our company a great place to build a career. Our aim is to foster a culture of inclusiveness free from bias and discrimination. We confirmed our commitment to this over 10 years ago in the first global company policy on diversity, and we have since taken steps through targets and initiatives to make sure we deliver on our commitments. Through our policies, we prohibit discrimination on the basis of race, color, religion, sex, sexual orientation, gender identity, age, national origin, disability, veteran status or any other category protected by the laws of the communities in which we do business.

As part of our commitment to the UN Global Compact, ERM is a signatory of the Women's Empowerment Principles. The ERM Foundation includes "empowering women and girls" as an area of focus for funding projects reflecting the SDGs.

Our aim is to be recognized globally by our employees and our clients as a demographically diverse employer, whose inclusive culture enables our employees to excel in the service and value they provide to our clients.

As part of setting foundations for a more deliberate approach to inclusion in the years ahead, we launched two initiatives in FY18, with further actions to follow based on these initiatives:

- **Enhanced training:** We have embarked on employee training to help raise awareness of the business-related advantages associated with having a diverse and inclusive culture. All employees will have the opportunity to access online content. We are also in the process of developing more in-depth training for managers and the senior leaders in ERM.
- **Global Advisory Group:** In support of our vision and purpose, we established a representative Advisory Group to guide the ERM leadership team on how to enhance ERM's performance and culture of inclusion. This includes providing feedback, coaching and insights on the issues, priorities, communications and effectiveness of ERM's approach to inclusion. Members of the inaugural Advisory Group for building an inclusive culture were selected from among the 400 employees who applied to serve a 2-year term. The Advisory Group will help ERM address the issues that matter and bring the conversation to life across the business in the three focus areas of: educating, adapting and engaging.

In June, ERM will be observing Pride 2018, which means that we are nurturing a positive work environment through respect and support of LGBT+ identities of our employees. Our goal in doing this is to create a workplace in which every employee is able to bring their best self to work, and that ERM is a place where everyone feels respected, safe and encouraged. Ultimately, this strengthens our culture and improves the outcomes we can deliver for our clients.

Our people continued

HIGHLIGHT

Celebrating International Women's Day



Celebrating International Women's Day

One of the first tasks of the Advisory Group was to support ERM offices around the globe in celebrating International Women's Day. This day provided the opportunity for us to celebrate the achievements of women at ERM – approximately half our workforce – and to acknowledge that as a society, we have some more work to do to achieve gender parity. The theme of for this year was #PressforProgress.

In the spirit of International Women's Day, ERM's Houston office held a 2-day event in February 2018 with Junior Achievement that engaged approximately 80 girls, ages 14 to 16, from a local minority- and income-diverse school district. The girls spent time with our employees in the Houston, Texas, office, learning about the work we do for our clients that supports global sustainability; using technology to create word clouds and surveys regarding sustainability and women in science, technology, engineering and math (STEM); empowering women to think about STEM careers; and supporting our ERM Foundation initiative partnering with Junior Achievement. The girls took an office tour, had informal discussions with our ERM employees about what they were working on, and enjoyed the office café with games to support team bonding and a fun work environment.

"A huge and heartfelt thank you to you and your teams for putting together an incredible 2 days for our girls. One of our students told me over lunch yesterday, 'This has opened my mind. I now know I want a purpose, I want to connect with my passion and I want to make a difference in my community.' Both days were absolutely incredible – our girls left feeling inspired, confident and hungry to leave a lasting impact on the world."

Abby S. Walker,

Coordinator for Strategic Partnerships and Volunteer Programs, Spring Branch ISD

"This was absolutely amazing, especially considering this was your company's first time hosting such an event. Sitting there listening to all of your enthusiasm and passion for your careers inspired these young ladies to get excited about their future"

Tiffany Simple,

Senior Education Program Manager – Alief & Spring Branch, Junior Achievement of Southeast Texas

Gender balance in management

Over the last few years, there has been a companywide effort to increase the number of women in leadership positions. Increasing gender diversity among our Partners and Senior Consultants is a long-standing KPI for the company. For FY19, we have added a new target focused on increasing the diversity of our global Senior Leadership team.

We have also focused on increasing the number of women in our talent pipeline through our Aspire Program and Path to Partnership approach. These programs are critical to the development of future leaders within ERM, and greater gender diversity among their participants is a crucial component in achieving our diversity goals. In FY18, 43 percent of the Aspire Program participants and 47 percent of the Partner candidates were women.

HIGHLIGHT

ERM publishes UK Gender Pay Gap Report

In complying with legislation introduced in the United Kingdom, ERM published in March 2017 a Gender Pay Gap Report on our UK-based business. All employers in the United Kingdom with more than 250 relevant employees are required to publish details of the gender gap related to pay. The regulations measure the difference between men's and women's average earnings across an organization, irrespective of their role, skills or seniority, and is expressed as a percentage of men's earnings. Visit the [full report on erm.com](http://erm.com) for more details of the scope and findings.

Our people continued

Learning and development

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

We offer a mix of classroom, digital, on-the-job and informal educational approaches – with technical experts contributing to specialist curricula.

The ERM Academy, our online portal, is the repository that holds all learning items, events, sessions and training records for our workforce. It is aligned with our career framework at each level. Employees can enhance the skills, knowledge and behaviors they need to adapt to a changing market and advance their career with ERM.

We aim to nurture a culture where learning occurs every day in everything we do, and where each of us takes ownership in driving our own development. On-the-job learning accounts for a significant percentage of an individual's development. The ERM Academy includes new content and programs to align with our strategy and grow our strategic capability while responding to the changing needs of the learner.

Every new employee completes mandatory training and local induction activities so that they can carry out their work safely and in compliance with ERM governance requirements and policies, our clients and relevant legislation.

Leadership pipeline

Partner-led teams collaborate to deploy the right people for the right job. These teams have access to our entire ERM workforce, spanning different geographies and sectors in order to meet our evolving client needs. This structure also enables ERM employees to deepen their professional experience by supporting projects worldwide.

We continue to evolve our approach to our leadership pipeline. We are implementing a new Path to Partnership approach focusing on our talent reviews to identify those individuals who have the potential to be successful Partners at ERM. Once identified, we will assign them a sponsor from among our Senior Partners to help them prepare and develop into the requirements of our Partner roles. With our new approach, we are reinforcing the need for our Senior Partners to be the stewards of our Partnership and take on the accountability, along with our candidates, to support them successfully to promotion.

CASE STUDY

New partner Jami Patrick participates in WBCSD Leadership Program



Jami Patrick is a newly promoted Partner at ERM, specializing in supporting clients in environmental, health, and safety risk management and compliance assurance and serves as a Regional Sustainability Co-Lead for North America. She currently works in our Nashville, Tennessee, office in the United States, but has also worked for ERM in Abu Dhabi, United Arab Emirates, and Manchester, England. Jami participated in WBCSD's Leadership Program in 2017. The focus for the year was on "integrating sustainability in business decision-making." Our involvement in the Leadership Program helps our talented leaders gain skills, experience and knowledge. Alumni join a global network of business leaders who are ambassadors for sustainable development both within their companies and outside in broader society.

At the annual New Partner Integration workshop held in October 2017, we included a session that explored the ways ERM contributes to the SDGs through our own operations, by working with clients, and through the ERM Foundation. The new partners participated in breakout groups, where they discussed

these issues in the context of ERM's strategy and purpose statement, "Shaping a sustainable future with the world's leading organizations." The workshop is part of a comprehensive program to support new partners as they transition into the Partnership and accelerate their effectiveness in their new role.

ERM's Aspire Program helps high-potential Senior Consultants accelerate their development and mature in their role, which supports our management succession planning. In FY18, several Aspire teams contributed to our new strategy implementation, focusing on projects such as:

- Challenges and opportunities of the food and beverage sector;
- ERM Vision and Values: how we measure impact; and
- Clients and megatrends: the impact on client business strategies over the longer term.

Several other Aspire teams focused on SDG-related projects.

KPI HIGHLIGHT

FY18 target

Show increase over prior year for gender diversity among Senior Consultants, Technical Directors and Partners

Result

21.4% female Partners (increase from 20.1% in FY17)

34.4% female Senior Consultants and Technical Directors (increase from 34.0% in FY17)

ERM employees speak 65 different languages, which reflects the diversity of our workforce and helps us to better serve the needs of our clients.

[See FY18 performance](#)

Health & Safety

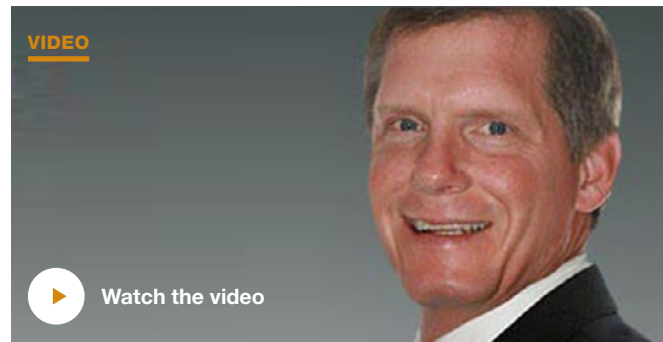
A culture of caring for our people

The most important role for all ERM's leaders is to keep everyone safe and apply our company procedures and protocols. However, it does not start nor end with ERM's leaders – everyone has a responsibility for doing the safest work possible. If we cannot operate safely and without incident, then we cannot live up to our values. It is as simple as that. The nature of the work we do means safety will always be a core value. This is driven by our belief in the culture of caring about the well-being of our people, our clients and our contractors.



Health and safety continued

We have a responsibility to do everything we can to assure that everyone is safe while working at or on behalf of ERM. Tragically, two subcontractors lost their lives in FY18. We are taking further actions to prevent such incidents from reoccurring, including the establishment of an Executive Committee-sponsored task force to review and refine policies and processes regarding subcontractor management and other critical operational risks.



Program elements

ERM delivers a health and safety program that focuses on the ongoing health and safety of everyone involved in and impacted by our work, including ERM employees, clients and contractors, as well as communities and the public impacted by our projects.

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

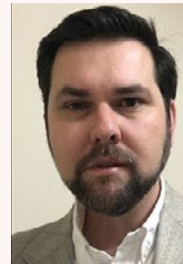
environments. Our global [Health, Safety and Environment \(HSE\) Policy Statement](#), which is endorsed by our CEO and Executive Committee, applies worldwide and is conveyed to all employees through our induction programs and routine communications.

ERM Partners and other leaders have personal safety goals included in their performance metrics, with progress against these goals assessed as part of the annual performance review process.

HIGHLIGHT

Active Leadership Audit Program keeps our focus on safety improvement

During FY18, ERM completed nearly 2,300 individual office, project, field or subsurface clearance audits using our online tool: nearly 1,300 of them completed by Partners.



These audits, conducted as part of our Active Leadership Audit Program (ALAP), provide us with a tremendous amount of safety performance data that allows us to focus on specific areas for improvement. While we do not mandate that our Partners complete a specified number of audits, we do recognize those Partners that embrace the ALAP as part of their personal continuous improvement process. For FY18, the Partners that led their respective regions with respect to ALAP audits included:

Latin America and the Caribbean
(and overall) – **Paulo Santos**

Asia Pacific – **Darren Reedy**

Europe, Middle East and Africa – **Oliver Kohnen**

North America – **Steve Williams**

“ALAP is a powerful instrument that allowed me to create connections with numerous field teams. Through a simple field audit, important items can be discussed, addressed and learned by the team. It is also great to see the positive reactions from the people in the field, motivated to discuss their challenges and also open to hear new ideas – with a final goal of keeping everyone safe.

Paulo Santos,
ERM Partner, São Paulo, Brazil

Health and safety continued

Global Safety Day

In November 2017, ERM held our fourth annual Global Safety Day. This activity has grown from a simple celebration of our success in relation to health and safety to an event that inspires and drives continuous improvement on our journey to Safety Excellence. The focus this year was risk management – the “R” in Safety at ERM. We asked our employees to challenge their perception of risk and how we can manage risk in our everyday life, building on the theme “It’s up to you!”

Safety Management System



ERM’s Safety Management System (SMS), which follows the PLAN – DO – CHECK – ACT scheme, is based on the Occupational Health and Safety Assessment Specification (OHSAS) 18001 and International Organization for Standardization (ISO) 14001 and has been designed to:

- Identify and quantify health, safety and environmental risk;
- Implement consistent mitigation tools;
- Verify the degree and success of implementation across all business units; and
- Drive continuous improvement in our health, safety and environmental performance.

The SMS provides a framework to improve and standardize the most critical items associated with any health and safety program, including risk assessment and control, strong communications, training, self-assessment, positive reinforcement of safe behaviors and continuous improvement.

Travel risk management

With travel often a key part of the work we do for our clients and an important part of running the business, we support our employees traveling around the world.

This is particularly important in more challenging locations, including those classified as high risk based on medical, integrity, political or security factors.

We provide time-critical advice in response to travel and acute medical issues around the globe. Our online Travel Risk Assessments help ensure that employees and those we work with are well prepared for their journey, and that our Partners review and approve this travel.

KPI HIGHLIGHT

FY18 target

Days away from work case (DAWC) rate at or below 0.12 and no fatalities

Result

Annual DAWC rate 0.17 and no fatalities.

[See FY18 performance](#)

Governance

Our commitment

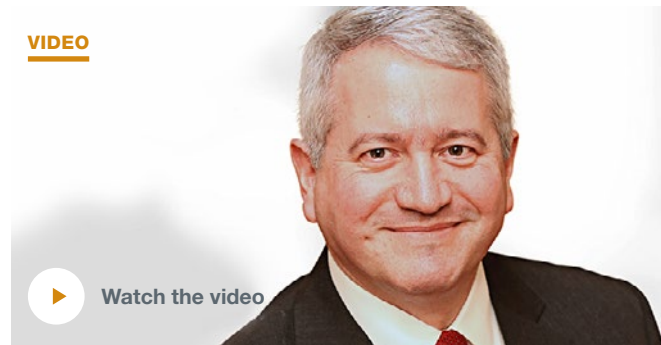
ERM must conduct business with uncompromising honesty and integrity, adhering to laws, regulations, and our written Code of Conduct. Our commitment to combat bribery and corruption is fundamental to how we operate and is embedded into our key systems and programs.



Governance continued

Upon joining the company, all new employees must participate, through the ERM Academy, in interactive, web-based training courses covering international anti-bribery and corruption, the regulatory requirements specified by the UK Bribery Act, insider trading and practical ethics.

For more on the location of anti-bribery and corruption-related disclosures in this report, see our [UN Global Compact Index](#), which includes details of our reporting on Principle 10 – Anti-Corruption.



Human rights

As a global business, we recognize our responsibility to support and respect the protection of internationally proclaimed human rights, as defined by the UN Guiding Principles on Business and Human Rights. As a signatory of the UN Global Compact, we adhere to the Principles relating to Human Rights.

ERM supports international efforts against child and forced labor and has a specific [Slavery, Child Labor and Human Trafficking Policy](#), which we updated in 2016 to align with the UK Modern Slavery Act 2015. Our policy prohibits the use of child or forced labor or involvement by ERM with entities that support prohibited labor practices, including slavery, bonded labor or debt-bondage and other types of coercion or corruption.

In September 2017, ERM released our second [Slavery and Human Trafficking Statement](#). It reflects our commitment to international efforts to abolish all forms of modern slavery and sets out the measures to ensure there is no slavery and human trafficking in our business operations and supply chain. The statement also sets out actions, including new mandatory training for FY19.

In addition to making this commitment within our own business, we work with our clients globally to improve their human rights practices. Our social and health consulting services teams identify and provide advice on labor, supply chain management, land access and indigenous rights issues.

CASE STUDY

Supporting responsible sourcing in conflict affected and high-risk areas

Businesses traditionally base their sourcing decisions on cost, quality and delivery. Responsible sourcing requires an expanded focus that includes environmental, social, labor and ethics considerations when purchasing products or services. ERM worked with a confidential mining client to help develop a responsible sourcing program that aims to embed the recommendations of the OECD's "Due Diligence Guidance for Responsible Supply chains of Mineral from Conflict Affected and High-risk Areas."

As part of the program's development, ERM gathered relevant data and contextual information relating to supplier operations. We liaised with the client's suppliers to enhance their understanding of the client's expectations and developed a risk dashboard that helped identify higher-risk suppliers. High-risk suppliers are subject to a high-level comprehensive evaluation, which assesses their management of environment, health and safety issues; human rights and labor practices; community engagement; transportation and security concerns; and exposure to transportation, security, bribery and anti-money laundering risks.

We supported the client in piloting the program at a number of high-risk suppliers in Africa in 2017. Based on the pilot results, the program has been refined and expanded to other suppliers, commodities and regions. Through implementation of this program, the client will be able to better manage supply chain risk and improve its responsiveness to stakeholder concerns about the social and environmental impacts of its sourcing decisions. Over time, the client will continuously improve its supply chain human rights and environmental risk management.

Governance continued

Managing risks

We exercise judgment with respect to clients and third parties we engage with and the types of work we undertake. We will not work with clients or subcontractors who do not share our commitment to high ethical standards; we have turned down project opportunities because of concerns involving human rights violations and other ethical issues.

We scrutinize opportunities and projects carefully before proceeding, and we reserve the right to withdraw from a project if business conduct and ethics concerns arise.

Our Project Liability Analysis (PLAN) program provides a globally consistent approach to managing our project risks that enables us to identify and mitigate the risks before project commencement or at significant change-in-scope events. ERM conducts over 20,000 projects a year throughout the world, and these vary considerably in scope and complexity, which is why PLAN is so important to our global risk management program.

We apply similar rigor to the activities of the ERM Foundation and are careful to avoid any potential ethical or compliance concerns associated with those organizations that we support.

Our systems enable ERM employees to confirm quickly that third parties are not on government watch lists for corruption, bribery or human rights violations. We have committed to following the trade sanctions established by the European Union and the United States, as well as the United Nations.

Anti-tax evasion

ERM has a zero tolerance approach to all forms of tax evasion in all countries. We are committed to acting professionally, fairly and with integrity on all tax matters resulting from business dealings and relationships in all countries. We are also committed to implementing and enforcing effective systems to counter any form of tax evasion.

Contractor management

ERM's global Contractor Management Program (CMP) helps us evaluate and pre-qualify contractors to ensure that they agree to comply with key elements of our Code of Conduct, including those pertaining to human rights, labor practices, anti-bribery and corruption, child and forced labor, as well as a wide range of other important issues such as ERM's health and safety and insurance requirements. Where key contractors do not meet our criteria, we can work with them to improve their processes and performance.

We are progressively replacing our in-house prequalification process by implementing a third-party online prequalification system, resulting in a more consistent approach for ensuring subcontractors and suppliers adhere to our policies and requirements and also track their compliance. To date, this system has been implemented in the following ERM business units:

- Australia and New Zealand
- Brazil
- Canada
- Hong Kong
- Malaysia
- Mexico
- Sub-Saharan Africa
- United Kingdom and Ireland
- United States
- Western Europe, including Belgium, France, Italy, Netherlands, Portugal and Spain

Data security

Our first layer of protection is our people. ERM employees understand their responsibilities in protecting both our data and information and that of our clients. We take a risk-based approach with the level of protection appropriate for the sensitivity of the information involved.

Data stored on ERM computers and systems are secured by multiple methods to protect servers and computers and ensure data is protected in transit. In addition, data stored on ERM network servers is backed up regularly to ensure that they can be recovered in the event of a disaster. Redundancy through multiple components, locations and network connections help ensure high availability.

Technology provides our employees with additional secured and authenticated access to ERM's data when out of ERM offices.

ERM is currently in the process of developing appropriate policies, processes and procedures as necessary to comply with the EU's General Data Protection Regulation (GDPR) requirements.

KPI HIGHLIGHT

FY18 target

Zero fines or nonmonetary sanctions for material noncompliance with laws or regulations.

Result

Zero fines or nonmonetary sanctions for material noncompliance with laws or regulations.

Environment

Our approach

As a leading global provider of environmental consulting services, we are acutely aware of our responsibility to reduce our environmental footprint through the effective management of our offices and assets, business activities and client project work.

Environment is a key focus area within the UN Global Compact and, as a signatory, we strive to embrace its core values and promote these values within our sphere of influence.

We support a precautionary approach to environmental challenges, and we undertake initiatives to promote greater environmental responsibility and encourage the development of environmentally responsible technologies and products. Principle 15 of the Rio Declaration 1992 states: “in order to protect the environment, the precautionary approach shall be widely applied by States according to their capabilities. Where there are threats of serious or irreversible damage, lack of full scientific certainty shall be not used as a reason for postponing cost-effective measures to prevent environmental degradation.”

ERM's Executive Committee has primary responsibility for our environmental performance. [ERM's Global Sustainability Policy](#) and our [Sustainability Approach](#) guide our environmental management approach.



Environment continued

HIGHLIGHT

Demonstrating climate leadership and collaboration

August Martin, a Principal Consultant at ERM based in Austin, Texas, United States, collaborates with industry, government, academia and students to address climate challenges at the local and regional levels.



August Martin,
Principal Consultant,
Austin, Texas, US

August completed the Climate Reality Leadership Training through former US Vice President Al Gore's Climate Reality Leadership Corps in October 2017. As a Climate Reality Leader, he collaborates and presents ideas on climate leadership to potential and current clients, community groups, civic leaders and various other stakeholder audiences. In November 2017, August spoke at his alma mater, Tulane University in New Orleans, Louisiana,

to representatives from the private sector, university staff and professors, and students from the chemical engineering and environmental health sciences departments and the School of Public Health on "Making Climate Change Tangible: Adaptation, Behavior Change and the role of Business."

He has served on the Alumni Board of the Tulane University School of Public Health and Tropical Medicine since the spring of 2014. He was named as Director of Student Outreach, which involves collaborating with Career Services and various university departments to provide relevant programming to students in the areas of career planning, community development, training, mentorship and access to industry professionals in various fields of study.

In collaboration with the City of Austin's Office of Sustainability, August lead the successful efforts for ERM's Austin office to become a member of the Austin Green Business Leaders at the Gold level.

Greenhouse gas (GHG) emissions

We recognize the benefits of setting GHG emission reduction targets in line with climate science.

Following the Paris Agreement at COP21, there is momentum for business to adopt more ambitious targets to keep global temperature increases below 2°C compared to pre-industrial temperatures.

We have been looking at industry-based methods and approaches for setting medium- and long-term carbon targets that are appropriate for our business and growth ambitions. We concluded that targets based on science that specify how much and how

quickly we need to reduce our GHG emissions to support the Paris Agreement are the most appropriate. Targets adopted by companies to reduce GHG emissions are considered "science-based" if they are in line with the level of decarbonization required to keep global temperature increase below 2°C compared to pre-industrial temperatures, as described in the Assessment Report of the Intergovernmental Panel on Climate Change (IPCC).

In FY18, we proposed 1-year and 5-year GHG targets based on science. We will be submitting our 2025 and 2050 targets to the [Science Based Targets Initiative](#) for validation in early FY19.

Environment continued

Green buildings

We are progressively relocating our offices to more resource-efficient buildings and to areas with improved public transport links to help reduce the commuting footprint of our employees. A number of our offices have been recognized by building councils and local authorities for their reduced environmental footprints.

Our sustainability network works at the local level to identify and help improve environmental performance across our offices worldwide.

HIGHLIGHT

Using our old Dell laptops to reduce childhood exposure to lead poisoning in India

Two years ago, ERM established a scheme with Dell, whereby some of our old laptops with a resale value are sold and the proceeds are donated to the ERM Foundation. These funds are being used to support Pure Earth's work in Bihar State, India, to counter the pollution effects of the informal recycling of lead acid batteries in residential communities. To date, the funds received through the Dell scheme have translated into \$50,000 grant funding for this initiative, plus \$12,000 from the US Foundation grants program. ERM employees in India have also provided *pro bono* technical support on site.

Pure Earth is a member of the Global Alliance on Health and Pollution, which has recently published a landmark report in the *Lancet*, revealing the true impact of pollution on public health. Through the ERM Foundation, we are able to make a small contribution to combatting these devastating effects.

Project impacts

The services we offer clients provide many opportunities to help reduce environmental impacts and drive innovation throughout the world. Our projects relate directly to critical issues, such as climate change, waste management, natural capital, resource efficiency (water, land use and natural resources) and biodiversity – each of which is identified within the SDGs. ERM also provides both strategic and technical advice to clients on understanding, managing and measuring product sustainability and life cycle impacts.

While we continue to take steps toward reducing the impacts of our operations, it is clear that our work for clients forms the largest part of our sustainability footprint. Stakeholders have challenged us to undertake more effective measurement and disclose the impacts we have through our client projects. We continue to explore and refine our methodologies in this complex area of work.

KPI HIGHLIGHT

FY18 target

Adopt ambitious GHG targets based on science.

Result

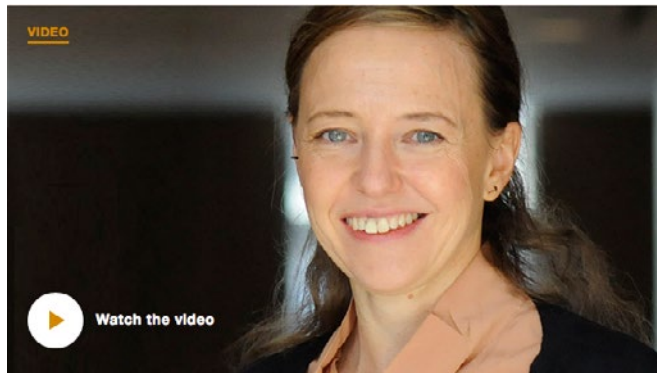
Senior management approved ambitious GHG targets, which we will submit to the Science Based Targets Initiative for validation in FY19.

[See FY18 performance](#)



Society

ERM helps governments, businesses, industry bodies and other leading organizations to address complex sustainability issues by providing technical insights, an understanding of societal expectations, and framing that with commercial acumen to provide business value. We raise awareness of sustainability trends and topics that educate, influence and sometimes challenge a company or industry.



Society continued

Contributing to global sustainability challenges

As a responsible corporate citizen, we encourage our consultants to share the lessons learned and insights gained from their work on more than 20,000 projects annually. In particular, we focus our thought leadership efforts where our technical and professional skills can have the greatest positive impact, and contribute to achieving the SDGs.

The SDGs can be realized only with a strong commitment to global partnership and cooperation. ERM works with a range of organizations with a common purpose to shape a more sustainable future.

HIGHLIGHT

ERM thought leadership around the world



Paris workshop on integrating SDGs into your business strategy

In FY18, our consultants published thought leadership papers, played an active role in professional associations, and delivered hundreds of presentations at conferences around the world. These include Bloomberg Sustainable Business Summit Series, ERM client roundtables on Integrating SDGs into your business strategy, and a joint techUK and ERM conference on what the SDGs mean for the tech sector. We published a [report](#) on Bridging the Gap between sustainability and finance functions and published the findings of ERM's survey of 120 CFOs and Chief Sustainability Offices.

Royal Geographical Society (RGS)

RGS is the United Kingdom's learned society and professional body for geography, founded in 1830. With over 16,000 members, RGS is a world leader in advancing geography and supporting its practitioners in the United Kingdom and across the world. ERM became a corporate sponsor in February 2017, and have led events such as:

- **Teacher training days** – providing “real-life” experience and expertise, adding value to teachers and program development in areas where there are less advantaged schools with fewer resources for teachers and pupils.
- **Continuing professional development workshop** – on GIS and spatial analysis, with further workshops planned.

ERM provides a financial contribution as well as *pro bono* time through the ERM Foundation and volunteer time from employees.

HIGHLIGHT

Helping to nurture the geographers of the future

More than 20 geography teachers joined a team of ERM consultants for the inaugural RGS Field Training. The training of teachers in field-based skills is one of the focus areas in ERM's role as corporate benefactor of the RGS, a relationship that will help to further the Society's work to advance the professional development of geographers and those working with geography, especially in the area of sustainability.

This was the first field training to be held as part of this partnership and drew on ERM's professional techniques and case studies that will help develop the fieldwork knowledge and skills required to support new curriculums for the exams youngsters in the United Kingdom take at 16 and 18-years-of-age. It included demonstrating simple fieldwork techniques that can be easily replicated with students; supporting the better use of local sites for geographical fieldwork; and developing and strengthening local teachers' networks in order to share experience and help raise standards (including linking experienced teachers with new entrants).

To date, 40 geography teachers have received training, including a session held at a client site where ERM shared experiences from working at the site for more than 20 years.

In addition, Linden Edgell, ERM's Global Sustainability Director, presented a lecture on the SDGs as part of the RGS London City lecture series.

Society continued

Bloomberg Sustainable Business Summits

Taking a forward-oriented look, Bloomberg Sustainable Business Summits examine how companies are innovating and adopting practices that prioritize sustainable value. The Bloomberg Sustainable Business Summits bring thought-provoking sustainable business and sustainable investing conversations to key decision makers and influencers across the globe. The summits were streamed to subscribers of the 25,000+ Bloomberg Terminals.

Sustainable Business Summits



HIGHLIGHT

ERM partners with Bloomberg's 2017 Sustainable Business Summits in New York and London

ERM was proud to sponsor the 2017 Sustainable Business Summit Series in New York and London. Keryn James, ERM Group CEO, outlined in her opening remarks the "tipping point" we have reached whereby we are seeing fundamental change in the relationship between business and sustainability. In a panel session, James Stacey, an ERM Partner and co-author of the Task Force on Climate-related Financial Disclosure (TCFD) technical supplement on scenario analysis, defined how businesses can benefit from linking environmental and social risks and opportunities to future business and financial planning.

Partnering with Bloomberg's Summit Series reflects our commitment to shaping a sustainable future with the world's leading organizations.

UN Principles for Responsible Investment (PRI)

PRI is the world's leading proponent of responsible investment, with more than 1,700 signatories from over 50 countries, representing over \$70 trillion in assets under management. ERM became a signatory last year, demonstrating our commitment to providing, developing and promoting services that support our clients' implementation of the six Principles regarding environmental, social and governance (ESG) issues into investment analysis and decision-making processes. We reported to PRI for the first time in 2018 on our responsible investment activities. During the past year, ERM has been actively contributing to several activities:

- Development of private equity reporting and monitoring guidelines;
- Human rights in private equity due diligence workshop, including a summary document launched during the UN Forum on Business and Human rights in November 2017; and
- Presenting with PRI the findings from above reporting and monitoring project to a private equity workshop in Hong Kong.

Signatory of:



HIGHLIGHT

ERM chairs panels at PEI/PRI forums in Berlin and New York

ERM sponsored and participated in the PRI and Private Equity International (PEI) Responsible Investment forums in Berlin and New York, chairing key panels including climate risks and opportunities and TCFD, ESG reporting and monitoring practices and guidelines, human rights and supply chain, and ESG value enhancement case studies of private equity portfolio companies.

Taskforce on Climate-related Financial Disclosure (TCFD)

As authors of the Technical Supplement on Scenario Analysis for the TCFD, ERM is at the forefront of helping companies address climate-risk. Our approach combines our technical and business expertise together with the client's internal functions including investor relations; finance; risk; strategy; procurement; environmental, health and safety (EHS); and others.

Campbell Institute

ERM joined the [Campbell Institute](#) at the US National Safety Council in 2017, in order to be part of and contribute to one of the leading EHS centers of excellence globally. Since becoming a member, ERM has been actively involved in the Institute, sharing our expertise and experience and helping to further develop industry approaches to driving performance. ERM has partnered with the Institute in several areas over the past year related to EHS management systems and information solutions, including presenting at symposia and benchmarking sessions.

Society continued

World Business Council for Sustainable Development (WBCSD)

ERM has been actively involved in WBCSD since we joined as a founding member in 1995. The WBCSD is the leading sustainability focused business organization globally with over 200 members. We have actively worked with WBCSD in many areas, facilitating a number of sessions for FReSH (food systems for the future) and presenting at the TCFD/climate financial risk session at the Annual Liaison Delegate meeting in Montreux.

At the Annual Council meeting in Mexico, ERM experts again facilitated a session on the FReSH program, served on a panel in an education session, and moderated a panel on company responses to the SDGs. ERM's Chairman John Alexander led a panel of CEO's on the business response to Climate change as well as a joint client side event with a senior Shell representative with the Mexican British Chamber of Commerce.

During the year, ERM served on the working group to develop the Reporting Exchange tool. ERM featured on a panel at the launch of the Reporting Exchange at the London Stock Exchange and was interviewed as part of [WBCSD podcast](#) on current corporate reporting trends. We also actively participated in redefining value work groups on assurance and sustainability within enterprise risk management frameworks.

ERM provided technical support to WBCSD for its recently launched guidelines for [SDG Sector Roadmaps](#). We are now with a number of industry groups to develop sector-specific SDG roadmaps.

We also continue to be involved in WBCSD regional networks in India, Malaysia, France and the United States. Through our membership of *entreprises pour l'environnement (epe)*, a member of the WBCSD Global Network based in France, we have joined the [act4nature biodiversity initiative](#).

HIGHLIGHT

Kristyn Rankin appointed to the USBCSD



Kristyn Rankin, ERM Partner

Kristyn Rankin, a Partner with ERM, has been appointed to the Executive Committee of the United States Business Council for Sustainable Development (USBCSD), effective July 2017. Kristyn is based in Austin, Texas, and specializes in product stewardship and sustainable development and has a primary focus on ERM's technology, media and telecommunications clients. In her role with the USBCSD, Kristyn works with other members of the Executive Committee to develop strategic plans aimed at advancing sustainable development in the United States.

“My participation in this committee gives me a great opportunity to work with some of the most innovative business leaders and organizations across the United States to help them design and implement solutions to our most pressing sustainability challenges.”

Kristyn Rankin,
Partner, Austin, Texas, US

Natural Capital Coalition

Doug MacNair, Technical Director in North America, completed a secondment to the Natural Capital Coalition, working as the Technical Manager testing the pilot version of the Natural Capital Protocol Toolkit. The WBCSD developed the Toolkit, with the Natural Capital Coalition as a strategic partner and critical input from a multi-disciplinary Advisory Group. This opportunity demonstrates the value that ERM has already brought to the natural capital approach over a number of years by helping to develop the Protocol, frameworks, and quantitative tools to support natural capital management.

The [Natural Capital Coalition](#) is a global multi-stakeholder collaboration that brings together leading initiatives and organizations to harmonize approaches to natural capital. Natural capital refers to the world's natural resources, including geology, soils, air, water and all living organisms.

ERM also plays an important role in the WBCSD's recently launched [Social and Human Capital Coalition and Protocol](#), which is a companion to the Natural Capital Coalition and Protocol.

Society continued

HIGHLIGHT

Advancing global standards for biodiversity offsets



Julia Tims, ERM Technical Director

ERM provides global technical leadership in protecting biodiversity as an active member in the Business and Biodiversity Offsets Program (BBOP). Julia Tims, an ERM Technical Director based in Annapolis, Maryland, United States, is ERM's representative on BBOP. Among other activities, Julia serves on the BBOP task force participating in the preparation of the Biodiversity Supplement to the Natural Capital Protocol – a joint effort by the BBOP and the Natural Capital Coalition and other parties. Julia is also contributing to a guidance document aimed at helping businesses and financial institutions integrate natural capital and biodiversity considerations into business and financial practices.

UN Global Compact

As a signatory of the UN Global Compact, ERM commits to do business responsibly by aligning our strategies and operations with Ten Principles on human rights, labor, environment and anti-corruption; and take strategic actions to advance broader societal goals, such as the SDGs, with an emphasis on collaboration and innovation. We are a signatory of the Women's Empowerment Principles as part of our commitment.

ERM participates in an SDG working group in the UN Global Compact UK network, hosts meetings and presents on SDGs throughout the year. ERM is a member of the Modern Slavery Act group within the UK network as well.

This report serves as our Communication on Progress, an annual disclosure to stakeholders on progress made in implementing the Ten Principles of the UN Global Compact in the areas of human rights, labor, environment and anti-corruption. View our index for more detail on our progress in implementing the Ten Principles.

Global Reporting Initiative (GRI)

ERM is a GOLD Community member of GRI, the leading global standard for sustainability reporting. As a GRI Standards Pioneer, ERM is among the first to adopt the new GRI Standards. In the United States, we are a GRI-certified training partner, and offer public and private courses designed for individuals and organizations interested in gaining a deeper understanding of GRI, sustainability strategies and reporting.

We recently co-presented with the UN Global Compact on the topic of "From Mapping to Action: SDGs as a Framework for Delivering Transformative Change" at the GRI Reporters' Summit in Phoenix, Arizona, United States.

ERM CVS undertook assurance on selected sustainability information in GRI's 2016-2017 Annual Report.

KPI HIGHLIGHT

FY18 target

Adopt innovation approach to generate new solutions for and with clients.

Result

Our approach to innovation focuses on leveraging technological advances across our core services in response to client need. We appointed a Head of New Digital Business to spearhead our development of digital tools and services

ERM Foundation

About the ERM Foundation

The ERM Foundation supports communities through financial contributions, *pro bono* time for technical and professional advice for nonprofit entities and social enterprises, and other backing through employee-led initiatives.



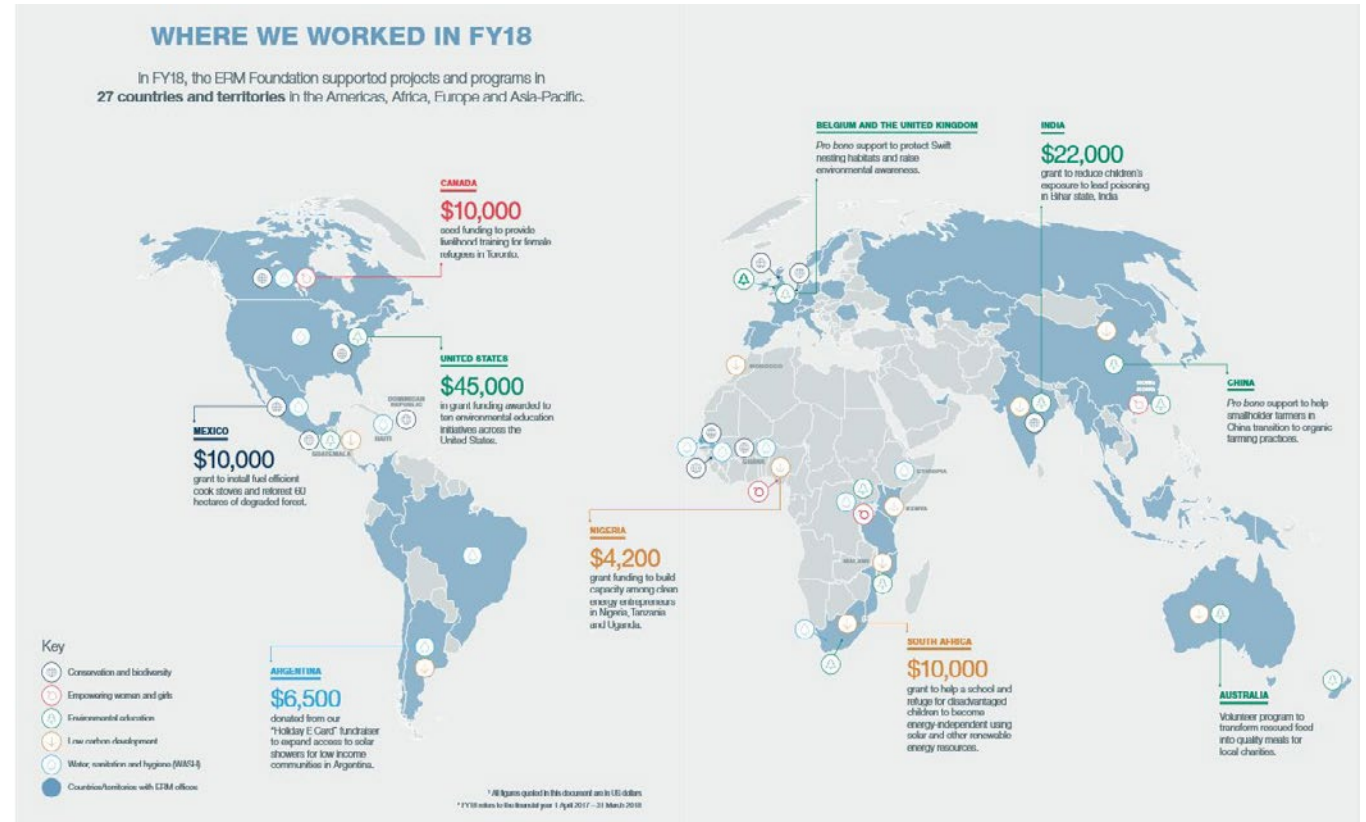
ERM Foundation continued

Since it formed in 1995, the Foundation has disbursed more than \$4 million in grants and provided more than 14,000 hours of technical and professional *pro bono* support to more than 200 organizations around the globe.

The majority of the Foundation's grant funds come from employee donations and locally organized fundraising events. ERM matches a portion of these contributions. In FY18, we disbursed \$320,000 in grants to support 42 organizations in 27 countries and territories. In addition, we provided \$255,000 in technical *pro bono* support for 47 organizations in 24 countries.



ERM Foundation project countries and territories FY18*



[Download the ERM Foundation 2018 Annual Review.](#)

* Includes projects that received *pro bono* support and/or grant funding

ERM Foundation continued

HIGHLIGHT

Contributing to breakthrough Ebola virus research



A team of ERM employees working on a *pro bono* basis have contributed to breakthrough research that advances the scientific understanding of the interrelationship between deforestation and the animal-to-human transmission of the Ebola virus. The findings have been published in the prestigious scientific journal *Nature Scientific Reports* and could potentially be used to identify high-risk locations and mitigate the risk of future outbreaks.

Late in 2014, the world's worst ever outbreak of Ebola virus disease (EVD) was taking hold in the West African countries of Guinea, Liberia and Sierra Leone. Early in the crisis, we were contacted by a small Sierra Leonean nongovernmental organization – the Environmental Foundation for Africa (EFA) – with whom the ERM Foundation has worked for several years. They posed a simple question: Could we help them establish an evidence base to substantiate anecdotal reports that deforestation increases the risk of EVD?

Working in partnership with EFA, an ERM team comprising remote sensing and biodiversity experts analyzed historical satellite imagery at the 'index case' (patient zero) locations of the 2014 outbreak, plus 6 earlier outbreaks. In August 2015, the ERM Foundation and EFA published an initial report: *Ebola virus disease and forest fragmentation in Africa*. The results from which were presented to a range of multi-stakeholder audiences in West Africa, Europe and the United States. This gained the attention of a number of interested organizations including the Center for International Forestry Research (CIFOR). A subsequent collaboration with CIFOR and the University of Malaga led to a new paper – *Recent loss of closed forests is associated with Ebola virus disease outbreaks* (Oliver, Fa, et al.). This paper was published in *Nature Scientific Reports* in October 2017 and picked up by a number of news outlets.

Seed funding accelerates progress

This year, the ERM Foundation launched a new "seed funding" program, to kick-start longer-term, impactful partnerships with nonprofit organizations and social enterprises in parts of the world where fundraising is more challenging. This funding is leveraged with professional, *pro bono* support from ERM employees. This year's seed funding projects include:

- A pilot mentoring program in the United Kingdom, for teenage girls who want to pursue careers in sustainability; in addition to grant funding for the pilot, female employees in the United Kingdom will mentor some of the girls;
- Improving the solar infrastructure at a school and refuge for disadvantaged children in South Africa to enable them to become energy-independent; and
- A training and mentoring program for refugee women in Toronto, Canada, to help them develop the skills and agency to return to work and become financially independent.

ERM Foundation continued

Providing expertise to support the SDGs

Through the ERM Foundation's projects, employees can lend practical and technical support to many organizations and social enterprises that otherwise would not benefit from the breadth of ERM's expertise.

HIGHLIGHT

Building capacity among female, clean-energy entrepreneurs in Nigeria



Solar Sister © Train-the-trainers program in Nigeria

During FY18, the ERM Foundation continued its emphasis on projects that have a strong focus on empowering women and girls. For example, this year the Foundation supported Solar Sister, which works to eradicate energy poverty in rural Africa by empowering women with economic opportunities. Specifically, they work with networks of female entrepreneurs in Nigeria, Tanzania and Uganda, providing them with the skills and agency to sell affordable solar and clean energy products to 'last mile' communities.

To date, Solar Sister has worked with more than 2,500 women, who have brought energy, light and hope to more than 700,000 people. The ERM Foundation has provided grant funding and *pro bono* support for a train-the-trainers program in Nigeria, which is building capacity among female entrepreneurs in southern Nigeria. This directly contributes to the SDGs on affordable and clean energy (SDG 7) and gender equality (SDG 5).

HIGHLIGHT

Improving low-income communities' resilience to flood risk in the US



Resident of Hamilton, Washington State, pointing at lines marking the depth of episodic flooding

The Nature Conservancy (TNC) is a leading conservation organization working around the world to protect ecologically important lands and waters for nature and people. The ERM Foundation has been working with TNC since 1996 and has provided \$96,500 in grant funding.

ERM employees in Seattle and Portland are working with TNC to support the Floodplains by Design (FbD) program in Washington State. FbD funds community-driven integrated floodplain management projects that improve the ecological functions of floodplain systems while also reducing flood risk and improving community interests, such as agriculture and water quality. TNC is concerned that socioeconomically challenged communities living in floodplains may be particularly vulnerable to flood risk due to the location of their homes, businesses and public services.

The ERM team is supporting TNC by identifying vulnerable floodplain communities across Washington State that may be at risk, and who may require further support to increase resilience. The team is also undertaking analysis of community risks and burdens within three study areas and identifying overarching strategies for response.

These activities will enable TNC to address more effectively the needs of vulnerable floodplain communities, support their ability to access FbD grant funding and enhance the resilience of vulnerable floodplain communities to increased flood risk in a time of changing climate.

ERM Foundation continued

We align our Foundation activities with the SDGs in ways that make effective use of the professional skills and interests of ERM employees globally. This also provides employees with the opportunity develop new skills and expand their networks while making a positive contribution to the planet and society.

KPI HIGHLIGHT

FY18 target

Contribute 1% of prior year profits to support sustainability initiatives around the globe, primarily through the ERM Foundation.

Result

Met target to contribute 1% of prior year profits (more than \$1 million)

[See FY18 performance](#)

ERM's contribution to the SDGs

We are creating a sustainable future with the world's leading organizations—in turn, contributing to the SDGs.



Performance

In this section, we share our performance against ERM's 2018 sustainability targets and our targets for 2019 and beyond as well as progress toward maximizing our contribution to the Sustainable Development Goals (SDGs). Detailed information is included in the online supporting data sections.

The following table summarizes our results against our sustainability targets. As shown, ERM either met or made good progress towards the FY18 targets and the 5-year goals we set for ourselves. We considered these results as we set our targets for FY19.

Detailed information on our performance data is provided in the Programs and practices section of this report as well as the supporting data sections on Our people, Health & Safety, Environment and Society available on line at www.erm.com/report18.



Performance continued
















FY18 results against targets

Material topics	FY18 target	5-year goal (to be met by the end of FY22 unless otherwise indicated)	Performance against FY18 targets and 5-year goals
Governance	No fines or nonmonetary sanctions for material noncompliance with laws or regulations.	No fines or nonmonetary sanctions for material noncompliance with laws or regulations.	Target met and continued progress toward meeting long-term goal. We had no fines or nonmonetary sanctions for material noncompliance with laws or regulations. See the section on Governance for more details.
Our people	Show increase over prior year for gender diversity among Senior Consultants, Technical Directors and Partners. Develop baseline of languages spoken and number of nationalities represented by employees.	Our employees reflect the diversity of the communities in which we work, based on gender, language and other measures.	Target met and continued progress toward meeting long-term goal. Our gender diversity increased among Senior Consultants, Technical Directors and Partners. We collected information on the languages spoken and nationalities represented by our employees on a voluntary basis, in accordance with each country's privacy requirements. See the section on Our people for more details.
Occupational health and safety	Days away from work case (DAWC) rate at or below 0.12 and no fatalities.	DAWC rate below 0.06 and no fatalities.	Target partially met and continued progress toward meeting long-term goal. Our DAWC rate remained unchanged at 0.17. We had no employee fatalities. See the section on Health & safety for more details.
Climate change	Adopt ambitious long-term greenhouse gas (GHG) targets based on science.	Achieve forecast progress towards longer term Science Based Targets for 2025 and 2050.	Target met and continued progress toward meeting long-term goal. Senior management approved ambitious GHG targets, which we will submit to the Science Based Targets Initiative for validation in FY19. See the section on Environment for more details.
Innovating with clients and other leading organizations	Adopt innovation approach to generate new solutions for and with clients.	Measure and report the impacts of innovating with clients and other organizations to address sustainability challenges.	Target met and continued progress toward meeting long-term goal. Our approach to innovation focuses on leveraging technological advances across our core services in response to client need. We appointed a Head of New Digital Business to spearhead our development of digital tools and services. See the sections on Our impact and Society for more details.
Contributing to society & local communities	Contribute 1% of prior year profits to support sustainability initiatives around the globe, primarily through the ERM Foundation.	Increase Foundation contributions over time (e.g., percentage of employees engaged, company donations, employee funding). Measure and report the impacts of Foundation and other non-client-generated projects/ programs on Sustainable Development Goals.	Target met and continued progress toward meeting long-term goal. We contributed 1.2% of prior year profits to global sustainability initiatives, primarily through the ERM Foundation. See the sections on Society and the ERM Foundation for more details.



Performance continued

Progress toward achieving the SDGs

For each of our material topics, we identified the SDGs and SDG targets that are most relevant to our work with clients and other organizations, our own operations and the ERM Foundation. The table below provides a snapshot of ERM's contributions within our own operations, with our business partners and through our work with clients. For a summary of the progress made through the ERM Foundation, visit the ERM Foundation Annual Review.

ERM material topic	Corresponding SDGs and 2030 targets	FY18 progress
Governance	  <p>16.5 Substantially reduce corruption and bribery in all their forms</p>	<p>Our commitment to combat bribery and corruption is fundamental to how we operate and is embedded into our key systems and programs.</p> <p>For more on the location of anti-bribery and corruption-related disclosures in this report, see our UN Global Compact Index, which includes details of our reporting on Principle 10 – Anti-Corruption.</p> <p>See the section on Governance for more details.</p>
Our people	    <p>5.5 Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life</p> <p>10.2 By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status</p>	<p>Through our policies, we prohibit discrimination on the basis of race, color, religion, sex, sexual orientation, gender identity, age, national origin, disability, veteran status or any other category protected by the laws of the communities in which we do business.</p> <p>ERM is a signatory of the Women's Empowerment Principles. The ERM Foundation includes "empowering women and girls" as an area of focus for funding projects reflecting the SDGs.</p> <p>See the sections on Our people and the ERM Foundation for more details.</p>
Occupational health and safety	  <p>8.8 Protect labor rights and promote safe and secure working environments for all workers, including migrant workers in particular women migrants, and those in precarious employment</p>	<p>ERM delivers a global health and safety program that focuses on the ongoing health and safety of everyone involved in and impacted by our work – including ERM employees, clients, contractors, as well as communities and the public local to our program sites.</p> <p>See the section on Health & safety for more details.</p>
Climate change	       <p>7.2 By 2030, increase substantially the share of renewable energy in the global energy mix</p> <p>13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning</p>	<p>We collaborate with industry, nonprofit organizations and thought leaders to raise awareness and take action to address climate change.</p> <p>We are implementing a science-based target for our emissions, which includes purchasing more renewable energy.</p> <p>We are experts in wind energy and other renewable energy sources and actively help companies to build and operate more renewable projects and to help other companies transition to purchasing more renewables.</p> <p>See the section on Environment for more details.</p>

Performance continued

ERM material topic	Corresponding SDGs and 2030 targets	FY18 progress
<p>Innovating with clients and other leading organizations</p>	 <p>8.2 Achieve higher levels of productivity through diversification, technological upgrading and innovation</p>	<p>FY18 progress</p> <p>Our business strategy focuses on providing innovative solutions to our clients on the full range of sustainability issues. In particular, we are focusing on leveraging technological advances across our core services and within our own business to drive productivity.</p> <p>See the sections on Our impact and Society for more details.</p>
<p>Contributing to society and local communities</p>	 <p>12.6 Encourage companies to adopt sustainable practices and integrate sustainability information into reporting cycle</p> <p>17.16 Enhance global partnership for sustainable development by multi-stakeholder partnerships that mobilize, share knowledge, expertise...to support SDGs in all countries, particularly developing countries</p>	<p>ERM works with governments, businesses, industry bodies and other leading organizations to address complex sustainability issues by providing technical insights, an understanding of societal expectations, and framing that with commercial acumen to provide business value.</p> <p>Throughout the report, we highlight our work with many leading organizations on sustainable development.</p> <p>ERM participates in SDG panels at leading conferences and convened SDG workshops and webinars with companies across geographies and sectors.</p> <p>See the sections on Society and the ERM Foundation for more detail.</p>

Future targets

Based on our materiality analysis, we have established material topics, targets for FY19 and 5-year goals.

Material topics	FY19 target	5-year goal (to be met by the end of FY22 unless otherwise indicated)
Governance	No fines or nonmonetary sanctions for material noncompliance with laws or regulations.	No fines or nonmonetary sanctions for material noncompliance with laws or regulations.
Our people	Show increase over prior year for gender diversity among Senior Consultants, Technical Directors and Partners. Show increase over prior year for diversity in ERM's Senior Leadership Team.	Our employees reflect the diversity of the communities in which we work, based on gender, language and other measures.
Occupational health and safety	Days away from work case (DAWC) rate at or below 0.10 and no fatalities.	DAWC rate below 0.06 and no fatalities.
Climate change	Adopt GHG reduction targets validated by the Science Based Targets Initiative.	Achieve forecasted progress towards longer-term Science Based Targets for 2025 and 2050.
Innovating with clients and other leading organizations	Measure the impacts of material innovations delivered to market in FY19.	Measure and report the impacts of innovating with clients and other organizations to address sustainability challenges.
Contributing to society & local communities	Contribute 1% of prior year profits to support sustainability initiatives around the globe, primarily through the ERM Foundation.	Increase Foundation contributions over time (e.g., percentage of employees engaged, company donations, employee funding). Measure and report the impacts of Foundation and other non-client-generated projects/programs on Sustainable Development Goals.



FY18 data background

To measure our social, economic and environmental impacts and support programs for improving our sustainability performance, ERM collects and reports data relevant to our global operations. The data are grouped, where applicable, in alignment with the focus areas presented in this report.

More information on the location of specific GRI and UN Global Compact content within this report can be found under reporting approach.

Organizational boundaries

ERM follows the GRI Standards, including the identification of material topics. All information in this report, including data and performance information presented, covers ERM's operations as a group. Data reported are for those entities controlled by ERM Worldwide Group Limited (EWGL), which is based in London, UK.

Data in this report are inclusive for ERM CVS. ERM CVS is a wholly owned subsidiary of EWGL. ERM CVS works with many of the world's leading multinational organizations and delivers independent, third-party, performance-driving certification, verification and report assurance services to help clients improve their sustainability performance. For more details of these services, visit www.ermcvs.com.

ERM CVS operates under ERM's internal policies and procedures, and the following sections of this Sustainability Report 2018 therefore apply also to ERM CVS unless indicated otherwise: Our people, Health and safety, Society, Environment, and Governance. Because ERM and ERM CVS have combined human resource systems and office premises, the data in this report include the operations of ERM CVS.

Due to the nature of its work, ERM CVS has additional policies and procedures relating to independence and an Advisory Board that undertakes the role of the Committee for Safeguarding Impartiality.

Methodologies

Our ERM Sustainability Reporting Protocol guides the data-collection process. Where applicable, the protocol is based upon external guidance, including the GRI Standards and the World Resources Institute/WBCSD Greenhouse Gas Protocol.

Taking advantage of the professional expertise of our workforce and our purpose as an organization, ERM created a Sustainability Network of coordinators, advisors, leaders and champions across all of our offices and regions. Members of the network focus on enhancing our sustainability program and improving our performance in support of the SDGs. The Sustainability Network coordinates the collection of the majority of our environmental data. We expect to continue to improve the robustness and depth of our data over time.

We report environmental data for offices that fall within ERM's material threshold (as defined in our Sustainability Reporting Protocol) per fiscal year (FY), which runs 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 continue to improve our greenhouse gas data, including working with landlords to increase access to actual energy consumption data for leased offices. Where data are unavailable, we estimate consumption based on the amount of space we lease and expected energy intensity of office buildings.

On a per-indicator basis, sources constituting less than 1 percent of ERM's total impact for that performance indicator annually were excluded from the data collection and reporting process. Sources excluded are reviewed annually to determine if emissions are relevant for a continued de minimis exemption. For FY18, leased or owned office locations that were registered as encompassing fewer than 50 square meters, excluding dedicated server hosting spaces, were also considered de

minimis and excluded from the data collection and reporting process. Impacts associated with office spaces of this size are projected to be less than 1 percent of ERM's total impact in aggregate. Travel data for employees residing in these offices are included in the office responsible for booking travel.

For data normalized by the number of FTE employees, we applied the average yearly FTE, which is more representative of FTEs throughout the year than the year-end FTE. Average yearly FTEs have been applied in ERM Sustainability Reports since FY15.

All financial data are reported in US dollars, unless otherwise noted.

Data for new offices or offices added through ERM acquisitions during the reporting period are included where available from the date of opening or acquisition – subject to specific transition arrangements to ERM systems and processes. These arrangements are noted where relevant.

In some instances in the data presented, rounding results in small discrepancies.

See [ERM's full dataset](#) in our online Sustainability Report 2018.

Reporting approach

As required by the Global Reporting Initiative (GRI) Standards, we provide a summary of how we developed this report as well as indexes to help readers locate specific information about our policies, programs and performance.

The intent of these reporting elements is to provide a level of comfort among our stakeholders that the information we report is timely, accurate, reliable and complete.

This report has been prepared in accordance with the [GRI Standards: Core option](#). As a GRI Standards Pioneer, we are among the first to adopt the new GRI Standards: global best practice for sustainability reporting. In doing so, we are demonstrating our full support for GRI's mission to empower decision-makers everywhere, through its sustainability standards and multi-stakeholder network, to take action towards a more sustainable economy and world.



Reporting approach continued

About our report

This report details our performance during fiscal year (FY) 2018 (1 April 2017 through 31 March 2018) in managing key issues and targets identified through our materiality assessment, and it is reviewed and approved formally by our Executive Committee. Our previous report (covering FY17) was issued in July 2017.

The key elements that we focused on in developing this report include:

- **Engagement with stakeholders:** This report responds to feedback from our stakeholders, which helped inform our materiality assessment and the report content.
- **Sustainability context and value chain:** We explain how we see the role of ERM in wider sustainability issues, the impact we have through our client work and own operations, and the role that our experts play in professional associations, industry forums and other thought leadership activities to address important issues raised by our stakeholders.
- **Materiality:** We identify and describe the material topics that are important to our stakeholders and the business, and set out our associated performance for the reporting year as well as key performance indicators (KPIs) and targets for the coming year and beyond.

Indexes

As required by the GRI Standards, we provide an index that specifies each of the GRI Standards used and lists all disclosures included in the report.

We also provide a separate index corresponding to our progress in implementing the Ten Principles of the UN Global Compact.

Both indexes are available online at www.erm.com/report18.

Principles for defining reporting quality

The GRI Standards set out principles for defining reporting quality, and we have taken a number of actions to meet these principles:

- We safeguard the quality of information contained in this report through a robust assurance process leveraging internal and external expertise; and
- We continue to improve the availability of timely information to internal leaders in order to inform decision-making and drive performance.

Determining what to include in this report begins with an understanding of our impacts throughout our value chain, which include our associations with business partners, our work undertaken for clients and our thought leadership activities. This report addresses those items that are of significant interest to our stakeholders and to ERM's business strategy.

Each year, we conduct a [materiality assessment](#) in order for our business planning to include initiatives to respond to the key topics identified. We establish KPIs and targets to track the effectiveness of our management of these issues throughout the year. Our focus is on improving, year on year, the management of key sustainability issues for the business.

Photo credits

(photos by ERM employees unless otherwise indicated)

Cover: Rebecca Chan

Page 1: Ian Hamilton

Page 3: Andrew Gregory

Page 4: Kirsten Seymour (climate change), Jane Barnett (digital transformation), Naushad Tahsildar (population growth), Ian Hamilton (emerging middle class)

Page 9: Josh Calkin

Page 10: Daniel Casanova

Page 17: Danielle Trefz

Page 19: Photo provided by Infosys

Page 20: ©HS2 Ltd/Grimshaw

Page 21: Natasha Ezekiel

Page 22: Photo provided by Teck

Page 23: Photo provided by Enel

Page 24: Brieuc Debontridder (small business owner photo), Photo provided by client (school photo)

Page 26: Photos provided by Rio Tinto and the Cobalt Institute

Page 28: Rahul Srivastava

Page 29: Lindsey Bungartz

Page 30: Photos provided by Aethon Energy and Lucy Randall from Smitten and Hooked photography

Page 32: Alexandra Stevenson

Page 34: Kassi Murray

Page 35: Lorenzo Danzi

Page 36: Linden Edgell

Page 38: Paul Wijnja

Page 40: Tracy Henn

Page 41: Photo provided by WBCSD

Page 42: Natalia Borrell

Page 43: Paulo Santos

Page 44: Photo provided by Hugo Cusak of BG Drilling

Page 45: Photo provided by Retail Design Blog

Page 48: Mike Everett

Page 49: Photo provide by City of Austin Office of Sustainability

Page 50: Annie Surratt

Page 51: Yiqun Zhang

Page 56: Photo provided by the Leping Social Entrepreneur Foundation, China

Page 59: Solar Sister® and Kristina Mitchell

Page 61: John Cima

Page 65: Eileen Pagen

Page 67: Ben Pizii

Page 73: Juan Navarro

Page 74: Lindsey Bungartz

Value chain

Helping clients to deliver solutions to sustainability challenges

The following graphic demonstrates key elements about ERM's value chain, including:

- Core elements: These form the compass that points us in the right direction. ERM is built on a group of talented professionals across the world with outstanding technical expertise and thorough perspectives on the critical issues facing organizations from a sustainability point of view.
- How we do business: We strive to exceed client expectations. We know their business, their people and their challenges – and therefore, our opinions, insights and perspectives count. In the end, our clients' success defines our success.
- How this creates value: We take seriously our responsibility to make a positive difference for our clients, people, investors and society.

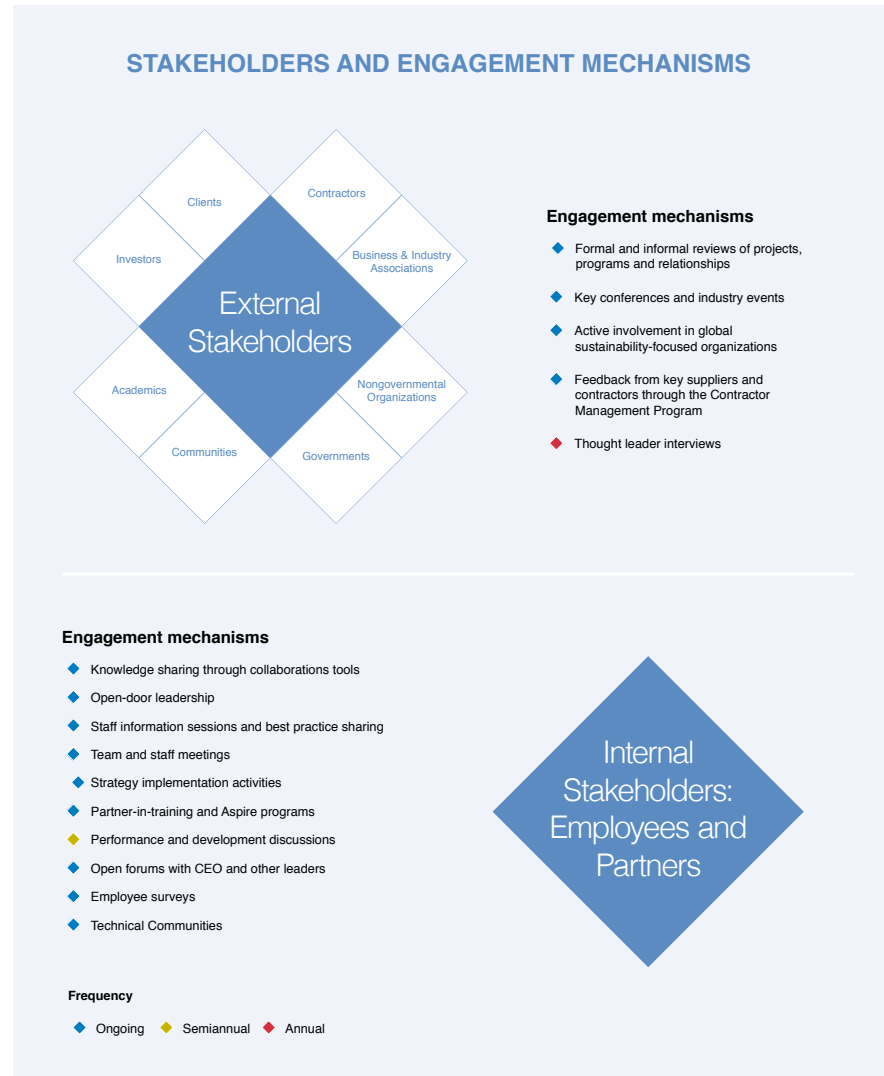
By understanding our value chain, we can continue to track and improve our sustainability performance and the outcomes we deliver.



Stakeholder engagement

As part of our commitment to good business, we engage regularly with key stakeholders. This process helps us to understand, prioritize and manage our sustainability impacts as an organization as well as to evolve our client services.

We have a range of internal and external stakeholders. We engage with stakeholders through a variety of mechanisms, including direct dialogue, surveys, engagement at professional and industry forums, and sharing information. The frequency and nature of this dialogue are designed to enable regular communication with stakeholders on key issues. We conduct additional engagement with stakeholders as part of the development of our sustainability reports, and this feedback is an important feature of our report preparation.



Stakeholder engagement continued

Feedback from ERM’s stakeholders

Stakeholder feedback is integral to ERM’s sustainability reporting process. The following table summarizes the issues raised by our stakeholders, along with links to information on how we respond to these issues.

Stakeholder	Material topic	ERM response in this report
Partners and employees	Occupational health and safety	Health and safety
	Non-discrimination	Our people. Governance
	Diversity and equal opportunity	Our people
	Anti-corruption	Governance
	Environmental compliance	Governance
ERM senior leaders	Client privacy	Governance
	Anti-corruption	Governance
	Occupational health and safety	Health and safety
	Diversity and equal opportunity	Our people
	Client health and safety	Our impact
External thought leaders (clients, business and industry associations, nongovernmental organizations)	Anti-corruption	Governance
	Client privacy	Governance
	Diversity and equal opportunity	Our people
	Environmental compliance	Governance
	Client health and safety	Health and safety
Key clients	Ethics and human rights	Governance
	Workforce	Our people
	Safe operations	Health and safety
	Climate change	Climate change
	Environmental impacts	Environment
	Local communities	Society, ERM Foundation
Competitors	Climate change	Climate change
	Local communities	Society, ERM Foundation
	Ethics and human rights	Governance
	Diversity and equal opportunity	Our people
	Environment	Environment
	Supply chain	Governance

Materiality

Each year, ERM conducts a formal materiality assessment in accordance with the GRI to identify and prioritize our most significant sustainability topics, set KPIs and targets for improvement, and guide the content for our Sustainability Report.

Determining material topics

We undertook the following approach to determine the material topics for this report:

1. We drew on a wide range of inputs to develop a view on what matters to our internal and external stakeholders, including extensive interviews, surveys and benchmarking.
2. We expanded our understanding of ERM's sustainability context through our involvement in various global organizations, including the World Business Council for Sustainable Development.
3. We considered the implications of megatrends affecting society and our clients as well as the Sustainable Development Goals. Senior management reviewed the company's key business issues.
4. We created a matrix of key issues. Internal sustainability experts and business leaders applied the Content Principles and assessed the potential environmental, social and economic impacts – beyond the impacts on our business.
5. Based on this assignment, senior management agreed on the material sustainability issues for our business going forward.
6. We reviewed the GRI Aspects and, where relevant, assigned indicators, which are outlined in our GRI index.
7. In order to drive performance improvement, we established key performance indicators and targets directly related to our material issues. We report on our performance against the FY18 targets and long-term goals in the report.

Both internal and external factors determine what we considered to be material. These include, but are not limited to, the following:

- Reasonably estimable economic, environmental, and social impacts;
- The interests and expectations of internal stakeholders specifically invested in ERM;
- Broader economic, social, and environmental interests and topics raised by our external stakeholders;
- The main topics and future challenges for our sector, as identified by peers and competitors;
- Laws, regulations, international agreements, and voluntary agreements of strategic significance to our organization and our stakeholders;
- Key organizational values, policies, strategies, operational management systems, goals and targets;
- ERM's core competencies and the manner in which they can contribute to sustainable development; and
- Consequences for ERM that are related to our impacts on the economy, the environment, and society. For each of the material topics, ERM defined the boundary of impact, and its relationship to the GRI standards and ERM's strategic business drivers.

Materiality continued

For each of the material topics, ERM defined the boundary of impact, and its relationship to the GRI Standards and ERM’s strategic business drivers (see below).

We have developed targets specifically to address each of our material topics for FY19 and longer-term goals.

Material topics	Boundary	GRI sub-topics	Strategic drivers
Governance	Internal and external (e.g., supply chain & clients)	Anti-corruption, non-discrimination	Management excellence
Our people	Internal and external (e.g., meeting client needs & reflecting local communities)	Diversity and equal opportunity	Attracting and retaining staff
Occupational health & safety	Internal and external (e.g., travel & client sites)	Occupational health and safety	Duty of care
Climate change	Internal and external (e.g., travel)	Emissions, Energy use	Leadership position in the transition to low-carbon future
Innovating with clients and other leading organizations	Internal and external (e.g., clients & organizations)	General disclosures	Responding to changing client needs
Contributing to society & local communities	Internal and external (e.g., Foundation projects & programs)	Local communities	Demonstrating investment in society and local communities



Assurance

ERM has governance, reporting and internal review processes in place to help ensure the quality of information contained within this report, as well as stakeholder confidence in the accuracy and reliability of our reporting.

We have gathered, recorded, compiled, analyzed and reported information and processes used in the preparation of this report in a way that can be subject to examination and which establishes the quality and materiality of the information. Individuals who did not prepare our Sustainability Report have reviewed the information reported and the processes for determining report content and stakeholder engagement.

For our energy and GHG emissions data, our internal assurance process focuses on the quality (completeness and accuracy) of our reported data. ERM CVS conducted internal assurance on ERM's FY18 data for these metrics, following the same approach used to perform external assurance for clients. This is based on ISAE3000 and ISO 14064:3, which are internationally recognized assurance methodologies.

We engaged with external assurance providers for several years to provide an independent assessment of the processes we used to:

- determine our material issues;
- identify and engage with stakeholders; and
- select the overall content in the report.

The external assurance was built on internationally recognized methodologies including AA1000AS.

We have been evaluating our approach to assurance in order to integrate more effectively external perspectives into our sustainability approach, work program and performance as well as providing assurance on our public reporting. In FY19, we intend to adopt a new multi-year approach. In parallel, we will continue to improve our reporting based on the expertise of our Partners and consultants, stakeholder feedback, benchmarking of industry leaders and our collaborations with global reporting organizations.

