

# Environmental Resources Management

## UN Global Compact Communication on Progress 2012

Addendum to the ERM Sustainability Report 2012, available on [www.erm.com](http://www.erm.com)





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# Message from the CEO



This year ERM has published its first sustainability report, which also serves as our first Communication on Progress since becoming signatories to the [United Nations Global Compact \(UNGC\)](#) in 2011. As a company, we are committed to implementing the Ten Principles of the UNGC in the areas of human rights, labor, environment and anti-corruption, and advancing them within our sphere of influence. As the world's leading sustainability consultancy ERM is a truly global company that provides worldwide consulting services and innovative solutions in more than 160 countries that help clients improve how they understand, manage and reduce their impacts on the world. Our clients are from a wide range of sectors including oil and gas, power, mining, manufacturing, chemical, pharmaceutical, consumer goods, legal and financial institutions and government.

The Ten Principles of the UNGC closely align with ERM's own values and principles, and our 'One Planet. One Company. ERM.' business strategy, which places sustainability at the heart of our global activities.

At ERM, sustainability means ensuring the safety and development of our employees, upholding the highest standards in business conduct and ethics, making a positive contribution towards meeting the world's environmental challenges, contributing to local communities, advancing sustainability through thought leadership and developing innovative solutions to meet our clients' needs.

During FY12, we continued to strengthen our efforts across each of our seven core areas of sustainability: people, health and safety, business conduct and ethics, environment, community, thought leadership and clients. This report details our progress in aligning our operations with the Ten Principles of the UNGC, and our ongoing support for the broader sustainability goals of the United Nations.

In keeping with our commitment to the UNGC, we will measure and report on our progress against the Ten Principles annually through our sustainability reporting.

**John Alexander**  
Chief Executive Officer

# Communication on Progress

This report has been prepared in accordance with current UNGC reporting guidance, including the following standards:

- > [Blueprint for Corporate Sustainability Leadership \(2010\)](#);
- > [Guiding Principles on Business and Human Rights \(2011\)](#); and
- > [Reporting Guidance on the 10th Principle Against Corruption \(2009\)](#).

As this is our first Communication on Progress, we have set out each section to outline our company approach and commitments in the key areas of human rights, labor, environment and anti-corruption, our key initiatives to improve performance, and highlights of our progress this past year. The details of our performance are contained in our Sustainability Report covering the fiscal year 2012 (FY12, 1 April 2011 to 31 March 2012) with the content index providing direct links.

The report has also been prepared in alignment with [GRI's G3.1 Reporting Guidelines](#) to a GRI checked Application Level C.

Corresponding UN Reporting Guidance and GRI indicators and the location of disclosures related to the Ten Principles within this report are detailed in our UNGC Content Index on pages 7–10. For more information on GRI, see our online [GRI Content Index](#).

# Commitment and Policy

ERM operates under a [Code of Business Conduct and Ethics \(Code of Conduct\)](#), in conjunction with our [Sustainability Policy](#) and [Sustainability Approach \(Approach\)](#). Our Code of Conduct provides the basis for integrity, respect and fair dealings in all of our daily operations, while our Sustainability Policy and Approach articulate our sustainability commitments across our seven key performance areas.

These are publicly available on [erm.com](#), along with other key global policies including ERM's [Global Diversity Policy](#), [Child and Forced Labor Policy](#) and our [Supplier/Sub-contractor Business Conduct Information](#). Our Code of Conduct and policies are applicable across our global operations and support our commitment to the highest standards of operation. Our Code of Conduct is available in seventeen languages and supports all Ten Principles.

Under the direction of the Group Executive Committee, ERM's Sustainability Advisory Committee (SAC) leads an annual risk assessment process with senior management across the Group to identify material issues for the organization. From this process, the Executive Committee approves and establishes annual sustainability key performance indicators (KPIs) and targets for the organization, which are disclosed in our Sustainability Report. To support our commitment in driving business performance, significant progress is being made in our information management systems to provide timely, accurate and robust data to inform program development and implementation.

Decisions on a range of new information management tools were made in FY12 relating to human resources, sustainability, learning and development, and contractor and sub-contractor management, and these systems are planned for implementation from FY13.

# Human Rights

As a global business with operations in 39 countries and territories, and activities in more than 160 countries, we recognize our responsibility to support and respect the protection of internationally proclaimed human rights, as defined by the UN Guiding Principles. We have instituted a range of policies and commitments to uphold these principles in our operations and activities. ERM's written commitments are listed in the Content Index on pages 7 and 8.

In addition, our approach to sustainability is focused on using the opportunity we have of working with companies across the world to improve their practices. ERM has a Human Rights Working Group, which is focused on providing advice to our clients on their Human Rights risks and obligations, as part of our service offerings. Our work in this area is growing as clients realize the need to address human rights issues in their business, and how this is central to so many aspects of their operations.

As a member of UNGC, we seek to improve our own organizational performance, while at the same time providing leadership and advice to our clients, as the business sector seeks to improve its understanding of and performance in human rights.

## Implementation

ERM has continued to build our organizational capacity as part of our adherence to our Code of Conduct. We have strengthened our training programs, developing further online modules in the ERM Academy on our Code of Conduct, which includes human rights elements.

We believe it is important to work with all our suppliers, vendors and sub-contractors to improve the understanding and practices of those with whom we work. We intend to implement a new approach to manage sub-contractors in FY13 to ensure they meet ERM's requirements, and in turn our clients' requirements.

Through our work with the [ERM Foundation](#) we provide advice and support to communities across the world. Our approach to working with communities includes enhancing their access to resources, including clean water and lower carbon energy sources, as well as improving educational opportunities and livelihoods. All of these activities support the fundamental rights of individuals and communities to build a better life.

In FY13, we will continue to look at ways of strengthening our approach to human rights across our operations, in the execution of our projects and the services we provide to our clients, as well as continuing our involvement in organizations working to advance human rights globally.

## Measurement of outcomes

Our Sustainability Report outlines our performance in FY12, with highlights including:

- > Development of specifications for a new global system for reducing, and in time, eliminating risks associated with our sub-contractors and suppliers related to health and safety, insurance, business conduct and ethics, and supplier diversity which are elements of a strong human rights framework. This platform will provide ERM with a consistent mechanism for qualifying and monitoring vendors, suppliers and sub-contractors based on services performed, and other risk exposure criteria.
- > Enhancement of the training of local compliance officers in business units, including strengthened reporting processes related to compliance to enable us to better understand and improve our own performance.
- > Contribution of over \$900,000 USD in company funds, as well as \$374,000 USD in staff contributions, to the work of the ERM Foundation and its Low Carbon Enterprise Fund (LCEF).
- > No instances of fines or non-monetary sanctions as a result of material non-compliance with laws and regulations.

# Labor

We are committed to creating a work environment that protects the safety and health of our people, remains free from discrimination and harassment, and reflects the diversity of the clients we serve, and communities in which we operate.

ERM's Code of Conduct describes the Company's expectation that our interactions with each other, our clients and local communities be characterized by integrity, fairness and respect. In conjunction with our Global Diversity Policy, the Code of Conduct sets out our commitment to diversity and prohibits harassment and discrimination in all forms. As an international organization, ERM believes that our workforce should include individuals from diverse academic, experiential and social backgrounds.

The quality and passion in our work, and therein ultimately the performance and success of our business, is a direct result of the close community of our people – "ERMers". Our aim as a business is to provide a safe, supportive and fertile environment for work in which everyone can thrive and develop personally and professionally. We conduct a Global Engagement Survey annually to gauge employee satisfaction within ERM, and to identify areas with improvement potential.

Our "You See It. You Own It. And Share It." behavior-based safety culture is designed to keep health and safety at the forefront of the thoughts and actions of our people, as well as to ensure compliance with internal policies and regulatory requirements. We also utilize this expertise and experience in the professional health and safety advice we provide to our clients in keeping with our approach of furthering best practices in the business community, including our sub-contractors and suppliers.

ERM supports international efforts against child and forced labor and has a specific No Child or Forced Labor Policy that 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.

## Implementation

ERM made significant investments in our people programs in FY12. Through a strengthened human resources function that worked closely with other key functions, as well as our business units, we reviewed our systems and processes as part of our goal of developing our people in line with our business strategy.

We made decisions to improve our systems related to the management of our contractors and sub-contractors globally, in order to meet our commitments to labor standards and laws.

As an organization, we believe in and expect all our people to abide by the principles of partnership, respect for each and every individual and mutual support across the world. We ensure this is an early focus for all our people through its inclusion in our mandatory induction training for all staff and contractors globally. Under the auspices of the Sustainability Advisory Committee (SAC), we intend

to map our existing approaches, performance and activities across the business, and identify ways in which we can enhance the diversity of our business.

Our social and health consulting services team work with clients around the world to identify and provide advice on labor issues. This includes the development of strategies, management plans, information management systems and auditing to the SA8000 labor standard.

## Measurement of outcomes

Our Sustainability Report outlines our performance in FY12, with highlights including:

- > Measuring the age and gender balance in different career levels across the organization to better understand the demographics of our employees.
- > Setting a goal for FY13 to increase the ratio of women to men in the categories of senior consultant and Partners by an increment of 5 percent from FY12 levels.
- > Joining the Diversity and Inclusion in Asia Network (DIAN) to further promote diversity.
- > Conducting and responding to the results of our annual employee engagement survey.
- > Enhancing our global knowledge management system to increase the access of materials, tools, links and specialist teams and to improve engagement across the global organization.
- > Improving our employee learning platform, the ERM Academy, in order to improve the learning and development opportunities for our employees.
- > Holding two live global discussions hosted by CEO John Alexander, inviting employees from around the world to discuss with senior leaders ERM's sustainability program and performance.



# Environment

ERM is committed to further reducing our environmental footprint and achieving more sustainable outcomes for ERM, our clients and society, and for the benefit of present and future generations. We use our market leading expertise to reduce the environmental footprint of our clients, as well as our own organization.

As a global consultancy, our most significant environmental issue are greenhouse gas (GHG) emissions generated by business travel and by energy use at our offices. We also consider resource utilization (primarily office supplies), green buildings and office-related waste as important issues for our business. Our commitments associated with these issues are set out in our Sustainability Policy and Approach.

By helping our clients strive to achieve better outcomes, we not only contribute to the sustainability of their businesses but also help to address broader global challenges, such as access to natural resources and energy, biodiversity and preserving key characteristics of local communities.

We also continue to increase our profile in key organizations that are working towards solutions for critical sustainability challenges, including the [World Business Council for Sustainable Development \(WBCSD\)](#) and the [Business and Biodiversity Offsets Program \(BBOP\)](#).

## Implementation

FY12 brought further improvement in our environmental data collection processes. We focused on obtaining a better understanding of our own GHG emissions and data sources in the locations in which we operate. We also updated our reporting guidance, conducted training sessions and developed improved tools for data collection.

Not only are we continually looking for ways in which we can reduce the energy consumption in the office buildings that we currently occupy, but we remain committed to moving our operations progressively to more sustainable office spaces as leases are renewed or signed. We have developed and piloted Green Building Guidelines which help inform our decisions when selecting new office space or refurbishing existing space. Our individual offices have been engaging with staff and implementing behavioral change campaigns, and we are working on a global approach using proven best practices from offices company-wide that have already undergone a transition to more sustainable operations. Energetic and engaged employees around the world continue to successfully champion local environmental improvement initiatives in their offices.

We are a sustainability consulting firm, with a strong history in the environmental field. Over the past five years, we have worked for more than 50 percent of the Global Fortune 500 companies, delivering innovative solutions for business and other clients.

Our commercial team leaders are regularly working with our key technical staff to develop innovative solutions that address the growing sustainability challenges being faced by our clients. Examples of outcomes from this innovation include strengthening sustainable remediation practices, refining ecosystem services valuation, driving adaption based on climate change physical risk analysis, and improving environmental footprinting and life cycle assessment methodologies.

ERM provides financial contributions and pro bono time to support the activities of the ERM Foundation and its LCEF. These activities focus on environmental initiatives within local communities, relating to carbon reduction, conservation and biodiversity, environmental education, and clean water and sanitation, and also provide tangible social and economic benefits.

## Measurement of outcomes

Our Sustainability Report outlines our performance in FY12, with highlights including:

- > Piloting our Green Buildings Guideline – providing guidance to offices that are moving or refurbishing, including our Boston office which achieved LEED Gold status in FY12.
- > Piloting the Nightwatchman software designed to improve the energy efficiency of our information technology equipment.
- > Existence of video conferencing capabilities in 57 of our offices globally, accessible to over 80% of our staff and logging over 10,000 hours of time.
- > Almost 80% of paper purchased in FY12 possessed an environmental credential.
- > Being invited to join the BBOP Advisory Group, which is helping companies to conserve biodiversity in an ecologically effective and economically efficient manner as they pursue their business goals.
- > The reappointment of Bráulio Pikman, a Partner/employee in Brazil, to the United Nations Framework Convention on Climate Change (UNFCCC) CDM Methodologies Panel.
- > Contributing over \$900,000 to the ERM Foundation and its programs, with the LCEF exceeding \$1 million in commitments and investment since its inception in 2008.

# Anti-corruption

ERM supports governmental efforts to combat bribery and corruption and our commitment is detailed in our Global Anti-Bribery and Corruption (ABC) Policy.

ERM carries out at least two jurisdictional risk assessments a year regarding ABC and Child and Forced Labor risk. We choose locations based on risk factors including but not limited to **Transparency International** high risk categorization. For certain risk areas, ERM has developed additional policies. Examples of additional detailed policies include Gifts and Entertainment, Interacting with Government Officials, and our highly customized and industry-specific conflict of interest provisions of our Code of Conduct (Section 4).

Our policies regarding our vendor relationships are detailed in our Code of Conduct (Section 6), as well in our erm.com section on Supplier/Subcontractor Business Conduct Information.

For a full list of relevant policies, see ERM written commitments in the Content Index on pages 7 and 8 of this report.

## Implementation

Putting our business conduct and ethics commitments into action in every ERM office and activity, every day, depends upon the involvement and awareness of individual employees and the leadership of every manager and Partner. Training is a critical element in maintaining awareness and involvement.

We continue to enhance our training program in order that our employees are aware of ERM's commitments, policies and standards relating to anti-corruption and have mandated training required for new starters, all employees and those in key roles. In FY12, we updated our ABC compliance training via the ERM Academy, our online learning management system, incorporating e-learning approaches to effectively deliver the training to a highly dispersed workforce.

ERM takes a holistic view of operational risks, and we have implemented an analytical framework that coordinates and integrates the evaluation of various risk elements. Our Project Liability Analysis (PLAN) system enables ERM project managers and Partners to identify and avoid or mitigate project-related risks in a systematic and comprehensive way.

## Measurement of outcomes

Our Sustainability Report outlines our performance in FY12, with highlights including:

- > Implementing the PLAN system.
- > Enhancing our approach to training through:
  - Four new e-learning modules on the ERM Academy, our on-line learning management system, to address requirements of the UK Bribery Act;
  - Updating materials and training in several local languages; and
  - Increased face to face training related to anti-corruption.

- > Participating in global conferences and collaborative projects that help us, as well as others, progress the cause of sustainable, ethical business, including:
  - Aiding international law enforcement regarding anti-bribery/corruption, trade sanctions, data security and money laundering, including participation at the FBI Corporate Compliance Officer Outreach Event in Washington, DC, in September 2011;
  - Participation at the 2012 Global Ethics Summit in New York on the topic of BRIC (Brazil, Russia, India and China) and emerging market development; and
  - Membership on the working group that is developing the GRI G4 guidelines for anti-corruption business practices.
- > External recognition of our leadership in business ethics with Ann Chilton, ERM's Global Compliance Officer, recognized as one of the 'Attorneys Who Matter' in ethics and compliance by Ethisphere.
- > Examining business unit operations in Latin America and Asia Pacific (APAC) in FY12, and we have committed to examine additional business units in both APAC and Europe, Middle East and Africa (EMEA) in FY13.



# UNGC Content Index

The locations of disclosures related to the Ten Principles within our Sustainability Report 2012 are detailed in the tables below, including Reporting Guideline indicators for Principle 10:

Global Compact Principle	ERM Corresponding Written Commitment	Sustainability Report reference	Relevant GRI indicators	
			Partially reported	Fully reported
Human Rights				
Principle 1 – Businesses should support and respect the protection of internationally proclaimed human rights.	Code of Conduct (Principles); 1.2 (Global Considerations); 1.3 (Diversity); 1.4 (No Retaliation); 5.1 (Respect and Fair Treatment).	Our People  Health and Safety  Business Conduct and Ethics ➤ Internal Auditing and Risk Assessment ➤ Training ➤ Business Relationships ➤ Leadership in Business Ethics  Community ➤ Low Carbon Enterprise Fund	LA7, LA8, LA13, HR6, HR7	HR9, SO5
Principle 2 – Businesses should make sure that they are not complicit in human rights abuses.	Code of Conduct (Principles); 1.2 (Global Considerations); 1.3 (Diversity); 1.4 (No Retaliation); 5.1 (Respect and Fair Treatment).		HR6, HR7	HR9, SO5
Labour				
Principle 3 – Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	Code of Conduct 5.1 (Respect and Fair Treatment); 6.2 (Fair competition and Anti-Trust Laws).	Our People ➤ Professional Development ➤ Employee Engagement ➤ Diversifying the Workforce ➤ Work/Life balance  Health and Safety ➤ Leadership and Accountability ➤ Sub-contractor management ➤ Health and Safety Performance  Business Conduct and Ethics ➤ Internal Auditing and Risk Assessment  Community  Thought Leadership		SO5
Principle 4 – Businesses should uphold the elimination of all forms of forced and compulsory labour.	Code of Conduct 5.1 (Respect and Fair Treatment); 6.1 (Fair Dealing); No Child or Forced Labor Policy.			SO5
Principle 5 – Businesses should uphold the effective abolition of child labour.	Code of Conduct 5.1 (Respect and Fair Treatment); 6.1 (Fair Dealing); No Child or Forced Labor Policy.			SO5
Principle 6 – Businesses should uphold the elimination of discrimination in respect of employment and occupation.	Code of Conduct 5.1 (Respect and Fair Treatment).		LA2	SO5

# UNGC Content Index continued

Global Compact Principle	ERM Corresponding Written Commitment	Sustainability Report reference	Relevant GRI indicators	
			Partially reported	Fully reported
Environment				
Principle 7 – Businesses should support a precautionary approach to environmental challenges.	Code of Conduct 5.3 (Comply with environmental laws and ERM’s environmental policies); Sustainability Policy; Sustainability Approach.	Environment > Our Carbon Footprint > Office Emissions and Energy Use > Business Travel > Resources and Waste  Community  Thought Leadership	EC2, EN26	SO5
Principle 8 – Businesses should undertake initiatives to promote greater environmental responsibility.	Code of Conduct 5.3 (Comply with environmental laws and ERM’s environmental policies); Sustainability Policy; Sustainability Approach.		EN1, EN22, EN26	EN3, EN4, EN16, EN17, EN23, EN28, SO5
Principle 9 – Businesses should encourage the development and diffusion of environmentally friendly technologies.	Code of Conduct 5.3 (Comply with environmental laws and ERM’s environmental policies); Sustainability Policy; Sustainability Approach; ERM contributions to the ERM Foundation and the Low Carbon Enterprise Fund; ERM business strategy ‘One Planet. One Company. ERM.’		EN26	SO5
Principle 10 – Businesses should work against corruption in all its forms, including extortion and bribery.	Code of Conduct Principles; Section 1.1 (Overview of ethical and legal standards); 1.2 (Global Considerations); 4 (Conflicts of Interest); 5.3 (Comply with environmental laws and ERM’s environmental policies); 5.4 (Accuracy of Books, Records and Reports); 5.6 (Improper Use or Theft); 5.7 (Securities Trading); 6.6 (Gifts, Bribes and Kickbacks); Sustainability Policy; Insider Trading Policy; Anti-bribery and Corruption (“ABC”) Policy.	See Anti-corruption table (on next page).	SO2, SO4	SO3, SO5, SO6

# UNGC Content Index continued

Further details on Principle 10 – Anti-corruption.

Basic Principles	Sustainability Report reference
B1 – Publicly stated commitment to work against corruption in all its forms, including bribery and extortion.	<b>Business Conduct and Ethics</b>
B2 – Commitment to be in compliance with all relevant laws, including anti-corruption laws.	<b>Business Conduct and Ethics</b>
B3 – Translation of the anti-corruption commitment into actions.	<b>Business Conduct and Ethics</b> <ul style="list-style-type: none"> <li>&gt; Internal Auditing and Risk Assessment</li> <li>&gt; Training</li> <li>&gt; Business Relationships</li> <li>&gt; Leadership in Business Ethics</li> </ul>
B4 – Support by the organization’s leadership for anti-corruption.	See Anti-corruption section above  <b>Message from the CEO</b>  <b>Business Conduct and Ethics</b> <ul style="list-style-type: none"> <li>&gt; Leadership in Business Ethics</li> </ul>
B5 – Communication and training on the anti-corruption commitment for all employees.	<b>Business Conduct and Ethics</b> <ul style="list-style-type: none"> <li>&gt; Training</li> </ul>
B6 – Internal checks and balances to ensure consistency with the anti-corruption commitment.	<b>Business Conduct and Ethics</b> <ul style="list-style-type: none"> <li>&gt; Internal Auditing and Risk Assessment</li> <li>&gt; Business Relationships</li> </ul>
B7 – Monitoring and improvement processes.	<b>Business Conduct and Ethics</b> <ul style="list-style-type: none"> <li>&gt; Internal Auditing and Risk Assessment</li> <li>&gt; Business Relationships</li> </ul>

# UNGC Content Index continued

Desired Principles	Sustainability Report reference
D1 – Publicly stated formal policy of zero-tolerance of corruption.	See ERM Written Commitments in UNGC Content Index (above)
D2 – Statement of support for international and regional legal frameworks, such as the UN Convention against corruption.	See ERM Written Commitments in UNGC Content Index (above) UN Global Compact letter
D3 – Carrying out risk assessment of potential areas of corruption.	<b>Business Conduct and Ethics</b> > Internal Auditing and Risk Assessment
D4 – Detailed policies for high-risk areas of corruption.	See ERM Written Commitments in UNGC Content Index (above)
D5 – Policy on anti-corruption regarding business partners.	See ERM Written Commitments in UNGC Content Index (above)
D6 – Actions taken to encourage business partners to implement anti-corruption commitments.	<b>Business Conduct and Ethics</b> > Business Relationships
D7 – Management responsibility and accountability for implementation of the anti-corruption commitment or policy.	<b>Business Conduct and Ethics</b> > Internal Auditing and Risk Assessment > Training > Business Relationships > Leadership in Business Ethics  <b>Thought Leadership</b>
D8 – Human Resources procedures supporting the anti-corruption commitment or policy.	<b>Business Conduct and Ethics</b> > Training  <b>Our People</b> > Professional Development
D9 – Communications (whistleblowing) channels and follow up mechanisms for reporting concerns or seeking advice.	<b>Code of Conduct (Local Compliance Officers)</b>  <b>www.erm.com</b>
D10 – Internal accounting and auditing procedures related to anti-corruption.	<b>Business Conduct and Ethics</b> > Internal Auditing and Risk Assessment
D11 – Participation in voluntary anti-corruption initiatives.	<b>Business Conduct and Ethics</b> > Leadership in Business Ethics



**ERM has over 140 offices across  
the following countries and  
territories worldwide:**

Argentina  
Australia  
Belgium  
Brazil  
Canada  
China  
Colombia  
France  
Germany  
Hong Kong  
Hungary  
India  
Indonesia  
Ireland  
Italy  
Japan  
Kazakhstan  
Malaysia  
Mexico  
Netherlands  
New Zealand  
Panama  
Peru  
Poland  
Portugal  
Puerto Rico  
Romania  
Russia  
Singapore  
South Africa  
South Korea  
Spain  
Sweden  
Taiwan  
Thailand  
United Arab Emirates  
United Kingdom  
United States of America  
Vietnam

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