Sustainability Progress Report

2024

LRQA

LRQA
Sustainability Progress Report
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Welcome

A note from our CEO

True progress can only be made with measurement and reflection. I've watched LRQA evolve during my time as CEO and we continue to advance as a responsible, inclusive and sustainable organisation. I am proud to release our second annual Sustainability Progress Report, which demonstrates our performance in 2024 and outlines our areas of focus for the future.

In last year's report, we pledged to complete a Double Materiality Assessment (DMA) and in 2024, we delivered. By applying a globally recognised methodology with the same rigour we advise to our clients, we identified our material topics and also focused on four priority areas where we can deliver the greatest impact: Corporate integrity, People experience, Enhanced livelihoods and Climate action.

We are also proud of the progress we made in other areas. In 2024, we:

- Launched 220 renewable energy projects, underscoring our environmental stewardship for our clients.

- Enhanced health, safety and wellbeing programmes for our people.

- Strengthened our sustainability governance by appointing Lisa Bate, Executive Vice President, Americas and Global Advisory Services, as Executive Sponsor for our sustainability strategy – Our Planet, Our Plan.

Our work has been led by our internal Sustainability Leadership Team who together represent several different parts of the business and has been shaped by our invaluable clients, whose trust drives us further on this journey.
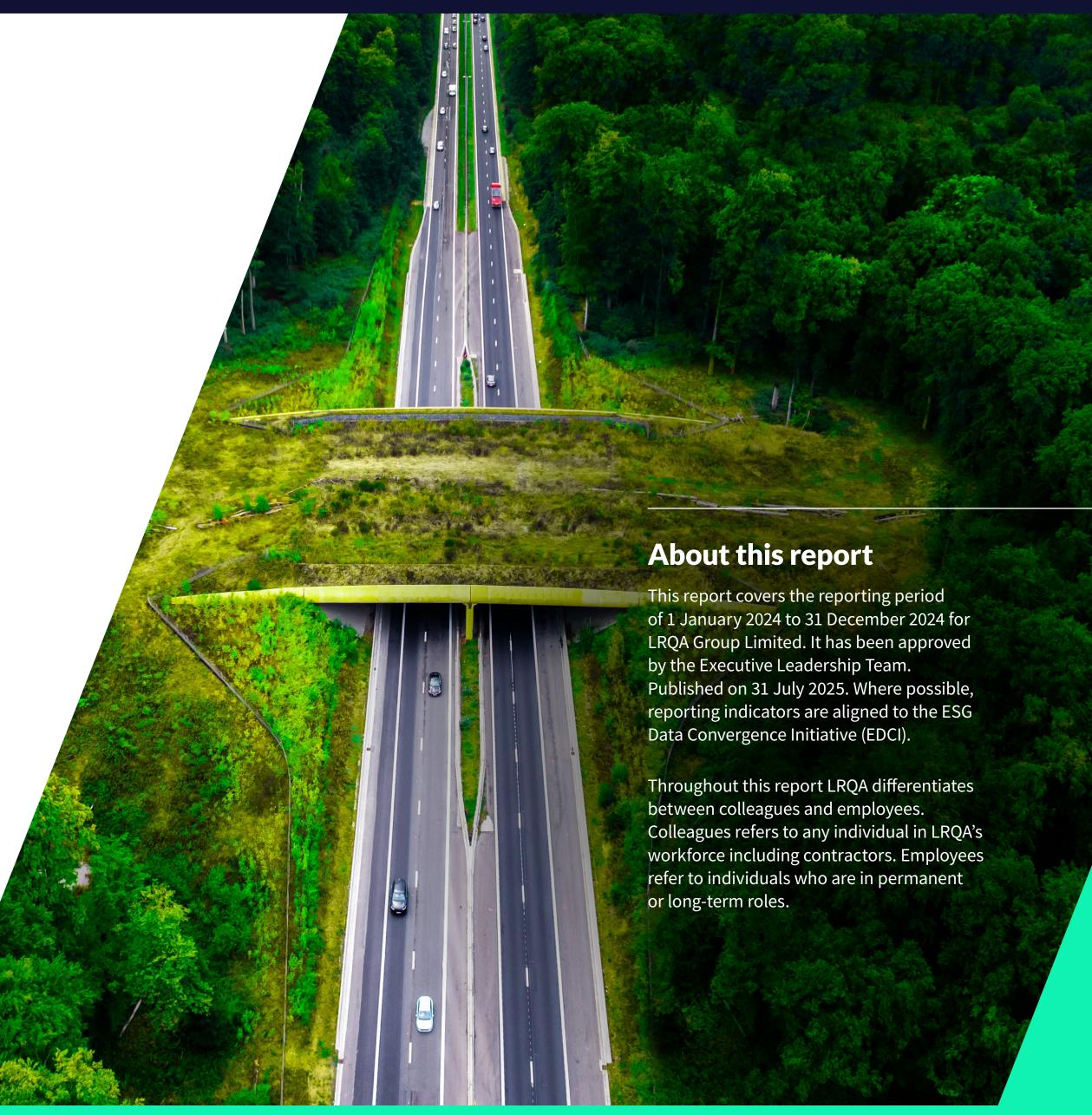
Looking ahead to 2025, in parallel to continuing to take action, we will identify goals, actions and KPIs to enable us to measure our progress in each of our four priority areas.

While the world faces unprecedented risks and complex challenges, the importance of our sustainability efforts and work with our clients, motivates us more than ever. We are committed to continuing to help businesses navigate this new era and use the reflections from this report to refine, improve and advance our own sustainability efforts.

Ian Spaulding

Ian Spaulding
Chief Executive Officer, LRQA

About this report

This report covers the reporting period of 1 January 2024 to 31 December 2024 for LRQA Group Limited. It has been approved by the Executive Leadership Team. Published on 31 July 2025. Where possible, reporting indicators are aligned to the ESG Data Convergence Initiative (EDCI).

Throughout this report LRQA differentiates between colleagues and employees. Colleagues refers to any individual in LRQA's workforce including contractors. Employees refer to individuals who are in permanent or long-term roles.

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Global trends shaping the sustainability landscape

Our understanding of the sustainability landscape is informed by our work with clients across assessment, advisory, inspection and cybersecurity services. Our work on the ground – in operational sites and supply chains throughout the world – gives us direct insight into the risks and challenges impacting businesses, their employees and the environment, shaping the way we support our clients in driving sustainable growth.
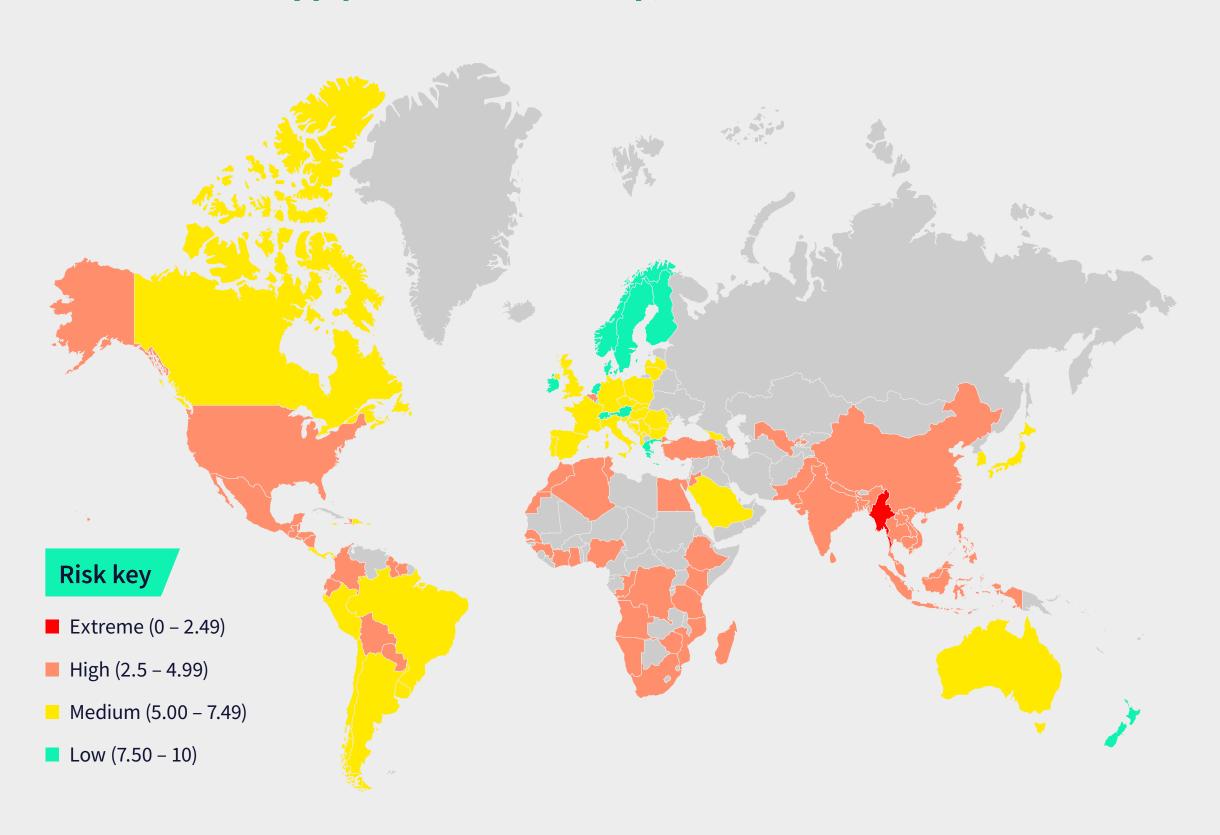
Twice a year, we publish our EiQ Supply Chain Risk Outlook report, which analyses data from EiQ, our supply chain intelligence platform. The data covers human rights and environmental risks across key sourcing markets, derived from more than 30,000 global supplier audits conducted in the previous year, in addition to civil society data sets and indicators and media screening incident data. This insight not only informs our client work but also deepens our internal understanding of the breadth and nature of sustainability risks, helping to strengthen our own strategy.

Key takeaways from our 2024 data include:

- Labour vulnerabilities are leaving businesses with no 'safe' or 'easy' options for supply chain sourcing as nearly half of all assessed markets now fall into the high or extreme risk categories for overall supply chain risk under EiQ's rating methodology.

- Forced labour issues are persisting in supply chains as more than half of the geographies assessed fall under high or extreme risk for forced labour.

- Several key sourcing regions have shifted from medium to high-risk classifications in terms of overall supply chain risk.

- Reliance on labour intermediaries is prominent across key global markets which can often lead to higher risk exposure for workers such as unlawful recruitment fees, salary deductions and exploitative hiring practices.

- 46% of geographies assessed in EiQ show high or extreme risk for environmental issues such as environmental management, air emissions and wastewater violations.

Global overall supply chain risk heat map, EiQ

Risk key

- ■ Extreme (0 – 2.49)
- ■ High (2.5 – 4.99)
- ■ Medium (5.00 – 7.49)
- ■ Low (7.50 – 10)

To read more about these updates, download the full report here →

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Sustainability governance at LRQA

Sustainability governance at LRQA is built on clear lines of ownership and accountability, extending from individual contributors to board-level oversight.

Board-level oversight

LRQA's Chief Executive Officer (CEO) and Board of Directors hold formal oversight of the company's sustainability performance, ensuring that our sustainability strategy, called Our Planet, Our Plan, is effectively governed and implemented. This group of leaders is responsible for approving, monitoring and reviewing the strategy, conducting quarterly assessments and reviewing our sustainability progress reports. The Board also conducts annual meetings with the Sustainability Team for a comprehensive progress review and an evaluation of future priorities.

Executive Leadership Team governance

The Executive Leadership Team (ELT) serves as the governing committee for sustainability at the executive level, actively overseeing the review and approval of strategic decisions that align with Our Planet, Our Plan. Within the ELT, an Executive Sponsor holds primary responsibility for sustainability stewardship, ensuring alignment with broader corporate objectives.

The Sustainability Team

Our dedicated Sustainability Team leads the implementation of Our Planet, Our Plan, working across the business to embed sustainability into daily operations and strategic decision making.

Sustainability Leadership Team

Our Sustainability Leadership Team (SLT) consists of global heads from across LRQA's operations, ensuring that sustainability is embedded into our business strategy and effectively coordinated with internal and external stakeholders. The Sustainability Team is responsible for engaging the SLT, facilitating collaboration and driving the implementation of sustainability initiatives across the organisation.

Sustainability Ambassadors

Our Sustainability Ambassadors are self-nominated employees who are deeply passionate about advancing Our Planet, Our Plan. These individuals play a hands-on role in executing sustainability actions and initiatives, acting as champions for environmental and social impact within their respective teams and business units.

"Our governance model ensures sustainability is embedded in all levels of our business – from Board oversight to the daily actions of our dedicated and passionate people. This enables us to build trust and transparency as we work towards our sustainability goals."

Lisa Bate
Executive Vice President, Americas and Global Advisory Services, and Executive Sponsor of Our Planet, Our Plan

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Our Double Materiality Assessment

In 2024, we fulfilled our commitment to conduct a Double Materiality Assessment (DMA). Through this assessment, we identified our material topics – the key Environmental, Social and Governance (ESG) matters where LRQA's business activities have the most significant impact, as well as the greatest risks and opportunities posed to our business.

We conducted the DMA in alignment with the requirements of the Corporate Sustainability Reporting Directive (CSRD) to begin preparing to report against the European Sustainability Reporting Standards (ESRS).

Led by our Sustainability Team and internal experts from our ESG consulting practice, the DMA involved more than 60 internal and external stakeholders.

Our approach followed a four-step process outlined below:

1 Understand our value chain and develop a list of sustainability matters

Map stakeholders and value chain and list potentially relevant sustainability topics based on ESRS, SASB standards, etc.

2 Analyse impact materiality

Analyse topics based on impacts on the environment, economy and people using expert insights and stakeholder engagement.

3 Analyse financial materiality

Analyse topics based on risks and opportunities for LRQA, with inputs from key internal stakeholders.
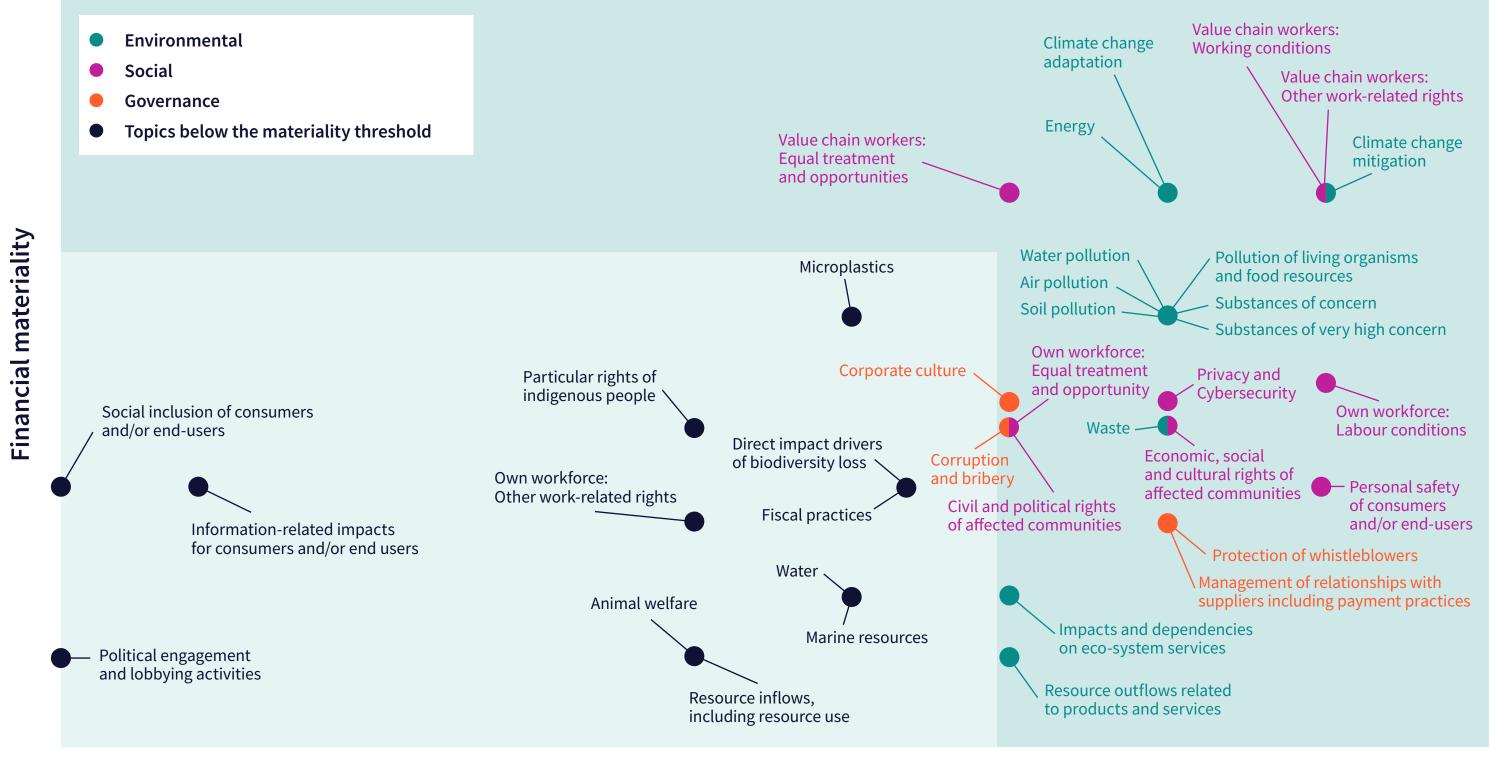
4 Confirm and present material topics

Combine findings from the two perspectives in the materiality matrix. All matters above a certain threshold are considered material. The final material topics were reviewed and approved by the ELT and the Board of Directors.

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Our material topics

The material topics uncovered through the DMA have directly shaped the evolution of our sustainability strategy. Due to the broad nature of our business and client industries, we have 10 material topics and 25 material sub-topics, as shown in our materiality matrix.

This table summarises our material topics and sub-topics across our value chain:

Legend:
- ● Environmental
- ● Social
- ● Governance
- ● Topics below the materiality threshold

Matrix labels (Financial materiality vs Impact materiality):
- Value chain workers: Working conditions
- Climate change adaptation
- Value chain workers: Other work-related rights
- Energy
- Value chain workers: Equal treatment and opportunities
- Climate change mitigation
- Water pollution / Air pollution / Soil pollution
- Pollution of living organisms and food resources
- Substances of concern
- Substances of very high concern
- Microplastics
- Corporate culture
- Own workforce: Equal treatment and opportunity
- Privacy and Cybersecurity
- Own workforce: Labour conditions
- Particular rights of indigenous people
- Waste
- Corruption and bribery
- Economic, social and cultural rights of affected communities
- Civil and political rights of affected communities
- Personal safety of consumers and/or end-users
- Social inclusion of consumers and/or end-users
- Direct impact drivers of biodiversity loss
- Own workforce: Other work-related rights
- Fiscal practices
- Protection of whistleblowers
- Management of relationships with suppliers including payment practices
- Information-related impacts for consumers and/or end users
- Water
- Impacts and dependencies on eco-system services
- Animal welfare
- Marine resources
- Political engagement and lobbying activities
- Resource inflows, including resource use
- Resource outflows related to products and services

Axis labels: Financial materiality (vertical), Impact materiality (horizontal)

	Topic	Sub-topic
Environment	E1 Climate change	Climate change mitigation Climate change adaptation Energy
	E2 Pollution	Air pollution Water pollution Soil pollution Pollution of living organisms and food resources Substances of concern Substances of very high concern
	E4 Biodiversity and ecosystems	Impacts and dependencies on ecosystem services
	E5 Circular economy	Waste Resource outflows related to products and services
Social	S1 Own workforce	Labour conditions Equal treatment and opportunity
	S2 Workers in the value chain	Labour conditions Equal treatment and opportunity Other work-related rights
	S3 Affected communities	Economic, social and cultural rights of affected communities Civil and political rights of affected communities
	S4 Consumers and end-users	Personal safety of consumers and end-users
	Sx Privacy and cybersecurity[1]	Privacy and cybersecurity
Governance	G1 Business conduct	Corporate culture Corruption and bribery Whistleblower protection Supplier relationship management including fiscal practices

[1] This sub-topic is not part of the ESRS, and was added as a self-identified disclosure

Find more on our DMA methodology in the Appendix →

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Evolving Our Planet, Our Plan: Four key priorities

In addition to identifying the material topics that we will report against, the findings from the DMA supported us to refine our sustainability strategy, called Our Planet, Our Plan, from seven commitments to four key priorities, outlined below. With our core priority areas identified as a result of the DMA, we have structured this year's report around them to align with our future direction. Our detailed goals for each priority will be developed and outlined in 2025.

Corporate integrity

Integrity is the foundation of our culture and client relationships. We are committed to ethical conduct, transparency and accountability, supported by strong safeguards against bribery, corruption and misconduct. We foster an environment where concerns can be raised safely and doing the right thing is expected at every level.

People experience

Our people are at the core of LRQA's success. Therefore, our people experience priority reinforces our dedication to fostering a workplace where every individual can thrive, develop and contribute meaningfully. This commitment includes creating an environment where health and safety is prioritised and taking a holistic wellbeing approach across the four pillars of physical, mental, financial and emotional wellbeing.

Enhanced livelihoods

Our work directly enhances livelihoods across global value chains, creating positive social impact in the communities where we operate. Much of our work is rooted in supply chain due diligence which is driven by integrity, data-informed insights, worker engagement and human rights training – ensuring better outcomes for workers and strengthening ethical labour practices worldwide.

Climate action

We are committed to partnering with clients to navigate the energy transition and achieve net zero. Alongside supporting sustainable solutions externally, we are taking proactive measures to reduce LRQA's own environmental footprint, with a commitment to reach net zero by 2040.

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Our 2024 sustainability progress

This section outlines the specific stories and metrics of our sustainability performance in 2024, which we have structured in line with our four priority areas. The advancements we made reflect our dedication to fostering a more responsible, inclusive and sustainable future.

Throughout this section, we explain each of our core priorities and the key 2024 progress highlights that align with our future approach. We also highlight client case studies that reflect our impact through our work with our clients.

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Highlights of our impact in each of our priority areas

We achieved a great deal in 2024 and here are our top highlights for each of our priority areas.

Corporate integrity

We completed our

Double Materality Assessment

identifying our material ESG impacts, risks and opportunities and using the findings to evolve our sustainability strategy

People experience

We achieved an

all-time record low LTIR

(Lost Time Injury Rate)

of 0.04 in early 2025

Enhanced livelihoods

Our grievance mechanisms were made accessible to more than

2 million workers

across 1,605 workplaces in 9 countries

Climate action

We delivered

220 renewable energy projects

across 25 countries supporting our clients in advancing their transition to solar, wind, hydrogen, nuclear and other clean energy sources and work toward net zero

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Corporate integrity

This section summarises our approach to corporate integrity, which comprises our culture of ethics, compliance, policies and our business practices.

Code of Ethics

Our Code of Ethics is the foundation of our Ethics and Compliance programme. It sets out LRQA's ethical principles and guides our colleagues in how to put those principles into practice. All new joiners are required to sign up to the Code of Ethics upon joining LRQA. We assign training to all new joiners as part of their onboarding and strive for 100% completion.

The Code of Ethics is supported by group-wide policies that give additional guidance on specific topics including anti-bribery and corruption, gifts and hospitality, conflicts of interest, compliance with export controls, sanctions and human rights.

We apply the same ethical expectations to those working on behalf of LRQA. Our Business Partner Code of Conduct sets out our expectations and we include contractual obligations to adhere to its principles in our standard terms of business.

The Code of Ethics, Business Partner Code of Conduct and a selection of our global policies are published on our corporate website.

We foster a 'speak up' culture and we encourage colleagues to report any concerns relating to potential breaches of the Code of Ethics, our global policies or the law. We take ethical concerns seriously and have a robust approach to investigations. In 2023, we established our Speak Up facility to provide a confidential reporting route, with additional protections for reporters who wish to remain anonymous.

Sanctions compliance

Our Code of Ethics is clear that LRQA complies with international trade laws and regulations, including applicable sanctions regimes. To that end, we conduct ethical due diligence including sanctions screenings on our clients and other business partners. This approach helps safeguard our operations from legal risk, protects our reputation and reinforces our responsibility as a trusted business partner.

Cybersecurity

We recorded zero cybersecurity incidents for the second year in a row, highlighting our sustained commitment to the highest standards of information security and resilience.

Examples of how we worked with clients on governance priorities in 2024

Case study

An AI first for LRQA: Emirates Health Services assessed against ISO 42001

"We certified Emirates Health Services (EHS) against ISO 42001 – the Artificial Intelligence Management System (AIMS) standard. This was our first assessment against this standard which focuses on establishing and maintaining effective AI management systems, covering various aspects such as ethics, transparency and accountability. The successful completion of this assessment highlighted our expertise in navigating the complexities of AI governance."

Shirish Bapat
Technical Product Manager, Cybersecurity

Case study

Providing SOC cybersecurity services to a top 10 European bank

"Our Security Operations Centre (SOC) services enabled a top 10 European bank to gain greater control over its network, enhance its security posture and prepare for future audit requirements. Beyond strengthening its cyber resilience, we supported the client with specialised security consultancy, leveraging our expertise to implement process improvements and refine existing security measures. These enhancements ensured long-term protection while reinforcing compliance and operational efficiency."

Leigh Taylor
Global Head of Managed Security Solutions, Cybersecurity

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People experience

This section provides key indicators and highlights of our 2024 performance to create a diverse, equitable and inclusive workplace where our people thrive.

Performance indicators as of 31 December 2024	2023	2024
Full Time Employees (FTEs)	3,035	3,129
FTE women in the total workforce of the company	40%	39%
FTE women in management	32%	32%
FTE women in executive management	30%	27%
Women on the Board of Directors	17%	14%
Mean gender pay gap (UK only)	15%	21%
Median gender pay gap (UK only)	27%	27%
Employees covered by a collective agreement	27%	26%
Employee satisfaction survey participation rate	74%	75%

People experience initiatives and outcomes

Our people are critical to what we do. We take a continuous improvement approach to employee experience, starting with the voices of our employees through initiatives such as our InTouch survey and inclusive community groups.

Key outcomes

- **75% of employees participated in our 2024 InTouch survey**, above our 70% target. Focus areas of the survey included health and safety, equal opportunity, wellbeing, belonging and inclusion and learning and development. Action plans in response to feedback continue to improve employee experience.
- **1 in 10 employees is now a member of an employee resource group** bringing together colleagues with shared interests in topics such as culture, mental health, LGBTQ+, gender equality and parenting.
- To support diversity and inclusion at all levels of the business, we launched our **Talent and Development Leadership Programme** and our leaders received tailored development pathways aligned to career goals.
- **Our pilot mentorship programme launched** in 2024 and encouraged diverse leadership.
- **Two Hardship Fund grants** were given in 2024 to support employees experiencing extreme financial hardship due to factors outside of work.

Equal pay and gender equality

It is our aim to provide equal opportunities, which contribute to our sustainability commitments and promote a more equitable society. We promote inclusion and not only comply with legal requirements designed to promote fairness, but also proactively integrate global standards to create a workplace where everyone is valued and treated with respect.

Gender pay gap

As part of our statutory obligations, we report on the UK gender pay gap annually. In 2024, our mean gender pay gap increased from 15% to 21% while the median gender pay gap remained unchanged at 27%. This median pay gap figure is higher than the UK national average of 13.1%. This is in line with companies in similar STEM-based industry sectors.

This gap is largely driven by the composition of our workforce. Women remain over-represented in the lowest pay quartile – which typically includes junior roles – while men account for 68–70% of employees in the top two pay quartiles. As a result, the average pay for women across the organisation is lower than that of men. We recognise the risk that attrition among female leaders, or an increase in senior male hires, could widen the gap further.

Initiatives to advance pay equity

In 2024, we took steps to promote equal opportunities and strengthen our Diversity, Equity and Inclusion (DEI) approach. However, we acknowledge that structural imbalances remain.

As part of our commitment to improve pay transparency and drive workforce equity within our UK operations and the wider LRQA business, our ongoing initiatives include:

- Launching a global job architecture project, underpinned by a robust methodology aimed at creating a consistent, transparent framework for roles and career progression across the business and bringing greater structure to our reward philosophy.
- Enhancing our HR data systems by integrating acquisition data, allowing us to analyse workforce trends more comprehensively, identify data gaps and strengthen data integrity. These improvements will enhance our ability to conduct meaningful reward analysis and uncover pay equity opportunities.
- Equipping our leaders with the tools to ensure fair and inclusive hiring practices to build a balanced and representative workforce.
- Aligning policies and frameworks with the forthcoming EU Pay Transparency Directive (2026).
- Reviewing reward policies and practices to embed DEI principles.
- Enhancing our data integrity to better understand workforce trends including pay gaps and attrition.
- Calculating our global gender pay gap for a broader view of equity.
- Conducting development masterclasses which cover topics such as recruitment and inclusive leadership.
- Forming resource groups centred on Our Planet, Our Plan's people experience priority to foster DEI across the business.
- Re-launching our careers site and updating our recruitment campaign materials to attract diverse applicants.

People experience

Health and safety

The safety and wellbeing of our people is our core priority. Our diverse portfolio of services means colleagues operate across a range of industries – including nuclear facilities, fish farms, wind turbines, automotive factories and environments with heightened risk of human rights abuses in their value chain. Regardless of the work environment, we are committed to maintaining safe, secure working conditions, both onsite and in the office.

Health and safety indicators

Health and safety indicators as of 31 December 2024	2023	2024
Days lost due to injuries	63	27
Lost Time Injury Frequency Rate (LTIFR)	1.06	0.32
Lost Time Injury Rate (LTIR)	0.17	0.06
Total Recordable Incidence Rate (TRIR)	0.26	0.23
Cases of recordable work-related injury*	6	7
Fatalities from work-related injury or illness	0	0
Permanent office sites for which a health and safety risk assessment has been conducted	100%	100%

*This number has been corrected from the 2023 report

Health and safety initiatives and outcomes

All-time record low LTIR

Coupled with data-led monitoring by our Health, Safety, Environment and Security (HSES) Team, our measures ensure that we remain ahead of industry standards, a goal we have pursued diligently in line with ISO 45001 principles. Our efforts in 2024 led to us achieving an all-time record low LTIR of 0.04 in early 2025. While no work-related injury is acceptable, this milestone demonstrates our progress.

110 individuals trained as Mental Health First Aiders

110 individuals were trained this year to become Mental Health First Aiders (MHFA) through a partnership with MHFA England – part of our ongoing effort to equip employees with the skills to recognise and support colleagues experiencing mental health challenges.

50% of employees used Wellbeing Day

50% of employees used their annual Wellbeing Day to focus on psychosocial wellbeing, an increase of 5% from 2023 when our Wellbeing Day was introduced.

Our LifeSavers programme evolved in 2024

Our LifeSavers programme highlights our commitment to enhancing our health and safety culture. In 2024 we introduced a fifth element to this framework to focus on psychosocial wellbeing, reinforcing our commitment to improve mental health and resilience and to promote a safe work environment. Over the past few years, we have transformed our safety framework by integrating a holistic focus on psychological, financial, physical and social wellbeing. This approach not only emphasises physical safety but also ensures that mental health plays a critical role in protecting our colleagues.

Safe and healthy hybrid working

In 2024, we introduced a framework to ensure a safe and ergonomic working environment for colleagues whether they work at home or in the office. The framework includes a self-assessment to ensure colleagues enact the correct workspace setup including the right equipment for their role. The assessment identifies gaps in the colleagues' workplaces requirements and steps to take to bridge these gaps. The framework outlines additional practices that colleagues adopt for safe and health working, as well as a network of online resources to support the physical health of colleagues.

Safe driver app

Driving remains our number one safety risk. In response to this, we introduced the new Mentor Safe Driving app to help employees become safer drivers. While accidents on the road may not always be preventable, the app monitors and provides feedback on driving behaviour such as speed, braking, as well as tips for environmentally friendly driving to reduce potential risks and enhance driving awareness.

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Enhanced livelihoods

This section highlights the way in which our work had a positive impact on the lives of workers in global value chains in 2024.

In 2024, we strengthened our Advisory business through the acquisition of Ergon Associates, a London-based market leading consultancy working on labour standards, human rights and gender equality. This acquisition expanded our existing sustainability expertise and capabilities, with Ergon Associates' expert consultancy and research on human rights, positioning us to drive further impact for our clients and communities.

In addition in 2024, 100% of suppliers signed our Business Partner Code of Conduct, showing that doing the right thing doesn't stop with us, it also extends to the companies we work with – our suppliers and business partners.

Worker surveys – our impact highlights in 2024

Worker surveys are a key part of some of the projects that we carry out with clients to advance responsible sourcing and worker rights in global supply chains. Deploying worker surveys enables our clients and their suppliers to directly gain insight into working conditions and areas for improvement. We deliver worker surveys in-person and remotely for our clients.

We conducted
3,392 worker surveys
across the supply chain

Our worker surveys covered
98 countries
with the top three countries being China, Vietnam and India

Surveys were delivered in
50+ languages

Top three industries surveyed
Electronics, Apparel Footwear and Textile, Farming Agriculture and Aquaculture

Site sizes ranged from
10–78K+ workers

517K+ workers
were surveyed, covering 2.1M+ in-scope workforce

240+ improvement action plans
were initiated. The Improvement Action Plan (IAP) is designed to help suppliers enhance worker satisfaction based on survey results

95% of actions
successfully completed improving working conditions

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Enhanced livelihoods

Examples of how we worked with clients to enhance livelihoods of workers in 2024

Case study

EiQ supports leading health and wellness retailer with supplier collaboration and supply chain visibility

"We partnered with Holland and Barrett (H&B), one of the world's largest health and wellness retailers, to support their supply chain risk management with our intelligence software, EiQ. With 1,600 stores across 18 countries, EiQ has supported H&B with challenges in supply chain visibility, supplier engagement and regulatory compliance.

This included implementing EiQ's learning management system to deliver multilingual ESG training to their suppliers at scale, resulting in hundreds of training completions across its supply chain. Through EiQ, H&B adopted a risk-based approach, integrating advanced analytics and AI-powered tools to better understand and analyse its supply chain risks. H&B also uses EiQ's adverse media scanning to take a proactive approach to supplier risk, screening suppliers for adverse incidents before they are onboarded and detecting incidents that may otherwise be missed, including sanctions, labour, health and safety and more."

Andy Gibbard
EiQ Chief Customer Officer

Case study

Our worker grievance mechanism in Brazil

"Our worker grievance mechanism in Brazil, Nossa Voz, emphasises how strong partnerships and digital tools can disrupt human trafficking networks and empower workers. Nossa Voz was delivered in partnership with the Global Fund to End Modern Slavery (GFEMS), the Instituto Trabalho Decente, and Confederação Nacional dos Trabalhadores Assalariados e Assalariadas Rurais (CONTAR). This initiative is instrumental in building safe workplaces where people, workforces, and businesses can thrive. In 2024, Nossa Voz assisted more than **140 workers and farmers, including 13 being rescued from forced labour situations**, modernising traditional grievance mechanisms within signed farms and traders."

Thiago Chiessi
Senior Consultant, Advisory

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Climate action

We aim to reduce our emissions to achieve net zero by 2040 and we play a growing role in enabling a low-carbon future.

Environmental impact highlights in 2024

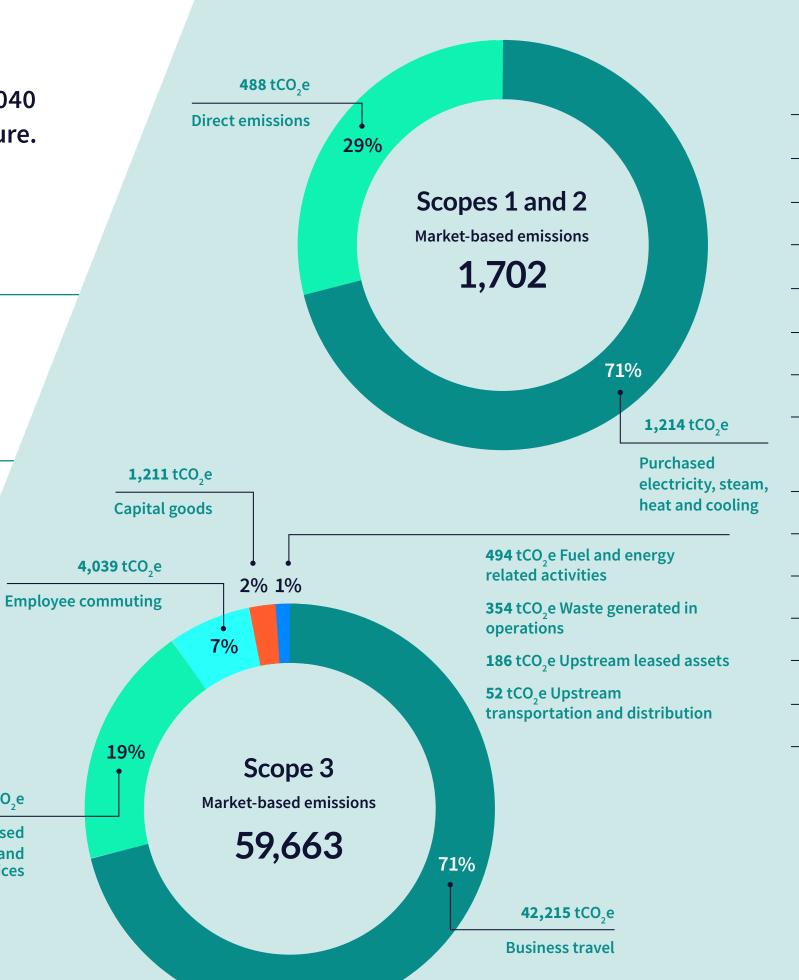**20% of our Scope 2 office electricity came from renewable sources**

100% of our Scope 2 office electricity in the UK came from renewable sources

50% of our vehicle fleet is comprised of electric vehicles

GHG emissions in metric tons CO_2 equivalent (tCO_2e)

488 tCO_2e
Direct emissions
29%

Scopes 1 and 2
Market-based emissions
1,702

71%

1,214 tCO_2e
Purchased electricity, steam, heat and cooling

1,211 tCO_2e
Capital goods

4,039 tCO_2e
Employee commuting

2% 1%

494 tCO_2e Fuel and energy related activities

354 tCO_2e Waste generated in operations

186 tCO_2e Upstream leased assets

52 tCO_2e Upstream transportation and distribution

11,112 tCO_2e
Purchased goods and services

19%

7%

Scope 3
Market-based emissions
59,663

71%

42,215 tCO_2e
Business travel

	2023	% total	2024	% total
Scope 1	931	51%	1,214	71%
Scope 2	903	49%	488	29%
Total Scopes 1 and 2	1,834		1,702	
Purchased goods and services	11,374	25%	11,112	19%
Capital goods	1,081	2%	1,211	2%
Fuel and energy related activities	506	1%	494	<1%
Upstream transportation and distribution	140	0%	52	<1%
Waste generated in operations	283	1%	354	<1%
Business travel	29,309	63%	42,215	71%
Employee commuting	3,477	8%	4,039	7%
Upstream leased assets	155	0%	186	<1%
Total Scope 3	**46,325**		**59,663**	
Gross total	**48,159**		**61,365**	

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Climate action

Changes in our GHG emissions from 2023 to 2024

This year, our reported Greenhouse Gas (GHG) emissions show a material increase of 36% compared to our previous reporting period. This change does not reflect a sudden increase in our environmental impact, but rather an improvement in the accuracy of how we measure and understand our carbon footprint – particularly in the category of business travel.

As part of our commitment to continuous improvement and transparency, we routinely review our emissions measurement methodology to align more closely with leading standards and best practices. This included refining our data collection processes, expanding the scope of emissions captured and applying more precise emissions factors. Since our last reporting period, we adopted a more accurate emissions factor used to calculate ground transportation emissions from business travel – the largest source of our emissions.

While the result is a higher total emissions figure, we view this as progress. A more accurate emissions baseline provides us with a stronger foundation to manage, reduce and ultimately reach our climate goals. We believe that meaningful climate action begins with accurate reporting – even when the numbers are higher than expected. For additional context, the increase in GHG emissions is associated with an increase in Group revenues by around 9% from 2023 to 2024.

Find more on our methodology for GHG emissions tracking in the Appendix →

Scope 3 emissions

Scope 3 emissions from our upstream leased assets, capital goods and employee commuting saw slight increases in 2024. These were also driven by improved data accuracy of the surface area for shared office spaces (leased assets), increased procurement of office IT equipment (capital goods) and a shift to increase in-office co-working (employee commuting).

This increased understanding of our emissions comes at an important moment in our sustainability journey. As we prepare to develop a comprehensive decarbonisation plan aligned with science-based targets, we will set clear short- and long-term emissions reduction goals to achieve net zero by 2040. In positive progress, 20% of the electricity used in our leased offices now comes from renewable sources and we are proud that 100% of our UK offices are now powered by renewable electricity.

In 2024, we strengthened our approach to managing carbon emissions by refining our measurement methodology, procuring renewable energy in our offices and conducting environmental audits to identify further opportunities for energy reduction. We engaged key stakeholders across the business to align data collection processes and laid the groundwork to develop a net zero plan in 2025. Through our Double Materiality Assessment (DMA), climate action was confirmed as a core sustainability priority for the organisation.

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Climate action

Examples of how we worked with our clients to measure and reduce their own carbon footprints in 2024

Case study

Thrust Carbon pioneers GHG emissions reporting for the travel industry

" Thrust Carbon partnered with LRQA to conduct a gap analysis and identify areas of focus. The teams then tested the methodology for compliance in line with ISO 14083. The verifiers confirmed Thrust Carbon's conformance with ISO 14083 and issued an assurance statement. This process resulted in concrete changes to the way Thrust Carbon measures and reports on its GHG emissions. The team plans to continue with annual verification to ensure they retain the rigour and credibility that independent third-party assurance delivers, so that clients and other stakeholders can trust in the data provided. Thrust Carbon is responsible for millions of carbon calculations every month, for travel activity worth over $100bn annually. With this partnership, we helped them demonstrate their own commitment to data quality and integrity, while simultaneously enabling their clients to benefit from carbon calculations which adhere to the gold standard. This is particularly important when companies are having to set and align to important net zero goals, while also reporting their emissions publicly as new disclosure regulations, such as the EU CSRD, come into force. "

Olga Rivas
Technical Cluster Manager ESG

Case study

FDRA partners with LRQA: Zero waste to landfill and incineration help to decrease emissions in the footwear industry

" Shoe manufacturers face increased pressure from consumers and government to adopt more circular economy practices into their supply chain to reduce waste and its adverse environmental impacts. To address this challenge, we partnered with Footwear Distributors and Retailers of America (FDRA) to establish the Zero Waste Programme and Zero Waste Continuity Programme. LRQA developed a comprehensive waste management assessment system, identifying areas for improvement, promoting reuse and recycling and minimising waste disposal through landfill or incineration.

Since its 2020 launch with FDRA members in China, the programme expanded by 2024 to include sites in China, Vietnam and Cambodia. We delivered training and hands-on support, helping manufacturers implement sustainable waste practices. Monthly waste and GHG data collection ensured accurate reporting and measurable impact, while annual mapping exercises connected factories with advanced waste disposal technologies and reliable handlers. "

Ted Wang
Senior Consultant, Advisory

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Double Materiality Assessment methodology

To ensure a comprehensive evaluation of both financial and sustainability impacts and in alignment with the approach outlined above, LRQA conducted its DMA using the following structured framework:

1. Understand value chain and develop list of matters.
2. Analyse impact materiality.
3. Analyse financial materiality.
4. Confirm and present material topics.

The project began by mapping internal and external stakeholders to engage with during the assessment, mapping LRQA's value chain and compiling a list of potentially relevant sustainability topics based on external reporting standards such as ESRS, SASB, etc. An internal DMA Team with expertise in sustainability strategy and reporting then carried out the impact and financial assessments to examine how (1) LRQA's value chain externally influences the environment, economy and society and (2) how external factors – such as policy changes, market trends and technological shifts – create risks and opportunities for LRQA.

The assessment results were validated by an internal group of experts and leaders from across the business including People, Finance, Assessment, Inspection, Cybersecurity, Advisory, HSES and IS/IT. Geographic representation was also considered to ensure a diversity of global input. Key external stakeholders from civil society, NGOs, clients and SMEs were consulted to provide input and unique perspectives throughout the assessment. The DMA Team also analysed LRQA's top suppliers to understand their top sustainability priorities.

Upon completion of the impact and financial assessments, the results were consolidated into a materiality matrix to display material ESG issues. The final material topics were approved by the Executive Leadership Team (ELT) and Board of Directors, ensuring alignment with strategic priorities and reinforcing our commitment to responsible business practices. The material topics apply to all subsidiaries of LRQA Group Limited.

GHG inventory reporting methodology

Report statement

The purpose of this section is to outline the methodology that we use to prepare indicators associated with our GHG inventory.

Report scope

Data within this report relates to activities carried out by LRQA Group Limited (LRQA) for the reporting period of 1 January to 31 December 2024.

Report baseline

We continuously seek to improve the breadth and methodology of our inventory. The 2023 reporting period is used as our baseline reporting year and we carry out GHG measurements annually.

Reporting partner and frameworks

We partner with Watershed Technology, Inc. (Watershed) to collect and calculate our GHG emissions. Watershed follows guidelines from the GHG Protocol Corporate Accounting and Reporting Standard (2004), the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011) and the European Sustainability Reporting Standards (ESRS E1): "Climate Change" published by EFRAG (2024). For financed emissions, Watershed follows the Partnership for Carbon Accounting Financials (PCAF) Standard.

Watershed's methodologies and emission factors undergo updates and third-party review that results in a statement of limited assurance at least annually. These updates include incorporating newer data, improving the granularity of measurement approaches and creating custom methodologies to assist customers with needs outside the standard sector guidance.

Inventory overview

Our inventory reports GHG emissions data for the following Scopes, categories and indicators:

- Market-based Scope 1 GHG emissions (in metric tons of carbon dioxide equivalent (tCO_2e)).

- Market-based Scope 2 GHG emissions (tCO_2e) using both the location and market-based methods of calculation.

- Total Scope 1 and 2 emissions (tCO_2e) using the market-based method.

- Scope 3 GHG emissions (tCO_2e) for the individual categories of 3.1 purchased goods and services; 3.2 capital goods; 3.3 fuel and energy related activities; 3.4 upstream transportation and distribution; 3.5 waste generated in operations; 3.6 business travel; 3.7 employee commuting and 3.8 upstream leased assets.

- Total Scope 3 emissions for the above categories.

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Operational boundaries

LRQA has established and documented its operational boundaries. This included identifying GHG emissions associated with LRQA's operations and categorising them as direct emissions (Scope 1) and indirect emissions (Scope 2 and Scope 3). This includes consideration for leased and shared office spaces as per Appendix F of the GHG Protocol.

Scope 1

LRQA has quantified direct GHG emissions from facilities within our direct control. LRQA's direct GHG emissions result from combustion of fuel in its office facilities, from diesel and other fuels used in vehicles that LRQA leases. Offices where LRQA is the lease holder are referred to as "offices". Offices whereby LRQA is not the lease holder are referred to as shared offices and are categorised under Scope 3.

Scope 2

Scope 2 emissions are considered within the operational boundary of the company but are categorised separately from Scope 1 because they occur from sources not owned or controlled by the company. LRQA's indirect energy GHG emissions come from the consumption of imported electricity, heat, steam or cooling by its office facilities and electricity used in leased vehicles. The term "imported" refers to the electricity, heat or steam being supplied from outside the organisational boundaries.

Scope 3

Other indirect GHG emissions are those that are released due to our company activities; however, the emissions occur at sources owned or controlled by other company(s). Scope 3 emissions that are material to LRQA are listed in the preceding Inventory sources section.

Following a 2023 inventory analysis, we determined the following Scope 3 categories are immaterial to our operations and are therefore excluded as inventory sources: downstream transportation and distribution of products (3.9); processing of sold products (3.10); use of sold products (3.11); end-of-life treatment of sold products (3.12); downstream leased assets (3.13); franchises (3.14) and investments (3.15).

Business travel (3.6) includes all billable and non-billable travel carried out by the business including plane, vehicle, vehicle hire, rail, accommodation and meals. Employee commute (3.7) includes employee commute to offices and employee home energy use.

GHG emissions quantification

Ideally, the calculations used to derive the metric ton equivalent of carbon dioxide emitted (expressed as tCO_2e) are based on business activity data multiplied by GHG Emissions Factors (EFs) from verified sources such as DEFRA.

If we are unable to acquire enough primary data to carry out a calculation, we will defer to using a hybrid or spend-based method from verified sources such as CEDA or USEEIO.

Scope 1 and Scope 2

Scope 1 emissions of our leased offices are calculated either through estimates from energy bills or based on the area of the office space. During the reporting period, one out of 11 leased offices used energy bills to estimate Scope 1 emissions. The remaining 10 offices used office area to estimate Scope 1 emissions.

Scope 2 emissions of our leased offices are calculated by collecting 12 months of electricity bills for the entirety of the reporting period or making an estimate based on a sample of utility bills for each office location. During the reporting period, 67% of electricity data for leased property came from primary sources and 33% came from estimates based on primary sources.

Emissions for our leased vehicle fleet are calculated by using activity data (i.e. distance travelled) provided by our fleet management company and the relevant EFs are applied to this data set to obtain the tCO_2e.

We use two different methodologies to report our Scope 2 emissions: the 'location-based' method and the 'market-based' method, which show how our purchasing choices impact our total GHG emissions.

The location-based method reflects the average emissions intensity of grids on which energy consumption occurs (using mostly grid-average EF data). The market-based method reflects emissions from electricity that LRQA has purposefully chosen (or our lack of choice). The market-based approach derives EFs from contractual instruments, which include any type of contract between two parties for the sale and purchase of energy bundled with attributes about the energy generation, or for unbundled attribute claims.[2]

Scope 3

Purchased goods and services, capital goods, upstream transportation and distribution and upstream leased assets are calculated using the spend-based approach using operating expenses, cost of revenue and employee travel expense data.

Where possible, fuel and energy related activities for business travel are calculated with activity data from our internal travel management platform. In areas where activity data is missing, the spend-based method is used instead.

Waste generated in operations is calculated based on estimates of the number of people onsite per office per month. Location data is used to multiply waste for each month by the appropriate EF for landfill and recycling.

[2] *GHG Protocol Scope 2 Guidance*

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Business travel is calculated using several approaches. Activity data for flights and accommodations information is provided by our travel management provider. Mileage data for employee vehicle travel is obtained through our travel management platform. Where business travel activity data is incomplete, the spend-based method is used instead.

Employee commuting is calculated by determining the number of employee months onsite or working and applying the commute mix, average distance per mode and regional electricity EFs based on location. Emissions from employee remote work are calculated by estimating the employee month, percentage of time an employee works remotely, employee electricity consumption based on the home office size and the location-specific emissions from electricity generation.

Shared workspaces where LRQA does not have operational control are categorised as upstream leased assets and include emissions from heating fuels, refrigerants and electricity usage. Heating fuels are estimated using benchmark values for fuel consumption per unit of floor area based on building type and location. Refrigerant emissions, including hydrofluorocarbons (HFCs), from air conditioning and refrigeration systems are estimated based on office addresses, floor areas, building types, lease periods and whether refrigerants are known to not be used. Electricity consumption is estimated using floor area and building type using both a market-based and location-based approach.

Strengthening sustainability governance: our alignment with global standards

LRQA is an active participant in the United Nations Global Compact (UNGC), a commitment we commenced in March 2023. As part of this global initiative, we uphold the UNGC's ten principles, which focus on human rights, labour standards, environmental protection and anti-corruption – ensuring responsible and ethical business conduct across our operations.
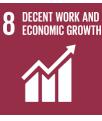
To reinforce this commitment, our policies are designed to monitor and ensure compliance with both UNGC principles and the OECD Guidelines for Multinational Enterprises, which serve as a framework for corporate responsibility, transparency and sustainability. By aligning with these internationally recognised standards, we strengthen our ability to navigate ESG challenges and drive positive impact throughout our business.

We are committed to integrating the principles and UN Sustainable Development Goals (SDGs) into our strategy and everyday work. LRQA's sustainability strategy Our Planet, Our Plan contributes to the following SDGs.

- Good health and wellbeing.
- Gender equality.
- Decent work and economic growth.
- Reduced inequalities.
- Sustainable cities and communities.
- Climate action.
- Peace, justice and strong institutions.
- Partnerships for the goals.

Group policies

Our compliance and ethics frameworks are supported by a core set of group policies:

Code of Ethics	Business Partner Code of Conduct
Global anti-bribery and corruption	Global anti-money laundering
Global competition law compliance	Global sanctions
Global speak up policy	Global gifts and hospitality
Global export control	Global agents and intermediaries
Global human rights	Conflict of interest, independence, impartiality and integrity
Intellectual property	Global director approval
Modern Slavery Statement	

Our group people policies are designed to create a workplace culture that enables our people to thrive. They establish expectations and standards for a fair, respectful and inclusive workplace.

Anti-harassment and anti-discrimination	Data privacy and confidentiality
Equal employment and opportunity	Grievance and conflict resolution
Health and safety	Learning and development
Managing performance	Reward
Workforce diversity and inclusion	Work-life balance and flexible work arrangements

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About LRQA

LRQA Group Limited, headquartered in Birmingham, United Kingdom, is the leading global assurance partner, bringing together decades of unrivalled expertise in assessment, advisory, inspection and cybersecurity services.

From our original founding in 1985, we have focused on helping companies to address global risks, working to navigate a challenging world towards a more sustainable future.

Our solutions-based partnerships are supported by data-driven insights that help our clients solve their biggest business challenges.

Key facts

61,000+
clients globally

5,800+
colleagues globally

Delivering services in
150+
countries

85m+
audit data points collected in EiQ

Our connected portfolio of services

With a heightened focus on ESG considerations, supply chain complexity and evolving cybersecurity threats, we are in a new era of risk management. We call it the era of Assurance 4.0. Our connected portfolio of solutions, combined with our data-driven decision making and on-the-ground expertise, means we are uniquely positioned to help our clients solve their critical business challenges.

Our portfolio wheel of solutions enabling our clients to:
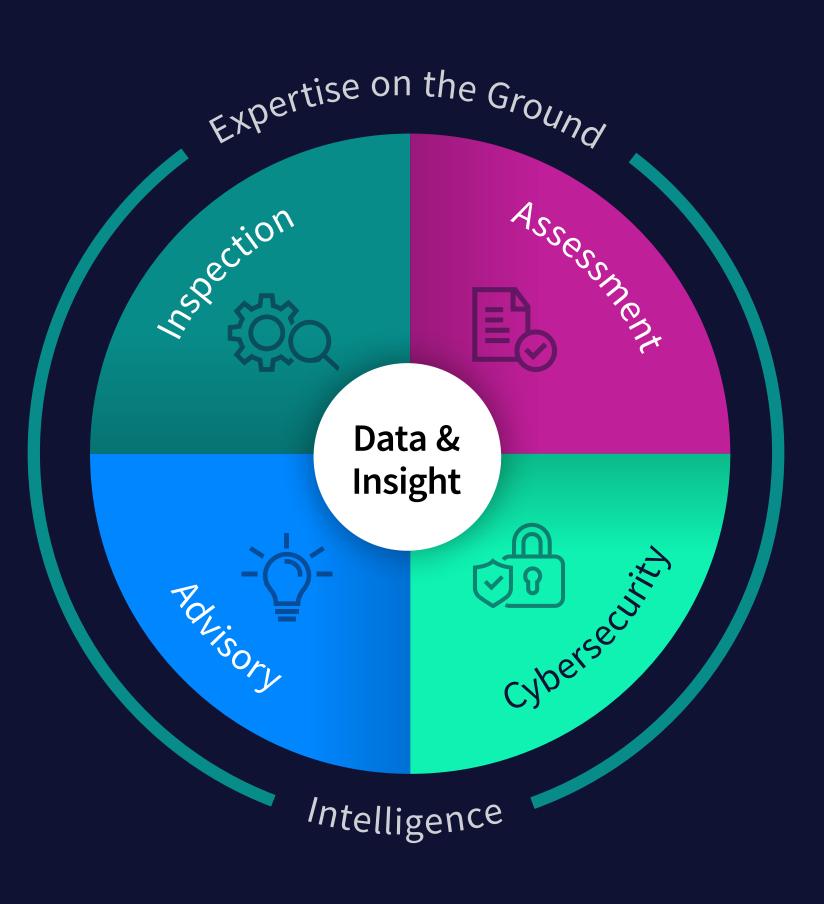
- Assure assets and management systems
- Be cyber resilient
- Achieve product integrity
- Navigate the energy transition
- Source responsibly

Reducing risk in their operations and supply chain and giving them the confidence to grow

Expertise on the Ground — Inspection, Assessment, Cybersecurity, Intelligence, Advisory, Data & Insight

LRQA

About LRQA

LRQA is the leading global assurance partner, bringing together decades
of unrivalled expertise in assessment, advisory, inspection and cybersecurity services.

Our solutions-based partnerships are supported by data-driven insights that help our
clients solve their biggest business challenges. Operating in more than 150 countries
with a team of more than 5,000 people, LRQA's award-winning compliance, supply
chain, cybersecurity and ESG specialists help more than 61,000 clients across almost
every sector to anticipate, mitigate and manage risk wherever they operate.

In everything we do, we are committed to shaping a better future for our people,
our clients, our communities and our planet.

Get in touch

Visit **lrqa.com** for more information or email **connect@lrqa.com**

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