



Sustainability Progress Report

2023





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Welcome

A message from our CEO

As the leading global assurance partner, LRQA has a responsibility to shape a better future for our people, our communities and our planet.

My role as LRQA's CEO is the latest chapter in a 30-year career that I have devoted to driving innovation in sustainability. During that time, I have seen businesses – my own and those of clients – face an increasingly complex landscape of Environmental, Social and Governance considerations and risks, reflecting pressing challenges that the world must collectively address, from fighting climate change to protecting human rights and managing geopolitical instability.

Since LRQA became an independent business at the end of 2021, we have invested heavily in our portfolio of ESG services to support our clients in responding to these challenges in their operations and supply chains. We are so proud of the work we do every day to help our clients identify, manage and mitigate ESG risks across their operations and supply chains. In doing so, we believe that we are not only helping to create safe, sustainable businesses, but we are also working to address some of the biggest issues impacting the world.

At the same time, we recognise that to be a true leader in sustainability, we must complement the services we offer to clients with our own commitments to sustainability across our operations and value chain. This was a driving force behind developing our approach to sustainability which is also known as Our Planet, Our Plan.

We launched Our Planet, Our Plan in 2023 and have been focused on putting in place the foundations of a robust and transparent programme of work. We established a small team that works on the plan full time and we integrate the actions and commitments throughout our business.

I'm delighted to be sharing this sustainability progress report to highlight the work we have already done against Our Planet, Our Plan, along with quotes from our people whose work, every day, is at the core of our approach. For this report, we have grouped our activity into the headings of Governance, Environment and Social.

I am proud of what we have started and look forward to what's to come. In 2024, we are focused on taking actions including developing our net zero plan, strengthening our employee wellbeing initiatives and reinforcing our strategy by conducting a double materiality assessment. This will also help us to re-confirm our targets which we will share, along with an update on other activities, in our 2024 Sustainability Progress Report.

It is my strong belief that no business can thrive without truly sustainable foundations, and we are committed to sustainability as part of our long-term growth, improvement and success.

Ian Spaulding

Ian Spaulding
Chief Executive Officer, LRQA

To find out more visit the [Our Planet, Our Plan dashboard](#). →





About LRQA

LRQA 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.

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

Key facts

61,000+ clients globally

5,000+ colleagues globally

Operating in 150+ countries

75m+ data points collected in EiQ

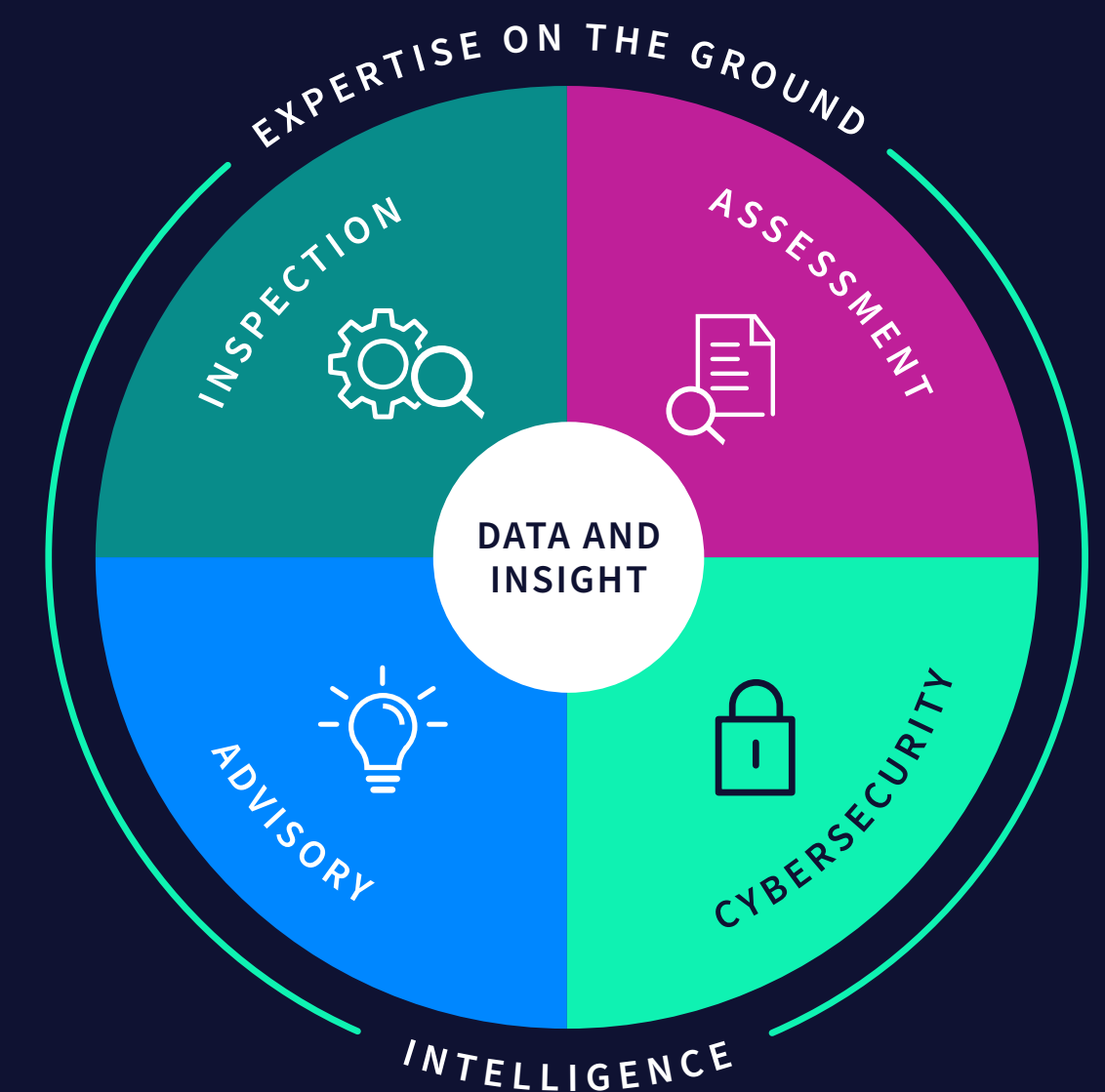
Our connected portfolio of services

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.

We enable our clients to:

- Assure assets and management systems
- Achieve product integrity
- Source responsibly
- Navigate the energy transition and achieve net zero
- Strengthen cybersecurity maturity





Global trends shaping the sustainability landscape

Through our work with clients every day, we understand the ongoing risks and trends that are shaping the current sustainability landscape for businesses. Twice a year we publish our ‘Supply chain ESG global risk outlook’ report, a culmination of insights derived from over 20,000 global supplier audits conducted annually including over 75 million data points collected from on-site visits collated in EiQ, our supply chain intelligence platform. Below are the most recent trends impacting our risk perception and driving the need for further due diligence.

[To read more about these updates, download the full report here →](#)

Human rights violations are rising

Key sourcing regions analysed by our EiQ supply chain intelligence platform showed higher risk for ESG violations such as forced labour, child labour, and inhumane treatment in 2024 than in 2023. This development impacts the way businesses must approach risk management as ESG due diligence regulations worldwide continue to rise.

Human rights due diligence requirements are increasing around the world

More and more countries are imposing increasingly stringent ESG laws focused on the eradication of forced labour and child labour, and climate efforts, yet reports show 80% of companies are ill-equipped in human rights due diligence. This shifting regulatory landscape is further driving the need for compliance and improved responsible sourcing approaches from organisations.

Health and safety violations are threatening worker safety

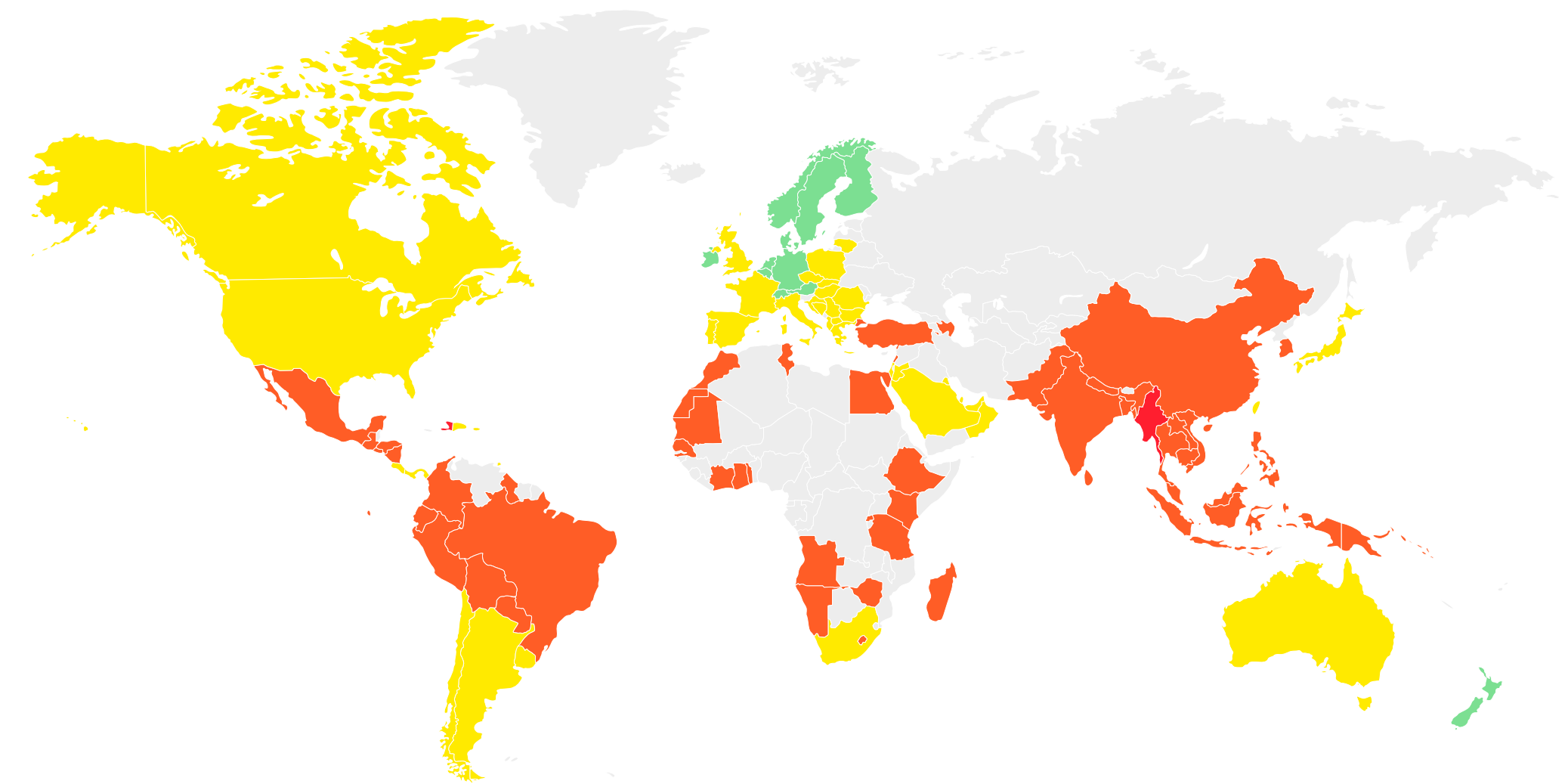
The International Labour Organisation (ILO) estimates millions of workers die each year due to unsafe working conditions and our data shows health and safety violations now make up nearly half of all non-conformances detected during audits. Despite increased awareness surrounding worker safety following the Rana Plaza tragedy in 2013, fatal factory incidents are showing concerning trends worldwide.

Supplier transparency rates are low in key sourcing markets

Supplier transparency relates to the level of access granted to auditors during onsite assessments and the accuracy of data provided during the audit. Transparency levels throughout businesses and their supply chains have been declining since the Covid-19 pandemic, as lockdowns, economic downturns, layoffs and shipping delays created complications for sites. Poor audit transparency compounds higher ESG risk exposure and drives the need for further due diligence.

Human rights and climate change risks are becoming interdependent

While climate risks are not new, what has shifted is the growing connection between climate risks and human rights risks. Climate sustainability efforts are essential, but we as businesses must now also consider the social implications of our efforts to respond to climate change risks. Just as we conduct due diligence in business operations, the same due diligence must be conducted in our climate action to avoid impacts on vulnerable communities.



Global overall supply chain risk heat map, EiQ

Risk key from EiQ: ● Extreme (0 - 2.49) ● High (2.50 - 4.99) ● Medium (5.00 - 7.49) ● Low (7.50 - 10)



Highlights of our impact in 2023

In 2023 we worked with our clients to help them address their ESG challenges, individually and collectively. Below are some of the highlights of our work.

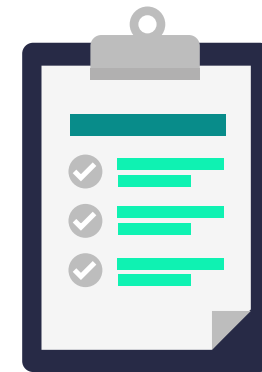
LRQA grievance mechanisms cover more than

2 million workers



in seven countries, resulting in measurable improvements for workers.

We surveyed more than **712,000** workers across 63 countries



Worker surveys are integrated into our onsite audits. The invaluable insights derived from the worker voices played a pivotal role in advancing workplace well-being, elevating workforce satisfaction and fostering sustainability.



We delivered more than **10,000** hours

of digital training on critical ESG issues provided in global supply chains.

Topics covered include climate change, waste and water management, forced labour, freedom of association, health and safety, and ESG management systems.

Our approach to helping clients navigate an increasingly complex risk landscape is built around solution-based partnerships, informed by data-driven insights, with a sharp focus on evolving risks and opportunities associated with ESG, supply chain integrity and cybersecurity.

“Our LRQA value proposition and connected solutions portfolio, combined with our focus on data-driven decision making, human intelligence and continuous assurance means we are uniquely positioned to help our clients navigate risk in today’s world.”

“The work we have done with clients to evolve our own portfolio of services has helped shape and inform our own ESG commitments.”

Kevin Fraklin
Chief Growth Officer, LRQA



We assessed **25,000** sites



against globally recognised ESG, quality, environment, health and safety standards and certification schemes.

We delivered more than **200** renewable energy projects



across 25 countries over the last 24 months, enabling businesses to fulfil their commitments to energy transition and work towards net zero.



Governance

We are committed to operating transparently and ethically, with clear accountability, creating an environment of trust with all our stakeholders, in our operations and value chain.

How sustainability is governed at LRQA

At Board level

Our CEO and Board of Directors have formal oversight of LRQA's sustainability performance. They are accountable for approval, monitoring and review of Our Planet, Our Plan's strategy and implementation. This is reviewed on a quarterly basis through discussion and review of sustainability progress reports. Once a year, the Board meets with the sustainability team for a progress review and upcoming forecast.

At the executive leadership level

The Executive Leadership Team (ELT) is the governing committee that oversees sustainability at the executive level. They play an active role in the review and approval of strategic decisions aligned with Our Planet, Our Plan. Our Chief Growth Officer (CGO) has overall responsibility for sustainability at the executive level.

Sustainability Leadership Team

Our Sustainability Leadership Team is made up of global heads across all operations of our business to ensure sustainability is delivered in line with our strategy, and to coordinate with internal and external stakeholders on our activities. Our Sustainability Team is responsible for engaging the Leadership Team and managing the implementation of sustainability at LRQA.

Sustainability Ambassadors

The Sustainability Ambassadors are self-nominated people from across the company who are passionate about Our Planet, Our Plan and want to be a part of delivering its success. These individuals play active roles in the actions and initiatives associated with the plan.





Governance

LRQA expects the highest standards of ethical conduct from our colleagues and anyone working for or on our behalf. Colleagues must adhere to our Code of Ethics, and the ethical standards we expect of our Business Partners are set out in our Business Partner Code of Conduct. We have a confidential reporting facility, Speak Up, which colleagues or third parties can use to report ethical concerns.

Governance indicators

Code of Ethics training completion by LRQA employees	95%
Number of bribery and corruption reports received	111
Speak Up reports	50
Sanctions screenings on new clients and business partners	2,395
Percentage of new suppliers who have signed the Business Partner Code of Conduct [†]	100%

[†] Since introducing our code of conduct in March 2023.

Sustainability policies

In addition to the Codes, LRQA has policies which provide further guidance on specific topics. Examples of those policies are:

Environment

- Health, safety, environment, security and quality policy

Social

- Workforce Diversity and Inclusion
- Equal Employment Opportunity
- Anti-Harassment and Anti-Discrimination
- Workplace HSE
- Contractors and Suppliers HSE
- Grievance and Conflict Resolution
- Modern Slavery Statement

Governance

- Anti-Bribery and Corruption
- Competition Law Compliance
- Gifts & Hospitality
- Sanctions
- Export Control
- Anti-Money Laundering
- Impartiality and Conflicts of Interest
- Global Data Protection
- Information Security

We align with global best practices in ESG Governance

We became a participant of the UN Global Compact and we are committed to integrating the principles and UN Sustainability Development Goals (SDGs) into our strategy and everyday work. We are working on the SDGs shown below.



Governance

Example of how we worked with our clients

We launched our Responsible Sourcing Regulations Map to support client governance

To further help clients prioritise and improve their own governance strategies, we launched our Responsible Sourcing Regulations Map, an interactive online tool showing real-time updates and a comprehensive breakdown of the most significant supply chain due diligence regulations impacting businesses worldwide. Regulations are rapidly evolving, and this map supports our clients in aligning their supply chain governance for regulatory compliance.



Our progress is a testament to the collective efforts of our dedicated team, stakeholders and partners who share our vision for a sustainable future. As we look ahead, we are committed to driving further improvements, setting ambitious targets, and continuously innovating to address the challenges of climate change and social responsibility. In the era of Assurance 4.0, we will also help our clients navigate risk through data-driven decision-making and continuous assurance.

“While we celebrate our progress over the last year and the steps we have made toward becoming a more sustainable business, we know there is more to be done amid increasing risk and an evolving operating landscape.”

Lani Hollander

Global Sustainability Partner, LRQA



Social

In 2023, we focused on continuing to develop our strong health and safety culture, encouraging the health and wellbeing of our global team, and supporting diversity, equity and inclusion. We are committed to fostering an environment where people can work safely, as well as creating a culture of ambition, curiosity and open-mindedness. This year we are reporting our baseline DEI data - we continue to introduce actions to make positive progress, which we will report on in coming years.

People and diversity indicators

Number of employees	3,188
Percentage of women in the total workforce of the company	32.60%
Percentage of women in management	6.90%
Percentage of women in executive management	30%
Number of Board directors	6
Number of women on the Board of Directors	1
Gender pay gap*	15.18%
Percentage of employees covered by a collective agreement	8.10%
Participation rate of the latest employee satisfaction survey (%)	74.40%

* Represents UK figures



I am honoured and privileged to be the Executive Leadership Team sponsor for Equity, Diversity and Inclusion at LRQA. I will push us to work harder and think more deeply about this topic so that we can truly become a workplace where we value and embrace differences.

“As a Sikh Asian woman, I have personally faced challenges throughout both my personal life and professional career and so I am absolutely committed to ensuring we provide the right support to create a level playing field for everyone to succeed at LRQA.

“We have begun our journey to making progress and there is still so much more we can do to deepen and elevate our role in dealing with today’s challenges. I recognise that some of our actions will be small adjustments, and through continuously raising our awareness and reviewing our actions I believe we can truly have a significant and lasting impact.”

Raj Kaur

Chief People Officer, LRQA





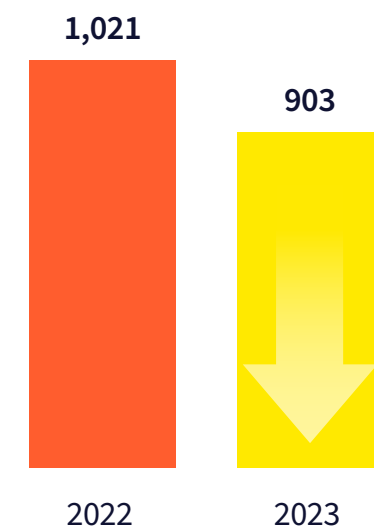
Social

Health, Safety, Environment and Security (HSES) indicators

Our colleagues work in highly regulated sectors and some high-risk environments and so we take their health, safety and wellbeing very seriously. We have a strong safety culture of which we're very proud and work hard to maintain through initiatives such as our 'LifeSaver' mandatory training programme, clear guidelines for managers on the role they play in creating a safe and healthy work environment and key safety controls to support colleagues carrying out high risk activities.

Practical training completion rate for high-risk activities by year-end 2023*		85%
Number of days lost due to injuries		63
Lost time injury frequency rate for employees and contractors [†]	Employees	1.06
	Contractors	0
Number of cases of recordable work-related injury		31
Number of fatalities as a result of work-related injury or illness for all employees and contractors		0
Percentage of our permanent office sites for which a colleague health and safety risk assessment has been conducted		100%
HSES managers, representatives and leaders		82
Number of Wellbeing Ambassadors		65

Reported incidents



Incidents, including accidents, near misses, application of the STOP authority and best practices are reported in Protect, LRQA's incident reporting system, and reviewed by the HSES team, for root cause analysis and improvement.

In 2023, the main activities where incidents were reported were driving and working at height.

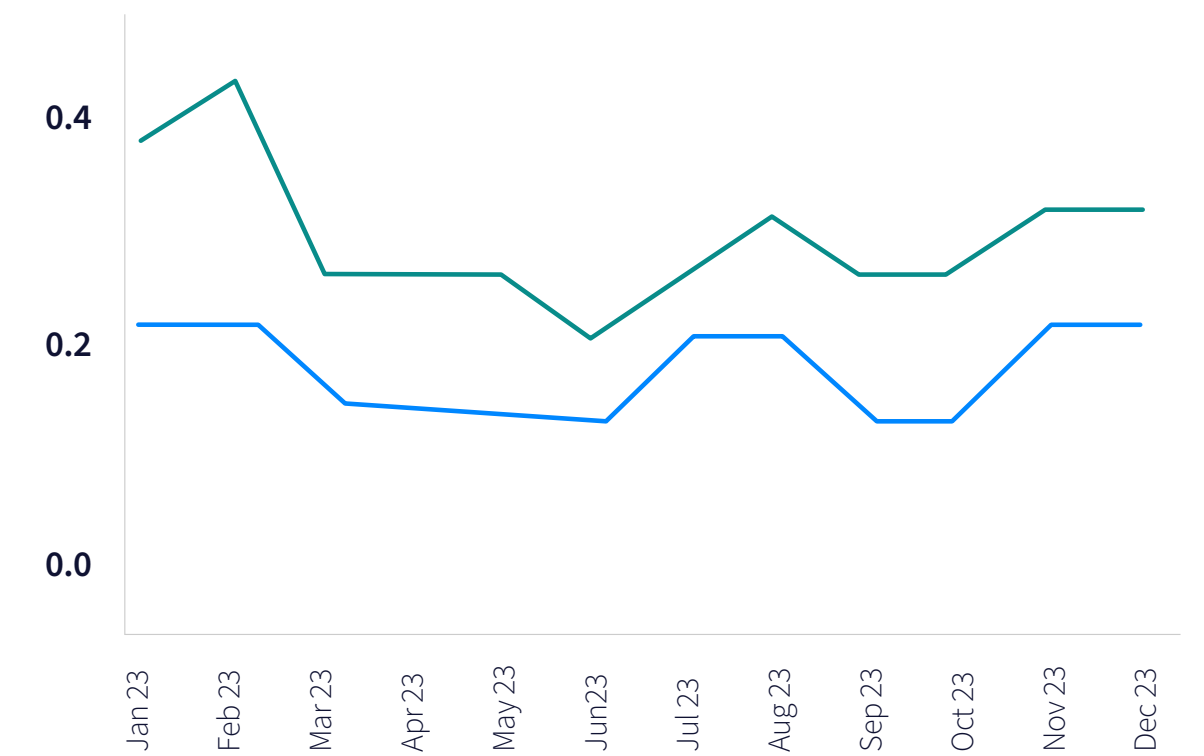
Incident rates

The Total Recordable Incident Rate (TRIR) and the Lost Time Incident Rate (LTIR) represent the number of recordable incidents to the amount of lost time from injuries per 100 employees, working 40 hours per week for a year.

To put these rates into perspective: for comparable industries (all other professional, scientific and technical services) in Europe in 2021, the LTIR was 3.0* and for the UK it was UK 3.6[†]

*Europe.eu Accidents at work statistics

†HSE.gov.uk - Statistics - Industries



Rolling average calculated over 12 months

● Total TRIR Rates ● Total LTIR Rates

* High-risk activities refer to confined space entry, working at height, working over water and practical driving trainings. † The number of lost time incidents that took place on the job for every one million hours worked. A lost time incident is an accident that takes place on the job and results in an employee being absent from the workplace for a minimum of one full workday.



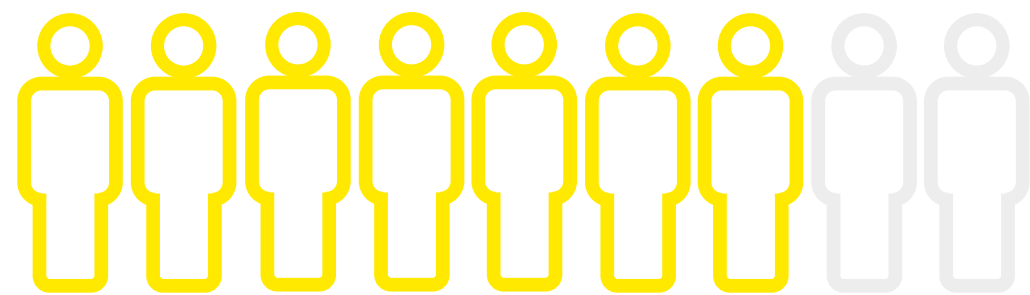
Social

Examples of how we supported employees and communities

Our Helping Hand Package

We created the Helping Hand package in 2022 to support employees amid rising inflation. This included our hardship fund which gives employees the opportunity to apply for a grant of up to £2,000 which does not have to be paid back.

In 2023, we supported seven employees through the hardship fund.

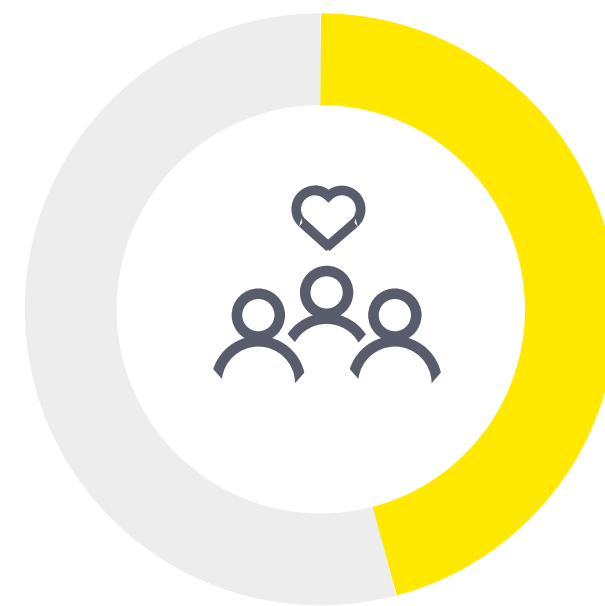


We offered an annual Wellbeing Day to employees

To support the mental and physical wellbeing of our people, we continued offering our annual Wellbeing Day, an additional day off, where our people are encouraged to take the day to spend time doing something which enhances their wellbeing.

In 2023, the first complete year that the Wellbeing Day was offered to all our people,

46% of our employees used and reported their Wellbeing Day.



We supported humanitarian organisations in response to the earthquake in Turkey and Syria



We launched an initiative to raise funds for victims of the earthquake in Turkey and Syria. LRQA employees made voluntary donations which were matched by LRQA. Through these efforts, we raised a total of £14,000 and supported Hope & Aid Direct, a charity which helped to deliver a full 7.5-tonne lorry of humanitarian aid to displaced people, and Pads4Refugees which supported 405 women in receiving sanitary products for at least a month.



Social

Examples of how we worked with our clients

We worked with our clients to help more than

20,000

migrant workers

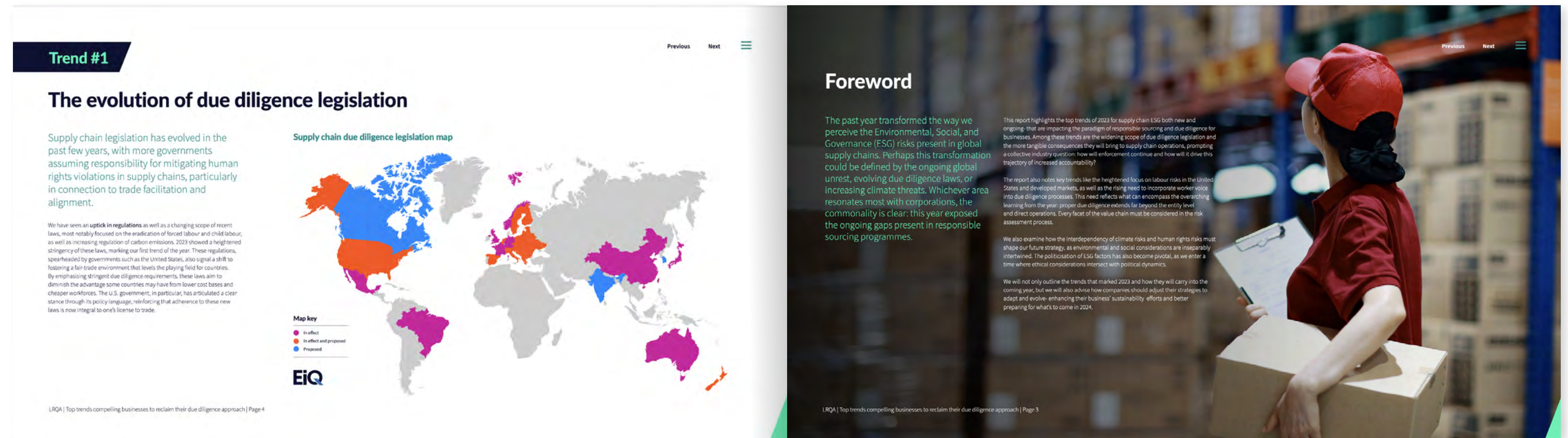
Through our remediation and advisory services, we supported 20,450 migrant workers in receiving reimbursement for unduly paid recruitment fees.

The total fees recovered for workers was

\$16 million

We highlighted social risks in our bi-annual global ESG supply chain risk outlook

We launched our 2023 supply chain ESG risk report where we highlighted social issues and risk trends impacting businesses and their supply chains.





Environment

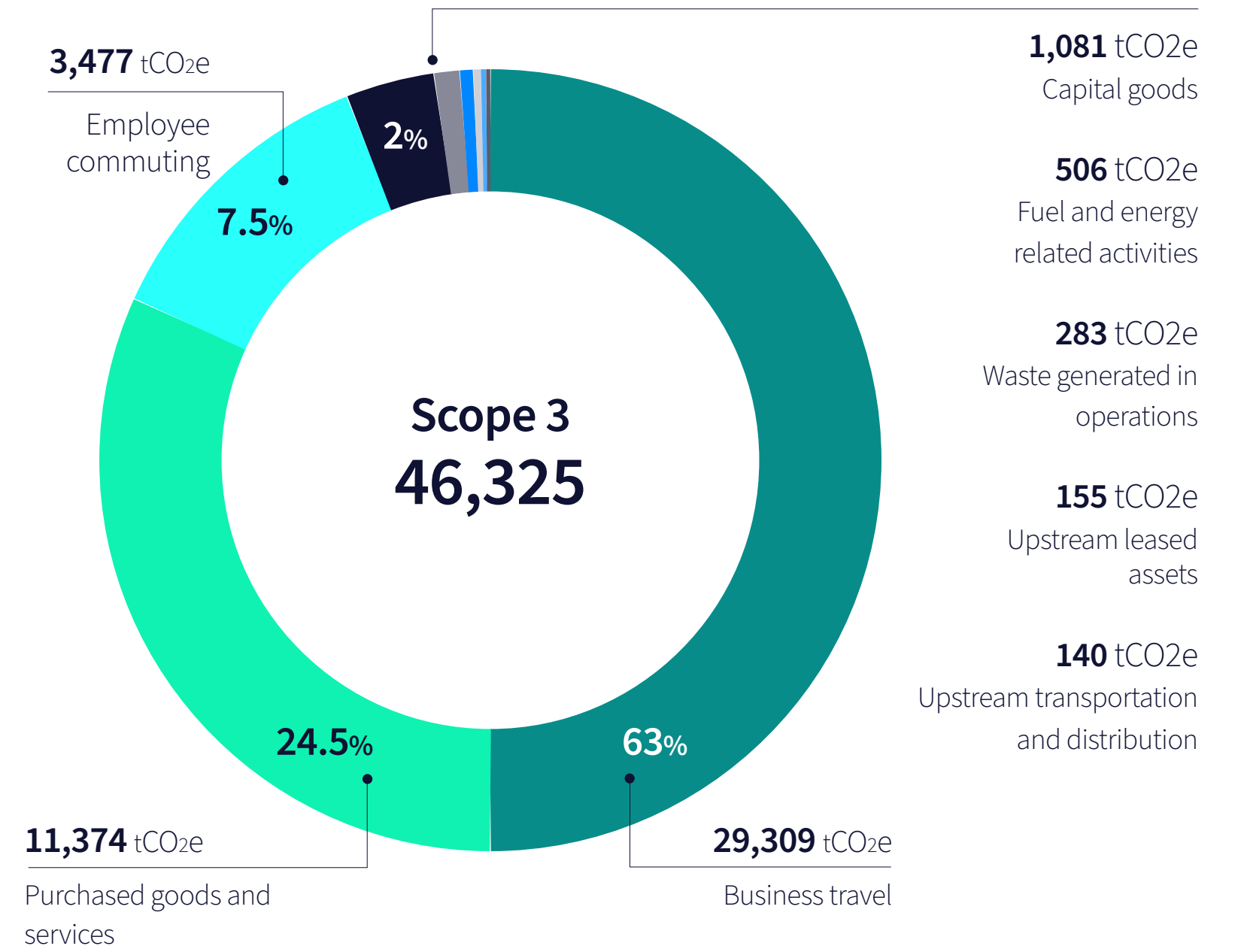
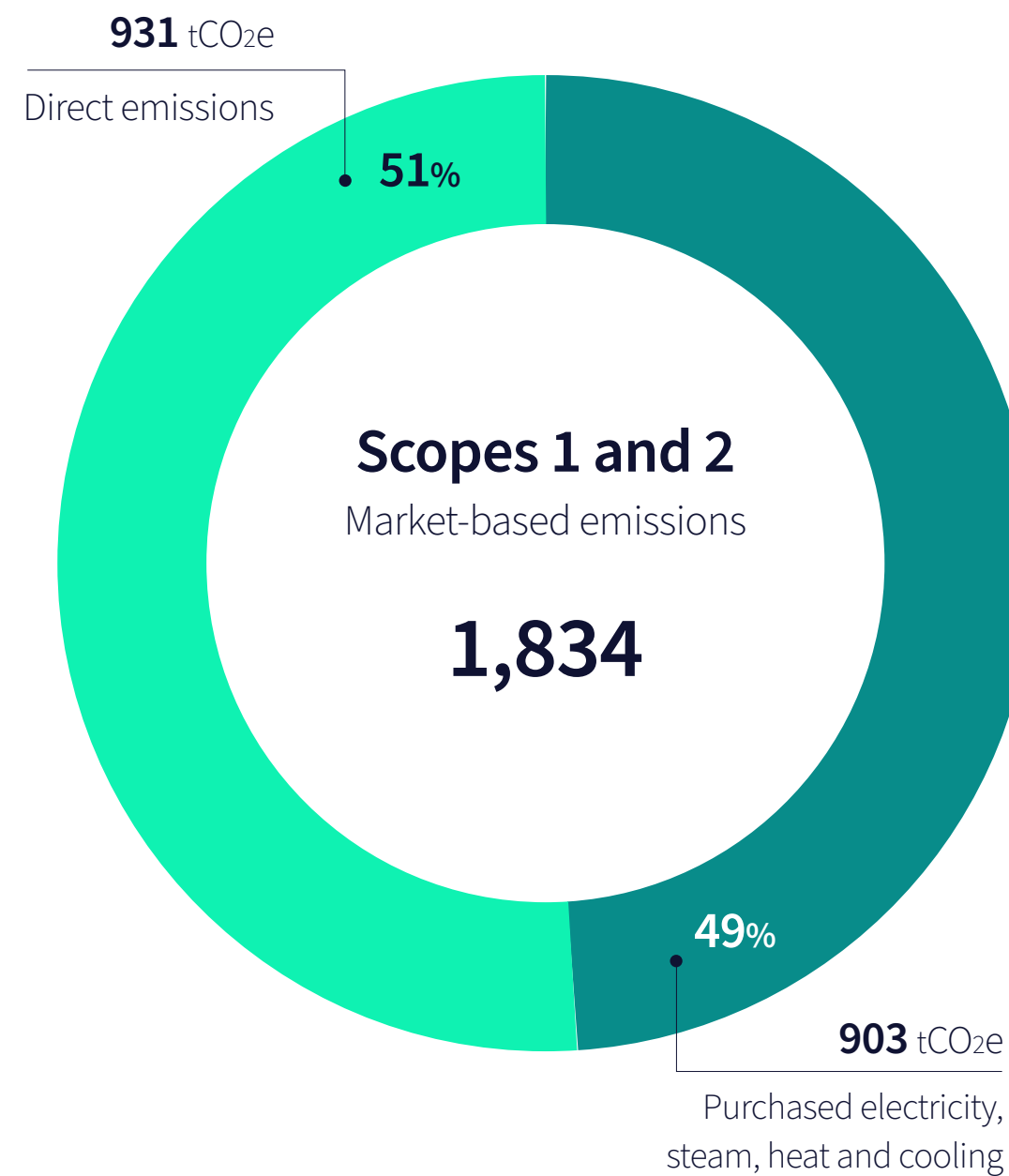
Our environment commitment is to have a net positive impact on the environment by taking every possible measure to ensure our actions protect our planet for future generations. In 2023, we focused our efforts on our carbon footprint and working with clients to support their journeys to net zero.

Our greenhouse gas inventory 2023

We conducted our first annual greenhouse gas inventory and are pleased to share our full carbon footprint, including Scopes 1, 2, and 3 emissions. As an assurance business, most of our emissions are found in Scope 3, with business travel, purchased goods and services, and employee commuting making up the majority of our impact.

Our number one ambition as part of the environmental commitment of Our Planet, Our Plan is to achieve net-zero by 2030. We are actively working on a plan to reach this goal, involving engagement with our people around the world. We will continue to publish our footprint and reduction progress in the coming years.

The methodology that we used to prepare our GHG inventory is described in the appendix →



Environment

Examples of how we worked with our clients

We supported Repsol's ISO 14067 carbon footprint verification

Our assessment team supported Repsol, a leading global multi-energy company, in achieving verification against ISO 14067 - the internationally recognised standard for quantification and reporting of a product's carbon footprint. This is a great achievement for both Repsol and LRQA, as we both share the same goal of becoming net zero companies in the future.



We provided expert assurance to support TenneT's DolWin6 project

Working closely with leading European grid operator, TenneT, we delivered a comprehensive range of assurance services for the offshore DolWin6 project, the largest grid connection project in Europe, for the transfer of wind from sea to land, supplying electricity to millions of households in Germany. We supported TenneT in completing the project on time while meeting key performance, quality and regulatory requirements.



We delivered carbon footprint verification for the Château Troplong Mondot winery

Château Troplong Mondot sought to ensure the accuracy and reliability of their carbon footprint tool and verification process to demonstrate their commitment to environmental sustainability. Their primary challenge was the efficient and systematic collection and analysis of extensive data required for calculating their carbon footprint. LRQA audited and validated Château Troplong Mondot's carbon footprint tool and the resultant calculations, which enabled the winery to achieve Silver Member certification from the International Wineries for Climate Action (IWCA).





Appendix

Greenhouse gas inventory methodology

Report statement

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

Report scope

Data within this report relates to activities carried out by LRQA Group (LRQA) for the reporting period of 1 January to 31 December 2023.

Report baseline

We continuously seek to improve the breadth and methodology of our inventory and made several notable improvements to our data collection and methodology during 2023. We are in the process of finalising our data collection approach and methodology so that 2024 can serve as a baseline year to set carbon reduction targets. Once our approach is complete, we will apply it to our first inventory which was carried out for 2022 and include that in year-on-year comparisons. For the time being, our 2023 fiscal year will be used as our baseline reporting year.

Reporting partner and frameworks

We partner with Watershed Technology, Inc. (Watershed) to collect and calculate our GHG emissions. Watershed's methodology is aligned with the Greenhouse Gas Protocol (GHG Protocol) standards and guidance, which includes the Corporate Standard, Scope 2 Guidance and Scope 3 Calculation Guidance.

Inventory overview

Our inventory annually reports energy and GHG emissions data for the following scopes, categories and indicators:

- Scope 1 GHG emissions (in metric tons of carbon dioxide equivalent (tCO₂e))
- Scope 2 GHG emissions (tCO₂e) using both the location and market-based methods of calculation
- Energy usage for electricity and heating (MWh)
- Total Scope 1 and 2 emissions (tCO₂e) for both location-based and market-based calculation methods
- Scope 3 GHG emissions (tCO₂e) for the categories of purchased goods and services; 3.2 capital goods; 3.3 fuel and energy-related activities; upstream transportation and distribution; 3.5 waste generated in operations; business travel; employee commuting and upstream leased assets
- Total GHG Scope 1, 2 and 3 emissions (tCO₂e) for both location-based and market-based calculation methods
- The headcount intensity per Full Time Equivalent workers (tCO₂e/FTE). This includes full-time colleagues, part-time colleagues and subcontractors

Operational boundaries

We have established and documented our operational boundaries. This included identifying GHG emissions associated with our operations and categorising them as direct emissions (Scope 1) and indirect emissions (Scope 2 and Scope 3).

Scope 1

We have quantified direct GHG emissions from facilities within our direct control. Our direct GHG emissions result from the combustion of fuel in our office facilities and from diesel and other fuels used in vehicles that we lease. Offices that are classified as shared (i.e. WeWork) 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. Our indirect energy GHG emissions come from the consumption of imported electricity, heat, steam or cooling by our 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.



Appendix

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 us 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; processing of sold products; use of sold products; end-of-life treatment of sold products; leased assets; franchises and investments.

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

GHG emissions quantification

Ideally, the calculations used to derive the metric tonne equivalent of carbon dioxide emitted (expressed as tCO₂e) are based on business activity data multiplied by GHG Emissions Factors (EFs) from verified sources such as CEDA or USEEIO. 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.

Scope 1 and Scope 2

Scope 1 and Scope 2 emissions are calculated using estimated activity data based on the square footage of our leased office spaces. Where area data is missing, we substitute it with the number of desks present in the office or the number of colleagues in the office space. We are working with our Property Team to collect Scope 1 and Scope 2 data from kWh usage that is reflected in our invoices to capture more granular data and identify gaps in our metered activity data.

Emissions for our leased vehicle fleet are provided by our fleet management company and the relevant EFs are applied to this data set to obtain the tCO₂e.

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.¹

Scope 3

Purchased goods and services, capital goods, upstream transportation and distribution and upstream leased assets are calculated using the spend-based approach. We are developing a method to capture more granular purchased goods and services data through supplier questionnaires.

Where possible, fuel and energy-related activities are calculated with activity data from our fleet management company and 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.

Business travel is calculated using several approaches. Activity data for flights and accommodations information is provided by our travel management partner. 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 versus remote and applying the commute mix, average distance per mode, and regional electricity EFs based on location. We are in the process of developing a survey to gather more granular data on employee commute that includes weekly commute percentage and mode of transportation.

¹ [GHG Protocol Scope 2 Guidance](#)



YOUR FUTURE. OUR FOCUS.

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

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