



**Building  
the future**

**the world  
needs**





## Chief Financial Officer's introduction

# Building the future the world needs

Through our purpose of bringing skilled people together to build the future, we are defining a future the world needs.

We are committed to building a net zero future, providing the skilled talent needed to facilitate the low-carbon transition. This is demonstrated through more than a decade of climate action and low-carbon reduction as a business, resulting in SThree being recognised as a climate leader by the Financial Times, ranking 69th in its inaugural listing of European Climate Leaders that achieved the greatest reduction in their greenhouse gas ('GHG') emissions intensity between 2014 and 2019.

In 2020 we committed to early adoption of the Taskforce for Climate-related Financial Disclosures. In 2021 we took time to deliver climate-related scenario analysis, taking a data-driven approach to identifying climate risks and opportunities. These outcomes are now informing both our strategic and financial planning as we take our first step in integrating the TCFD recommendations. Our priority is to take meaningful action to help tackle the climate emergency and provide transparent reporting on the actions we take. We will continue to refine our approach as disclosure best practice evolves.

The Covid-19 pandemic illustrates how the world can respond to crisis at pace. In order to avoid catastrophic climate change the same determination and commitment is required to evolve the world's economy. The STEM candidates we place are at the forefront of delivering the innovation needed and we have reconfirmed our commitment to nurturing and developing this talent through our business growth targets, both in the renewable energy sector and through our green skills youth programming, aimed at attracting new talent.

This report provides transparent disclosure on how we are integrating climate risk into our business, how we are meeting the 11 recommended disclosures by the TCFD, our ambitious targets and the progress delivered against these. It demonstrates our commitment to helping achieve a 1.5-degree future and how we will bring skilled people together to support the net-zero transition.

**Andrew Beach**  
Chief Financial Officer

# -44%

**reduction in carbon emissions in 2021**

\*please note our emissions continue to be impacted by pandemic related disruption.

# 738+

**candidates placed in renewable energy roles**

# 46%

**growth in renewable energy business in 2021**



## Our promise to the planet

Our commitment to bringing skilled people together to build a sustainable future has been core to our business for over a decade.

In support of this we have been actively measuring and reducing our environmental impact, achieving carbon neutrality since 2014.

We understand the role that our emissions play in contributing to climate change, as well as the impact that climate change could have on our business. Our contribution to creating a low-carbon economy is a long-term commitment of SThree. Our work is not finished – but our journey is well underway.





## Governance

# Ensuring accountability & responsibility



Ensuring internal processes and measures are in place to manage and disclose climate-related risks and opportunities is integral to the ongoing sustainability of the business.

The SThree plc Board has overall responsibility for the strategic direction of the Group, including setting climate-related targets and assessing and managing climate-related risks and opportunities.

### Board oversight

The Board engages with stakeholders on matters of business strategy and performance, including material environmental, social and governance ('ESG') factors. Integrating ESG impacts, metrics and targets into the business strategy is a key goal.

To support the management of climate-related matters and the wider ESG ambitions of SThree, the CEO has established an ESG Committee to set guidance, direction and oversee policies and progress of the Group's ESG activities. The ESG Committee in 2021 included the Group's Chair and ESG Committee outcomes were shared with the Board.

### ESG Committee

SThree's ESG Committee has representatives from the Senior Leadership Team ('SLT') and individuals from key strategic markets, as nominated by the CEO and Senior Leadership Team.

The ESG Committee meets quarterly to direct the Group ESG strategy, policies and implementation of key changes across the business. This includes identifying climate risks and providing oversight of the assessment, mitigation and management of these risks as well as identifying business opportunities.

The Committee provides input to the Board, SLT and other committees as appropriate. In 2021 the ESG Committee appointed external consultants and formed an internal steering group to support the delivery of climate-related scenario analysis for the Group, as described within this report. The ESG Committee integrated climate risk into the Group Enterprise Risk Management framework to support the assessment and management of climate-related risks, with support from the Group Risk Committee.

The ESG Committee ensures action plans are implemented to deliver against targets. This includes the implementation of the Group carbon reduction plan, delivery of the annual CDP disclosure and reporting aligned to the GHG protocol.



## Governance continued

# Key highlights

First ESG Impact Report  
published on 29 April  
**2021**

**4**  
ESG Committee  
meetings

**ESG**  
data and process  
redesign delivered

**51**  
Actions delivered through  
the ESG Committee

**12**  
Internal climate  
assessment interviews

**2**  
Audit Committee  
conversations

## Board of Directors

- Responsible for the overall management of the business
- Sets strategy, key policies and agrees operational framework
- Ensures resources are in place to meet strategic objectives
- Monitors and reviews material/strategic issues, financial performance and risk management

## Audit Committee

Ensures the integrity of the Consolidated Financial Statements of the Group and maintenance of internal control and risk management systems. Reviews the Internal Audit annual plan to ensure it reflects the challenges and risks to our business and provides the appropriate level of assurance.

Manages the relationship with the Group's external auditors and reviews and monitors the external auditors' independence and objectivity and the effectiveness of the audit process.

## Remuneration Committee

Responsible for the Group's remuneration strategy and the development/oversight of the Company's remuneration policy.

Leads discussions on Group employee remuneration and incentive arrangements that apply to the Group as a whole.

## Nomination Committee

Regularly reviews the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board and the layer below.

Provides recommendations with regard to any changes and reviews and prepares relevant job descriptions for new appointees, as well as ensuring the continuing development of an adequate pipeline into the Executive Team for succession and bench strength purposes.

## CEO

## Senior Leadership Team

Assists the Chief Executive Officer in development and implementation of strategy, operational plans, policies, procedures and budgets.

## Risk Committee

Assists the Group with its compliance and risk management priorities whilst also reviewing the Group's internal controls, policies and health and safety procedures.

## ESG Committee

Assists with setting guidance, direction and overseeing policies and progress on ESG and related activities, including identifying, assessing, monitoring and mitigating climate risk.

## Strategy

# Contributing to the low-carbon economy

SThree sits central to two secular trends: the growing demand for STEM skills and the need for access to quality, flexible talent.

Climate change impacts our business both as a valued supply chain partner and as a source of the talent needed to deliver the low-carbon transition. Climate-related issues continue to impact our business model, strategy and financial planning.

We have developed and implemented a climate-related scenario analysis framework to better understand the resilience of our business within three climate change scenarios.

## The impact of climate change on SThree

Climate change and its associated impacts on society are causing systemic and exponential disruption. The need to transition to a net-zero economy will have extensive implications for policy, business models, innovation, technology and consumer behaviours. As the only global pure-play STEM talent provider, climate change will also have a unique impact on our clients and the skills they require. As we provide expert STEM skills we will partner with clients to redesign and innovate business models that align with a net-zero future.

## Transition risks and opportunities

Business as usual is no longer enough. As a supply partner we are witnessing that best-in-class environmental performance is an increasingly important factor in choosing who to operate with. Our own climate action is increasingly focusing not only on our environmental impact but also the role we play in assisting our clients to attract and nurture the talent needed to deliver their business strategy and transition to a low-carbon model.

With heightened pressures following COP26 and the need to deliver country-specific net-zero commitments, new policy and regulation associated with the transition to a low-carbon economy will likely create new STEM roles. These opportunities are particularly prevalent in geographies with strong net-zero ambitions, such as the UK – the first G20 country to mandate TCFD disclosure.

It has been identified that in the UK, energy storage is one of the eight key technologies in which the UK can become a global leader<sup>1</sup>. On a global level, an estimated 30 million roles are needed by 2030 to facilitate the energy transition<sup>2</sup>.

We are well positioned to respond to the growing demand for green skills and can quickly respond to local market changes. We find climate-related opportunities rather than risks, given the relative speed with which we can switch between expanding and contracting markets.



<sup>1</sup> Source: Bird & Bird <https://www.twobirds.com/-/media/pdfs/news/bird--bird--the-role-of-energy-storage-in-the-uk-electricity-system.pdf>

<sup>2</sup> Source: IRENA International Renewable Energy Agency <https://www.irena.org/DigitalArticles/2020/Sep/Future-Energy-Employment-Will-be-Driven-by-Renewables>

Strategy continued

The financial implications

Climate change has implications for financial performance, through the direct or indirect impact on revenues, expenditure, assets and liabilities. Ultimately how we respond to these risks and opportunities will drive our access to capital. We therefore aim to identify, analyse, respond to and monitor a range of financial risks associated with climate change and the rapid decarbonisation that will occur through the shift to a low-carbon economy.

The transition to a low-carbon economy also presents financial opportunities for SThree, for example through our alignment to providing candidates to facilitate the low-carbon transition.

The financial implications of these risks and opportunities are assessed using climate scenario analysis, the results of which are presented within this report.

Risk and opportunity identification and assessment

SThree's existing risk management framework assesses and scores risks in terms of likelihood and impact. The timeframes used are shorter term due to material impact on strategy and existing performance targets. Climate change will typically impact SThree over a much longer timeframe than the timeframes considered by our risk management framework and therefore we established timeframes aligned to the Network for Greening the Financial System's ('NGFS') scenarios.

- Short-term: up to 5 years
- Medium-term: 5 – 15 years
- Long-term: 15+ years

The short-term timeframe (up to five years) was chosen, as two of the three relevant scenarios chosen under NGFS (disruptive change and fossil fuelled future) undergo relatively little change from current policies for the next five years. This short time horizon also provides less uncertainty to understand the potential 'immediate' impacts related to our strategic targets. This timeframe was particularly driven by the potentially high risks associated with the speed of decline in fossil fuel energy generation in Europe post 2025, under the NGFS scenarios used at the time of analysis.

The medium-term timeframe of 5 – 15 years provides insights aligned to the longer-term country targets currently being set by governments with transition roadmaps providing slightly more insight into likely changes. This timeframe alongside the long-term horizon enables SThree to anticipate differing climate futures, and assess how markets could react to the differing outcomes which at present are uncertain.

Climate-related risks

Potential risk

Implications for resilience

Market

Fossil fuel sector exposure

3% of net fees globally are derived from Oil and Gas clients. Under a low-carbon transition, potential net fees from these clients could be lost due to divestment and reduction in client demand. The risk to SThree would be two fold on revenue and operating expenses – a potential material loss of a revenue line, in addition to still maintaining the consultant expenditure to recruit into this area of the market when there are limited opportunities available.

We regularly review market sectors from a local level. These market reviews have become more prevalent during the Covid-19 pandemic as we respond quickly to changing market conditions.

Regular market reviews combined with gathering market intelligence and continued climate scenario analysis will enable us to identify both expanding and contracting markets, and therefore ensures we do not over invest in sectors that are experiencing changes in market dynamics.

Conversely, where we see expanding market opportunities, our market reviews will enable us to identify growing market opportunities, informing our strategic planning and sales priorities.

Maintaining market share in rapidly expanding markets

Under a renewable lead-growth future (our scenario analysis of 1.5°C of warming with orderly growth), there are significant market growth opportunities for SThree and the risk is that we do not respond quickly (not quickly enough) and lose market share as a result. There is a growing opportunity to place candidates into renewable energy projects and the infrastructure and technologies required for energy storage and upgrading energy grids. As a result, we will required more headcount to quickly respond to the changing needs of clients. For example, to maintain our market share in the USA in the renewable energy market (boosted in 2021 by the Biden administration), we may have to double our consultant capacity over the next two decades to maintain our existing market share, or build automation/efficiencies into how we operate to scale.

Addressing the multiple skills requirement of clients

As part of the low-carbon transition, clients require multiple STEM skills within their business. The risk is that SThree could miss opportunities to deliver across multiple skills within one client due to our brand structure and how our delivery teams operate.

For example the energy market will continue to develop, and new technologies will be innovated to respond to the changing environment. Requirements for IT candidates to solve big data challenges are being required across all industries, particularly during the transition to a low-carbon future. Energy clients require both engineering and tech skills which are two specialisms separated into two different SThree brands.

By taking a local approach across our five major regions, we have identified core strategic priorities. These strategic priorities continue to take into account the local changing marketplaces, and the dynamics within each.

We continue to review our regional strategies and the tools available to consultants to assist them in their ways of working, including technology needs, which informs our IT strategy and operational priorities. We consider the most effective approach in each market to make the best use of our assets – our specialist consultants and knowledge base.

Reputation

Changing candidate and client preferences

Environmental concerns are becoming increasingly front of mind when candidates consider employers. There is a risk that candidates will opt to work with staffing providers who can demonstrate strong green credentials and SThree loses competitive advantage if we do not align to candidate expectations.

As a STEM recruiter in a market where low-carbon energy generation is growing, SThree is naturally aligned to 'green' technologies. We are also strategically positioned to provide the talent needed to disrupt high-emitting industries and deliver the innovation needed to transition.

Promoting our alignment to green skills and support of a low-carbon future highlights our contribution towards limiting global warming and provides a competitive advantage for candidate acquisition and business development. We continue to demonstrate a leadership position with the publication of our Impact Report in 2021, CDP B-rating and being ranked 69th in the Financial Times Climate Leaders listing.

Operating within high-carbon industries

High-carbon emitting clients are increasingly facing divestment and stranded asset risk as a result of changing consumer preferences and government policies. The risk to SThree is twofold: loss of net fees from these clients and the reputational damage of operating within high-carbon emitting sectors.



Strategy continued

Climate-related risks continued	
Potential risk	Implications for resilience
Physical	
<p><b>Impact of extreme weather on operational performance</b></p> <p>Extreme weather events occasionally impact the markets in which SThree operates and can, at times, have an impact on access to offices and technology. The risk is that this could lead to a reduction in productivity due to lack of access to offices or colleagues' inability to work due to power outages, in turn impacting our operating profit.</p> <p>The current risk is relatively small and restricted to seven of our locations out of 44 globally. Global warming could cause significantly more extreme weather events in the longer term, increasing the number of business locations affected (fossil fuelled future scenario).</p>	<p>In 2020 SThree deployed remote working technology and infrastructure to ensure every colleague can deliver their role from home. Home-working or working from an alternative location is our first business continuity measure against severe weather.</p> <p>In addition, across the Group business continuity plans are in place to redistribute priority work if working from home is not possible due to power outages or similar disruption to domestic infrastructures. This ensures priority work continues and minimises the risks on productivity.</p> <p>Severe weather considerations are embedded into our property strategy to ensure we are identifying current and emerging weather patterns in both existing and new locations, informing decision making on the locations of our operations.</p>
<p><b>Increased operational costs</b></p> <p>As global temperatures rise our reliance on cooling will increase. It is predicted that cooling requirements could triple by 2050 (fossil fuelled future scenario). The risks to SThree are:</p> <ol style="list-style-type: none"><li>1. The increased operating costs to cool office spaces.</li><li>2. Access to renewable energy as demand increases across all markets.</li><li>3. The increased offsetting costs to purchase carbon credits to offset the increase in carbon emissions.</li><li>4. The reputational damage of increasing our carbon footprint rather than limiting emissions/achieving carbon reduction targets.</li></ol>	<p>We have committed to targets to move our property portfolio to 100% clean energy which will reduce the environmental impact of increased cooling. However, we remain focused on reducing consumption and our overall carbon footprint. Cooling requirements and sustainability metrics are embedded into our property strategy and selection criteria to minimise the impact of increased cooling.</p> <p>In addition, in 2021 we selected a new carbon offsetting partner to support the development of a longer-term strategy aligned to carbon neutrality and carbon reduction ambitions.</p>
Policy & Legal	
<p><b>Exposure to changing government policy</b></p> <p>Some lucrative client relationships and contracts develop from government infrastructure projects.</p> <p>To respond successfully to these tenders and win contracts, SThree requires investment in consultants, and sometimes additional legal entities and certifications in order to meet the tender requirements.</p> <p>The risk, which is outside of SThree's control, is that investment decisions on these large infrastructure projects cannot be influenced by us however, the level of preparation work for large renewables projects is an investment we must make as a potential vendor. Often the timeline and budgets for these projects are delayed and reduced. These changes are often in response to changing government policies and priorities.</p> <p>These changes in timeline could leave SThree with operational costs which face delayed or reduced revenue opportunities as a result of project delays.</p>	<p>Large infrastructure projects which are subject to regional and national government approval have very long timeframes, from initial investment through to final installation and ongoing operation.</p> <p>There are opportunities for SThree throughout this timeframe, which often last for upwards of five years. SThree can evaluate over this time the internal resources required to assist clients, without committing to long-term capital costs which have a larger payback period.</p> <p>By understanding the timeline for these projects, utilising external project data and mapping clients' requirements at each stage throughout the timeline, we ensure we resource correctly at each stage of the project.</p>

Climate-related opportunities	
Potential opportunity	Implications for resilience
Market	
<p><b>Responding to the changing demands of the market</b></p> <p>We are dynamic and flexible in our approach and can adapt to new market requirements with agility and pace.</p> <p>Our flexible approach stands alongside offering full staffing compliance expertise and at times additional 'value-add' offerings such as trucks, IT equipment and adjacencies for wind projects. Our expertise and proven track record in delivering compliant staffing solutions provides competitive advantage.</p>	<p>We ensure decisions relating to market dynamics and opportunities consider local and regional variations in order to remain flexible in changing markets.</p> <p>On a relatively short-term basis, we are able to pivot the skill set of consultants to match the opportunities seen in local markets which was demonstrated throughout the Covid-19 pandemic.</p> <p>Additionally, by providing flexibility around the provision of 'value-add' services such as PPE for candidates, we provide a holistic approach to projects which will be critical in transition innovation. We are seeing a growing demand in the energy sector for this type of 'value add'.</p> <p>Continuous market reviews ensure we understand large tenders coming to market, and can map out recruitment requirements at each stage, enabling us to build relationships with appropriate clients throughout the value chain. Sharing best practice approaches to project mapping and planning will ensure we can grow market share and this is an outcome of our internal global renewable energy leadership network which was established in 2021 as a result of climate scenario analysis.</p>
<p><b>Growth of clean energy generation and associated technologies</b></p> <p>Materially increased net fees from large infrastructure projects (e.g. offshore wind) and local changing energy generation mix will lead to investment into technologies and available government grants for clients, which will be invested into talent requirements to deliver projects.</p> <p>Additionally, the growth of green innovation will create new STEM job opportunities. Reports from IRENA estimate that employment in energy efficiency globally could expand from under 10 million to 29 million by 2030, while upgrades of grids and energy system flexibility would likely see a revenue employment increase over the same period from 7.4 million to 12 million employees. SThree is well positioned to meet the growing demand for STEM talent.</p>	
Reputation	
<p><b>Alignment to low-carbon clients</b></p> <p>As the market moves towards a low-carbon future, companies are reviewing their own transition plans. Increasingly they are questioning the environmental impact and transition plans of all suppliers. SThree has been working on carbon footprint management and carbon offsetting for over a decade. Our long-term environmental strategy, targets and transparent reporting provides competitive advantage.</p> <p>We are experiencing an increased demand to clearly evidence our climate ambition and carbon reduction plans as a supply partner which we can deliver.</p> <p>Given minimal differential economic incentives, candidates often choose to work for a more socially conscious company – this could extend to SThree itself as a recruiter who aligns themselves to a low-carbon solution.</p>	<p>Doubling the share of our renewables business by 2024, and intentionally growing our green business highlights our alignment to a low-carbon future. In addition, this allows us to reduce the reputational risks of working with clients who have the largest impact on the environment.</p> <p>We highlight positive ESG impact through our 2020 Impact Report. This brings together climate change ambitions and carbon reduction achievements alongside reporting our growth as a low-carbon talent provider.</p> <p>In addition, in 2021 we reviewed our Marketing strategy to ensure we align SThree as a 'green' talent partner. We achieve this through sharing case studies of existing work and highlighting key transition projects delivered by SThree. We are building our position as a thought leader in regards to the green skills gaps which was demonstrated through SThree co-hosting an event on the skills gap at COP26 and the development of SThree's green career youth programme which involved our UK clients.</p> <p>We currently have a strong CDP score and we were listed number 69 in the Financial Times Climate Leaders List. We will continue to adapt our policies, strategy and targets to maintain our market leadership position and competitive advantage.</p>
<p><b>Emergence of the 'green recruiter'</b></p> <p>Increasingly, clients are asking for SThree's ESG targets and strategy; as such there is an opportunity to stand out from our rivals by highlighting SThree's green credentials and commitment to delivering both environmental and social impact.</p> <p>In European markets there is an emergence of small, start-up sustainable recruitment consultants who solely work with low-carbon clients. SThree has the potential to also compete in this niche market and obtain competitive advantage given the climate leadership position, experience and compliance benefits already in place.</p>	



## Strategy continued



## Case study: Developing green skills for the future

Building the future talent pipeline to meet the growing needs of the market is one of the core objectives of our community outreach programme. And this includes sparking the possibility of a green career for young people.

Climate-related scenario analysis highlights the growing green skills gap. An estimated 19 million new roles are required by 2030 to facilitate the energy transition alone.

In 2021, 87 young people attended our interactive green careers insight events where they heard from our clients who work in green sectors – including ScottishPower, Moray East Wind Farm and Bouygues Energies & Services.

As a result of our outreach programmes, 89% of young people have said that they are exploring green career opportunities.

### Climate-related scenario analysis

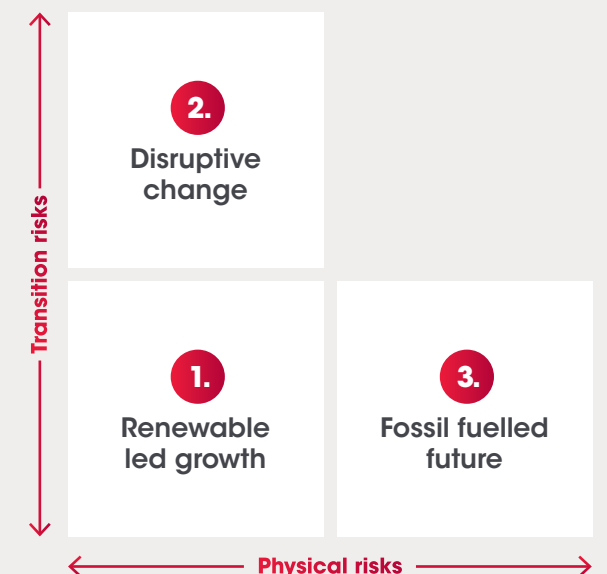
In 2021 we developed climate-related scenario analysis through an internal steering committee, supported by external consultants, to better understand the implications of climate change on our business and to inform our long-term strategic and financial planning. Our approach aligns to the recommendations of the TCFD and assesses both the transition and physical impacts of climate change. This analysis allows us to contemplate how our net fees could be impacted by a range of climate-related macro-economic drivers. Our analysis followed a five-phase approach.



To focus our analysis and ensure our scenarios reflected broader risks and opportunities faced by the business, we engaged senior business leaders from across our five major markets to determine the most important drivers of operational performance. This insight was complemented with both internal data and trends as well as external market research.

By engaging in scenario analysis, we have explored a wide range of economic, regulatory, technological and societal conditions and considered how SThree may respond under varying commercial and operating environments.

### 2021 – 2040 scenarios



We categorise these scenarios as:

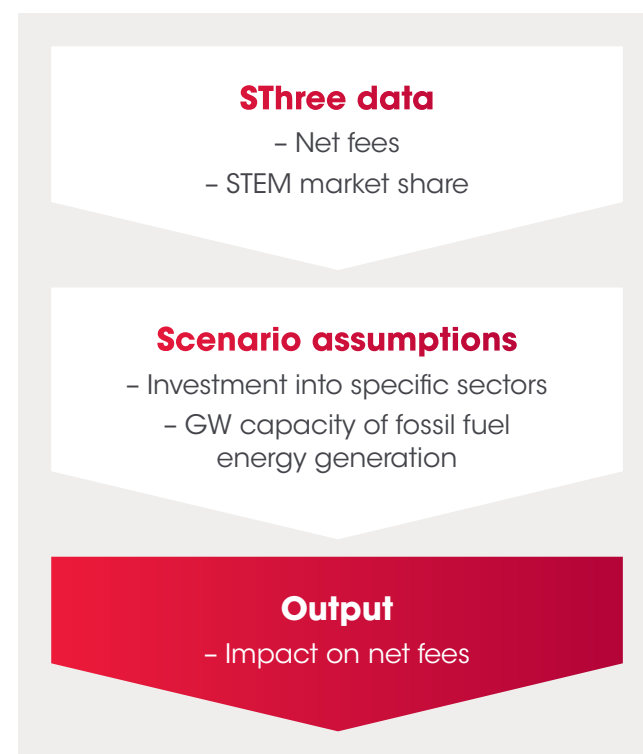
- 1. Renewable led growth (orderly, 1.5°C)**
- 2. Disruptive change (disruptive 2°C)**
- 3. Fossil fuelled future (hot house 3°C+)**

The TCFD have highlighted the importance of using standardised third-party scenarios which enables investors to compare climate resilience across companies.

The TCFD recommendations require companies to include a scenario where the world is able to limit global temperature increases to 2°C above pre-industrial levels, or lower. Accordingly, our scenarios, and the underlying data used in modelling, are based on the Network for Greening the Financial System's ('NGFS') climate scenario framework (see Appendix for further details of the NGFS scenario framework and assumptions).



To better understand our climate resilience, we assessed the potential magnitude and likelihood of specific risks and opportunities under the varied parameters and assumptions of each scenario, quantifying the financial impact on operating profit – the same financial metric used across SThree’s risk management framework.



Impacts have been categorised as follows:

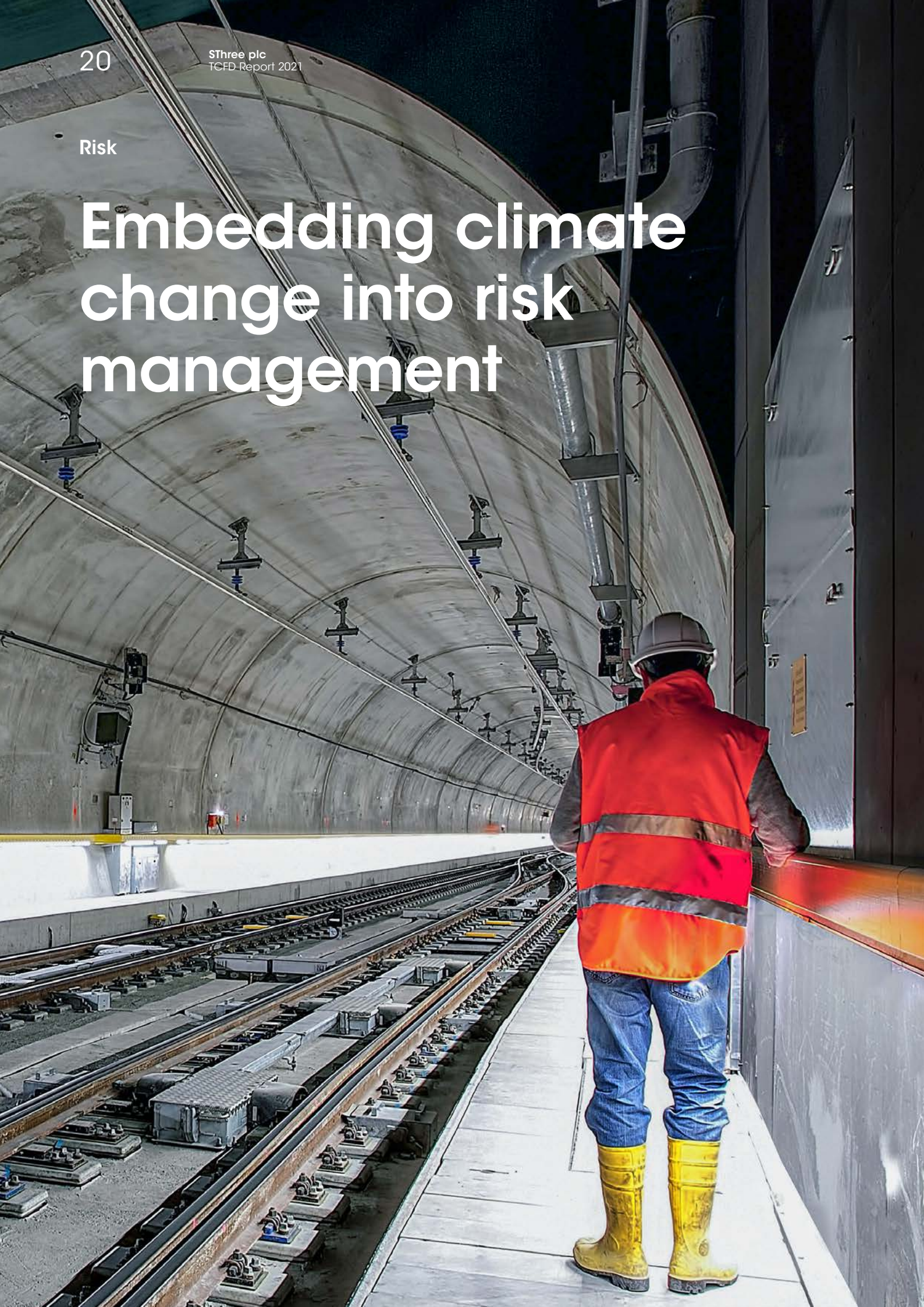
Impact on operating profits						
Very high risk	High risk	Low/medium risk	Normal business	Low/medium opp.	High opp.	Very high opp.

Under the renewable led growth scenario we see immediate opportunities in the fast-growth European market, especially following COP26. Additionally, post 2025 there are potentially high risks associated with the speed of decline in fossil fuel energy generation in Europe and associated lost net fees, which requires mitigation.

[illegible]



# Embedding climate change into risk management



During 2021 climate-related scenario analysis was delivered across the Group, assessing the emerging climate change risks and opportunities to SThree, directed by the ESG Committee.

Initial climate-related scenario analysis shows there are no immediate material risks and exposures that would impact strategy, performance or liquidity and therefore climate change remains an emerging risk for the Group. We acknowledge that investors, clients, regulators and insurance providers need to understand how climate-related risks and opportunities could impact the future for SThree and understand if we are resilient in the face of a changing market.

## Identifying and assessing climate-related risk

SThree defines a risk as "any potential event which could prevent the achievement of our mission, strategic or other corporate or departmental objectives".

Our policy is to identify, assess and respond appropriately to all risks. The risk mitigations chosen will be determined by the appetite and tolerance for risks as supported by the Senior Leadership Team and Board.

Authority for delivery of the risk framework is delegated by the Senior Leadership Team to the Risk Committee. The Head of Risk and Compliance is responsible for overseeing the implementation and compliance with the risk management framework.



<b>Board</b>	Overall responsibility for assessing the nature and extent of the principal risks and the Group's risk appetite and to facilitate effective, entrepreneurial and prudent management of the business.
<b>Audit Committee</b>	Responsible for reviewing the effectiveness of the Group's risk management systems and processes. Reviews assurance over mitigating controls.
<b>Senior Leadership Team</b>	Responsible for the review and assessment of the principal risks and recommending risk appetite to the Board. Develops Company strategy in line with Board appetite.
<b>Group Risk Committee</b>	Responsible for monitoring principal and key risks and ensuring effectiveness of regional and function risk management.
<b>ESG Committee</b>	Responsible for climate-related scenario analysis, and identifying, assessing, mitigating and managing climate risk and opportunities, ensuring integration into strategic and financial planning.
<b>Regional Risk Committee</b>	Responsible for reviewing key risks in region are being mitigated effectively and oversight of actions to reduce risks where required.
<b>Function/business leadership</b>	Responsible for identifying, assessing and mitigating both key and operational risks within their functions/business areas.
<b>Internal audit</b>	Provide assurance on key controls in place to mitigate identified risks and assurance that the risk management and internal control framework are operating effectively.



Metrics and targets

# Measuring and managing climate impact

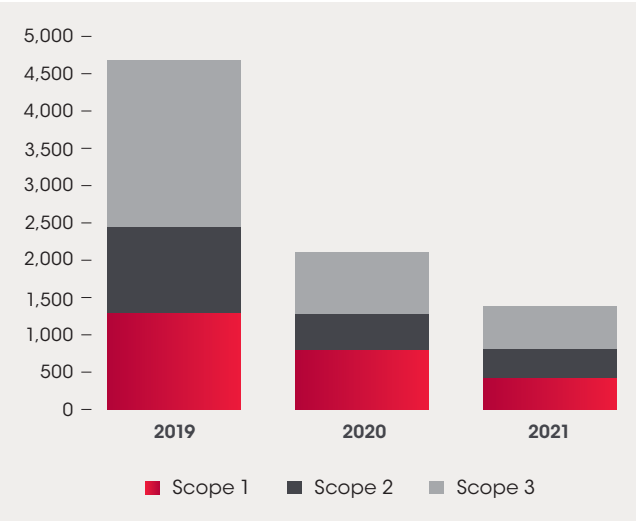
Measures and targets are utilised to manage and deliver outcomes related to climate risks and opportunities. ESG targets are integrated into our operational, financial and ESG performance to ensure sustained actions and outcomes are delivered.

We have two overarching climate-related targets with contributing targets and measures to report progress each year in our annual report. For both targets our baseline year is 2019.

	To reduce our absolute carbon emissions by 20% by 2024	To double the size of our renewables business by 2024
Contributing targets	<ul style="list-style-type: none"><li>Transition to 100% renewable energy in 60% of our offices</li><li>Reduce business travel and in particular reduce our flights by 30%</li><li>Remove single-use plastic in all of our properties and from our supply chain</li><li>Provide recycling facilities in every property and reduce our waste</li></ul>	
Measures	<ul style="list-style-type: none"><li>Carbon footprint reporting aligned to the GHG Protocol covering scopes 1, 2 and 3</li><li>Offsetting our full carbon footprint to achieve carbon neutrality</li></ul>	<ul style="list-style-type: none"><li>Net fees generated from renewable energy placements</li></ul>
2021 progress	<ul style="list-style-type: none"><li>44% reduction in carbon emissions in 2021</li><li>71% reduction in carbon emissions since 2019 (baseline year)</li></ul>	<ul style="list-style-type: none"><li>22% growth in renewables net fees in 2021</li><li>46% growth in renewables net fees since 2019 (baseline year)</li></ul>
Contribution to strategic pillar	Create a world-class operational platform through data, technology and infrastructure	To be a leader in markets we choose to serve

Carbon reduction

SThree has been monitoring and managing our carbon footprint for over a decade to ensure we can deliver carbon reductions across our global operations. Our actions in reducing our carbon emissions were recognised when SThree was ranked 69<sup>th</sup> in the Financial Times inaugural listing of European Climate Leaders that achieved the greatest reduction in their greenhouse gas ('GHG') emissions intensity between 2014 and 2019. And we are continuing this journey.



Energy-saving initiatives in 2021

Despite the ongoing pandemic we are actively implementing energy efficiency initiatives and devising ways of working to capture key learnings and energy efficient behaviours for the future. In 2021 we delivered the following emissions and energy reduction initiatives:

- Across our office portfolio we continued to transition our energy to renewable energy, which resulted in the carbon intensity of our electricity consumption falling from 0.30kg CO<sub>2</sub>e/kWh to 0.26 in 2021.
- We invested time assessing our car fleet requirements and introduced a new policy to transition our car fleet to hybrid and electric vehicles. The carbon reduction of car fleet in 2021 was predominantly impacted by reduced use, however we have also started to see the impact of our new policy with the number of hybrid and electric cars in our fleet almost doubling in the reporting period.
- In 2020 we introduced a new travel policy which prioritises low-carbon travel options (e.g. rail). In 2021, despite restrictions, we began to see the implementation of the policy in locations where travel was possible. The percentage of travel undertaken by rail increased during the reporting period, particularly across Europe.





Metrics and targets continued

Carbon emissions

GHG emissions (tCO<sub>2</sub>e) and associated energy consumption (kWh) for 2021

		FY 2020		FY 2021		% change in total emissions (vs previous year)
Emissions source (tCO <sub>2</sub> e) <sup>1</sup>		UK and offshore	Global (excluding UK and offshore)	UK and offshore	Global (excluding UK and offshore)	
Scope 1	Natural gas	48	–	26	–	–46%
	Leased transport	13	745	13	335	–54%
	Refrigerant	–	–	26	–	–
Scope 2	Purchased electricity (market/location-based)	44/69	394/441	46/74	269/312	–28/–24%
	Other fuels	–	21	–	22	5%
Scope 3	Water	3	15	1	5	–67%
	Business travel <sup>2</sup>	205	591	29	286	–60%
	Paper	1	7	1	2	–63%
	Waste	4	22	3	18	–19%
	T&D and WTT <sup>3</sup>	26	289	36	204	–21%
Total tonnes of CO <sub>2</sub> e (market-based)		344	2,084	182	1,142	–45%
Total tonnes of CO <sub>2</sub> e (location-based) <sup>4</sup>		369	2,131	209	1,185	–44%
Number of employees		639	1,969	692	2,043	
Tonnes of CO <sub>2</sub> e per employee		0.54	1.06	0.26	0.56	–49%
Total energy consumption used to calculate emissions (kWh) <sup>5</sup>		1,189,920	4,640,962	570,627	2,556,476	–46%

Table 1 – Energy and carbon disclosures for reporting year 1 December 2020 – 30 November 2021

1. Based on IEA data from the IEA (2021) Emissions factors, [www.iea.org/statistics](https://www.iea.org/statistics). All rights reserved; as modified by SThree Plc.  
2. During the reporting period, the Group began the transition to a new travel system, which may have had an impact on the consistency of business travel data. Business travel includes emissions-related flights, employee cars, rail and international rail, including well-to-tank reporting recommendations. UK and offshore business travel includes emissions and energy consumption for flights and car hire associated with SThree's Ireland office, as this data is aggregated across SThree's UK and Ireland offices.  
3. Emissions from FY 2020 have been restated to include well-to-tank emissions.  
4. Totals may not match exactly the sum of the figures shown in the table, due to rounding across all emissions categories.  
5. Total energy consumption includes energy consumed for heating (natural gas, district heating), power (electricity) and transport (company leased vehicles, expensed mileage claims).

Building our roadmap to net-zero

In October 2021 we welcomed the introduction of the Science Based Target Initiative ('SBTi') Net Zero Standard. The introduction of a recognised framework provides a clear definition of net-zero and the guidance on the carbon reduction required, aligned to climate science.

Our intention is to align our net-zero transition to the new SBTi Net Zero Standard and therefore throughout this year we have been analysing the actions and transformation needed for net-zero.

We increased the scope of our carbon data collection to include all 15 categories of scope 3 emissions reporting. We delivered a global hybrid working survey to capture the emissions of our workforce when working remotely and commuting to the office.

In addition, we established working groups aligned to each of our main emission sources to develop transition action plans and milestones. This work has formed the beginning of our roadmap to net-zero which will be fully formed and disclosed in 2022.

Next steps

- We will continue to assure key carbon data and metrics.
- We will continue to grow our carbon reduction ambitions and share our net zero roadmap.
- We will develop a waste and water policy to reduce the impact we have.
- We will continue to implement our climate-related scenario modelling to identify risks and opportunities on an ongoing basis.
- We are committed to providing transparent reporting on climate-related risks and opportunities to our shareholders.





Appendix

About the NGFS climate scenario framework

The Network for Greening the Financial System’s (‘NGFS’) Climate Scenarios (‘the scenarios’) have been developed to provide a common starting point for analysing climate risks to the economy and financial system. While developed primarily for use by central banks and supervisors they may also be useful to the broader financial, academic and corporate communities.

Three representative scenarios are provided by the NGFS, each of which cover one of the following dimensions:

- Orderly: Early, ambitious action to a net zero CO<sub>2</sub> emissions economy;
- Disorderly: Action that is late, disruptive, sudden and/or unanticipated; and
- Hot house world: Limited action leads to a hot house world with significant global warming and, as a result, strongly increased exposure to physical risks.

For each scenario, multiple models have been used to provide a range of estimates. A range of estimates has been used by Avieco, unless where stated otherwise.

About the NGFS scenario data

All data has been sourced from the NGFS Scenario Explorer, and its use is subject to the **License**. The scenarios are made publicly available to ensure reproducibility and transparency. The Scenario Explorer allows for the re-use of scenario data publicly.

This Scenario Explorer hosts the NGFS scenarios, which were produced by NGFS Workstream 2 in partnership with an academic consortium from the Potsdam Institute for Climate Impact Research (‘PIK’), International Institute for Applied Systems Analysis (‘IIASA’), University of Maryland (‘UMD’), Climate Analytics (‘CA’) and Eidgenössische Technische Hochschule Zürich (‘ETH’). This work was made possible by grants from Bloomberg Philanthropies and ClimateWorks Foundation.

About the NGFS models

The scenarios are generated by state-of-the-art well-established integrated assessment models (‘IAMs’), namely GCAM, MESSAGE-GLOBIOM and REMIND-MAGPIE. These models allow the estimation of global and regional mitigation costs, the analysis of energy system transition characteristics, the quantification of investments required to transform the energy system, and the identification of synergies and trade-off of sustainable development pathways.

- **GCAM (Global Change Assessment Model 5.2):** GCAM is a global integrated assessment model that represents the behaviour of, and complex interactions between five systems: the energy system, water, agriculture and land use, the economy, and climate. Joint Global Change Research Institute – <https://jgcri.github.io/gcam-doc/>

- **MESSAGEix-GLOBIOM 1.0:** MESSAGEix-GLOBIOM is an integrated assessment framework designed to assess the transformation of the energy and land systems vis-a-vis the challenges of climate change and other sustainability issues. It consists of the energy model MESSAGE, the land use model GLOBIOM, the air pollution and GHG model GAINS, the aggregated macro-economic model MACRO and the simple climate model MAGICC.
- **REMIND 1.7 – MAGPIE 3.0:**
  - REMIND: (Regionalised Model of Investment and Development) is a global multi-regional model incorporating the economy, the climate system and a detailed representation of the energy sector. It allows analysing technology options and policy proposals for climate mitigation, and models regional energy investments and interregional trade in goods, energy carriers and emissions allowances.
  - MAGPIE: (Model of Agricultural Production and its Impact on the Environment) is a global land use allocation model. MAGPIE derives future projections of spatial land use patterns, yields and regional costs of agricultural production.

Selection of NGFS reference scenarios

As presented to the SThree climate scenario analysis steering group on 9 March 2021, the following NGFS reference scenarios have been selected as a basis for the Company’s primary scenario analysis. The modelling outputs associated with these scenarios provide the quantitative modelling outputs which underpin the respective SThree climate scenarios.

- **Immediate 1.5°C with Carbon Dioxide Removal (‘CDR’)** (Renewables led/Orderly, Alt): A scenario that after limited overshoot returns warming to below 1.5°C in 2100 with full availability of CDR technologies and immediate introduction of comprehensive emission pricing
- **Delayed 2°C with CDR** (Disruptive change/ Disorderly, Rep)
- **Current policies** (Fossil fuelled future/Hot house world, Rep): A scenario in which no further climate policies are enacted.

Note that ‘Rep’ means that the scenario is one of three representative scenarios used by the NGFS to describe its scenario framework publicly. ‘Alt’ refers to one of the additional five scenarios produced by the NGFS to provide a more extensive set of scenarios for analysis purposes.

Across each scenario, variations of the following NGFS variables are used for analysis: GDPChange, Investment-EnergySupply-CCS, Temperature-GlobalMean, Price-Carbon, Price-FinalEnergy-Buildings-Residential-Electricity.

NGFS scenario framework

Descriptive explanation of three chosen scenarios

Scenario	NGFS equivalent scenario	Description*
Green revolution	Orderly, 1.5°C	<p>This ‘orderly’ scenario assumes that climate policies are immediately implemented, with an incremental carbon price levelled that ensures the world does not exceed 1.5°C warming.</p> <p>The economy is strong, driven by new industries providing green solutions and technologies such as AI, robotics and battery technology. The development of circular economy business models disrupts legacy industries, removing incumbents. Global opportunities expand in all markets as consumer technologies are democratised.</p> <p>Under this scenario, the energy sector mix shifts rapidly, as the world transitions away from fossil fuels and towards low-carbon power, heat and mobility solutions. Consumer concern over the environmental sustainability of products and services is high, and candidates actively disassociate with companies not following the renewable revolution.</p>
Late in the day	Disorderly, 2°C	<p>This ‘disorderly’ scenario assumes that significant climate policy is not implemented until 2030. In order to reach the 2°C mitigation goal, the transition from this point happens at a far quicker pace than in the orderly transition.</p> <p>Engineering and finance sectors benefit from the rapid development of a carbon dioxide removal industry – funding for which comes in the form of increased energy prices for businesses and consumers.</p> <p>Under this scenario, the energy sector mix doesn’t change noticeably until after 2030, at which point actions taken are relatively late and limited by available technologies, to enable a sharp reduction in emissions. The pace of change claims many victims within high-carbon industries who are left with significant levels of stranded assets.</p>
Fossil fuelled	Hot house, 3°C+	<p>This scenario incorporates the policies and measures that governments around the world have already put in place and assumes that no further policy action will be taken. The scenario assumes only ‘cautious’ implementation of current commitments and plans. Emissions grow until 2080 leading to 3°C+ of warming and severe physical risks.</p> <p>New technology solutions are not developed quickly or cost-effectively enough to disrupt legacy industries. Energy prices are kept suppressed by the lack of any meaningful carbon price and the lack of progress in carbon removal technologies.</p>
* Descriptions subject to variations depending on model outputs used for each given scenario are used here for illustration. Note that multiple integrated assessment models are used for each NGFS scenario, providing a range of pathways and outputs.		



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