SpencerStuart

Spencer Stuart applied the Task Force on Climate-related Financial Disclosures (TCFD) framework for its inaugural climate-related financial risks report. The TCFD recommendations outline guidance for disclosing governance, strategy, risk management, and metrics and targets associated with climate-related financial risks.

TCFD Recommendation	Disclosure
GOVERNANCE	
Describe the board's oversight of climate-related issues. **Describe management's role in assessing and managing climate-related issues.**	Spencer Stuart's Sustainability function is essential for integrating sustainability into our Firm's risk management and governance processes. Recently reorganized under the Legal department, this function is led by the Chief Legal Officer & Company Secretary (CLO), who is a member of the senior leadership Operating Team and reports directly to the Managing Partner & CEO. The CLO also works closely with the Chairperson of the Board, which strengthens alignment between the Board, Firm management, and our sustainability strategy, while facilitating ongoing communication about climate-related governance and risk issues. At the Board level, the collaboration between the Risk and Audit Committees of the Board ensures coordinated oversight of the Firm's enterprise risks. The Risk Committee oversees the Firm's risk management, reporting its findings to the Board. The Risk Committee's duties include reviewing risk management processes, discussing major risk exposures and proposed steps to monitor and control them, including external factors like disaster recovery. A key element of the Risk Committee process is the Firm's enterprise risk framework, represented in a heatmap that is updated regularly to assist with informed decision-making. Meanwhile, the Audit Committee assists the Board with oversight of the Firm's reporting processes and internal controls practices. This includes monitoring the effectiveness of internal systems of audit and risk, as well as the statutory audit of the Firm's financial statements and reviewing the independence of the Firm's auditor. The coordinated approach between these two committees and interaction with the Board enhances our governance and strengthens our overall risk management framework. To further our sustainability agenda, we established a Sustainability Steering Committee (SteerCo) consisting of the CLO, Chief Financial Officer (CFO), and Chief People Officer (CPO). All three are members of the Operating Team and report to the Managing Partner & CEO. The CLO and CFO also support the Board in their roles as Company Secretary and Ex-Officio Director, respectively, enabling the SteerCo to effectively drive sustainability initiatives and present key insights to both the Operating Team and the Board. The SteerCo meets monthly to engage in strategic discussions on emission reductions and progress toward sustainability targets. Our CLO oversees all legal matters, including the risk and sustainability functions globally, ensuring that climate-related considerations are embedded within the Firm's operational framework. Our CFO supervises critical areas such as Procurement and Real Estate—two key components of our carbon footprint—and integrates sustainability into the annual budgeting process, thereby supporting investments in sustainability objectives. Additionally, our CPO manages our people agenda, making certain that employee feedback is incorporated into our holistic strategies and operational practices.

	Additionally, Spencer Stuart has established a cross-functional Sustainability Working Group, consisting of leaders from Finance, Procurement, Human Resources, Legal, and Sustainability. This collaborative team assesses climate-related impacts across the organization, fostering alignment towards our sustainability goals. Through these structured approaches, management actively drives the Firm's commitment to sustainability, ensuring that we not only mitigate climate-related risks but also leverage opportunities for innovation and improvement in our practices.
STRATEGY	
Describe the climate-related risks the organization has identified over the short, medium, and long term. Describe the impact of climate-related risks on the organization's businesses, strategy, and financial planning. Describe the resilience of the organization's strategy, taking into consideration different climate related scenarios, including a 2°C or lower scenario.	We assessed climate-related risks encompassing three time horizons: short-term (0-1 year), medium-term (1-5 years), and long-term (5+ years), which is consistent with how time horizons are defined in our double-materiality assessment (DMA) for the EU Corporate Sustainability Reporting Directive (EU CSRD). Spencer Stuart considered the Network for Greening the Financial System (NGFS) **Below 2 °C scenario** and **Current Policies scenario** assumptions. **Below 2 °C Scenario**: assumes immediate and gradually intensifying climate policies, moderate carbon dioxide removal, and net-zero CO_2 emissions after 2070. Both physical and transition risks are relatively low. **Current Policies Scenario**: assumes no additional climate policies beyond those currently implemented, resulting in approximately 3 °C of warming by 2100 and high physical risks, including irreversible impacts such as sea level rise. Refer below for our preliminary assessment. **<u>TRANSITION RISKS</u>** **Policies**: As a global Firm, the ever-evolving climate-related policies across various regions and jurisdictions can impact our strategies. Monitoring global climate-related reporting requirements can be complex and resource-intensive and may require changes to existing processes. **Time Horizon:** Short-term (0-1 year) **Below 2 °C Scenario:** Low impact **Current Policies Scenario:** Low impact **Our Impact and Strategy:** Spencer Stuart has been measuring our Scope 1, Scope 2, and Scope 3 emissions since our fiscal year 2021 and have been reporting our emissions since 2023. We are continuously identifying opportunities to improve our calculations and processes, as well as ways to reduce our emissions. **Legal:** The likelihood of climate-related regulatory risk can increase as jurisdictions evolve their reporting requirements compliance regimes. Reasons for these risks may include failure to mitigate the impacts of and adapt to climate change and the insufficiency of disclosure around material risks.

Time Horizon: Short-term (0-1 year)
Below 2 °C Scenario: Low impact
Current Policies Scenario: Low impact
Our Impact and Strategy: We have been diligent in planning for impacts of climate change and compliance with all relevant regulatory requirements. We intend to report sufficient climate-related disclosures. At this point, we have not identified any material climate-related risks.

Technology: Technological improvements and innovations that support the transition to a lower-carbon economy can impact organizations. Factors to consider include the costs of implementing these improvements, such as renewable energy and energy efficiency measures.
Time Horizon: Medium-term (1-5 years)
Below 2 °C Scenario: Low impact
Current Policies Scenario: Low impact
Our Impact and Strategy: Spencer Stuart leases all our global offices, so we have limited control over the type of energy utilized and the energy efficiency measures we can implement. However, we will pursue these opportunities to the extent possible, recognizing it can reduce consumption and save costs. Further, we have a limited number of leased vehicles, and we encourage the adoption of hybrid or electric vehicles, which can be cheaper than gas-powered vehicles.

Market: The market can be affected by climate-related risks in a variety of ways, including the shifts in supply and demand for certain services. Client sustainability objectives, procurement policies, and preferences may lead to selecting partners with more robust sustainability strategies.
Time Horizon: Medium-term (1-5 years)
Below 2 °C Scenario: Medium impact
Current Policies Scenario: Medium impact
Our Impact and Strategy: Like other organizations, Spencer Stuart is actively navigating its sustainability journey, recognizing considerable work remains to be completed. We have many initiatives to accomplish to maintain our competitiveness in the market; however, we have made meaningful progress acting in the best interests of our clients and our Firm.

Reputation: Changing public perception of an organization's contribution or detraction from the transition to a lower-carbon economy is a potential source of reputational risk.
Time Horizon: Medium-term (1-5 years)
Below 2 °C Scenario: Low impact
Current Policies Scenario: Low impact
Our Impact and Strategy: One of Spencer Stuart's core values is "***We act with a better future in mind."*** Our actions are grounded in a desire to do the right thing, both for today and over the long term. We are committed to upholding this value in our strategic climate-related decisions and in efforts to meet our clients' evolving expectations.

	<u>PHYSICAL RISKS</u> **Acute**: Acute physical risks include risks that are event-driven, including increased severity of extreme weather events, such as hurricanes or floods. **Time Horizon:** Medium-term (1-5 years) **Below 2 °C Scenario:** Low impact **Current Policies Scenario:** Low impact **Our Impact and Strategy:** We have developed robust business continuity and redundancy plans with the goal of having our operations remain unaffected by extreme weather events, which could disrupt our data centers and server functions. A majority of our data is stored offsite of our facilities with additional back up servers and mechanisms designed to deliver business continuity with limited to zero disruptions due to physical risks. In the event that employees face disruptions due to physical climate risks, we allow designated time off, managed through our Workday HR system. We intend to conduct more detailed assessments on the likelihood of natural disasters impacting our 60+ leased offices globally, to understand and mitigate potential disruptions in our operating environment. Allowing our employees to work remotely also ensures we can continue our business services if our offices are impacted by physical climate risks. Additionally, we endeavor to lease our offices in buildings with green building certifications, such as LEED and Energy Star certifications. The resilience of green certified buildings help mitigate potential climate-related risks as well. **Chronic:** Chronic physical risks refer to longer-term shifts in climate patterns (e.g., sustained higher temperatures) that may cause sea level rise or chronic heat waves. These extreme patterns can impact our global employees and business operations, clients, and supply chain. **Time Horizon:** Long-term (5+ years) **Below 2 °C Scenario:** Low impact **Current Policies Scenario:** Low impact **Our Impact and Strategy:** Chronic physical risks can have long-term and broader impacts on our global employees, business operations, clients, and supply chain. As mentioned above, we have business continuity plans and HR-related policies in place if extreme weather impacts do occur. Like other climate-related risks, we will continually monitor the changing landscape and adapt to address our clients' needs as well as any changes within our supply chain. As seen in our analysis above, as a professional services firm, the risks we have identified, which are relevant to our business do not rise to the level of material, high-impact climate-related risks. However, we still take these risks into account for our strategic direction and financial planning. We continuously monitor risks through active stakeholder engagement and tracking emerging climate-related regulations. This approach informs our decision-making processes and ensures our operational resilience in a rapidly changing environment. Our investments may include energy efficiency measures, sustainable aviation fuel, carbon offsets, and other sustainable practices that align with our long-term financial and strategic plans. These capital expenditures and investments are included in our annual financial planning process.

RISK MANAGEMENT	
Describe the organization's processes for identifying and assessing climate-related risks.	Our processes for identifying and assessing climate-related risks are integrated within our overarching enterprise risk management framework. This process facilitates our ability to systematically monitor and evaluate sustainability risks in alignment with our broader organizational objectives. Risk mapping is conducted on an annual basis and is then presented to our Risk Committee of the Board. **Future Identification of Climate-Related Risks:** Our risk mapping process is embedded within our operational framework and occurs at multiple levels within the organization. Our Sustainability Working Group will identify climate-related risks by researching evolving regulations and standards and hearing from colleagues throughout the Firm to ensure a comprehensive assessment. **Future Assessments of Climate-Related Risks:** Our CLO oversees the risk management function. Our proposed assessment methodology will include both qualitative and quantitative inputs, incorporating the following elements: • **Structured Evaluation**: We intend to use the same methodology as we used in our EU CSRD DMA process to rate identified climate-related risks based on their potential impact and likelihood. This structured evaluation allows us to prioritize risks effectively based on their materiality to Spencer Stuart. • **Cross-Functional Collaboration**: Input from various internal stakeholders including IT, Finance, Real Estate, Procurement, Legal, HR, and Sustainability will be leveraged to create a holistic view of climate-related risks. This collaborative approach ensures that climate considerations are not only integrated into disaster recovery and business continuity plans but also into our strategic decision-making. • **External Benchmarks**: Our assessments are supplemented by external benchmarks, enabling us to calibrate our risk profile against industry standards.
Describe the organization's processes for managing climate-related risks.	As previously mentioned, our approach to managing climate-related risks is integrated into our overall enterprise risk management framework, which is overseen by our CLO. Additionally, the Risk Committee of the Board oversees our enterprise risk management, which includes the management of climate-related risks; hence, these considerations are embedded in our strategic planning and operational processes. Refer to our Governance section above for more details on our sustainability governance structure. **Risk Assessment and Response:** Our processes to manage climate-related risks will involve several key components: • **Comprehensive Risk Evaluation**: As mentioned above, we will assess climate-related risks as part of our broader enterprise risk evaluation processes. This may include an analysis of both physical and transitional risks that could impact our business. • **Scenario Planning**: As mentioned above, we will continue our efforts to understand potential impacts from various climate-related events, enabling us to develop tailored response strategies that are appropriate for the level of risk identified. • **Policy Development**: Spencer Stuart has implemented policies and frameworks for our disaster recovery and business continuity plans. As we progress in other areas to identify and assess climate-related risks, we may develop additional policies and frameworks as needed in response to these risks.

	Monitoring and Continuous Improvement: To remain responsive to evolving climate risks, we plan to continue engaging with external sustainability partners and continuously monitor the effectiveness of our risk management strategies. Our processes will be reviewed periodically, and reported to the Risk Committee of the Board informing ongoing adjustments and improvements, as part of our broader enterprise risk management approaches.
Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	Our processes for identifying, assessing, and managing climate-related risks are integrated into our overall enterprise risk management strategy. Climate risks are treated as part of our broader risk portfolio, enabling us to make informed decisions that align with our strategic objectives and stakeholder expectations. Refer to the sections above for more details on management and oversight and how we integrate these processes into our overall enterprise risk management framework (e.g., CLO is responsible for risk and sustainability functions, climate risk is part of the enterprise risk heat map).
METRICS & TARGETS	
Disclose the metrics and targets used to assess and manage relevant climate-related issues where such information is material.	As seen in our analysis above, the risks we have identified do not rise to the level of material, high-impact climate-related risks. We will disclose our greenhouse gas emissions in accordance with California Senate Bill 253.