



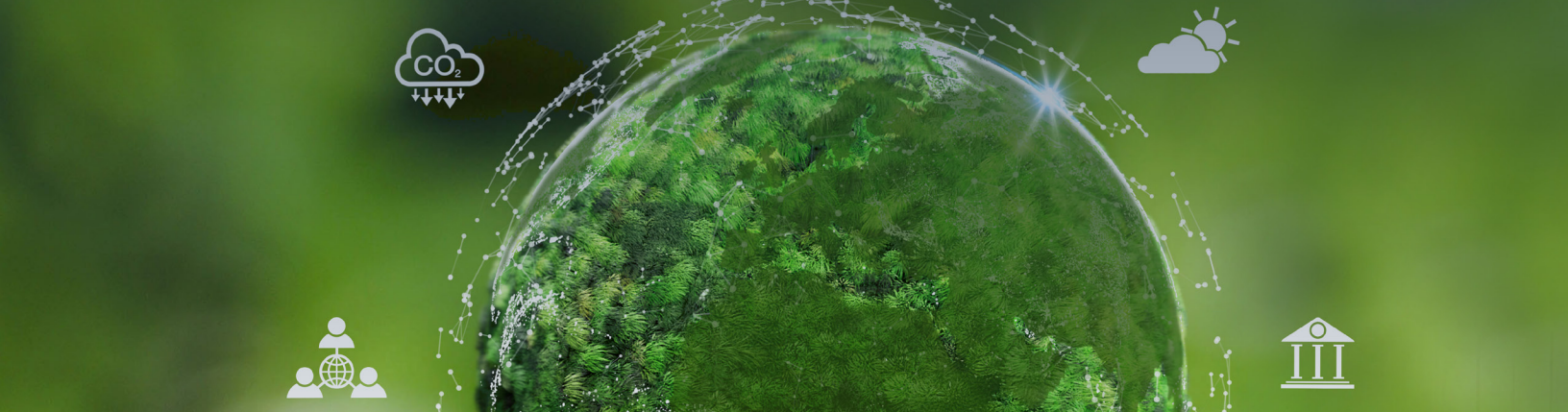
Climate Risk and Opportunities Report





CONTENTS

2	Executive Summary
3	What is Climate Risk Analysis?
4	Governance
5	Management Oversight
5	Strategy
5	Risk Identification
7	Climate-related Risks and Opportunities
11	Business Model, Value Chain and Climate Resilience
11	Strategy and Decision-Making
12	Risk Management
12	Identifying and Prioritizing Risks
12	Internal Audit and Global Compliance
12	Business Unit Risk Manager Initiative
12	Continuing Business Operations
13	Global Real Estate
13	Climate-Related Metrics and Targets
13	Our Carbon Footprint
14	Net Zero by 2050
14	Milestones to Net Zero
14	2021:
14	2022:
14	2023:
14	2024:
14	2025:
15	Demonstrating our Commitment to Net Zero



Executive Summary

To better understand the climate risks and opportunities across our business, and to comply with emerging regulations and enhance climate-related transparency, Alvarez & Marsal Holdings (“A&M” or “firm”) presents our climate risk assessment, conducted globally for the firm. Aligned with the International Sustainability Standards Board’s guidance, A&M evaluated our physical risks, transition risks and opportunities, using the recognized practice of incorporating the four dimensions of Governance, Strategy, Risk Management and Metrics and Targets.

In order to assess climate risk accurately, A&M scores eleven acute and chronic physical risks as well as four transitional risks on 0.0-1.0 scale to determine which has the greatest potential material impact on our business operations. Each risk is analyzed across three scenarios, known as Representative Concentration Pathways (RCPs), and throughout current and future periods to determine the likelihood and impact on the company. To assess these risks, A&M leadership works in collaboration with Environmental, Technical, and Sustainability (ETS) Services as well as other A&M committees to integrate the findings of these risks into ongoing risk management activities, our Business Continuity Plan (BCP), and the firm’s decarbonization goals and strategy.

Among key findings, physical risks have been deemed to pose a small threat to day-to-day operations, given A&M’s offices are all leased, and a hybrid remote/in-person work schedule is in place across the firm that provides substantial flexibility in managing operations and serving clients. The firm recognizes that these risks still warrant attention due to potential effects on clients, suppliers and related logistics such as business travel associated with our line of work.

Transition risks such as regulatory reporting, client pressures and demands, brand reputation and potential future needs for, and price of, carbon offsets also pose potential risks to A&M. As steps to mitigate such risks, A&M has individuals in place to monitor changing regulations and compliance requirements, assess and mitigate risks and carefully manage client relationships. Core to A&M’s risk mitigation is the natural hedge of A&M’s business models, where potential declines in client needs in some sectors are likely to involve increases for other practice groups.

As our assessment includes both climate risks and opportunities, we have identified and evaluated multiple opportunities that may contribute to business success as climate impacts become more widespread across our society. Brand reputation is one example; as the firm demonstrates its commitment to sustainability, through measures like conducting climate risk assessments, it may lend itself to new opportunities to help clients with their own sustainability commitments. New business growth is an additional opportunity; A&M is well-positioned to assist our clients in progressing toward sustainability goals and aligning with regional, federal and global climate regulations as they continue to evolve. A&M’s work in hard-to-abate sectors (i.e., energy, industrials), industries where A&M has strong credibility and qualifications, may see an increased workload. At its core, climate change – like other fundamental changes – creates opportunities for premium advisory firms such as A&M to assist clients in navigating the resulting risks and opportunities.

What is Climate Risk Analysis?

A climate risk assessment is a comprehensive evaluation that examines both the physical and transition risks posed by climate change to a company's operations, assets and financial performance. It involves identifying, analyzing and disclosing potential risks and opportunities arising from climate-related factors, such as regulatory changes, market shifts, technological advancements and extreme weather events. By integrating climate considerations into financial decision-making processes, a climate risk assessment aims to enhance transparency, resilience and long-term sustainability in businesses and financial markets. Climate risk assessments are becoming increasingly important as clients, investors and regulations continue to require businesses to consider and disclose climate risks.

The International Sustainability Standards Board (ISSB), informed by the Task Force on Climate-related Financial Disclosures (TCFD), sets guidance for how organizations should assess climate risks and focuses on four areas: Governance, Strategy, Risk Management and Metrics and Targets. These are divided into three categories: physical risks, transition risks and opportunities.

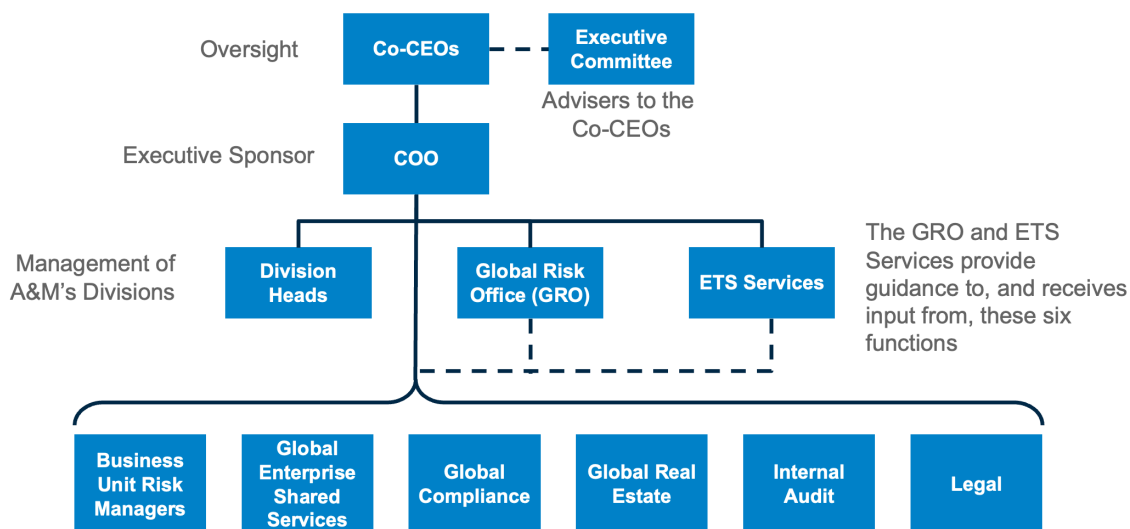
The chart below provides insight into how the ISSB defines risks and opportunities. These definitions were used for A&M's climate risk assessment.

	Definition	Impact
Physical risk	<i>Risks that arise from environmental degradation and physical climate change effects</i>	<i>Shifts to the physical operating environment caused by extreme climate events</i>
Acute risk	Event-driven risks from the physical effects of climate change	Increased severity of extreme weather events –wildfire, severe storm, flood, etc.
Chronic risk	Long-term shift in climate patterns from the physical effects of climate change	Sea level rise, temperature change, precipitation change
Wildfire	A large, destructive fire that spreads quickly over woodland or brush	Infrastructure damage (to offices and employee personal properties), higher employee safety risk, client operations disruptions
Severe Storm	A storm that produces a tornado, winds of at least 58 mph, and/or hail at least 1" in diameter	Power grid outages, loss of production and down time, infrastructure damage, disrupted travel to/from the office/client site
River Flooding	Water levels rise over the top of riverbanks due to excessive rain	Infrastructure damage, disrupted travel to/from the office/client site, disruption in supply chain due to flooding
Cold Stress	Occurs when the temperature drops below normal historic temperatures and strains human life, agriculture and livestock	Increased energy use, resulting in increasing emissions, freezing conditions, power grid outages due to prolonged low temperatures and rising demand, infrastructure damage
Landslide	An event when a mass of rocks, vegetation or other debris moves down a slope in an uncontrollable manner	Employee safety hazards, loss of infrastructure, loss of assets
Heat Wave	A period of abnormally and uncomfortably hot and unusually humid weather	Increased likelihood of occupational illnesses and injuries for those exposed to extreme heat, increased energy use/demand, increased costs of cooling offices, accelerated wear on IT systems/equipment
Drought	A deficiency in precipitation over an extended period	New exposure to water-sensitive areas, human health implications to employees, client operations disruptions
Extreme Precipitation	Weather patterns that bring excessive rainfall	Infrastructure damage, disrupted travel to/from the office/client site, disruption in supply chain due to flooding
Precipitation Change	Changes in the amount, intensity, frequency and type of rain historically	Infrastructure damage, disrupted travel to/from the office/client site, disruption in supply chain due to flooding
Sea Level Rise	Changes in mean global sea level, resulting from the transfer of fresh water from lands to oceans and from the thermal expansion of ocean water due to higher global temperatures	Infrastructure damage, loss of assets, disruption of supply chain
Temperature Change	Gradual change of global temperature levels	Increased energy use/demand, increased emissions, increased likelihood of occupational illnesses and injuries for those exposed to extreme heat, power grid outages, client operations disruptions

	Definition	Risk
Transition risk	<i>Risks associated with the transition to a low-carbon economy</i>	<i>Enhanced operational costs, regulatory scrutiny and policy expectations</i>
Policy and legal	Changes to legal and policy expectations in the operating environment	Increased operational costs and pricing of GHG emissions, enhanced reporting obligations, exposure to litigation
Technology	Technology advancements introduced to combat climate change and disrupt current patterns of operation	Costs to transition to lower emissions technology; research and development (R&D) expenditures, enhanced training costs
Market	Shifts in consumer behavior and market dynamics to combat the effects of climate change	Uncertain market signals, increased raw materials costs, reduced demand, increased production costs
Reputation	Brand and reputational risk tied to a company's climate change response	Consumer preference shift, sector stigmatization, reduced revenue
Opportunities	<i>Emerging opportunities for sustainable growth in response to climate risk</i>	<i>Use of more efficient resources and operational patterns</i>
Resource efficiency	Reduction in resource use and shift to more efficient patterns of consumption	Use of more efficient buildings and transportation modes, increased recycling
Energy source	Use of lower-emission energy technologies and supportive policy incentives	Shift toward decentralized energy generation, participation in carbon market
Products / services	Diversification of goods and services to offer increased low-emission products and satisfy shifting consumer preferences	Development of climate adaptation and insurance risk solutions, R&D and innovation solutions for sustainable product offerings
Markets	Access to new markets created by shifts in public-sector incentives and infrastructure development	Access to new assets and location needing insurance coverage, emerging markets created in partnerships with governments, development banks, etc.
Resilience	Participation in renewable energy solutions and product diversification to maintain presence under shifting supply chains and market patterns	Resource substitutes, increased reliability and variation in supply chain, revenue increases from products and services related to ensuing resiliency

Governance

A&M's Governance Structure for Managing Climate-Related Risks and Opportunities¹



¹ Note: Representation for how the firm specifically manages climate risk and should not be construed as how the firm manages all risk

Management Oversight

A&M is guided by the “A&M Way,” our guiding principles, which highlights and stresses the importance of our core Values: integrity, quality, objectivity, fun, personal reward and inclusive diversity. As we continue to expand across the globe, we are committed to maintaining the highest ethical standards in all that we do.

A&M’s co-CEOs, Tony Alvarez II and Bryan Marsal, oversee risk management firmwide and have ultimate responsibility for the firm’s sustainability programs and initiatives. In addition, each managing director in the firm has risk management as a core function of their overall responsibilities. A&M also aims to integrate sustainability into our business strategy and operations.

A&M’s leadership employs the support of our Environmental, Technical & Sustainability (ETS) Services team to manage firmwide climate risk, sustainability and decarbonization. This group is tasked with developing comprehensive reports for management to inform firmwide decisions regarding climate risk management and planning. The team gathers insights from subject-matter experts and risk managers across the globe and has core competencies in decarbonization and climate risk. This cross-functional collaboration allows us to conduct comprehensive climate risk assessments that consider what is important to the firm globally as well as at local levels.

Sustainability initiatives are sponsored by A&M’s Chief Operating Officer (COO), and A&M ETS Services regularly reports to the COO on the firm’s sustainability progress, metrics and targets, and the COO reports to our co-CEOs. This process allows for efficient decision making, helping management make quick, fact-based decisions regarding our climate action and sustainability initiatives.

To further bolster the efforts of cross-collaboration across the firm, the ETS Services team works closely with the Global Risk Office (GRO) and the Risk Managers Committee, composed of Business Unit (BU) Risk Managers across various practices and geographies of the firm. This Committee meets regularly to discuss risk management functions, align on risk management strategies, and share best practices. Following the guidance of the ETS Services Team, the BU Risk Managers incorporate climate risk into their discussions and risk management practices.

Our co-CEOs employ the help and input of the Legal Department, Global Compliance, Internal Audit, Global Enterprise Shared Services (GESS) and others to maintain risk management and compliance functions and identify, assess and mitigate risks constantly when expanding business into new regions across the globe. Our Managing Director of Global Corporate Real Estate also considers climate-related risks when expanding into new geographies and considers physical risks when developing lease agreements for A&M office buildings.

Strategy

Risk Identification

We conduct scenario analysis utilizing three Representative Concentration Pathways (RCPs) identified by the Intergovernmental Panel on Climate Change to consider the impact of climate change on A&M’s business. These are the ‘Orderly,’ ‘Disorderly’ and ‘Hot House World’ scenario, which respectively highlight the difference in expected climate responses if the world adopts an approach of aggressive climate mitigation, moderate climate mitigation or climate inaction:

- **Orderly Scenario | RCP 2.6 | Mitigation Scenario:** RCP 2.6 is likely to keep global temperature rise below 2°C by 2100. In RCP 2.6 warming scenario, carbon dioxide emissions start declining immediately and reach zero by 2100, methane emissions are halved by 2100 and negative carbon dioxide emissions average two gigatons per year.
- **Disorderly Scenario | RCP 4.5 | Stabilization Scenario:** RCP 4.5 is likely to keep global temperature rise between 2°C and 3°C by 2100. In this warming scenario, carbon dioxide emissions start declining by approximately 2045 and to reach half of the levels of 2050 by 2100. Methane emissions stop increasing by 2040 and represent about 75% of 2040 levels by 2100 while negative carbon dioxide emissions average two gigatons per year.

- **Hot House World Scenario | RCP 8.5 | Adaptation Scenario:** In RCP 8.5, emissions continue to rise, and warming is estimated to reach 4.3°C by 2100. This is commonly viewed as either a “worst-case” or “inaction” scenario.

We analyze eight acute physical risks (wildfire, severe storm, river flooding, cold stress, landslide, heat wave, drought and extreme precipitation) and three chronic physical risks (precipitation change, temperature change and sea level rise) across all three scenarios. Of these risks, we identified six acute physical risks (wildfire, severe storm, river flooding, heat wave, drought and extreme precipitation) and two chronic physical risks (precipitation change and temperature change) that may impact A&M’s business operations. For each of the climate-related transition risks and opportunities, we model the likelihood and impact in the Orderly and Hot House World scenarios and discuss how the material risks and opportunities may change in the different scenarios. The Disorderly scenario is likely to manifest as a blend of the Orderly and Hot House scenario and is not modeled throughout the report.

The tables below highlight the most relevant risks and opportunities identified as a result of our analysis. Note that we have modeled the Orderly and Hot House World scenario in these tables to highlight the differences between the two. Most climate science predictions suggest that the fully realized scenario will likely fall between the two more extreme scenarios.



Physical Risks

Type	Risk	Potential Impact to A&M	Scenario	Likelihood/Impact in the		
				Short-Term	Medium-Term	Long-Term
Acute	Heat Wave	Increased likelihood of occupational illnesses and injuries for those exposed to extreme heat, increased energy use/demand, increased costs of cooling offices, accelerated wear on IT systems/equipment	Orderly	●	●	●
			Hot House World	●	●	●
Acute	Wildfire	Infrastructure damage (to offices and employee personal properties), higher employee safety risk, client operations disruptions	Orderly	●	●	●
			Hot House World	●	●	●
Acute	Drought	New exposure to water-sensitive areas, human health implications to employees, client operations disruptions	Orderly	●	●	●
			Hot House World	●	●	●
Acute	Severe Storm	Power grid outages, loss of production and down time, infrastructure damage, disrupted travel to/from the office/client site	Orderly	●	●	●
			Hot House World	●	●	●
Acute	Extreme Precipitation	Infrastructure damage, disrupted travel to/from the office/client site, disruption in supply chain due to flooding	Orderly	●	●	●
			Hot House World	●	●	●
Acute	River Flood	Infrastructure damage, disrupted travel to/from the office/client site, disruption in supply chain due to flooding	Orderly	●	●	●
			Hot House World	●	●	●
Chronic	Precipitation Change	Infrastructure damage, disrupted travel to/from the office/client site, disruption in supply chain due to flooding	Orderly	●	●	●
			Hot House World	●	●	●
Chronic	Temperature Change	Increased energy use/demand, increased emissions, increased likelihood of occupational illnesses and injuries for those exposed to extreme heat, power grid outages, client operations disruptions	Orderly	●	●	●
			Hot House World	●	●	●

Transition Risks

Low Medium High

Risk	Potential Impact to A&M	Scenario	Likelihood/Impact in the		
			Short-Term	Medium-Term	Long-Term
Client Demands	Loss of revenue from key customers, loss of existing or new contracts/clients	Orderly	●	●	●
		Hot House World	●	●	●
Regulatory Reporting	Increase in compliance costs, legal fines/penalties, increased transparency and public scrutiny	Orderly	●	●	●
		Hot House World	●	●	●
Reputation	Negative publicity, loss of existing or new contracts/incidents	Orderly	●	●	●
		Hot House World	●	●	●
Price of Offsets	Cost of purchasing offsets, loss of existing or new contracts/clients	Orderly	●	●	●
		Hot House World	●	●	●

Opportunities

Low Medium High

Opportunity	Potential Impact to A&M	Scenario	Likelihood/Impact in the		
			Short-Term	Medium-Term	Long-Term
Brand Reputation	Good publicity, increased likelihood of winning new contracts/clients	Orderly	●	●	●
		Hot House World	●	●	●
New Business Growth	Increased work relating to carbon pricing, increased tax incentive work, increased work for many of our diversified business units	Orderly	●	●	●
		Hot House World	●	●	●

Climate-Related Risks and Opportunities

Physical Risks

We assess the exposure and vulnerability of each A&M office through comprehensive scenario analysis using both historical data and future projections. Findings indicate that physical risk does not pose a large threat to day-to-day operations as we are a professional services firm that leases all our offices. This mitigates risk as we do not own any of these physical assets. In addition, A&M employees are able to be effective working from home for limited periods under certain times and circumstances (e.g., after a severe storm or flood).

As further risk mitigation measures, A&M utilizes a Business Continuity Plan (BCP) in the instance that emergencies threaten our firm's ability to operate. We retain a Response Team that looks to pair short-term action with long-term recovery to ensure stable ability to operate the business and serve clients.



Physical risks also warrant attention when considering how they may affect our clients' operations and our ability to interact with them. As such, we adopt a global mindset to the management of physical risks, not just assessing our exposure to A&M's leased office spaces. Both acute and chronic risks are likely to be worse in the Hot House World scenario, and we have included this in our considerations.

Transition Risks

As a professional services firm, we are evaluated on the services we provide, the quality of our work and our capacity to adapt to our client's needs and concerns. Transition risks are an important consideration of our overall risk profile as many of them have the potential to have more impact on our business operations than physical risks do. We include four main transition risks for more detailed consideration: regulatory reporting, client pressures and demands, brand reputation and price of carbon offsets.

Regulatory Reporting

Due to the nature of A&M's business operations, it is imperative that we are aware of new and emerging regulations that relate to sustainability and climate risk. A&M has resources globally that monitor these regulatory developments and maintain clear and consistent communication with affected regions to ensure the firm is meeting all of its regulatory and compliance obligations.

Like all multi-national organizations, A&M faces regulatory requirements around the world, and these regulations are expected to increase and/or expand in the Orderly and Disorderly scenario. If the world moves toward these scenarios, there would be a global push for mandatory company reporting of climate-related risks, carbon emissions performance metrics and sustainable opportunities. A&M may see an increased cost of compliance as a result. In the Hot House World, additional climate reporting is unlikely to be required.

Client Pressures and Demands

Client pressures are a significant consideration for professional services firms, and as clients increasingly recognize climate change as a major societal challenge, they are likely to look to their suppliers to join in decarbonization and climate risk activities. Additional client considerations include reputational, ethical and operational risks.

In the Orderly scenario, A&M's client decarbonization performance is perceived to potentially result in a loss of revenues or an increase in costs as companies across all industries exert more pressure for sustainability goals and commitments among their suppliers. Balancing client expectations with the firm's own standards and risk tolerance becomes critical in navigating these complexities and protecting client relationships. A&M takes a proactive approach to risk mitigation and client relationship management to best align A&M's sustainability goals and client expectations.

A&M experiences few client risks in a Hot House World given the "business as usual" nature of the scenario.

Regardless of the scenario, A&M has already acted in the near-term to align with major clients to avoid loss of business and revenue. Examples include disclosing its climate risks, aligning to ISSB (and TCFD), joining the U.N. Global Compact, committing to the Science-Based Targets initiative and submitting sustainability performance to EcoVadis, among others.

Reputation

Reputation stands as a pivotal asset for professional services firms and therefore also can pose a significant risk. A firm's reputation embodies its credibility, trustworthiness and track record, all of which profoundly influence client relationships, employee morale and market perception. As clients move toward a low-carbon economy, A&M's sustainability approach and progress could become a risk (or an opportunity) for the business. To manage this reputational risk, A&M primarily considers two primary stakeholders: clients and employees.

Stakeholder	Potential Risk
Clients	In the Orderly scenario, failure to align actions to stated carbon reduction commitments may tarnish A&M's reputation with existing clients or potential future clients. Client purchasing policies may shift to favor competitors based on low carbon/eco-friendly products or more expansive climate risk commitments. In the Hot House scenario, while government action on climate remains limited and regulatory pressure does not increase, A&M may still face reputational risk if it fails to meet evolving client expectations around sustainability. Unless governments were to actively discourage or sanction sustainability efforts, we anticipate that many clients would continue — and potentially expand — their sustainability requirements, as we have seen them voluntarily exceed regulatory baselines in the past. As a result, A&M could still face meaningful sustainability-related demands from clients.
Employees	In the Orderly scenario, a lack of sustainability commitments conducted throughout the organization could impact A&M's ability to attract employee talent. Prospective employees are increasingly seeking to work for companies who uphold high sustainability standards and commitments across the organization. At the extreme end, a worker shortage could cause a decrease in output or a reduction in productivity. In the Hot House scenario, although regulatory and market pressures around sustainability may remain relatively unchanged A&M may still be affected by brand reputational risk if it lacks visible sustainability commitments. Both prospective and existing employees increasingly prioritize sustainability when evaluating their employers, and a failure to demonstrate meaningful climate action could impact engagement retention, and the ability to compete for top talent.

Price of Carbon Offsets

While A&M is a professional services firm that is not a large emitter of carbon, the price of carbon offsets may impact our company, particularly in the Orderly scenario. As our firm continues to grow at a rapid pace, our footprint may need to be offset to meet our Net Zero by 2050 goal through the procurement of high-quality carbon offsets. In the Orderly scenario, the price of offsets may increase sharply over time and could require increasing costs from A&M to comply with targets, particularly to the extent that key suppliers comprising the majority of A&M emissions do not take steps to reduce their emissions. In a Hot House World, the cost for offsets would likely be similar to the current market today but there would be few ramifications or incentives to purchase offsets. Consequently, the firm would not need to allocate substantial sums of money to purchase offsets.

Other Transition Risks

As part of our climate risk analysis, we identified several transition risks that we believe will not materially impact our business operations, such as technology risk and raw material supply.

A&M believes that our IT infrastructure is unlikely to be jeopardized by advancements in low-carbon products. We do not own any physical assets like gas-powered vehicles/planes and are regularly updating our IT technology to current hardware, which we believe will have higher energy efficiencies and be increasingly powered by renewable energy sources.



A&M does not directly procure raw materials to sustain our business operations and has a muted upstream supplier impact on the availability of raw materials. While raw material supply may impact our clients, our ability to provide solutions to our clients is not directly impacted by the cost of raw materials/resources.

Opportunities

Our business is focused on continuous improvement in everything we do, and we pride ourselves on our versatility and adaptability as a firm. We pursue growth opportunities across a multitude of offerings and industries and continue to adapt our offerings to best serve our clients given the challenges and opportunities that they may face. Through our climate risk analysis, we have identified a variety of opportunities that A&M can pursue to further business and sustain growth.

Brand Reputation

As the world moves towards a low-carbon economy, an opportunity exists for A&M to support existing and new clients with sustainability services, energy transition and new energy opportunities. A&M's clients are increasingly interested in how A&M is incorporating sustainability into its own strategy. As the firm demonstrates its commitment to sustainability, it may lend itself to new opportunities to help clients with their own sustainability commitments.

In the recent years, A&M has taken a variety of actions to advance sustainability, such as:

- Disclosed our direct and indirect greenhouse gas (GHG) emissions, set a Net Zero target as a firm, formally committed to setting a Science-Based Target, and articulated a decarbonization plan
- Committed to conducting an annual climate risk assessment
- Expanded Green Teams² activities at major offices
- Joined the UN Global Compact
- Continued to emphasize Inclusive Diversity as a firmwide value and a major priority
- Enhanced our employee development, training and engagement programs
- Built out a robust Giving Back program across all major locations where A&M has offices
- Committing to CDP (formerly the Carbon Disclosure Process) to complete an annual questionnaire related to climate change
- Submitted information to receive a score from sustainability ratings service EcoVadis, and
- Expanded the firm's rigorous approach to compliance and ethics with our Global Anti-Bribery and Corruption policy and related processes, training and awareness – as well as our Third-Party Code of Conduct

In the Orderly scenario, the demand for climate action will rise and A&M's clients will become increasingly interested in how the firm is embedding sustainability into its strategy. The size of the opportunity to support clients with their climate risk activities is dependent on the maturity of A&M's sustainability activities, and if we continue pursuing sustainability with our mindset of continuous improvement, we are well positioned to serve a wide client base.

In the Hot House scenario, demand for climate action is unlikely to increase and the size of A&M's opportunity to support clients with climate action is less dependent on the maturity of the firm's sustainability strategy.

New Business Growth

As a professional services firm, we are called upon to help clients solve complex problems and enact positive change. When considering climate risk, the changes our clients will face differ between the scenarios outlined in our climate risk assessment.

² "Green Teams" are A&M's employee-led, grassroot efforts to make a positive environmental change within the firm.



In the Orderly scenario:

- A&M is well-positioned to assist our clients progressing towards sustainability goals and aligning with regulations as they continue to develop, particularly in hard-to-abate industries.
- Emissions Trading Schemes and other carbon pricing mechanisms may impact A&M's clients and can set a limit or a cap on the total level of GHG emissions allowed to be emitted. A&M has local experts who understand regional carbon markets, and as carbon pricing mechanisms increase in popularity, we would anticipate our service offerings in this space increasing commensurately.
- Tax credits and incentives for sustainability initiatives are likely to become more prevalent at the local, state, federal and global level. A&M's Tax Practice is well-positioned to extract maximum value from a growing number of tax reduction mechanisms for our clients.
- A&M's Restructuring practice may see opportunities to serve clients who experience disruption or difficulty in transitioning towards a green economy.
- Our Valuation Services team could see an increase in projects as investors grapple with the challenges of correctly incorporating the 'green premium' into valuation models.
- Our Automotive Industry Group could be well-positioned to collaborate with clients requiring advisory work involving such matters as battery storage, electric vehicles and hydrogen.
- Our Aerospace/Defense and Energy teams could find increasing engagements involving a transition to sustainable aviation fuel, lightweighting of aircraft and similar lower-carbon solutions.

In the Hot House scenario, A&M would continue to support clients to operate more sustainably and efficiently in a "business as usual" context that has resulted in strong sustained growth for the firm over time. Green or sustainable tax credits and incentives would likely not develop further and may even be scaled back by governments unsupportive of transitioning to a green economy.

Business Model, Value Chain and Climate Resilience

While there are some risks presented throughout all scenarios, we believe that our business is well-situated to address and adapt to them. Our diverse set of service offerings helps the firm win work and serve clients regardless of the market condition. For instance, our restructuring and cost takeout initiatives can thrive when broader economic markets are weak, whereas merger-and-acquisition deal and integration work can be most successful in strong market conditions.

Through our continuous improvement mindset, we aim to improve our scenario analysis as we manage risk and adapt to the constantly changing market that we operate in. We will continue to evaluate material risks and opportunities as we further develop our sustainability programs and strategies over time.

Strategy and Decision-Making

A&M's ETS Services team is responsible for developing and implementing decarbonization and climate mitigation strategies with the approval of A&M leadership. The team has assisted the firm in advancing a comprehensive decarbonization plan to help achieve our Net Zero by 2050 goal and assess progress on an annual basis. In addition, we will conduct climate risk assessments at least bi-annually and continue to implement updated practices into our analysis.

A&M builds physical risk considerations into our lease agreements and will continue to consider the physical risks of the areas of our offices as we continue to expand. Our Managing Director of Global Corporate Real Estate meets with our ETS Services team annually to receive updates on sustainability and climate strategy to ensure that physical risk considerations continue to remain a priority of the firm as we expand.

Risk Management

Identifying and Prioritizing Risks

A&M's ETS Services team identifies, assesses and prioritizes climate risks and opportunities through our scenario analysis. For each of A&M's office locations, we analyze each acute and chronic physical risk's potential impact on the region through the lens of three climate scenarios (Orderly, Disorderly and Hot House World) and three time periods (2021-2030, 2031-2040 and 2041-2050) as defined in the Strategy section of this disclosure. These time periods can be considered short-term, medium-term and long-term, respectively. We consider transition risks and opportunities on a firmwide basis, and assess them on a more regional basis, as necessary.

We evaluate potential physical risks based on a 0.0-1.0 scale, with 0.0-0.4 indicating low risk, 0.41-0.6 indicating high risk, 0.61-0.8 indicating severe risk and 0.81-1.0 indicating extreme risk. Through this analysis, we are able to identify physical risks that have the greatest potential material impact on our business operations.

We re-evaluate our climate risks and opportunities as needed and will continue to evolve our practices with what is expected from current and emerging regulations to ensure that all relevant risks and opportunities are considered.

Internal Audit and Global Compliance

To remain compliant across all of our firm's jurisdictions, we have a Global Director of Internal Audit and Director of Global Compliance. These individuals not only oversee our global compliance/audit initiatives but also ensure climate-related RFP questionnaires are appropriately responded to with the help of internal teams. They help our firm stay on top of sustainability/climate regulations and trends and circulate annual risk registers to our Risk Managers to ensure all risks are being considered on the local and global level. Our Director of Global Compliance and Global Director of Internal Audit works closely with the ETS Services team to incorporate relevant climate risks and opportunities into the annual risk register.

Business Unit Risk Manager Initiative

A&M's GRO facilitates a structured risk management approach at a global level, across A&M. Acting as a central hub, the GRO supports collaboration, accountability, and alignment among departments and business units, including the ETS Services Team. The GRO also centralizes collaboration among the BU Risk Managers who are responsible for the management of the unique risks and opportunities within their respective BU or geographic region.

Through the Risk Managers Committee, the GRO provides a channel for BU Risk Managers and leaders across A&M to meet periodically to:

1. Identify risks to the firm, as well as offer strategic direction for mitigation activities across the firm
2. Develop and share risk management policies and procedures
3. Support the development of ongoing risk management training and awareness among A&M employees

BU Risk Managers have been formally introduced to climate risks and opportunities by the ETS Services team, recognizing this matter's growing significance to the firm. This commenced a cadence for A&M's climate risk experts to provide regular updates to the Risk Managers Committee and provide them with guidance and support to integrate climate risks into their specific risk management approach.

Continuing Business Operations

A&M is committed to ensuring business resilience in the face of material disruptions that may impact our operational capabilities. Our BCP is overseen by a dedicated Steering Committee, which includes our COO, Chief Human Resources Officer (CHRO), and the Managing Director of GESS. This leadership team is responsible for maintaining BCP, ensuring its efficient and routine implementation by committee members.

The BCP encompasses a comprehensive range of governance and maintenance activities, such as annual reviews based on rigorous testing scenarios. Supporting the Subcommittee for Continuing Business Operations is a Response Team, tasked with stabilizing situations and effectively communicating necessary actions and resolutions. Our objective is to address emergencies with swift and decisive action, ensuring that long-term recovery measures are implemented once situations are assessed and stabilized.

Furthermore, our BCP is structured around three tactical plans of action: the Disaster Recovery Plan (DRP), the Security Incident Response Plan (SIRP), and the Crisis Management Plan (CMP). Each of these components plays a critical role in ensuring our firm's resilience. The DRP focuses on restoring IT systems and data integrity following disruptions, the SIRP addresses the identification and mitigation of security threats, and the CMP outlines procedures for managing and communicating during crises with a focus on accountability of personnel. Together, these plans provide a comprehensive framework to maintain business operations and safeguard our resources in the face of various challenges.

For instance, in the event of a severe storm affecting the geographical area of one of our offices, we have a well-defined short-term response strategy. This strategy prioritizes employee safety, initiates relocation procedures if required, and assesses the condition of our facilities to determine when it is safe and feasible to return, as deemed by authorities. In anticipation of severe weather events, we proactively circulate firm-wide communications to highlight potential risks and provide employees with support through our Global Emergency Alert App, ensuring they have access to emergency assistance if needed.

Global Real Estate

A&M's ETS Services team also meets annually with the Managing Director of Global Corporate Real Estate to discuss the impact of climate-related physical risks and the firm's carbon footprint (since 100% of the firm's Scope 2 footprint is derived from our leased real estate). This leader provides us with updates on new or moved locations, along with any efficiency initiatives that are being implemented throughout our 80+ global locations. Our firm is consistently looking for ways to improve our carbon footprint across our offices and our internal teams work tirelessly to ensure operational efficiency.

Climate-Related Metrics and Targets

Our Carbon Footprint

A&M is committed to managing and reducing our greenhouse gas emissions over time and conducts an annual GHG inventory analysis to determine our Scope 2 and 3 footprints. A&M does not have a Scope 1 footprint as we do not own fuel-powered assets such as vehicles, generators or airplanes. Our year-over-year footprint is available in the table below.

Greenhouse Gas Emissions Totals (Metric Tons of CO2e)			
Type of Carbon Emissions	2022	2023	2024
Scope 1	0.00	0.00	0.00
Scope 2	4,738	3,981	6,269
Scope 3	14,007	16,409	17,446
Purchased Goods and Services			
Upstream Transportation and Distribution	344	175	213
Waste Generated from Operations	215	291	286
Business Travel	13,408	18,919	18,853
Employee Commuting	4,507	6,755	7,405
Upstream Leased Assets	–	–	–
Scope 3 Total	32,480	42,550	45,453
TOTAL	37,219	46,531	51,724

Net Zero by 2050

A&M has established a target to be Net Zero in GHG emissions across all three scopes by 2050. GHG emissions reduction over time is a priority for our firm, and we seek to reduce the environmental impact of our business activities through a culture of continuous improvement where every employee feels responsible for the resources they use and activities they undertake. In recent years, we have implemented several decarbonization measures that we believe benefit society, our stakeholder objectives and our businesses. These measures include:

- Reduced client travel while growing our business
- Increased telecommuting and hybrid work methods for our global employee base
- Expanded recycling options for solid waste disposal
- Lowered use of single-use items and disposables through the encouragement of reusable items

Milestones to Net Zero

Each year, A&M ETS Services team analyzes our progress towards our Net Zero by 2050 goal and aids the company in advancing our decarbonization plan. Our commitment towards Net Zero began in 2021 and we are committed to reducing our carbon footprint over time.

2021:

- Established data management processes and appointed individuals to be responsible for supporting GHG data collection and aggregation
- Calculated our 2019 footprint, inclusive of Scope 1, 2 and 3 emissions to understand our baseline emissions (we deemed our 2020 footprint to not be a representative baseline of business-as-usual operations, given the COVID-19 pandemic)

2022:

- Updated our carbon footprint; analyzed data trends and patterns related to GHG emissions and advanced our carbon reduction plan

2023:

- Improved data quality used for measuring GHG emissions, reducing the number of estimations and proxy inputs for Scope 3 emissions in particular
- Expanded our Scope 3 boundary to include new Scope 3 categories

2024:

- Committed to establish near-term and long-term Net Zero targets with the Science Based Targets initiative (SBTi)
- Rolled out global employee commuting survey to improve data quality of Scope 3 emissions

2025:

- Received limited assurance over our Scope 1, 2 and 3 emissions
- Advanced our carbon reduction plan and submitted near-term and long-term science-based targets for validation with SBTi

Demonstrating our Commitment to Net Zero

Current and Future Actions to Reduce our Carbon Footprint

- Seek validation of our near-term GHG emissions targets from SBTi
- Leverage strategic energy efficiency plans and emissions reduction activities with our offices around the globe
- Create relationships with business travel partners with Net Zero commitments of their own
- Consider environmental components when evaluating new office openings
- Continue leveraging a hybrid work model, such as increased use of video conferencing / telecommuting, thereby reducing employee commuting emissions
- Increase firm-wide education around sustainability and environmental best practices
- Consider opportunities to prioritize virtual meetings and limit emissions caused by business travel
- Reduce our energy by leveraging lighting efficiencies such as LED lights and control systems
- Optimize business travel to accommodate client needs while reducing our largest source of emissions
- Engage employees at all levels on our path towards Net Zero to pursue individual steps in support of the initiative, such as alternate commute options
- Increase renewable energy use in our offices
- Use office lease renewal periods as opportunities to incorporate improved environmental practices
- Explore the consolidation of offices over time
- Increase procurement of office supplies from local and sustainably sourced suppliers
- Support the growth of A&M Green Teams throughout A&M's major global operations