

ESG

FRP Advisory Group plc
Environmental, Social and Governance ("ESG") Report 2024

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FRP

Environmental, Social and Governance ("ESG") Report 2024



We are mindful of our responsibility to protect the environment, support colleagues and operate in a transparent way that reflects our values.

Geoff Rowley
Chief Executive Officer

FRP are mindful of their responsibility to protect the environment, support colleague workplace ethics and manage risk, both internally and externally, via our supply chain and referral networks.

The Group aims to fully comply with the evolving Task Force on Climate-Related Financial Disclosures Statement ("TCFD") framework disclosures and s414CB.

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Environmental, Social and Governance Report ("ESG")

The Board is mindful of the Group's responsibility to protect the environment, support colleague workplace ethics and manage risk, both internally and externally, via our supply chain and referral networks.

We recognise that improvements have to be made and after the appointment of a specialist Sustainability Manager, Alexis Ioannidis in June 2023 our EcoVadis rating was upgraded to Silver, putting FRP in the 87th percentile of companies. We have seen a 55% reduction in our Scope 1 emissions compared to the prior year sourced from the use of a company car fleet and we have committed to curbing our Scope 2 emissions, those stemming from the generation of purchased electricity, heat, and steam, by 20% by 2025 and 100% by 2030. We have also improved our emissions estimate calculations to account for all Scope 3 categories; please refer to our Carbon Reduction Plan for further details. In FY2025, we are launching a waste reduction initiative, to reduce our office printing numbers.

In addition, Alexis works within our Financial Advisory pillar as a sustainability consultant and is currently advising a small portfolio of EU based companies on how to improve their ESG activities and reporting.

We offer an electric car scheme for colleagues to negotiate terms to lease or purchase electric cars and we continue to offer flexible working arrangements, which reduces colleague commuting. For further details please see our website: www.frapadvisory.com/about/approach/corporate-social-responsibility/environmental-social-and-governance/

The following report is considered the non-financial and sustainability information statement of the Group.

| | FRP standard policy | Basis for control |
|--|--|--|
| Environmental | FRP's environmental impact is low, however the Group is mindful of the need as a business to engage in energy efficient solutions | |
| <i>Recycling/ Streamlined Energy and Carbon Reporting (SECR)</i> | <ul style="list-style-type: none"> > FRP is committed to providing mixed recycling outlets in all locations and will provide a paper lite working environment by the end of FY2025 > FRP is also working on introducing a document management system in FY2025 to minimise paper consumption | <ul style="list-style-type: none"> > FRP recycles paper, glass, plastics, food, cardboard and general waste > FRP uses re-usable glassware, ceramics and cutlery in place of single use plastics |
| <i>Energy ratings/efficiency</i> | <ul style="list-style-type: none"> > The electricity consumed by FRP relates solely to the routine power requirements of its offices > The gas consumed by FRP relates solely to the running of boilers for heating and hot water in its offices | <ul style="list-style-type: none"> > 91% of FRP's company energy needs are met with renewable energy. FRP is working towards converting the remainder to fully renewable tariffs > When undertaking office refurbishments, FRP install more efficient heating and lighting systems |

| | FRP standard policy | Basis for control |
|---|---|--|
| Environmental continued | | |
| <i>Travel/vehicles</i> | <ul style="list-style-type: none"> FRP’s GHG emissions related to fuel combustion are derived solely from the payment to colleagues of mileage allowances where they use their private vehicles for Group business | <ul style="list-style-type: none"> FRP encourage all client related journeys/commuting to be by public transport where possible Subject to client commitments and where appropriate, FRP offers a flexible working environment. The impact of some colleague commuting is reduced by remote working FRP offers the opportunity for colleagues to negotiate terms to lease or purchase electric cars, as part of their flexible benefits package |
| Air <i>Carbon emissions/ Carbon neutral & improving the climate</i> | <ul style="list-style-type: none"> FRP is committed to being Carbon Neutral in respect of its Scope 1 and Scope 2 emissions, by 2030 | <ul style="list-style-type: none"> Tonnes CO₂e per colleague during FY2024: 7.06 (2023: 8.02) |
| Water <i>Waste</i> | <ul style="list-style-type: none"> FRP’s water consumption relates solely to sewage disposal and standard kitchen/bathroom waste | <ul style="list-style-type: none"> FRP’s consumption is low impact |
| <i>Use of water in a business process</i> | <ul style="list-style-type: none"> FRP is not a provider of any services that require the use of water in a business process | <ul style="list-style-type: none"> FRP’s use is low impact |
| Land <i>Impact on quality of land</i> | <ul style="list-style-type: none"> FRP is not a provider of any services/equipment that impact the quality of the land used during a business process or activity | <ul style="list-style-type: none"> FRP’s activity is low impact |
| <i>Leased office space within multi-use buildings</i> | <ul style="list-style-type: none"> FRP is an office-based business and primarily operates from leased premises | <ul style="list-style-type: none"> FRP’s land footprint is small |

| | FRP standard policy | Basis for control |
|---|--|---|
| <p>Social</p> | <p>FRP works hard to attract and retain highly skilled professionals by creating a rewarding, inclusive and meritocratic high performance environment</p> <p>FRP has a robust succession programme which highlights numerous ways to progress within the business with the aim to attract, retain & develop colleagues</p> <p>FRP understand that the Group’s people are central to its success and are a valuable asset</p> | |
| <p>Diversity & upward mobility</p> | <ul style="list-style-type: none"> ➤ FRP is committed to continued investment in learning and development ➤ FRP maintains an Equal Opportunities Policy and recruits the right people offering the right skills that are required for a professional services business, regardless of ethnicity, race, sexual preference or disability ➤ FRP’s total attrition rate for both voluntary and involuntary leavers is 14.8% to end FY2024 (2023: 14%). The UK average is approximately 14.9% (Source: Xpert HR labour turnover rates private-sector services). The voluntary attrition rate is 11.0% (2023: 9%) | <ul style="list-style-type: none"> ➤ FRP offers the same route to recruitment whether candidates are from schools, academies, universities or a market sector outside of the professional services industry ➤ FRP encourages diverse recruitment panels and works with recruitment agencies who provide CVs to include a balance of gender, skills and ability according to the role advertised ➤ FRP supports continuing professional development and provides time in lieu and funding for further professional qualifications ➤ FRP promotes colleague membership of professional forums and related associations and to those that offer ethnic or diverse opportunities ➤ FRP encourages ideas and recommendations that support all colleagues. FRP has formed various working groups to discuss, monitor and help implement diversity and inclusion initiatives across the Group ➤ FRP employs AAT, ACA, ACCA, IT and Marketing apprentices, as well as working with various apprentice providers and offers a graduate programme ➤ FRP’s Gender Pay Gap information is available on the Company’s website |

| | FRP standard policy | Basis for control |
|--|--|--|
| <p>Social continued</p> <hr/> <p>Diversity & upward mobility continued</p> | | |
| | | <ul style="list-style-type: none"> ➤ FRP is a member of Inclusive Employers, who are the leading membership organisation for employers committed to prioritising inclusion and creating truly inclusive workplaces. In inclusive workplaces, all employees are valued and contribute to the success of their organisation . |
| Employee Health and Safety | <ul style="list-style-type: none"> ➤ FRP adheres to relevant safety, health and welfare at work legislation, as appropriate | <ul style="list-style-type: none"> ➤ FRP maintains qualified first aiders, H&S training, defibrillators and fire marshals at every location |
| <i>Well-being</i> | <ul style="list-style-type: none"> ➤ FRP maintains a culture of regular engagement with its colleagues through multiple channels to ensure their views are taken into account appropriately | <ul style="list-style-type: none"> ➤ FRP offer colleague flexible benefits which include discounted leisure activities, buying and selling of holiday, cash plan insurance (dental, optical, health screening, alternative therapies), private medical, permanent health insurance, critical illness insurance and life cover, flu vaccinations or vouchers and childcare vouchers, with some as core benefits so they are nil cost to colleagues ➤ FRP offers a 24-hour Employee Assistance Programme for everyday challenges such as money or legal matters, buying/selling a house, health concerns and family advice, in addition to bereavement and other forms of counselling ➤ FRP has qualified mental health first aiders across the UK and provides development documentation, explaining how MHFA and HR work together. ➤ FRP provide access to the Health Assured Wisdom app to support all locations with mental health and guidance ➤ FRP are working in partnership with the Charlie Waller Trust, on reviewing our company-wide wellbeing activities and programmes |

| | FRP standard policy | Basis for control |
|--------------------------------|--|---|
| Social continued | | |
| Community relationships | <ul style="list-style-type: none">➤ FRP supports integration with local communities➤ FRP is committed to supporting charities or similar organisations that provide aid for those who are homeless, in poverty, for children's education, well-being and health, and for environmental issues | <ul style="list-style-type: none">➤ Community engagement includes but is not limited to: sponsorship, charitable donations, fund-raising, foodbank & emergency relief donations, volunteering, recycling office furniture and equipment and supporting client initiatives |

| | FRP standard policy | Basis for control |
|--|--|---|
| Governance | <p>FRP has an Enterprise Risk Management, Information Security Management System & Cyber Security framework</p> <p>FRP adheres to the QCA (Quoted Company Alliance) Corporate Governance Code</p> | |
| Customer privacy, Data security | <ul style="list-style-type: none"> ➢ FRP has adopted ISO 31000 as its Risk Management Framework and achieved alignment in July 2022 ➢ FRP seeks annual certification by a government backed cyber security scheme, which includes an independent specialist testing of Group defences against the most common cyber-attacks ➢ For all vendors, FRP evaluates both data privacy assurance & security resiliency in line with regulatory, contractual and certification requirements. ➢ FRP maintains its privacy programme through central compliance tools that provide one place for privacy, security, marketing, and third-party risk management in line with commitment to the UK GDPR, Data Protection Act 2018 and Privacy and Electronic Communications Regulation ➢ FRP’s robust systems and procedures have prevented any reportable incident to the Information Commissioners Office ➢ FRP has robust policies and procedures with respect to health & safety, data protection, supply chain, compliance and regulatory issues | <ul style="list-style-type: none"> ➢ FRP perform proactive policy management and compliance through a centralised platform, supported by a Policy Review Group providing policy oversight and assurance and determining sign-off authority ➢ All FRP policies are being updated to ensure full inclusivity ➢ FRP uses security ratings scoring of third parties cybersecurity performance, which is also used for internal review to benchmark against industry comparisons ➢ FRP is certified as complying with ISO 27001:2013 |
| Product Quality & Safety | <ul style="list-style-type: none"> ➢ FRP’s Modern Slavery & Human Trafficking statement is available on the Company’s website ➢ FRP expects all external suppliers and professional services advisers to be similarly opposed to slavery and human trafficking | <ul style="list-style-type: none"> ➢ FRP suppliers are subject to a due diligence on-boarding process which includes confirmation of their slavery and human trafficking policy ➢ FRP provides internal training courses that include modern slavery, human trafficking and associated risks in the business and supply chains |

| | FRP standard policy | Basis for control |
|---|---|--|
| Governance continued | | |
| Selling, advertising & product labelling | <ul style="list-style-type: none"> ➤ FRP primarily secures work through its referral network, rather than advertising externally ➤ FRP ensures the relationship-based referral network is maintained successfully through partner lock-ins and strong office networks with local referrers | <ul style="list-style-type: none"> ➤ FRP has no physical products, except a limited amount of sales and marketing collateral, and does not have a need for product labelling in the course of its business activities ➤ FRP referrers complete a GDPR process and are advised of FRP’s responsibilities as the Data Controller in accordance with the UK GDPR, Data Protection Act 2018 and Privacy and Electronic Communications Regulation |
| Ethics & Transparency | <ul style="list-style-type: none"> ➤ FRP publishes an audited Annual Report & Accounts, an unaudited Interim Report and trading updates as appropriate, in line with other UK listed professional services firms and in accordance with Companies House reporting deadline dates | <ul style="list-style-type: none"> ➤ FRP’s Group accounts are presented on an IFRS basis |
| <i>Culture</i> | <ul style="list-style-type: none"> ➤ FRP’s culture is supportive, inspiring, empowering and collaborative ➤ FRP offer a rewarding, high performance environment to attract and retain highly skilled professionals ➤ Senior Executive Leaders promote the four FRP core values of being straightforward, confident, pragmatic and real | <ul style="list-style-type: none"> ➤ The Board monitors and acts to promote a healthy corporate culture and are directly responsible for defining corporate governance arrangements |
| <i>Diversity</i> | <ul style="list-style-type: none"> ➤ FRP uses HR analytics to monitor diversity amongst all colleagues | <ul style="list-style-type: none"> ➤ FRP is committed to employing skilled and qualified colleagues, regardless of age, disability, gender reassignment, marriage or civil partnership, pregnancy or maternity, race, religion or belief, sex or sexual orientation |
| Shareholder Protection | | |
| <i>Capital Discipline</i> | <ul style="list-style-type: none"> ➤ FRP pays quarterly dividends and has a high dividend payout ratio ➤ FRP uses its capital to invest in M&A and organic growth opportunities | <ul style="list-style-type: none"> ➤ FRP has a strong balance sheet and a good equity/debt mix ➤ FRP has a well-balanced capital allocation strategy which is well communicated |

| | FRP standard policy | Basis for control |
|--|---------------------|-------------------|
| <p>Governance continued</p> <hr/> <p>Shareholder Protection continued</p> <p><i>Ownership Structure</i></p> <ul style="list-style-type: none"> ➤ At year-end FRP Partners owned 34% of the Company’s Ordinary Shares and they are actively involved in the business. A further 4% was owned by the Employee Benefit Trust. ➤ The biggest individual partner shareholding held approximately 6%, hence no one person or persons, have an undue influence over business decisions ➤ In May 2024, Partners participated in a partial sell down but remain significant shareholders and committed to the long-term objectives of the Group <p><i>Risk Management</i></p> <ul style="list-style-type: none"> ➤ FRP’s strategic, operational & project risks are managed centrally as part of an integrated approach to governance, risk & compliance, providing visibility of all risks the business faces ➤ FRP holds membership of relevant regulatory bodies ➤ FRP is supervised by the ICAEW in relation to anti-money laundering (“AML”) legislation ➤ FRP has a group money laundering reporting officer (“MLRO”) and a deputy MLRO, with assistant MLROs at every office ➤ FRP’s Enterprise Risk Management Framework aligns to ISO 31000 with ownership and accountability at all levels within the business <ul style="list-style-type: none"> ➤ There is one class of share, which has full voting rights. The Employee Benefit Trust which holds shares that back employee options, has waived its rights to dividends ➤ FRP’s risk framework is the responsibility of the Operational Risk Committee, which meets on a monthly basis ➤ Regulatory visits take place every three years, as well as interim visits ➤ Each office has a Technical Officer responsible for ensuring Technical updates are available on a timely basis and Technical reading time is allocated to colleague working hours ➤ All colleagues receive monthly AML newsletters and induction training, which is renewed on an annual basis ➤ FRP perform proactive policy management and compliance through a centralised platform, supported by a Policy Review Group providing policy oversight & assurance and determining sign-off authority | | |

| | FRP standard policy | Basis for control |
|---|---------------------|-------------------|
| <p>Governance continued</p> <hr/> <p>Shareholder Protection continued <i>Risk Management continued</i></p> <ul style="list-style-type: none"> ➤ A Disclosure Committee is responsible for supporting the FRP Board in relation to compliance with the Market Abuse Regulation, the Disclosure, Guidance and Transparency Rules and the AIM Rules for Companies and the identification, control and disclosure of “insider information” ➤ FRP has suitable professional indemnity insurance ➤ FRP employs an internal legal counsel <p>Board Oversight <i>Independence</i></p> <ul style="list-style-type: none"> ➤ A Nomination Committee, comprising FRP Board members has responsibility for reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board and giving full consideration to succession planning <p><i>Business Relevance</i></p> <ul style="list-style-type: none"> ➤ FRP’s Board of Directors offer a wide breadth of experience across Private Equity, Insolvency, Banking, Legal Services and Retail <p><i>Track Record</i></p> <ul style="list-style-type: none"> ➤ FRP’s objective is to deliver shareholder value in the medium to long-term while protecting the business from unnecessary risk ➤ The business model underpinning this objective is to generate revenues from selling professional services. Fees are charged on a basis suitable to the engagement <ul style="list-style-type: none"> ➤ Overall responsibility for the Risk Framework is provided by FRP’s Audit & Risk Committee, with the Senior Executive Leadership team accountable for FRP’s risk position and who act as a decision point for escalated risks ➤ FRP submits regular and ad-hoc submissions to the FCA as required, for FRP Corporate Finance Limited (an FCA regulated service line pillar) <ul style="list-style-type: none"> ➤ The Board consists of three Executive Directors three independent Non-Executive Directors and the Chair ➤ As vacancies arise, the Board will review the market, giving consideration to the competence, value and experience a candidate brings to FRP and take into consideration a balanced and diverse representation of Board members <ul style="list-style-type: none"> ➤ The FRP Board are directly responsible for defining corporate governance arrangements <ul style="list-style-type: none"> ➤ FRP is delivering on a clear growth strategy both organically and through acquisitions ➤ FRP is operationally geared with a significant proportion of relatively fixed salary and property costs | | |

| | FRP standard policy | Basis for control |
|----------------------------------|---|--|
| Governance continued | | |
| Management Accountability | <ul style="list-style-type: none"> > The Statement of Directors’ responsibilities is detailed within this Annual Report & Accounts and failure to execute this strategy would impact executive remuneration > FRP conducts financial and legal due diligence and financial modelling exercises to minimise the risk of overvaluing an acquisition and to understand any issues within the target | <ul style="list-style-type: none"> > FRP’s profitability is liable to short-term fluctuations dependent on activity levels within the markets FRP operates > In the unlikely event that FRP had a significant slowdown in cash collections the business has a number of further options available to preserve cash |
| <i>Tenure</i> | <ul style="list-style-type: none"> > The FRP Board has a good reputation and can demonstrate a mixture of skill sets and backgrounds relevant to the business | <ul style="list-style-type: none"> > The FRP Board includes a mixture of more recent NEDs and NEDs with greater knowledge of the business. Board members have experience including managing PLCs, financial and professional service companies, restructuring and corporate advisory |
| <i>Board compensation</i> | <ul style="list-style-type: none"> > Full details are published in this Annual Report & Accounts, within the Remuneration Committee report | |
| Group Resources | <ul style="list-style-type: none"> > FRP website www.frpadvisor.com > FRP plc Board www.frpadvisor.com/investors/board/ > FRP Annual Report & Accounts www.frpadvisor.com/investors/financials-documents/ > FRP Corporate Governance www.frpadvisor.com/investors/corporate-governance/ > FRP Privacy Notices www.frpadvisor.com/legal-and-regulatory-notices/privacy-notices/ | <ul style="list-style-type: none"> > FRP Modern Slavery & Human Trafficking Statement www.frpadvisor.com/modern-slavery-statement/ > FRP Gender Pay Gap Report www.frpadvisor.com/about/approach/corporate-social-responsibility/equal-opportunities/ > FRP Carbon Reduction Plan www.frpadvisor.com/about/approach/corporate-social-responsibility/environmental-social-and-governance/ |

Task Force on Climate-Related Financial Disclosures Statement ("TCFD")

FRP Advisory Group plc and its subsidiaries, collectively known as 'FRP', present the TCFD statement for FY2024. The Group aims to fully comply with the evolving TCFD framework disclosures and s414CB.

FRP operate in an industry that has been deemed a low environmental impact. One of the impacts of an increased focus on environmental impact is that many clients in particular sectors will face increased pressures around their impact and this could result in opportunities for FRP to assist.

In this report we address the recommended disclosures as per the below table.

| Core Element | Recommended Disclosure | Disclosure |
|--|---|--|
| Governance <u>(Section 1)</u> | ➤ Describe the Board's oversight of climate-related risks and opportunities. | 1.a |
| | ➤ Describe management's role in assessing and managing risks and opportunities. | 1.b |
| Strategy <u>(Section 2)</u> | ➤ Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term. | 2.a and 2.b |
| | ➤ Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning. | 2.a and 2.b |
| | ➤ Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario. | 2.c |
| Risk Management <u>(Section 3)</u> | ➤ Describe the organisation's processes for identifying and assessing climate-related risks. | Risk section, see page 33 (FRP Annual Report 2024) |
| | ➤ Describe the organisation's processes for managing climate-related risks. | Risk section, see page 33 (FRP Annual Report 2024) |
| | ➤ Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management. | Risk section, see page 33 (FRP Annual Report 2024) |
| Metrics and Targets <u>(Section 4)</u> | ➤ Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process. | 4 |
| | ➤ Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks. | 4 |
| | ➤ Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets. | 4 |

This is our second TCFD report, reflecting our ongoing commitment to transparency and accountability in addressing climate-related risks and opportunities.

In this report, we evaluate the climate-related risks and opportunities we identified last year, assess their impacts on our business, and outline our progress in managing these risks and opportunities.

1.a Board's oversight of climate-related risks and opportunities

The FRP Board is accountable for the long-term stewardship of the Group and has acknowledged the impact of climate change on our strategy. In early 2022, we created an ESG committee to manage climate-related risks, which reports directly to the Board quarterly, providing updates on our strategic environmental initiatives and progress towards sustainability goals.

The Board reviews these updates, offering strategic guidance and ensuring alignment with our overall risk appetite. Notable actions include publishing a Carbon Reduction Plan, updating our Environmental, Social and Governance Policy to support our targets and establishing an Environment dedicated team that meets twice a month to oversee environmental issues and track relevant policies. The Board ensures adequate resources are allocated to the ESG committee, supporting effective implementation of our climate strategy.

1.b Management's role in assessing and managing climate-related risks and opportunities

The ESG committee is chaired by the Chief Financial Officer ("CFO") and comprises eight senior executives from various departments including Business Transition and Projects, Business Development, Operations, Human Resources, Corporate Finance and the Financial Advisory service line. One of its key responsibilities is to provide strategic direction for managing the Group's environmental impacts. This includes the ongoing development of comprehensive risk assessments to identify and evaluate potential climate-related financial risks.

The ESG committee also seeks to identify opportunities associated with the transition to a low-carbon economy, such as potential efficiencies, innovations, or new services that could enhance our business whilst also reducing our environmental impact. These assessments are integrated into the Group's overall risk management processes and strategic planning. It leverages its broad range of expertise and perspectives to effectively address the challenge of climate change.

To ensure that we stay ahead of evolving climate-related risks and opportunities, the ESG committee meets quarterly to review progress, update risk assessments, and adjust strategies as necessary. All significant decisions and recommendations made are reported to the Board.

In 2023, we also formed an Environmental Management Team, which oversees environmental specific related targets and goals. This team meets twice a month to ensure continuous progress and alignment with our sustainability objectives and reports back to the ESG committee members.

2.a Climate related risks and potential financial impacts

Although FRP, as a specialist advisory firm, does not fall within the priority sectors specified by TCFD, our scope of service touches upon each of those sectors through our portfolio of clients. We believe our role is crucial in supporting our clients to achieve sustainable growth by integrating sustainability considerations into their strategies.

At FRP, we follow guidelines set out by the Intergovernmental Panel on Climate Change (IPCC) in assessing the temporal scope of our climate-related risks. In alignment with the IPCC's categorization, we define short-term as a period of 1 to 5 years, medium-term as a period of 5 to 15 years, and long-term as a period extending beyond 15 years. This framework allows us to strategically plan and implement our risk management measures to address both imminent and future challenges effectively.

FRP operate in an industry that has been deemed a low environmental effect and impact, and as such do not believe there are significant risks facing the Group from climate change. We have highlighted a number of risks that still face the Group, such as reputation, increased costs of replacing inefficient technology earlier, severe weather, ESG policy and regulatory changes and large scale market changes with buying behaviours increasing by ESG consideration. More details can be found on Page 33 in the FRP Annual Report 2024.

2.b Climate-related opportunities and potential financial impacts

As a forward-thinking advisory firm, FRP acknowledges the wide array of opportunities that arise in the evolving landscape of climate change. Guided by the TCFD guidelines, we identify these opportunities within four domains: resource efficiency, energy source, products/services, and resilience.

The Group has a robust balance sheet and by proactively monitoring market trends, adapting our offerings and staying ahead of changing consumer preferences, FRP can navigate these risks and position ourselves as a resilient and agile advisory firm in a transitioning market landscape.

FRP believes that client exposure to environmental risk presents opportunities for the business, as clients seek the Group’s support in establishing their own decarbonisation solutions. In line with this, the company enhances its offering by incorporating ESG services into its Financial Advisory pillar, supporting companies to reduce its emissions and tackling climate change. While no material financial risks have been identified to date, as a proactive looking firm we continue monitoring climate related risks closely, as part of our overall risk assessment process.

In addition, mitigating against ESG risk by maintaining robust policies and delivering against our commitments is likely to support the Group’s ability to access funding.

2.c IPCC qualitative scenario analysis

In this report, we’ve undertaken a qualitative analysis of the potential impacts of climate change on our organisation, aligning our research with the guidelines set out by the Task Force on Climate-related Financial Disclosures (TCFD). Central to our analysis are the four Representative Concentration Pathways (RCPs), established by the Intergovernmental Panel on Climate Change (IPCC).

The four pathways are named after their possible range of radiative forcing values in the year 2100, measured in Watts per square meter, ranging from 2.6 to 8.5 Watts. RCP 2.6 is the most optimistic scenario, aiming to keep the likely global warming increase to below 2°C. RCP 4.5 and RCP 6.0 are stabilisation scenarios where total radiative forcing is stabilised before 2100. The highest emission scenario, RCP 8.5, could result in a temperature increase exceeding 4°C by the end of the century, under certain climate response assumptions. Detailed below is how the Group would adapt and withstand these scenarios with resilient planning.

Qualitative scenario analysis under the IPCC Representative Concentration Pathways (RCPs)

| RCP Scenario | Drivers | Risks | Opportunities | Strategies |
|--|---|--|--|---|
| RCP 2.6 Strong Mitigation | Significant regulatory changes to reduce greenhouse gas emissions both on national and international levels, lead to increased demand for advisory services related to sustainability, energy transition and regulatory compliance. | Transition to low-carbon technologies and switch to green tariffs potentially results in higher upfront costs and utility bills in the short term. | <p>Potential for long-term benefits with reduction of climate-related damages and health costs.</p> <p>Significant increase in demand for advisory services related to ESG services especially in the short and medium term.</p> <p>Demand for services related to the other pillars of the company might benefit from companies finding difficulties to cope with green transition.</p> | <p>Developed an advisory service focused on corporate sustainability. This includes advising clients on regulatory compliance, sustainable finance, and strategies for reducing emissions.</p> <p>Investing in training to build expertise in these areas and form strategic partnerships to enhance service offerings.</p> |

Task Force on Climate-Related Financial Disclosures Statement ("TCFD")

| RCP Scenario | Drivers | Risks | Opportunities | Strategies |
|--|--|--|---|---|
| RCP 4.5 Intermediate Mitigation | <p>Balanced and moderate regulatory changes to reduce greenhouse gas emissions. Continued focus on energy efficiency and adaptation measures.</p> <p>Increased societal concerns for climate change and sustainability practices due to insufficient policy regulations.</p> | <p>Transition to low-carbon technologies is expected to be more gradual spreading the cost over time. Benefits from the reduction of climate – related damages and health costs will be moderate</p> | <p>A steady increase in demand for advisory services related to sustainability. Remaining pillars remain unaffected from climate change.</p> | <p>Expand service offerings to include sustainability-related advisory services. This could include advising clients on how to navigate regulatory changes, incorporate sustainability into their business strategies, and leverage opportunities related to the energy transition.</p> <p>Continuously monitor regulatory developments and societal trends to ensure service offerings remain relevant.</p> |
| RCP 6.0 Intermediate Emissions | <p>Initially moderate to weak policy interventions.</p> <p>Inadequate Policy leads to growing societal concern about climate change and climate risk management and adaptation.</p> | <p>Higher costs associated with climate adaptation and disaster response in the medium term.</p> | <p>Possible increase in demand for restructuring and debt advisory services due to business disruption.</p> <p>Possibility to provide additional services on adaptation and mitigation of climate change along with the company's restructuring and debt advisory services.</p> | <p>Incorporate an advisory service focused on climate risk management and adaptation. This could include advising clients on how to assess and manage climate risks, develop resilience strategies, and adapt to changing climate conditions.</p> <p>Invest in training to build expertise in these areas and form partnerships with climate science institutions to ensure access to the latest climate risk data and models. Demand for such services are anticipated to exist in the medium and long term.</p> |

Task Force on Climate-Related Financial Disclosures Statement ("TCFD")

| RCP Scenario | Drivers | Risks | Opportunities | Strategies |
|---------------------------------------|---|---|--|---|
| RCP 8.5 High Emissions | <p>Failure to achieve significant emissions reductions could lead to a shift of focus on reactive adaptation measures rather than proactive mitigation.</p> <p>Absence of effective climate mitigation strategies leads to increased societal concern about climate change, risk management and adaptation.</p> | <p>Possibility of very high costs due to climate-related damages and adaptation measures initially.</p> | <p>Significant physical climate impacts lead to widespread business disruption and increased, short-term demand for restructuring and debt advisory services.</p> <p>Possibility to provide additional consulting services on adaptation and mitigation of climate change effects in the medium and long term.</p> | <p>Enhance the capacity of restructuring and debt advisory services to manage increased demand, with a focus on supporting businesses affected by physical climate impacts. Increase investment in physical resilience to protect the company's own operations from climate impacts. Avoid exposure of premises considered to have high exposure to climate change physical risks. The focus of the ESG service line of the company will be on advising clients on how to navigate the challenges and opportunities of a high-emissions scenario rather than regulatory compliance.</p> |

Economic Impact

| Scenario | Time Horizon | | |
|----------|--------------|--------|--------|
| | Short | Medium | Long |
| RCP 2.6 | High | Medium | Medium |
| RCP 4.5 | Medium | Medium | Medium |
| RCP 6.0 | High | Medium | Medium |
| RCP 8.5 | High | Medium | Medium |

The table provides a visual representation of the financial performance estimates, emphasising the varying degrees of positive and negative impacts over different time horizons and scenarios.

Blue = Positive impact
Red = Negative impact

3. Risk management and integration of climate-related risks at FRP

At FRP, we are committed to effectively managing and integrating climate-related risks within our overall risk management framework, following the principles of the ISO 31000 risk management standard. More detailed information can be found within the risk section of the Strategic Report.

| Emissions | FY2024 TCO ₂ e | FY2024 CO ₂ e/C | FY2023 TCO ₂ e | FY2023 CO ₂ e/C |
|-----------------------------------|------------------------------|-------------------------------|------------------------------|-------------------------------|
| Vehicle Fleet | 0.8 | 0.001 | | |
| Heating & Cooling | 4.9 | 0.007 | | |
| Scope 1 | 5.7 | 0.008 | 8.9 | 0.020 |
| Electricity | 9.6 | 0.015 | | |
| Scope 2 | 9.6 | 0.015 | 5.1 | 0.009 |
| Cat 1 - Purchased Good & Services | 3,612.7 | 5.499 | | |
| Cat 6 - Business Travel | 179.3 | 0.273 | | |
| Cat 6 - Hotel Accommodation | 13.8 | 0.021 | | |
| Cat 7 - Commuting | 728.9 | 1.109 | | |
| Cat 7 - Teleworking | 87.9 | 0.134 | | |
| Scope 3 | 4,622.6 | 7.036 | 4,618.5 | 7.990 |

4. Climate metrics and targets

In our commitment to addressing climate change and aligning with global sustainability goals, we have diligently measured and tracked our greenhouse gas (GHG) emissions across all scopes. This comprehensive approach allows us to identify and mitigate our carbon footprint effectively. The following table outlines our Scope 1, 2, and 3 emissions for the fiscal years 2023 and 2024, providing a detailed overview of the sources and magnitude of our emissions. Emissions are measured in Tonnes of Carbon dioxide equivalent (T CO₂e) and then T CO₂e per colleague (CO₂e/C) for a consistent comparison due to the Group's growth.

Scope 1 Emissions: There is a reduction in Scope 1 emissions from FY2023 to FY2024, indicating improved efficiency or reduced usage of direct emission sources.

Scope 2 Emissions: An increase in Scope 2 emissions suggests a rise in the consumption of purchased electricity.

Scope 3 Emissions: Scope 3 emissions remain relatively stable, with a slight increase in FY2024.

Detailed comparative data is not available, data capture and reporting continues to evolve.

Under the SECR (Streamlined Energy and Carbon Reporting Regime), the Company is required to report its energy consumption and greenhouse gas emissions arising in the UK (including offshore UK) from:

- the annual quantity of energy consumed in the UK resulting from the purchase of electricity by the Company for its own use, including for the purposes of transport;
- the annual quantity of energy consumed from stationary or mobile activities for which the business is responsible involving the combustion of gas; and

➤ the annual quantity of energy consumed from activities for which the Company is responsible, involving the consumption of fuel for the purposes of transport (where the Company is responsible for purchasing the fuel).

Our UK Energy Use disclosures include energy and emissions from the entire Group, regardless of whether individual companies would be required to report.

Overall emissions have increased in the last year. This is due to increased business travel being carried out by staff and our calculation methods improving to give a more accurate calculation of emissions. When undertaking office refurbishments, an initiative to install more efficient heating and lighting is in place. Where we have no information to the contrary, we assume a building is being supplied under a non-renewable contract.

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| UK Energy use | FY2024 Consumption | FY2023 Consumption | FY2024 Greenhouse Gas (GHG) Emissions (TCO ₂ e) | Notes |
|---------------------------------|--------------------|--------------------|--|---|
| Gas | 26,644 kWh | 49,002 kWh | 4.87 | Gas used to fuel heating and hot water boilers in office locations and company owned cars (<i>Scope 1</i>) |
| Vehicle Fuel (Company) | 589.5 kWh | N/A | 0.75 | Fuel relates to the Group owned cars |
| Electricity | 527,756 kWh | 379,363 kWh | 9.63 | Electricity consumed relates to routine office power requirements (<i>Scope 2</i>) |
| Vehicle Fuel (Employees) | 442,638 kWh | 248,316 kWh | 57.82 | Fuel relates to the Group reimbursing employees for mileage related to the use of their private vehicles for the business of the Group (<i>Scope 3, Category 6</i>) |

Basis of preparation

Gas

The gas consumed by the Group relates solely to the use of natural gas for the running of boilers for heating and hot water in its offices. To calculate the CO₂e (Carbon Dioxide Equivalent) figure we have taken our kWh usage figure to which a kgCO₂e factor of 0.18256 was applied, being the UK Government's Conversion Factor 2023 for natural gas gross calorific value.

Electricity

The electricity consumed by the Group relates solely to the routine power requirements of its offices – lighting, heating, IT, air conditioning etc. To calculate the CO₂e figure we have totalled our kWh usage for all locations. For all tariffs that are not from renewable sources (9%, FY23: 7%) a kgCO₂e factor of 0.207074 was applied, being the UK Government's Conversion Factor 2023 for this type of electricity use. The increase in non-renewable energy is due the fact that we moved offices towards the end of the year in two locations and

the new landlord has been unable to provide details of the tariff used for these buildings. Where we have no information to the contrary, we assume the building is supplied on a non-renewable contract. Our new location in Sheffield is locked into a non-renewable contract and will be moved when the contract expires.

Fuel Consumption

The GHG emissions related to fuel combustion derive solely from the payment to employees of mileage allowances where they use their private vehicles for Group business. We do not keep records of our employees' vehicle makes, models and fuel type. To arrive at a reasonable estimate of distribution across petrol, diesel and other vehicles, we carried out a staff survey and extrapolated the results to create our model (petrol – 53.04%, diesel – 31.84%, hybrid – 8.29% and electric – 6.82%). Each type of vehicle was also split into engine size. We applied those figures to our total mileage claimed to calculate estimated mileage figures for each of diesel, petrol and other fuels. The

UK Government Conversion Factors 2023 for each size vehicle in respect of each fuel type were then applied to the relevant mileage figure to obtain the CO₂e figures. We use a conversion factor of 0.2627 as per 2023 DEFRA reporting.

Intensity ratio

The chosen intensity metric for setting the company's KPIs was the number of employees, as it is considered more appropriate for a financial advisory firm compared to revenue, given the direct relationship between employee activities and energy consumption.

CO₂e per colleague during the year to 30 April 2024: 7.06 Tonnes CO₂e per colleague (CO₂e/C).

| Key emission / energy related performance indicators | FY2024 CO ₂ e/C | FY2023 CO ₂ e/C | FY2019 CO ₂ e/C (Baseline) | Movement compared to baseline | Movement compared to FY2023 |
|--|-------------------------------|-------------------------------|---|-------------------------------|-----------------------------|
| Emissions / Employee | | | | | |
| Scope 1 | 0.008 | 0.020 | 0.03 | (70)% | (55)% |
| Scope 2 | 0.015 | 0.009 | 0.32 | (95)% | 67% |
| Scope 3 | 7.036 | 7.990 | 9.64 | (27)% | (12)% |
| Total | 7.059 | 8.019 | 9.99 | | |
| Consumption | | | | | |
| Total Electricity Consumption | 527.76 | 428 | | | |
| Renewable Energy Consumption | 91% | 93% | | | |

Energy Efficiency Activity

The Group has committed to becoming Carbon Neutral by 2030 in regarding its Scope 1 and Scope 2 emissions. As our energy contracts come up for renewal they will be, or have been, switched to a fully renewable tariff and we are working with our landlords to switch tariffs for the contracts we do not control.

As part of our carbon reduction programme, we offer an option for colleagues to negotiate terms to lease electric cars, providing an opportunity to use greener vehicles for personal and commuting use. A detailed analysis of our energy efficiency initiatives can be found in our Carbon Reduction Plan.

Our commitment to environmental sustainability is reflected in our climate-related targets, goals, and strategies. To achieve a reduction in greenhouse gas emissions, FRP has set targets for each emission scope and our detailed plan for reducing our carbon emissions is outlined in our Carbon Reduction Plan.

As part of our commitment to a sustainable future, we set goals for the reduction of our direct emissions in FY2023. We managed to reduce our

Scope 1 emissions intensity, (those arising from use of natural gas for the running of boilers for heating and hot water in its offices) and company owned cars by 70%, compared to our baseline year (2019) and by 55% compared to last year. We aim to achieve Net Zero for our scope 1 emissions by 2030.

Similarly, we have committed to curbing our Scope 2 emissions, those stemming from the generation of purchased electricity, heat, and steam, by 20% by 2025 and 100% by 2030. Although our Scope 2 emissions per employee have increased this year, this is mainly attributed to the fact that we moved offices towards the end of the year in two locations and the new landlord has been unable to provide details of the tariff used for these buildings. Where we have no information to the contrary, we assume the building is supplied on a non-renewable contract. Our new location in Sheffield is locked into a non-renewable contract and will be moved when the contract expires. Thus, there is an increase on our non-renewable contract. However, there are policies in place, as outlined in our Carbon Reduction Plan, to support our Net Zero goal for 2030.

In line with our commitment to sustainability, we are developing strategies to reduce our Scope 3 emissions significantly.

Scope 3 encompasses emissions that are not produced by the Group itself, but by those that it is indirectly responsible for, such as colleague commuting and traveling. One of our key initiatives involves minimising unnecessary travel. We are committed to promoting the use of digital collaboration tools, reducing the need for both commuting and business travel, which are significant contributors to our carbon footprint.

Overall, our CO₂e per colleague during the year to 30 April 2024 were 7.06 compared to 8.41 from FY2023, indicating a decrease of 16.06%.

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Climate Change targets and policies

To complement our efforts for reducing our emissions we have created a comprehensive plan of targets and policies which we plan to implement before 2030.

Scope 1-2 Emissions

- Constantly enhancing the energy of buildings and equipment can significantly reduce the amount of electricity and heat required. This includes upgrading lighting systems to LEDs, improving insulation, and installing energy-efficient appliances and heating/cooling systems.
- Developed systems to monitor our energy consumption per office and evaluate the indices per employees and per square meter.
- We have been audited in connection with the Energy Savings Opportunity Scheme and will be looking to implement any relevant suggestions made by the lead assessor.

Initiatives - Policies under Implementation

- Educating employees about energy conservation practices and encouraging energy saving behaviours in the workplace can contribute to reducing energy use.
- Installation of solar panels where the option is applicable, and we can control the source of electricity.

Scope 3 Emissions

Initiatives - Policies in Place

- Produced a full carbon emissions inventory according to GHG emissions protocol to incorporate all 15 Scope 3 categories.
- Introduced a cycle to work scheme.
- Introduced an electric car scheme for our employees.
- In FY2025, we aim to initiate the 'Printing Reduction Champions' challenge to reduce our printed waste.

Initiatives - Policies under Implementation

- Reviewing our Business Travel Policy to encourage staff to use more sustainable travel methods where travel is necessary.
- Reviewing our Business Travel Policy to encourage our staff to stay in hotels with established Net Zero goals.
- Our suppliers are being reviewed in regarding their carbon footprints. We are currently sourcing lower carbon alternatives, where available, from our suppliers.
- Updating our Suppliers Code of Conduct to include ESG considerations and encourage our suppliers to adopt and publish Net Zero goals.
- Developing a set of requirements for all suppliers that reflects the organisation's Net Zero and decarbonisation goals.
- Providing support to suppliers, particularly smaller enterprises, in meeting the company's carbon emissions reduction requirements, whether in the form of guidelines or mentoring.
- We also plan to intensify our engagement with our suppliers to improve the carbon footprint of our supply chain. This involves working collaboratively with them to implement sustainable practices, and prioritising suppliers who demonstrate strong environmental performance.
- Educating employees about sustainable waste practices.

Moving forward

As we navigate the complexities of the present and look to the future, we remain committed to improving our sustainability and climate resilience efforts. Our alignment with the Task Force on Climate-related Financial Disclosures ("TCFD") guidelines serves as evidence of our dedication to understanding and effectively managing climate-related risks and opportunities.

We have made progress already, notably in achieving a substantial 91% use of renewable energy for our energy consumption and an overall decrease in our Scope 1-2-3 total emissions per employee of 16.06%. This accomplishment is due to our strategic approach in reducing our carbon footprint, which remains a critical part of our sustainability efforts. With a view to providing a greater account of our greenhouse gas emissions, we have expanded our Scope 3 emissions reporting, to include purchased goods and services, business travel, commuting and teleworking. We are also working to enhance our reporting to detail emissions across all upstream and downstream Scope 3 emissions relevant to the Group and improve our methodology on calculating purchased good and services using industry specific emission factors.

We appreciate the continued support and engagement of all our stakeholders as we journey towards enhanced sustainability and climate resilience.

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Status of the policies/ targets/ initiatives implemented within our company

| In place | Implementing | To be achieved |
|--|--|---|
| <ul style="list-style-type: none"> > Resource Reduction Policy > Policy Energy Efficiency > Resource Reduction Targets > Targets Energy Efficiency > Environment Management Team > Environment Management Training > Environmental Materials Sourcing > Renewable Energy Use > Climate Related Risks Assessment Process > Transition Plan Financial Planning > Financial Exposure to Transition Risk > Financial Exposure to Physical Risk > GHG Emissions Scope 1,2,3 Paris Agreement Aligned > Policy Emissions > Targets Emissions > Waste Reduction Initiatives > e-Waste Reduction > Environmental Restoration Initiatives > Staff Transportation Impact Reduction > Take-back and Recycling Initiatives > Climate Change Commercial Risks/ Opportunities > Environmental Supply Chain Monitoring | <ul style="list-style-type: none"> > Policy Water Efficiency > Green Buildings > Environmental Supply Chain Partnership Termination > Transition Plan Offsets > Targets Water Efficiency | <ul style="list-style-type: none"> > Environmental Supply Chain Management > Land Environmental Impact Reduction > Biodiversity Impact Reduction > Environmental Partnerships > Hybrid Vehicles |

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