HEIDRICK & STRUGGLES

TCFD Report

Contents

Introduction

This is Heidrick & Struggles' inaugural climate-related risks and opportunities report. Our disclosure follows the guidelines of the Taskforce for Climate-related Financial Disclosures (TCFD). The climate-related risks and opportunities assessment conducted to prepare this report will be regularly updated to inform our business strategy and financial planning.

Governance

Board Oversight

Our Board of Directors (the board) receives updates from the committee chairs and certain members of the Management Team regarding our sustainability program. Notably, we structure our committees so that there is an overlap among individuals. This assists in the visibility, alignment, and flow of information as each committee has some common members.

Our board's Nominating and Corporate Governance Committee (the NGC) oversees the firm's holistic sustainability program, goals, targets, and related disclosures. It also reviews results from climate-specific scenario analyses after they are socialized within our Sustainability Working Group and Steering Committee. As part of its quarterly meetings, the board and the NGC receive updates on our overall sustainability program and subtopics, including climate strategy and carbon emissions. Additionally, the legal and sustainability teams share resources with the NGC to keep them informed on sustainability-related matters.

The Audit & Finance Committee (the AFC) has visibility into controls for sustainability-related risks, regulations, and disclosures. This committee and the board are informed of the top risks identified in our Enterprise Risk Management (ERM) process, where climate is assessed among other potential risks.

The board regularly receives education and information regarding sustainability governance, the regulatory landscape, and other developments related to environmental, social, and governance factors from internal and external advisors and subject matter experts. This capacity building includes information on climate-related risks and opportunities.

Leadership's Management

The Chief Legal Officer and Corporate Secretary, who reports to the CEO, briefs the board on climate-related matters, including climate risks and opportunities, periodically and on an as-needed basis. The NGC uses these updates to inform their oversight of the company's sustainability strategy. The information also supports the AFC's visibility into controls for sustainability-related risks, regulations, and disclosure. Due to the nature of upcoming sustainability regulations, our Chief Financial Officer will partner with our Chief Legal Officer to evaluate and provide updates on ESG-related issues applicable to our business.

Strategy

Climate-related Risks

Scenario Analysis Description

Heidrick & Struggles undertook a climate risk assessment and scenario analysis[1] to determine the potential effects of climate change on our business under different future conditions. Following TCFD guidelines, this assessment included physical risks, transition risks, and opportunities associated with climate change.

As a professional services firm, we depend on a network of offices, data centers, and third-party providers to deliver for our clients. Physical climate risks—such as extreme weather events—could disrupt these operations and impact our ability to serve clients effectively. We also face policy, legal, technological, market, and reputational risks as the global economy transitions to a low-carbon model.

This assessment's results validated our company's resilience to both physical and transition risks. It also showed that our sustainability strategy and initiatives position us well to leverage relevant climate-related opportunities. We consistently evaluate the potential impacts of climate change on our operations through our risk management process.

Time Horizons and Climate Scenarios

The climate scenario analysis used distinct scenarios to evaluate the potential impacts of both physical and transition risks on our operations, strategy, and financial planning over multiple time horizons:

- **Short-term:** 12 months
- **Medium-term:** 1-5 years
- **Long-term:** 5+ years

For the analysis of physical climate risks, we selected scenarios based on the Intergovernmental Panel on Climate Change (IPCC) Sixth Assessment Report (AR6) Shared Socioeconomic Pathways (SSPs). Specifically, the assessment considered two key SSP scenarios:

- **SSP5-8.5:** This high-emission scenario, often referred to as a "worst-case" scenario, explores a future characterized by continued high reliance on fossil fuels, leading to significant global warming. This scenario helps us understand our potential exposure to the most severe physical climate hazards, such as increased frequency and intensity of extreme weather events, rising sea levels, and other significant climatic shifts.
- **SSP2-4.5:** This intermediate scenario represents a future where socioeconomic development follows historical patterns, with some limited progress on climate mitigation. Often referred to as the "middle of the road" scenario, it provides a contrasting but still challenging future climate. Using this scenario helps us assess physical risks under a more moderate, yet still impactful, warming trajectory.

We used the IEA Net Zero Emissions (NZE) scenario for analyzing transition risks. It outlines a rapid and orderly global energy transition consistent with limiting global warming to 1.5°C with a 50% probability, thereby achieving net-zero greenhouse gas emissions globally by 2050.

Scenario Analysis Results

Physical Risk

Physical risk refers to the physical impacts of climate change via extreme weather events (acute) or prolonged shifts (chronic) in climate behavior. Heidrick & Struggles' scenario analysis considered both acute and chronic physical risks across our network of 57 leased offices and 2 data centers. The physical climate risk assessment indicates that overall, Heidrick & Struggles is not exposed to significant widespread physical risks from weather events. It evaluated our exposure to the acute hazards of water stress, cyclones, flooding, and wildfires, as well as the chronic hazards of sea level rise and heatwaves. This analysis was completed for both the high-emission SSP5-8.5 and moderate SSP2-4.5 scenarios. Most facilities have a low exposure to physical hazards in both emission scenarios across short-term (less than 1 year) and long-term (more than 5 years) time horizons.

Some facilities have a higher exposure to water stress and cyclones in the long term. For the SSP5-8.5 scenario, this is 25% and 23% of facilities, respectively. And, for the SSP2-4.5 scenario, this is 12% and 23% of facilities, respectively.

Transition Risk

The transition to a lower-carbon economy presents various potential risks that could impact our operations, financial performance, and reputation to a limited extent. These risks are categorized as follows:

- **Policy and Legal:** Changes in climate-related regulations, including increased carbon pricing, could lead to higher compliance costs, require significant process adjustments, and potentially result in financial penalties for non-compliance. Heidrick & Struggles could also face legal action related to climate impacts within our value chain. Inconsistent or even opposing regulatory requirements across different geographies further complicate compliance efforts, increasing operational complexity and risk.
- **Market:** Market dynamics pose risks through potential increases in energy expenses due to external factors and reliance on third-party vendors whose climate performance or exposure to climate events could disrupt supply chains and increase costs. Shifting stakeholder expectations regarding sustainability and potentially opposing views on the value of ESG-related issues could impact client relationships and revenue.
- **Technology:** The adoption of new technologies, such as AI, may increase energy consumption and emissions. Furthermore, the financial implications of emissions reduction initiatives, including investment in low-carbon technologies and procurement of renewable energy credits, represent potential costs or losses.
- **Reputation:** There are potential reputation-related transition risks. These include not meeting our climate targets, too ambitious climate goals affecting the business, and working with clients with high exposure to transition risks. There is also the possibility that we miss emerging climate-related business opportunities. We have a low exposure to these reputation-related transition risks due to our climate action to date and our sustainability strategy going forward.

[1] This report includes forward-looking climate risk scenario analysis which is based on a range of assumptions and third-party data sources. While we have sought to rely on a robust framework and used science-based models, forward-looking climate risk scenario analysis is inherently uncertain and the methodologies and judgements underpinning that analysis are subject to continual change. The forward-looking climate risk scenario analysis contained in this report does not constitute a forecast and should not be relied upon as a definitive prediction (or predictions) of future outcomes. We do not accept any liability for its accuracy, the robustness of the underlying methodologies, judgement or models or the accuracy of any of the data inputs, or for any decisions made by any party based on these illustrative analyses.

Climate-related Opportunities

Heidrick & Struggles determined our most relevant climate-related opportunities based on peers' and sustainability leaders' disclosed opportunities and internal stakeholder engagement, which was conducted to prepare this report and as part of our broader double materiality assessment (DMA). The identified opportunities were evaluated for the feasibility of their implementation across multiple time horizons, the effort needed to realize them, and their potential financial benefits. The resulting opportunities are as follows:

- **Market:** Capitalizing on the increasing demands of clients, our firm stands to gain both revenue and reputational advantages by extending the geographical reach of our sustainability services.
- **Resource Efficiency:** Reducing emissions across our operations is essential to meeting our climate goals—and doing so often aligns with cost-effective business practices. Structuring client engagements in more efficient and less carbon-intensive ways, such as using digital communication platforms and optimizing business travel, can lower both emissions and costs. Operational efficiencies can also be supported by shaping sustainability strategies through climate-conscious talent and educating employees on responsible travel practices. Leasing office space in buildings with sustainability certifications and strategically downsizing physical office footprints offer additional opportunities to reduce energy use, waste per employee, and overall operating expenses.
- **Services:** The demand for climate-related services over the long term presents an opportunity for Heidrick & Struggles to anticipate clients' sustainability needs—strengthening our ability to better serve them, build deeper, more enduring relationships, and ultimately support long-term growth.

Business Impact & Resilience

Business Impact Exploration Assessment

We have undertaken a business impact exploration assessment, analyzing our climate resilience and management of climate risks and opportunities. This evaluation involved assigning qualitative ratings (low/moderate/high) to risks, helping us prioritize actions for our climate strategy. With no risks rated 'High,' we are focusing on mitigating risks rated as 'Moderate,' and 'Low'. To inform these efforts, we have conducted a DMA and a value chain climate maturity analysis (detailed in the 'Supplier and Customer Climate Maturity Analysis' section) and will periodically update these assessments as warranted. Similarly, we are prioritizing the highest-rated opportunities. We will continue to explore the quantification of identified risks and opportunities for potential integration into our financial planning.

Heidrick & Struggles aims to strengthen the resilience and durability of the business in order to continue serving clients seamlessly in the long term. We remain committed to reducing our environmental footprint through carbon management. Our annual greenhouse gas inventory, tracked against a 2019 baseline, enables us to quantify our climate impact and the effectiveness of our year-over-year emissions reductions. Moreover, we employ a holistic approach to tackle climate-related risks and opportunities, including the physical and transition scenario analyses as previously detailed. In 2025, we undertook our second physical scenario analysis to gain deeper insights into our exposure to climate hazards and their likely repercussions on our office spaces and data centers. This analysis guides our prioritization of sustainably certified leased offices and our collaborative discussions with real estate managers and data center partners on the potential severity of physical hazards and mitigation actions for climate risks. We intend to leverage these ongoing efforts to refine our evolving climate goals and mitigation plans.

We also conducted a revenue loss analysis to understand the potential financial impact of physical hazards pausing business operations at our offices. Cyclones and heatwaves were projected to have a greater impact than wildfires and floods. This was seen in both the minimum and maximum financial impacts analyzed for the SSP2-4.5 and SSP5-8.5 scenarios across the different timeframes. However, even the largest cost associated with these physical hazards will have a negligible impact on Heidrick and Struggles' revenue.

Carbon Pricing Scenario Analysis

We conducted an exploratory assessment of the potential financial impact of carbon pricing, using the IEA's Net Zero 2050 scenario as a proxy for future legal and policy developments. The analysis modeled two scenarios —one worst case, one best case—based on our 2023 emissions and gross profit. In the worst case, emissions rise post-2030 in line with profit growth after meeting near-term targets. For the best case, emissions decline to meet our near-term targets and stay at our target level. Under these scenarios, estimated carbon costs in 2050 would represent a negligible amount of our projected revenue. Given our relatively low emissions intensity, we expect minimal financial impact from potential carbon pricing.

Supplier and Customer Climate Maturity Analysis

To evaluate upstream and downstream transition risks, a climate maturity analysis was conducted for Heidrick & Struggles' top ten suppliers by spend and customers by revenue. Overall, the analysis revealed limited exposure to transition risks within our value chain. Half of the assessed suppliers demonstrate advanced climate maturity, aligning with our climate goals. Furthermore, the majority of the customers we assessed have a high climate maturity. This could pose a risk of heightened expectations from customers regarding our sustainability efforts; however, due to our commitment to annual greenhouse gas emissions disclosure, participation in CDP, and our recently approved science-based emissions reduction targets, this risk is substantially mitigated.

Risk Management

Identifying & Assessing Climate-related Risks

Climate-related risks are measured through regular assessments. In 2022, we completed our first assessment encompassing our value chain, looking at risks at multiple time horizons. Data was evaluated using publicly available and proprietary tools aligned with IPCC-published climate records, as well as desk-based market trends research. In 2024/2025, we conducted our first CSRD-aligned DMA, building upon our first single materiality assessment conducted in 2022. The DMA evaluated our impacts on society and the environment, assessed our exposure to sustainability-related financial risks, and identified sustainability-related opportunities for our business. Results from this assessment informed our risk management approach and sustainability strategy. They also supported a reassessment of our climate-related risks and opportunities conducted this year. We collaborated with an external consulting partner to identify physical and transition risks as well as opportunities. This work resulted in a climate risk scenario analysis, climate-related risks and opportunities business impact assessment, and this report, which is aligned with the TCFD disclosure framework.

Managing Climate-related Risks

The Sustainability Working Group and Sustainability Steering Committee include client-facing business and corporate leaders across Finance, HR, IT, and Legal. They oversee sustainability strategies and initiatives by providing cross-functional perspectives, setting direction, and defining priorities to create alignment and build support for our sustainability efforts.
These groups also review priority ESG issues and are committed to advancing our sustainability efforts. And, they inform and validate our climate strategy, which includes assessing and managing climate-related risks and opportunities.

To support the management of climate-related risks and opportunities, the Sustainability team collaborated with internal stakeholders to draft Green Office Guidelines, create incident response plans, and set science-based emission reduction targets aligned with the Science Based Targets Initiative (SBTi). The Sustainability team will facilitate other initiatives as needed to address existing and new climate-related risks and opportunities.

Integration into Our Enterprise Risk Management

Climate risk is considered as a potential enterprise risk that is assessed periodically. Results from this updated analysis of our climate-related risks and opportunities will be analyzed when climate is considered in our ERM. This analysis and the results of our DMA will enhance our ability to identify, assess, respond to, and monitor climate-related risks and other ESG-related risks.

Metrics & Targets

Our GHG Emissions

We annually calculate and disclose Scope 1, Scope 2, and Scope 3 category 1 (purchased goods and services), category 2 (capital goods), category 3 (fuel- and energy-related activities), category 4 (upstream transportation and distribution), category 5 (waste generated in operations), category 6 (business travel) and category 7 (employee commuting) greenhouse gas emissions. Heidrick & Struggles uses greenhouse gas accounting (see Table A) to track progress toward achieving our emissions reduction targets in line with the SBTi's guidelines.

Table A - Annual Emissions (2019–2024). All values in MT CO_2e

Emission Source	2019	2020	2021	2022	2023	2024
Scope 1	382	142	62	93	264	558
Scope 2 LB	2,523	1,393	2,765	2,155	1,934	1,241
Scope 2 MB[1]	2,662	1,612	2,772	2,277	2,115	1,011
Total Scope 1 & Scope 2 MB	**3,044**	**1,754**	**2,834**	**2,370**	**2,379**	**1,569**
Category 1	10,246	12,054	11,422	11,796	12,774	10,092
Category 2	736	1,305	2,155	1,202	1,574	3,531
Category 3	625	497	865	444	590	347
Category 4	100	53	14	48	48	83
Category 5	81	33	83	58	37	33
Category 6	8,548	2,006	2,011	6,432	6,436	8,171
Category 7	1,974	1,095	1,170	989	794	1,012
Total Scope 3	**22,311**	**17,043**	**17,720**	**20,969**	**22,253**	**23,269**
Total Emissions MB	**25,355**	**18,797**	**20,554**	**23,339**	**24,632**	**24,838**

[1]91% of UK-sourced renewable energy guarantees of origin (REGO) came from biogas in 2024. Heidrick & Struggles included 0.07 MTCO2e in our Scope 2 (market-based) inventory and reported 65 MTCO2e from biogas combustion as outside of scopes, in line with GHG Protocol guidance.

Science-based Targets

Heidrick & Struggles has validated near-term targets with the Science Based Targets initiative (SBTi), aligning our emissions reductions with the 1.5°C pathway to help limit global temperature rise. We aim to reduce absolute Scope 1 and 2 GHG emissions by 46.2%, and scope 3 GHG emissions from business travel and employee commuting by 55% per full-time employee (FTE) by 2030, from a 2019 base year. We have also set an engagement target and aim to achieve 65% of purchased goods and services suppliers (by spend) setting SBTi-aligned targets by 2029.

Several initiatives will help us achieve these emission reduction goals. A renewable energy strategy will guide our efforts to procure renewables where possible and purchase renewable energy credits (RECs) annually—particularly important given our limited control over leased office spaces—to reduce our Scope 2 emissions and support progress toward our Scope 1 and 2 science-based target. To meet our Scope 3 science-based target, we are evaluating ways to reduce the impact of business travel in line with broader corporate strategic goals. Heidrick & Struggles is developing a supplier engagement strategy to encourage our vendors to measure their emissions and adopt science-based aligned emission reduction targets.