TCFD

Core Topic	Recommended Disclosures	Reference
Governance		
Disclose the organization's governance around climate-related risks and opportunities.	Describe the Board's oversight of climate-related risks and opportunities. Describe management's role in assessing and managing climate-related risks and opportunities.	Our goal to align with the TCFD framework by 2024 is on track. To view our current progress developing and aligning with these disclosures, see the following reference in this report: 2022 Sustainability Report > TCFD Goal Section, pages 14-22 2022 Sustainability Report > Governance, page 55
Strategy		
Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.	Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long-term. Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning. Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Our goal to align with the TCFD framework by 2024 is on track. To view our current progress developing and aligning with these disclosures, see the following reference in this report: 2022 Sustainability Report > TCFD Goal Section, pages 14-22
Risk Management		
Disclose how the organization identifies, assesses, and manages climate-related risks.	Describe the organization's processes for identifying and assessing climate-related risks. Describe the organization's processes for managing climate-related risks. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	Our goal to align with the TCFD framework by 2024 is on track. To view our current progress developing and aligning with these disclosures, see the following reference in this report: 2022 Sustainability Report > TCFD Goal Section, pages 14-22
Metrics & Targets		
Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process. Disclose scope 1, scope 2, and, if appropriate, scope 3 greenhouse gas (GHG) emissions, and the related risks. Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	2022 Sustainability Report > TCFD Goal Section, pages 14-22 2022 Sustainability Report > Innovation and Opportunity Goal Section, page 31 2022 Sustainability Report > Emissions Goal Section, pages 25-26

SASB

Topic	SASB Code	Accounting Metric	Category	Unit of Measure	Response
Energy Management	RT-IG-130a.1	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	Quantitative	Gigajoules (GJ), Percentage (%)	(1) 49,474 gigajoules in FY 2022 (2) 36% in FY 2022 (3) 21% in FY 2022
Employee Health & Safety	RT-IG-320a.1	(1) Total recordable incident rate (TRIR), (2) fatality rate, and (3) near miss frequency rate (NMFR)	Quantitative	Rate	(1) 8.48 in FY 2022 (2) 0.00 in FY 2022 (3) 18.96 in FY 2022
Fuel Economy & Emissions in Use-phase	RT-IG-410a.1	Sales-weighted fleet fuel efficiency for medium- and heavy-duty vehicles	Quantitative	Gallons per 1,000 ton-miles	Suggested accounting metrics for Fuel Economy & Emissions in Use-Phase are not applicable to Energy Recovery's business. As disclosed below, Energy Recovery modified suggested accounting metrics to demonstrate the energy efficiency and associated benefits of its energy recovery devices, an accounting metric it believes is highly relevant to its business model. Avoided electricity consumption from all Energy Recovery products (excluding pumps) sold and shipped: 36.2 TWh/y in FY 2022. The above metric is calculated as the avoided electricity consumption that can be attributed to Energy Recovery's energy recovery devices that have been sold, shipped and, to our knowledge, still in use by customers globally, an amount associated with avoiding approximately 17.2 million metric tons of carbon emissions per year.
	RT-IG-410a.2	Sales-weighted fuel efficiency for non-road equipment	Quantitative	Gallons per hour	
	RT-IG-410a.3	Sales-weighted fuel efficiency for stationary generators	Quantitative	Watts per gallon	
	RT-IG-410a.4	Sales-weighted emissions of: (1) nitrogen oxides (NOx) and (2) particulate matter (PM) for: (a) marine diesel engines, (b) locomotive diesel engines, (c) on-road medium- and heavy-duty engines, and (d) other non-road diesel engines	Quantitative	Grams per kilowatt-hour	

Topic	SASB Code	Accounting Metric	Category	Unit of Measure	Response
Materials Sourcing	RT-IG-440a.1	Description of the management of risks associated with the use of critical materials	Discussion and Analysis	n/a	FY 2020 ESG Report > Our Suppliers (pages 63-64) Please see Energy Recovery's conflict mineral sourcing policy, conflict minerals report, and conflict minerals statement located on the company's investor website. TCFD Climate-Related Risks and Opportunities: Supply Chain Management
Remanufacturing Design & Services	RT-IG-440b.1	Revenue from remanufactured products and remanufacturing services	Quantitative	Reporting currency	Not applicable

RT-IG-130a.1 – (1) Excludes: leased facilities in Dubai and Shanghai for which leased facility data was not available; de minimis diesel consumption in San Leandro; work from home employees.
RT-IG-130a.1 – (3) Energy Recovery installed solar panels in Katy, TX, in 2020, and began purchasing 100% renewable electricity for all facilities mid-year 2022. The solar panels in Katy, TX, were not operating in August-December 2022 due to an inverter issue.
RT-IG-320a.1 – (1) Excludes contractor hours and international personnel hours. The company plans to re-evaluate the ability to incorporate these numbers for future reports.
RT-IG-410a.1 ; RT-IG-410a.2 ; RT-IG-410a.3 ; RT-IG-410a.4 – The estimate is based on actual sales figures and assumptions about the percentage of our cumulative sales (excluding pumps) operating globally. PX Pressure Exchangers have a design life of over 25 years; therefore, this accounting metric assumes that the majority of our sold and shipped Pressure Exchangers are in operation. Although it is possible that ERDs shipped in FY2022 may have been in the process of being commissioned and not fully operating as of fiscal year-end, Energy Recovery does not have access to this data and therefore uses ERDs sold and shipped through the end of FY2022 as the basis for this calculation. As ERDs constitute the majority of our sales through end of FY2022, pumps are excluded from this calculation. The calculated CO_2 emissions reductions are based on 1.05 lbs CO_2/kWh emissions factor as published by the International Energy Agency as of 2018, which has been updated in our model. Assumed avoided electricity per PX Pressure Exchanger unit is based on nominal PX Pressure Exchanger efficiency of 96%, turbocharger efficiency of 69%, pump efficiency of 80%, motor efficiency of 96%, 64 bar nominal membrane pressure, and 42.5% membrane recovery.

Industrial Machinery & Goods – Activity Metrics

Topic	SASB Code	Activity Metric	Category	Unit of Measure	Response
–	RT-IG-000.A	Number of units produced by product category	Quantitative	Number	Energy Recovery does not disclose the number of units produced by product category. For a financial breakdown by business segment, please see Item 7 in our 2022 Annual Report.
–	RT-IG-000.B	Number of employees	Quantitative	Number	246 as of Dec. 31, 2022

Electrical & Electronic Equipment – Accounting Metrics

Topic	SASB Code	Accounting Metric	Category	Unit of Measure	Response
Product Lifecycle Management	RT-EE-410a.3	Revenue from renewable energy-related and energy efficiency-related products	Quantitative	Reporting Currency	$122.1M in FY 2022 (97% of total FY 2022 product revenue across all business segments)

RT-EE-410a.3 – Includes revenue from products incorporated into systems which recover and reuse otherwise wasted energy. Energy Recovery updated this definition in 2021 based on detailed product mapping.

GRI

Certain materials throughout this Sustainability Report and the below table reference GRI 2021 Standards including 2-9 – Governance Structure and Composition, 2-10 – Nominating and Selecting the Highest Governance Body, 2-12 – Role of the Highest Governance Body in Overseeing the Management of Impacts, 2-13 – Delegation of Responsibility for Managing Impacts, 2-14 – Role of the Highest Governance Body in Sustainability Reporting, 2-15 – Conflicts of Interest, 2-16 – Communication of Critical Concerns, 2-17 – Collective Knowledge of the Highest Governance Body, 2-18 – Evaluation of the Performance of the Highest Governance Body, 2-19 – Renumeration Policies, 2-20 – Process to Determine Renumeration, 2-21 – Annual Total Compensation Ratio.

GRI Indicator	Description	Reference
2-9	Governance structure and composition	• 2023 Proxy Statement pages 8-19, 23-25 • 2023 Proxy Statement pages 23-25 • FY 2020 ESG Report > ESG Oversight (pages 76-77) • Committee Charters • Board of Directors
2-10	Nominating and selecting the highest governance body	• 2023 Proxy Statement pages 10, 18, 25-27 • FY 2021 ESG Report > Board Structure and Composition (pages 69-72) • Nominating and Corporate Governance Committee Charter
2-12	Role of the highest governance body in overseeing the management of impacts	• FY 2020 ESG Report > Materiality Assessment (pages 12-14) • FY 2020 ESG Report > Our Approach to ESG (pages 12-25) • FY 2020 ESG Report > ESG Oversight (pages 76-77) • FY 2021 ESG Report > Our Approach to ESG (pages 11-13)

GRI Indicator	Description	Reference
2-13	Delegation of responsibility for managing impacts	• FY 2020 ESG Report > ESG Oversight (pages 76-77)
2-14	Role of the highest governance body in sustainability reporting	• 2023 Proxy Statement pages 32-33 • FY 2020 ESG Report > ESG Oversight (pages 76-77)
2-15	Conflicts of interest	• 2023 Proxy Statement pages 28-29, 91
2-16	Communication of critical concerns	• 2023 Proxy Statement pages 31, 92-93 • FY 2020 ESG Report > Ethics and Compliance (pages 65-66) • FY 2022 ESG Report > Governance Performance Table (page 69)
2-17	Collective knowledge of highest governance body	• 2023 Proxy Statement pages 11-15 • FY 2020 ESG Report > ESG Oversight (pages 76-77)
2-18	Evaluation of the performance of the highest governance body	• 2023 Proxy Statement page 22
2-19	Remuneration policies	• 2023 Proxy Statement pages 7, 34-35, 39-54
2-20	Process to determine remuneration	• 2023 Proxy Statement pages 34, 39-60 • Compensation Committee Charter
2-21	Annual total compensation ratio	• 2023 Proxy Statement pages 74, 64 • The ratio between the annual total compensation of the Chief Executive Officer and the annual total compensation for the median employee was 18.64:1 in FY 2022. In FY 2021, the ratio was 20.26 to 1. For more information, see our 2023 Proxy Statement page 74, 2022 Proxy Statement page 71, and our 2021 Proxy Statement, page 35.

Performance Tables

Environmental Performance Data

MT CO_2e = Metric Tons of CO_2 equivalent

Metric		Unit	Time Period		
Operational Impact & Management			**FY 2020**	**FY 2021**	**FY 2022**
Greenhouse Gas Emissions[1,2]	Scope 1 Emissions[3]	MT CO_2e	1,826	1,807	1,606
	Market-Based Scope 2 Emissions[4,5]		1,066	1,259	552
	Location-Based Scope 2 Emissions[4,5]		979	1,200	1,230
	Scope 3 Emissions[6]		13,671	14,251	14,150
	Scope 3.01 Purchased Goods and Services		4,604	5,376	4,317
	Scope 3.02 Capital Goods		3,797	3,846	4,789
	Scope 3.03 Fuel and Energy-Related Activities		837	702	525
	Scope 3.04 Upstream Transportation and Logistics		1,160	1,731	777
	Scope 3.05 Waste Services of Operations		782	182	227
	Scope 3.06 Business Travel		365	552	1,186
	Scope 3.07 Employee Commuting		349	422	439
	Scope 3.08 Upstream Leased Assets		1,403	1,098	1,136
	Scope 3.09 Downstream Transportation and Logistics		377	343	753
	Total Scope 1 - 2 Emissions (Market-Based)		2,892	3,066	2,158
	Scope 1 Emissions Intensity[7]	MT CO_2e / $M Revenue	20	17	13
	Scope 2 Emissions Intensity[7]		12	12	4
	Scope 3 Emissions Intensity[7]		148	137	113
	Total Scope 1 - 2 Emissions Intensity[7] (Market-Based)		31	29	17

Environmental Performance Data

MT CO_2e = Metric Tons of CO_2 equivalent

Metric		Unit	Time Period		
Operational Impact & Management			**FY 2020**	**FY 2021**	**FY 2022**
Energy Consumption	Natural Gas – Across All Sites	Gigajoules (Gj)	28,138	32,654	31,340
	Diesel – Across All Sites		5,485	1,952	252
	Electricity – Grid Across All Sites		13,688	17,055	17,635
	Electricity – Renewable Across All Sites[8]		179	404	10,266
	Total Energy Consumption Across All Sites[9]		47,491	52,065	49,474
	Total Energy Intensity Across All Sites[10]	Gigajoules (Gj) / $M Revenue	516	501	394
Waste	Reclaimed Alumina Powder Used in PX Production[11]	Percentage (%)	39	36	40
Innovation & Opportunity			**FY 2020**	**FY 2021**	**FY 2022**
Customer savings from use of Energy Recovery product versus conventional products	Total Emissions Avoided Across All Products Per Year[12]	Million MT CO_2e	12.5	14.5	17.2
	Year-Over-Year Total Increase in Emissions Avoided[12]	Percentage (%)	20	16	18
	Customer Cost Savings Per Year[12]	Billion USD	2.6	3.9	5.9

[1]GHG emissions data for 2020 and 2021 have been restated based on revisions to the previous calculation methodology and inputs. The revised methodology more accurately represents actual operations in accordance with the GHG Protocol. [2]In accordance with the GHG Protocol, we consider 2021 to be our best baseline because it is most representative of a normal operational year post-pandemic.[3]Scope 1 emissions are direct emissions calculated using the operational-control method aligned with the GHG Protocol across our San Leandro, CA; Tracy, CA; and Katy, TX, sites.[4]Scope 2 emissions are indirect emissions produced from purchased energy calculated using the operational-control method aligned with the GHG Protocol across our San Leandro, CA; Tracy, CA; and Katy, TX, sites. The Tracy facility was opened during the latter half of 2020, and production increased by 40% in 2021 to support higher sales, driving scope 2 increases.[5]Given that we began purchasing 100% renewable electricity for all our sites in the summer of 2022, we have calculated both market-based and location-based scope 2 emissions for the first time. For the location-based calculations, we use the standard Western Power Grid factor (WECC-CA) for our San Leandro, CA, and Tracy, CA, sites. For the Katy, TX, site, the ERCOT factor was used. For the market-based calculations, the CA sites rely on the East Bay Community Energy emissions factors for the Bright Choice and Renewable 100 plans published on the California Energy Commission Power Source Disclosure webpage. The market-based emissions for the Katy, TX, site are derived from the emissions factors from the Constellation utility and Green-e program. [6]Scope 3 emissions are indirect emissions across the value chain not captured in scope 1 and 2 and calculated leveraging our third-party advisor's proprietary model which aligns with the guidance of the GHG Protocol and relies on recent EPA emissions factors and trusted third-party data to determine indirect and induced greenhouse gas emissions. Our reported scope 3 emissions do not include the following categories: 3.10 – Processing of sold products; 3.11 – Use of sold products; 3.12 – End-of-life treatment of sold products; 3.13 – Downstream leased assets; 3.14 – Franchises; 3.15 – Investments. Note, 3.10, 3.11, 3.12 all require customer data to which Energy Recovery does not have access, while our business model and operations deem categories 3.13, 3.14, and 3.15 inapplicable. Our reported scope 3 emissions input categories reflect our U.S.-based operations and global business travel. [7]Calculated as Metric Tons of CO_2e divided by FY revenue ($M). [8]Solar panels were down from August-December 2022 due to an inverter issue. 100% renewable electricity plans began mid-year 2022 for all sites. [9]Calculated as the sum of grid electricity (Gj), diesel (Gj), renewable electricity (Gj), and natural gas (Gj) consumed at our three facilities (San Leandro, CA, Tracy, CA, Katy, TX). [10]Calculated as Gigajoules (Gj) divided by FY revenue ($M). [11]Calculated as kilograms of recycled alumina powder used in PX production divided by kilograms of total alumina powder used in PX production. Recycled alumina powder and virgin alumina powder are tracked as separate part numbers in inventory and on as-builts. [12]Calculated as the avoided electricity consumption that can be attributed to Energy Recovery's energy recovery devices that have been sold, shipped, and, to our knowledge, are still in use by customers globally. The estimate is based on actual sales figures and assumptions about the percentage of our cumulative sales (excluding pumps) operating globally. PX Pressure Exchangers have a design life of over 25 years ; therefore, this accounting metric assumes that the majority of our sold and shipped Pressure Exchangers are in operation. Although it is possible that ERDs shipped in FY2022 may have been in the process of being commissioned and not fully operating as of fiscal year-end, Energy Recovery does not have access to this data and therefore uses ERDs sold and shipped through the end of FY2022 as the basis for this calculation. As ERDs constitute the majority of our sales through end of FY2022, pumps are excluded from this calculation. The calculated CO_2 emissions reductions is based on 1.05 lbs CO_2/kWh emissions factor as published by the International Energy Agency as of 2018, which has been updated in our model. Assumed avoided electricity per PX Pressure Exchanger unit is based on nominal PX Pressure Exchanger efficiency of 96%, turbocharger efficiency of 69%, pump efficiency of 80%, motor efficiency of 96%, 64 bar nominal membrane pressure, and 42.5% membrane recovery. The calculated customer cost savings is based on the global average power price of $0.127/kWh as published by Electric Rate in 2022.

Social Performance Data

Metric		Unit	Time Period		
Employees			**FY 2020**	**FY 2021**	**FY 2022**
Health & Safety	Total Recordable Incident Rate[1]	(Incidents per 200,000 hours worked)	4.03	7.80	8.48
	Near Miss Frequency Rate[2]		8.06	13.01	18.96
	Fatality Rate[3]		Zero	Zero	Zero
Recruitment & Retention	Retention Rate[4]	Percentage (%)	94%	91%	93%
	New Hire Turnover Rate[5]		7%	4%	8%
Products			**FY 2020**	**FY 2021**	**FY 2022**
Quality	Warranty Expenses as a Percentage of Product Revenue	Percentage (%)	Less than 0.1%	Less than 0.1%	Less than 0.1%
Safety	Monetary Losses Associated with Legal Proceedings due to Product Health and Safety Incidents	USD	Zero	Zero	Zero

[1]*Total recordable incident rate is calculated as (number of incidents x 200,000)/(hours worked). Note: Energy Recovery's TRIR was 4.16 excluding COVID-19 incidents for FY 2021 and 4.49 in FY 2022. Excludes international employees, temp employees, and contract workers.*
[2]*Near miss frequency rate is calculated as (number of near misses x 200,000)/(hours worked). Excludes international employees, temp employees, and contract workers.*
[3]*Fatality rate is calculated as (number of work-related fatalities x 200,000)/(hours worked). Excludes international employees, temp employees, and contract workers.*
[4]*Retention rate is calculated as the number of voluntary terminations (of both domestic and international employees) divided by the average headcount for the fiscal year.*
[5]*Includes both voluntary and involuntary terminations of domestic and international employees. Excludes interns, temporary employees, and part-time employees.*

Governance Performance Data[1]

Metric		Unit	Time Period		
General			**FY 2020**	**FY 2021**	**FY 2022**
Company Profile	Annual Product Revenue	Million USD	92.1	103.9	125.6
	Number of Employees	Number	216	222	246
Board Composition			**FY 2020**	**FY 2021**	**FY 2022[2]**
Board Composition	Board of Director Female Representation	Percentage (%)	14%	38%	43%
	Board of Director People of Color Representation		17%	25%	29%
	Independent Directors		86%	88%	86%
Stakeholder Engagement			**FY 2020**	**FY 2021**	**FY 2022**
Stakeholder Engagement	Number of Total Critical Concerns	Number	1	0	0
Executive Compensation			**FY 2020**	**FY 2021**	**FY 2022**
Executive Compensation	Annual Total Compensation Ratio	Ratio	19.6:1	20.26:1	18.64:1

[1]*Information is available in current and historical 10-k and proxy filings found on our investor website.*
[2]*As of September 2023, our Board of Director Female and People of Color Representation are 29% and 14%, respectively.*