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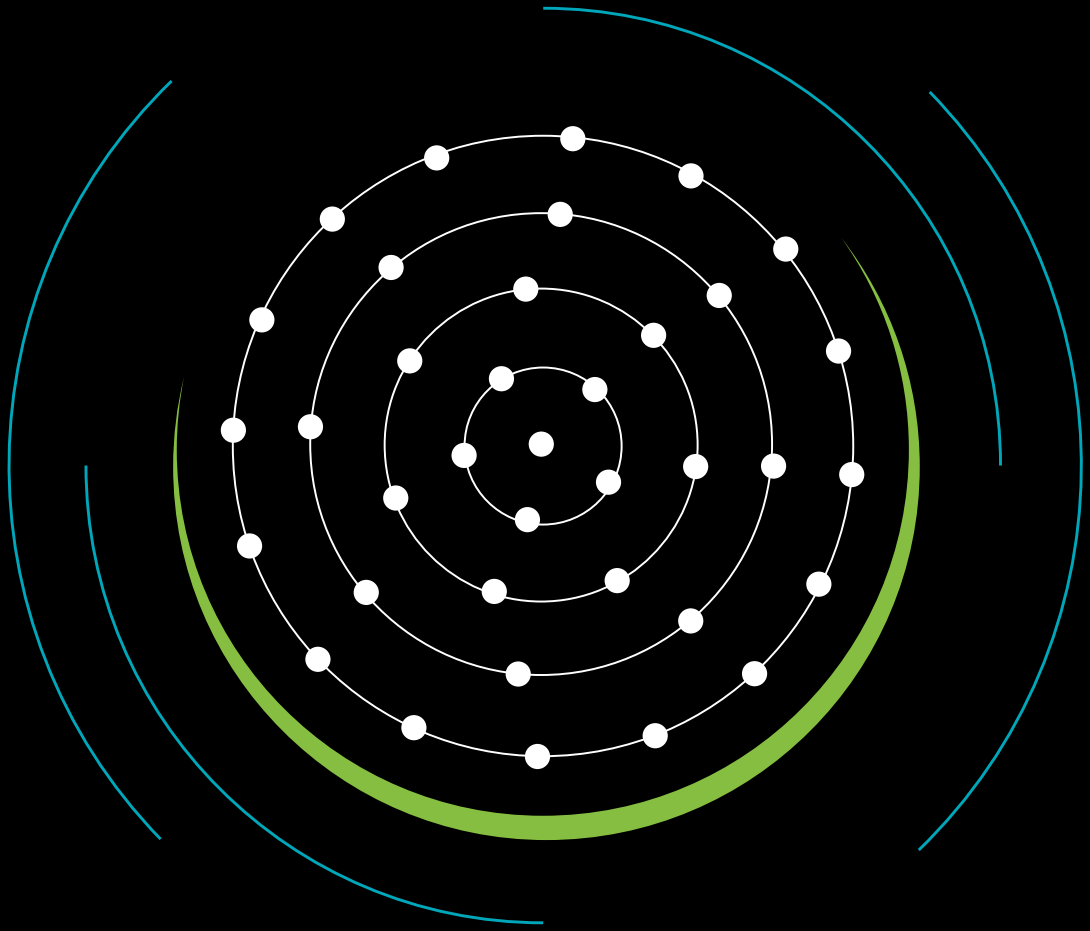

Connect for impact
Basis of reporting

Basis of reporting

This document provides additional details about the scope and calculation methods used in the Deloitte 2019 Global Impact Report (the "Global Report"), available at www.deloitte.com/GlobalReport. It should be read in conjunction with the Global Report and all definitions used therein unless otherwise stated also apply to this document.

Defining Global Report content

The Deloitte Touche Tohmatsu Limited (Deloitte Global) Corporate Responsibility Policy points to defining principles for establishing member firm policies. These defining principles include environmentally sustainable operations and a commitment to local communities and the wider society. Deloitte professionals engage continuously with key stakeholders, both internal and external, as part of routine business (See the Stakeholder Engagement Summary). Along with this ongoing engagement, in FY2017, Deloitte Global commissioned a formal stakeholder engagement process and materiality assessment to assist with identifying key areas of impact upon which to focus the Global Report content. Given the level of effort involved in conducting the materiality assessment and the typical rate of change in stakeholders' perspectives, this process was not revisited for the FY2019 Global Report and the materiality assessment from FY2017 was used in determining report content. Deloitte Global anticipates that future materiality assessments will take place every two to three years. For details of the materiality assessment, please review the Basis of Reporting from the 2017 Global Report.

The Global Report uses the GRI Standard in defining report content. The FY2019 Global Report has been prepared in accordance with the GRI standards: Core option.

Scope and methods for performance measurements

Deloitte Global adhered to widely accepted standards in developing the Global Report. These standards define a systematic approach to understanding the issues that the Global Report should cover and measuring and documenting performance with regard to those issues. Performance measures for societal impact and environmental sustainability are based on widely recognized standards as noted below. For reporting on societal impact, Deloitte Global considered the reporting standards from the Committee Encouraging Corporate Philanthropy (CECP) and the London Benchmarking Group (LBG). The monetary value of community activities was estimated according to the type of service performed. The value of volunteer work was based on Deloitte member firms' ("member firms") staff costs. Pro bono work, defined as work that the member firms have delivered to not-for-profit organizations free of charge or at significantly reduced rates, has been valued at fair-market rates representative of the member firms' client-service rates for comparable services. Estimates of greenhouse gas emissions were prepared according to the Greenhouse Gas (GHG) Protocol Corporate Accounting and Reporting Standard created by the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD), with emissions accounted for on the basis of operational control. While the reporting for FY2019 includes a significant number of Scope 3 sources, it does not consider full upstream and downstream emissions from all sources.

FY2019 environmental performance data in the Global Report was gathered from Deloitte Global and from member firms that provided such information, which collectively represented 96 percent of aggregate Deloitte professionals. Extrapolations were used to account for the emissions of the remainder of the Deloitte organization that did not directly report data and for specific data gaps from reporting member firms as further described below.

FY2019 societal impact data was collected from member firms that provided such information, representing 98 percent of aggregate Deloitte professionals and no additional estimates were made given this high capture rate.

Data that formed the basis of the reporting was obtained from financial reporting systems, other internal records and outside sources such as travel agencies, utilities and property managers. In FY2019, environmental data was gathered from across the Deloitte organization using a single carbon software system. Member firms entered their building electricity, fuel usage and business travel activities, and these activities were converted to metric tons of carbon dioxide equivalent.

Changes in methodology

During FY2019, Deloitte Global started reporting Scope 2 emissions using both location and market-based methods in accordance with WRI's GHG Protocol Scope 2 Guidance of 2015. The guidance was developed to enhance the relevance, completeness, consistency, transparency, and accuracy of reported Scope 2 emissions, particularly the reporting of renewable electricity.

Prior year Scope 2 emissions have not been recalculated as the variance between both methods resulted in immaterial difference for those years.

Starting in FY2019 Deloitte Global stopped reporting on professionals' commuting as prior year data did not represent the entire operational boundary and extrapolation to cover all operations would result in the significant use of estimates.

Emission factors

The software system used for reporting emissions incorporates standard emission factors, the majority of which come from the following sources:

- The International Energy Agency (IEA);
- The UK's Department for Environment, Food and Rural Affairs (DEFRA);
- The U.S. Environmental Protection Agency (US EPA);
- European Residual Mix;
- The GHG Protocol published by the WRI and WBCSD.

Residual mix emission factors were used for the countries covered by Association of Issuing Bodies (AIB) European Residual Mix. National grid factors were used where residual mix factors were not available.

Member firms have also identified emission factors that more accurately reflect localized source-specific emissions, such as specific emission factors for a local electric utility. These factors are also incorporated into the software system and used as appropriate for the emissions source. A compilation of emission factors used to calculate the data in the Global Report is included at the end of this section.

Building-related emission sources

Building-related emission sources included in the GHG emissions data of the Global Report were those associated with the use of electricity, heating oil, diesel, and natural gas in the office buildings and data centers that member firms either own or over which they have operational control. Upstream building-related emission sources, such as those associated with electric transmission and distribution line losses, were not included in the GHG emissions inventory.

Basis of reporting

Some of the activity data associated with building-related emission sources was available directly to the member firms. For example, some facilities have direct utility meters or sub-meters from which member firms obtain readings. For facilities that have no available meter data, activity data for the entire building was typically allocated on the basis of the percentage of total building floor space used (based on rentable square meters) by the member firm.

Where building-specific data was unavailable, member firms estimated electricity and fuel usage using actual data from a similar building or an average from a recognized source. A simplifying assumption is used for calculating the volume of diesel fuel used for backup power generation. It is assumed that diesel fuel purchased during the fiscal year is used that year. This method likely overestimates actual emissions in some years and underestimates them in others but, over time, captures the related emissions.

Business travel—Air
Reported GHG emissions from air travel are those resulting from Deloitte professionals flying for business reasons in accordance with Deloitte policies. GHG emissions from flights taken by non-Deloitte professionals are also reported in instances where flight activity data are captured in Deloitte travel systems and reimbursed or paid for by Deloitte (such as travel by family members in accordance with policies or travel by prospective Deloitte professionals).

Business air travel data was obtained from Deloitte travel systems and travel expense records. Seat class-specific data (e.g., first, business, premium economy, economy) was only available for a small proportion of the air travel, so in most cases the emission factor for unspecified seat class was used. The DEFRA emission factors used incorporated an uplift factor to account for non-direct routes, delays and circling. For FY2019 business air travel emissions were reported both inclusive and exclusive of radiative forcing. Prior year air travel was reported exclusive of radiative forcing.

Business travel—Road
Reported GHG emissions from Deloitte business travel by automobiles includes travel in Deloitte-owned vehicle fleets (personnel driving in vehicles owned by a Deloitte), reimbursed driving (personnel driving in personal cars for which they are reimbursed), rental cars (personnel driving in rented/hired cars for which Deloitte pays), buses and taxis (reimbursed personnel trips in buses, taxis, car service, car sharing and limousines).
For road travel, activity data was gathered from expense reports, rental agency records, travel agency records, Deloitte accounting systems, fuel receipts, odometer logs and receipts or other records indicating distance and location of trip segments. When fuel information was available, GHG emissions were calculated on the basis of mobile combustion factors for the given fuel type. When only distance information was available, GHG emissions were calculated on the basis of average emissions factors (emissions per kilometer traveled) for vehicles according to vehicle type (bus or car), fuel type (diesel, petrol, hybrid or unknown) and location. When only cost was available, distance was estimated based on a cost per mile traveled.

Business travel—Rail
Rail travel accounts for GHG emissions from trips by Deloitte professionals on subways, railways and trams, with different GHG emission factors used for each type of rail system. Activity data sources included travel agency reports, expense reports, accounting systems, receipts and other records indicating the distance and location of trip segments. In cases where actual distance was unavailable, estimates were made using travel expense data and average travel costs per unit of distance traveled.

Business travel—Accommodations
The GHG emissions inventory in the report includes emissions from accommodations at hotels, guest houses and apartments for business reasons and in accordance with Deloitte Global and member firm policies. Data was collected from travel agency records, travel expense reports and internal records.

Estimations
In calculating emissions, various estimations and extrapolations were made to account for known data gaps. For many travel activities, activity information and cost data were available both from travel providers (reservation systems, travel agencies or travel vendors) and from Deloitte Global or member firm expense systems. Travel expenses recorded in Deloitte Global or member firm expense systems often exceeded the corresponding expenses recorded by travel providers because of travel arrangements made outside of reservation systems or without travel agencies. In cases where such differences were identified, the travel activity data associated with the incremental cost was estimated based on the same proportion of cost-to-activity that was reflected by the travel system reservations.

Not every member firm has the capacity to report activity data for GHG emissions, and some member firms report on some, but not all, of the activities within the report boundaries. Ratios of travel activity per full-time equivalent (FTE) by emission source were calculated for the member firms that reported, and averages of these ratios were calculated and used to estimate activity and emissions for airlines, hotels and electricity where this information was not otherwise available. Consistent with other GRI indicators, emissions intensity per FTE was calculated using the FTE total at the reporting year end (31 May 2019).

While the above description is intended to be as accurate as possible, invariably, the inventory will contain some exceptions to this reporting basis. None of the known exceptions are considered to materially change the total emissions reported.

Emission factors
The table on the following page shows emission factors that were used in the inventory.

Basis of reporting

Emission source	Emission factor	Unit kg CO2e/unit	Reference
Air travel with Radiative Forcing (various lengths and seat classes)	0.134 - 0.651	Passenger km	DEFRA's 2018 Government Greenhouse Gas (GHG) Conversion Factors for Company Reporting; various factors used to depend on class and distance
Air travel without Radiative Forcing (various lengths and seat classes)	0.074 - 0.344	Passenger km	DEFRA's 2018 Government Greenhouse Gas (GHG) Conversion Factors for Company Reporting; various factors used to depend on class and distance
Bus (Europe)	0.101	Passenger km	DEFRA's 2018 Government Greenhouse Gas (GHG) Conversion Factors for Company Reporting
Bus (outside Europe)	0.107	Passenger miles	GHG Protocol Emission Factors from Cross Sector Tools
Electricity (Canada)	1.3 - 760	MWh	Canada National Inventory Report 2018
Electricity (Australia)	140-1,080	MWh	Australian Government—National Greenhouse & Energy Reporting Act 2007, Technical Guidelines 2017-18
Electricity (India)	820	MWh	CO2 Baseline Database for the Indian Power Sector—User Guides—2018
Electricity (Mexico)	527	MWh	Mexico Ministry of Environment and Natural Resources
Electricity (New Zealand)	98	MWh	Ministry for the Environment, 2018 Guidance for Voluntary Reporting
Electricity (South Africa)	970	MWh	ESKOM Integrated report 2018
Electricity (US)	295.9-1,675.2	MWh	US EPA eGRID 2016, released in 2018
Electricity (various countries)	0.1-1,354.5	MWh	International Energy Agency (IEA) 2018 v1.03 (AR5 Applied)
Hotel stays	31	Nights	Cornell Hotel Sustainability Benchmarking Index 2018
Hotel stays (New Zealand)	12.30	Nights	Carbonzero.co.nz
Mobile combustion—car (diesel)	2.627	Liter	DEFRA's 2018 Government Greenhouse Gas (GHG) Conversion Factors for Company Reporting
Mobile combustion—car (petrol/gasoline)	2.203	Liter	DEFRA's 2018 Government Greenhouse Gas (GHG) Conversion Factors for Company Reporting
Mobile combustion—car (petrol/gasoline)	8.81	Gallon (US)	GHG Protocol Emission Factors from Cross Sector Tools
Taxi (Europe)—regular and black cab	0.215 - 0.321	Passenger km	DEFRA's 2018 Government Greenhouse Gas (GHG) Conversion Factors for Company Reporting
Taxi (outside Europe)	0.2370	Passenger mile	GHG Protocol Emission Factors from Cross Sector Tools
Rail—Eurostar, light rail, tram, subway, and national rail (Europe)	0 - 0.050	Passenger km	DEFRA's 2018 Government Greenhouse Gas (GHG) Conversion Factors for Company Reporting and custom country factors where available

Basis of reporting

Emission source	Emission factor	Unit kg CO2e/unit	Reference
Rail—light rail, tram, subway, and national rail (outside Europe)	0.164 - 0.185	Passenger mile	GHG Protocol Emission Factors from Cross Sector Tools
Stationary combustion—diesel/ heating oil	2.69	Liter	GHG Protocol Emission Factors from Cross Sector Tools
Stationary combustion—LNG	1.243	Liter	DEFRA's 2018 Government Greenhouse Gas (GHG) Conversion Factors for Company Reporting
Stationary combustion—liquefied petroleum gas (LPG)	1.615	Liter	GHG Protocol Emission Factors from Cross Sector Tools
Stationary combustion—natural gas (low heating value)	1.890	Cubic meters	GHG Protocol Emission Factors from Cross Sector Tools

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globalreport@deloitte.com

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