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BASIS OF REPORTING

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Basis of Reporting

This document provides additional details about the scope and calculation methods used in the Deloitte 2021 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 Global Corporate Responsibility Policy points to defining principles for establishing Deloitte policies. These defining principles include environmentally sustainable operations and a commitment to supporting local communities and wider society. Deloitte people engage continuously with key stakeholders, both internal and external, as part of routine business. 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. The materiality assessment from FY2017 was largely used in determining report content, with Deloitte Global leadership using judgement to adjust the priority of some elements of the materiality matrix based on current perspectives. The FY2021 matrix included increased emphasis both on health and safety and on climate change. Deloitte Global anticipates that a future materiality assessment will take place prior to the next annual reporting cycle. For details of the materiality assessment, please review the **Basis of Reporting from the 2017 Global Report**.

The Global Report uses the Global Reporting Initiative (GRI) Standards in defining report content. The FY2021 Global Report has been prepared in accordance with the GRI standards: Core option.

Scope and methods for performance measurements

Deloitte Global adheres to widely accepted standards in developing the Global Report. These standards define a systematic approach to understanding the areas that the Global Report should cover and measuring and documenting performance with regard to those areas. 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 firms' staff costs. Pro bono work, defined as work that the Deloitte firms have delivered to qualifying organizations free of charge or at significantly reduced rates, has been valued at fair-market rates representative of the local Deloitte firms' client-service rates for comparable services.

Estimates of carbon emissions were prepared according to the Greenhouse Gas (GHG) Protocol Corporate Accounting and Reporting Standard and the Corporate Value Chain (Scope 3) 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.

FY2021 environmental performance data in the Global Report was directly collected from across the Deloitte network and collectively represents approximately 99% of aggregate Deloitte people. Extrapolations were used to account for the

emissions of the remainder of the organization that did not directly report data and calculated for the four most material emission sources: electricity, air travel, hotel stays, and purchased goods and services. In FY2021, environmental data was gathered from across the Deloitte network using a single carbon software system. Deloitte Global and Deloitte firms reported their building electricity, fuel usage, fleet, and business travel activities, and these activities were converted to metric tons of carbon dioxide equivalent.

FY2021 societal impact data was collected from across the Deloitte network and covered all Deloitte member firms.

Data that formed the basis of the reporting was obtained from financial reporting systems, time-tracking systems, accounts payable records, other internal records, and outside sources such as travel agencies, utilities, and property managers.

Changes in methodology over time

Starting in FY2020, Deloitte Global included reporting on emissions from Purchased Goods & Services (PG&S) category of Scope 3. Scope 3 PG&S emissions are calculated using data collected from select suppliers and broad estimations of emissions per amount spent by purchasing category. As such, the uncertainty around these reported emissions is high. In FY2021, Deloitte Global revised the methodology for calculating PG&S emissions to use a hybrid approach. Supplier-specific activity data was used where available, and was further supplemented by inclusion of secondary data (as needed) to obtain a sufficient calculation base. Supplier-specific data was obtained through Deloitte's participation in the CDP Supply Chain program. Where supplier-specific data was unavailable, PG&S emissions were calculated using proprietary emission factors for applicable supplier industries and categories. FY2019 and FY2020 PG&S emissions were restated during FY2021 using the updated methodology.

Additionally, beginning in FY2021, District Heating and District Cooling emissions are included in the location-based and market-based Scope 2 emissions.

Prior to FY2021, Full Time Equivalent (FTE) as of end of reporting period was used for calculating intensity metrics. Beginning in FY2021, average FTE count for the year is used as it offers a better representation of the FTE count through the fiscal year for the purpose of normalizing data. FY2019 and FY2020 intensity metrics were recalculated to align with the current methodology.

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 Department for Business, Energy & Industrial Strategy (BEIS);
- The US Environmental Protection Agency (US EPA);
- Reliable Disclosure (RE-DISS) and Association of Issuing Bodies (AIB) European Residual Mixes; and
- The GHG Protocol published by the WRI and WBCSD.

Residual mix emission factors were used for the countries covered by the AIB European Residual Mix. National grid factors were used where residual mix factors were not available.

Deloitte 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, district heating and cooling, heating oil, and natural gas in the office buildings and data centers that Deloitte Global and Deloitte 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.

Some of the activity data associated with building-related emission sources was available directly to the Deloitte firms. For example, some facilities have direct utility meters or sub-meters from which Deloitte 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 Deloitte firm.

Where building-specific data was unavailable, Deloitte firms estimated electricity 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 people flying for business reasons in accordance with Deloitte policies. GHG emissions from flights taken by non-Deloitte people 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 people).

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 available for the majority of the air travel, so in most cases the emission factor by seat class was used. The BEIS emission factors used incorporated an uplift factor to account for non-direct routes, delays, and circling. Business air travel and total emissions are exclusive of radiative forcing; however, air travel emissions inclusive of radiative forcing are included in the footnotes to the performance metrics table.

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 firm), reimbursed driving (personnel driving in personal cars for which they are reimbursed), rental cars (personnel driving in rented/hired cars for which the Deloitte firm pays), and 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 consumption 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 personnel 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.

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

Purchased Goods and Services
The GHG emissions inventory includes emissions from extraction, production, and transportation of goods and services purchased by Deloitte Global and Deloitte firms in the reporting year, not otherwise included in other emissions sources.

A hybrid method was used to calculate PG&S emissions as follows:

- Allocated scope 1 and scope 2 data was collected from Deloitte's largest suppliers .

- All other upstream emissions and emissions from suppliers that do not report allocated data were estimated based on the total spend by category of goods and services. Where actual spend by category for a given geography was not available, extrapolations were made to calculate such emissions. Proprietary data sources were used for determining sector specific emission factors used for extrapolations.

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 Deloitte firm expense systems. Travel expenses recorded in Deloitte Global or Deloitte 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 Deloitte firm has the capacity to report activity data for GHG emissions, and some Deloitte firms report on some, but not all, of the activities within the report boundaries. Average ratios of travel activity and electricity usage per full-time equivalent (FTE) by emission source were calculated for the Deloitte firms that reported and used to estimate missing activity and emissions for airlines, hotels, and electricity. Emissions intensity per FTE was calculated using the average FTE count during the reporting year.

While the description in this document 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 below shows emission factors that were used in the inventory. PG&S emission factors are not included as they are sourced from a proprietary data source.

Emission source	Emission factor	Unit kg CO2e/unit	Reference
Air travel (various lengths and seat classes)	0.074 - 0.309	Passenger km	Dept. for Business, Energy & Industrial Strategy (BEIS) (Defra) - 2020 v1.4 (AR4 Applied)
Bus	0.103	Passenger km	Dept. for Business, Energy & Industrial Strategy (BEIS) (Defra) - 2020 v1.4 (AR4 Applied)
Electricity (Canada)	0.001 - 0.720	KWh	Canada National Inventory Report 2020
Electricity (Australia)	0.140 - 1.080	KWh	Australian Government—National Greenhouse & Energy Reporting Act 2007, Technical Guidelines (2020 Update)
Electricity (New Zealand)	0.098	KWh	Ministry for the Environment, 2019 Guidance for Voluntary Reporting
Electricity (US)	0.106 - 0.775	KWh	US Environmental Protection Agency eGRID (Sub Region & US Average) - 2019 (Released Feb 2021) v1.0
Electricity and district heating and cooling (various countries)	0 - 1.424	KWh	International Energy Agency (IEA) 2020 v1.1 (AR4 Applied)
Electricity (various countries) - residual factors	0 - 0.811	KWh	Reliable Disclosure (RE-DISS) and AIB European Residual Mixes 2020 V1.01 (GWP Applied)
Hotel stays (average)	31.3	Nights	Cornell Hotel Sustainability Benchmarking Index 2018
Hotel stays (France)	7.3	Nights	Dept. for Business, Energy & Industrial Strategy (BEIS) (Defra) - 2020 v1.4 (AR4 Applied)
Hotel stays (New Zealand)	12.8	Nights	Carbonzero.co.nz
Road vehicle—distance	0.070 - 0.174	Vehicle km	Dept. for Business, Energy & Industrial Strategy (BEIS) (Defra) - 2020 v1.4 (AR4 Applied)
Road vehicle—distance	0.202 - 0.328	Passenger km	Dept. for Business, Energy & Industrial Strategy (BEIS) (Defra) - 2020 v1.4 (AR4 Applied)
Road vehicle—fuel—diesel	2.546	Liter	Dept. for Business, Energy & Industrial Strategy (BEIS) (Defra) - 2020 v1.4 (AR4 Applied)
Road vehicle—fuel—gasoline	2.168	Liter	Dept. for Business, Energy & Industrial Strategy (BEIS) (Defra) - 2020 v1.4 (AR4 Applied)
Road vehicle—fuel—unknown fuel	2.327	Liter	Dept. for Business, Energy & Industrial Strategy (BEIS) (Defra) - 2020 v1.4 (AR4 Applied)
Black cab	0.312	Vehicle km	Dept. for Business, Energy & Industrial Strategy (BEIS) (Defra) - 2020 v1.4 (AR4 Applied)
Taxi	0.204	Vehicle km	Dept. for Business, Energy & Industrial Strategy (BEIS) (Defra) - 2020 v1.4 (AR4 Applied)

Emission source	Emission factor	"Unit kg CO2e/unit"	Reference
Rail and subway	0.005 - 0.037	Passenger km	Dept. for Business, Energy & Industrial Strategy (BEIS) (Defra) - 2020 v1.4 (AR4 Applied)
Stationary combustion—diesel/ heating oil	2.691	Liter	Greenhouse Gas Protocol V1.3
Stationary combustion—natural gas (low heating value)	1.890	Cubic meters	Greenhouse Gas Protocol V1.3

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