

# Deloitte LLP

Independent Limited Assurance Statement

Carbon Footprint Report 2016/17

August 2017





# Independent Limited Assurance Report to Deloitte LLP

## Background and introduction

BDO LLP ('BDO' or 'we') were engaged by Deloitte LLP ('Deloitte') to undertake a limited assurance engagement in accordance with ISAE 3000 and ISAE3410 to report the carbon emissions of Deloitte for year ending 31 May 2017.

We have performed our limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (ISAE 3000), Assurance Engagements other than Audits or Reviews of Historical Financial Information, as well as International Standards on Assurance Engagements 3410 (ISAE 3410) Assurance Engagements on Greenhouse Gas Statements, issued by the International Auditing and Assurance Standards Board.

The engagement covered all entities and all facilities either owned or under the operational control of Deloitte LLP in the UK and Switzerland.

Our review was limited to the data reported in the Deloitte LLP Carbon Footprint report comprising:

- The total emissions relating to Scope 1, 2 and 3 Greenhouse Gases
- The total tonnes of waste generated in respect of recycled paper, composted waste and waste sent to/diverted from landfill
- Water consumption
- Paper usage
- Electricity procured from green tariffs.

We have not performed any procedures with respect to other information included in the Report and, therefore, no conclusion on the Report as a whole is expressed.

## Deloitte LLP's responsibilities

The Members of Deloitte LLP are responsible for:

- Preparing the Carbon Footprint report in accordance with the GHG Emissions (Directors' Reports) Regulations 2013
- The information contained in the report
- The design, implementation and maintenance of internal controls relevant to the preparation of the data to provide reasonable assurance that the report is free from material statement whether due to fraud or error
- Ensuring the report is fairly stated in accordance with the applicable criteria.

## Inherent uncertainty

ISAE 3410 recognises that Greenhouse Gas quantification process can rarely be 100 per cent accurate due to:

- Scientific uncertainty, arising from incomplete scientific knowledge about the measurement of the gases
- Measurement uncertainty, arising from limitations in measurement techniques and the use of estimations

Where significant assumptions or deductions are utilised they are disclosed.

## Criteria

The Greenhouse Gas data was prepared in accordance with the Greenhouse Gas Protocol, a Corporate Accounting and Reporting Standard (revised edition, 2004). The 2016 emission factors issued by DEFRA were applied, as they were the most recently published at the time of the review.

A materiality level of five per cent was set by Deloitte LLP.



# Independent Limited Assurance Report to Deloitte LLP

## Our responsibility

Our responsibility is to express a limited assurance conclusion in accordance with ISAE3000 and ISAE 3410 and to provide this in a report to Deloitte LLP.

In providing this limited assurance report, it is important to note that the procedures performed in a limited assurance engagement vary in nature from, and are less in extent than for, a reasonable assurance engagement. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

## Work performed

The procedures we performed were based on our professional judgment. We:

- carried out interviews with key personnel to understand the governance, systems and controls in place during the reporting period
- assessed the systems, processes and controls to collate, aggregate, validate and report the data
- tested the key controls covering the consolidation and/or aggregation process
- checked the relevant conversion factors and GHG emission calculations
- reviewed the appropriateness of the GHG emissions and other environmental data provided by Deloitte LLP, their outsourced facilities manager or outsourced travel management company
- tested a sample of records to underlying records
- reviewed compliance against the requirements of the GHG Emissions (Directors' Reports) Regulations 2013.

## Inherent limitations

Non-financial performance information is subject to more inherent limitations than financial information, given the characteristics of the subject matter and the methods used for determining such information. The absence of a significant body of established practice on which to draw allows for the selection of different but acceptable measurement techniques which can result in materially different measurements and can impact accuracy and comparability. Greenhouse gas quantification is unavoidably subject to inherent uncertainty as a result of both scientific and estimation uncertainty and for other non-financial performance information the precision of different measurement techniques may also vary. Furthermore, the nature and methods used to determine such information, as well as the measurement criteria and the precision thereof, may change over time.

## Restriction of use

This assurance report is made solely to Deloitte LLP in accordance with the terms of our engagement, which include agreed arrangements for disclosure. Our work has been undertaken so that we might state to Deloitte LLP those matters we have been engaged to state in this limited assurance report and for no other purpose. Our limited assurance report should not be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than Deloitte LLP for any purpose or in any context. Any party other than Deloitte LLP who obtains access to our limited assurance report or a copy thereof and chooses to rely on our limited assurance report (or any part thereof) will do so at its own risk. To the fullest extent permitted by law, we accept or assume no responsibility and deny any liability to any party other than Deloitte LLP for our work, for this independent limited assurance report, or for the conclusions we have reached.



## Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the GHG emissions expressed as CO<sub>2</sub> and other environmental data noted in the Deloitte LLP Carbon Footprint report for the financial year ended on 31 May 2017, has not been prepared, in all material respects, in accordance with Deloitte's reporting methodologies.

Yours sincerely

A handwritten signature in blue ink that reads 'Richard Weighell'.

Richard Weighell  
Partner  
For and on behalf of BDO LLP

**16 August 2017**



## Appendix I - Basis of Reporting 2016/17

### Basis of Reporting

Due to the nature of the data collected and reported, Deloitte's environmental performance data is calculated on the basis of a number of assumptions. The following is a list of the key assumptions identified during the course of our work, which we believe ought to be disclosed as supplementary information to both the environmental performance figures reported and to our Assurance Statement.

### GHG conversion rates

The Deloitte Carbon Footprint data collected (reported under Scopes 1, 2 and 3 as described below), is multiplied by the relevant carbon conversion factors contained in the Defra/DECC guidelines 'Greenhouse Gas Conversion Factors for Company Reporting', issued in 2016. These conversion rates are uplifted to reflect the 4th GHG protocol (seen as best practice as this reflects the most recent carbon research). This provides the total Carbon Footprint, reported in tonnes of Carbon Dioxide equivalent (CO<sub>2</sub>e).

### Scope 1 - Direct emissions from gas, refrigerants, generators and firm owned vehicle fleet

The reported emissions for gas are based on a combination of manual meter readings, usage data obtained from invoices and, where actual data was not available, consumption inferred usage based on Econ 19. For all offices, the Net Calorific Value conversion factor is used to calculate Deloitte's carbon emissions from gas consumption.

Carbon emissions relating to the use of refrigerants is on the basis of volumes topped up by specialist contractors; generators on the basis of inferred usage during routine maintenance testing; and mileage from the firm owned van that has been captured using manual odometer readings.

### Scope 2 - Indirect emissions from purchased electricity

Electricity data is obtained from Automatic Meter Readers (AMR) for all main campus London sites and a number of regional offices, manual meter readings, and usage data obtained from invoices. In the offices that were taken on towards the end of the financial year, before the standard reporting procedures were established, consumption has been inferred based on Econ 19.

Since 2015/16 Deloitte has applied the market based method of accounting emissions.

### Scope 3 - Other emissions from business travel and waste

Scope 3 emissions are calculated from business travel (air, rail, bus, car rental, taxi, reimbursed mileage distances and hotel nights), waste production (recyclables, confidential paper, composting, waste-to-energy and waste-to-landfill) and transmission and distribution losses from electricity consumption.

Travel expenses are recorded in the internal expenses system, SAP. In 2016/17, Lodgecards were introduced for staff as an alternative method to book and pay for flights. Spend data is therefore a combination of SAP and Lodgecard figures. The SAP system does not provide detailed information, so breakdowns of the air and rail data must be obtained from the designated supplier, Carlson Wagonlit Travel (CWT). Not all travel is booked through CWT however, so the totals recorded in SAP and Lodgecard are assumed to be taken in the same proportion to travel booked through CWT. All reported travel is based on travel expenses posted in the financial year.



## Air

Deloitte has applied an 8% uplift to air travel mileage to account for non-direct routes, delays and circling in accordance with Defra guidance. It does not include radiative forcing. In addition, Deloitte assume that air travel not booked through CWT, is in the same proportion as that booked through CWT.

Air travel is split between:

- Domestic
- Continental economy
- Continental business
- Intercontinental economy
- Intercontinental premium economy
- Intercontinental business
- Intercontinental first travel.

## Rail

Deloitte assume that rail travel not booked through CWT, is in the same proportion (calculated as a split between National and Continental rail) as that booked through CWT.

## Bus

Deloitte has used average bus travel information from Transport for London (TfL) and assumed that this is applicable to the UK as a whole. In addition, Deloitte has assumed that Bus travel represents 2% of rail travel, based on prior year methodology.

The cost applied from TfL was calculated and published by TfL in 2006/07 and has not been adjusted since. Therefore Deloitte has inflated this cost using the Retail Price Index (RPI) for bus and coach fares over the past years to obtain a more reasonable cost for 2016/17 .

## Car Rental

Deloitte assume that car rental expenses recorded in SAP not booked through its preferred supplier, are in the same proportion (calculated as a km per £ spend) as that booked through its preferred supplier. The 'Average Car (Unknown Fuel)' conversion is applied to this data.

## Taxis

Deloitte use Addison Lee as their preferred taxi services provider. They provide Deloitte with the mileage summary and total spend for the year. The diesel (medium car) conversion factor to calculate the carbon emissions.

For the remaining taxi expenditure recorded in SAP, Deloitte assume that these were undertaken in black cabs. The Transport for London (TfL) average values for distance and costs of these journeys are applied to both the UK and its Swiss operations to calculate the remaining taxi miles travelled.

## Hotels

Deloitte assume that Hotel stays not booked through CWT are in the same proportion (calculated as a split between Domestic and International accommodation) as that booked through CWT. This proportion has been adjusted to take account of expenses incurred during an average hotel stay (assumed to be 20%, based on CWT data). Swiss hotels are categorized as international accommodation.

Defra/DECC guidelines do not provide specific conversion factors for hotel usage. Deloitte has used the Hotel Footprinting Tool to identify conversion factors for each country. Where data does not exist, a neighbouring country has been used. This was for 18 countries out of 107 visited this year and represented 0.8 per cent of the nights spent in hotels.

## Reimbursed Mileage

Due to limitations in the nature of the data collected, Deloitte has applied the 'Average Car (Unknown Fuel) conversion factor to the total car mileage claimed in a year and the 'Average Motorbike' conversion factor to the total motorcycle mileage for the period.



### Waste

Deloitte have assumed an average weight of waste per bag and this is applied to the numbers of bags of waste generated at each site. For London and majority of the regional offices, the number of bags are known and are specifically used in the CO2 calculations. For other sites, the total waste for the office is known and Deloitte have assumed that the waste generated by their operations is in line with the proportion of the office occupied.

Waste is divided by its content and method of disposal: mixed recyclables, confidential paper, composting, waste-to-energy and waste-to-landfill.

Deloitte report all waste from their UK and Swiss offices.

### **Other metrics**

#### Water

Data is obtained from meter readings. For the offices that don't have direct readings, a water usage benchmark is calculated (m<sup>3</sup>/ FTE) and applied to the HR FTE data to estimate the water consumption.

#### Paper Usage

Deloitte report usage in terms of kilograms of paper purchased.

#### Green Electricity

Deloitte has identified the type of electricity tariff (green or brown) in operation at the locations under Deloitte's control. The percentage of green electricity is calculated as the proportion of green electricity for the locations under Deloitte's control. This excludes void buildings or buildings rented out, although such buildings are included in the CRC report.

The percentage figure given in the report only covers UK electricity and does not include Switzerland figures.

#### FTE

The full-time employee figure for FY17 has been provided by the Accounts team and includes UK and Switzerland staff.



## Appendix II - Statement of Assured 2016/17 Greenhouse Gas Emissions Data

Greenhouse Gas Emissions	FY11 (Baseline Year)		FY16		FY17		% change against baseline	
	(tCO <sub>2</sub> e)	(tCO <sub>2</sub> e / FTE)	(tCO <sub>2</sub> e)	(tCO <sub>2</sub> e / FTE)	(tCO <sub>2</sub> e)	(tCO <sub>2</sub> e / FTE)	(tCO <sub>2</sub> e)	(tCO <sub>2</sub> e / FTE)
<b>Scope 1</b>	<b>4,014</b>	<b>0.31</b>	<b>2,781</b>	<b>0.17</b>	<b>2,685</b>	<b>0.15</b>	<b>-33%</b>	<b>-52%</b>
Fuel combustion	3,858	0.30	2,719	0.16	2,500	0.14	-35%	-53%
Vehicle fleet	41	0.00	1	0.00	1	0.00	-98%	-99%
Fugitive emissions	115	0.01	62	0.00	184	0.01	61%	16%
Process emissions	-	-	-	-	-	-	-	-
<b>Scope 2 (using market-based method)</b>	<b>14,200</b>	<b>1.11</b>	<b>3,006</b>	<b>0.18</b>	<b>3,230</b>	<b>0.18</b>	<b>-77%</b>	<b>-84%</b>
Market based (w/REGO green tariff)	14,200	1.11	3,006	0.18	3,230	0.18	-77%	-84%
Statutory total (Scope 1 & 2)*	18,214	1.43	5,787	0.35	5,915	0.34	-68%	-76%
<b>Scope 3</b>	<b>36,526</b>	<b>2.86</b>	<b>43,191</b>	<b>2.58</b>	<b>47,441</b>	<b>2.70</b>	<b>30%</b>	<b>-6%</b>
Upstream scope 3 emissions	36,526	2.86	43,191	2.58	47,441	2.70	30%	-6%
Purchased goods and services	Excluded	-	Excluded	-	Excluded	-	-	-
Capital goods	Excluded	-	Excluded	-	Excluded	-	-	-
Fuel- and energy- related activities	1,213	0.10	1,008	0.06	1,028	0.06	-15%	-39%
Upstream transport and distribution	-	-	-	-	-	-	-	-
Waste generated in operations	80	0.01	73	0.00	73	0.00	-9%	-34%
Business travel	35,233	2.76	42,110	2.52	46,340	2.63	32%	-5%
Employee commuting	Excluded	-	Excluded	-	Excluded	-	-	-
Upstream leased assets	-	-	-	-	-	-	-	-





Greenhouse Gas Emissions	FY11 (Baseline Year)		FY16		FY17		% change against baseline	
	(tCO <sub>2</sub> e)	(tCO <sub>2</sub> e / FTE)	(tCO <sub>2</sub> e)	(tCO <sub>2</sub> e / FTE)	(tCO <sub>2</sub> e)	(tCO <sub>2</sub> e / FTE)	(tCO <sub>2</sub> e)	(tCO <sub>2</sub> e / FTE)
Downstream Scope 3 emissions	-	-	-	-	-	-	-	-
Downstream transport and distribution	-	-	-	-	-	-	-	-
Processing of sold products	-	-	-	-	-	-	-	-
Use of sold products	Excluded	-	Excluded	-	Excluded	-	-	-
End-of-life treatment of sold products	-	-	-	-	-	-	-	-
Downstream leased assets	Excluded	-	Excluded	-	Excluded	-	-	-
Franchises	-	-	-	-	-	-	-	-
Investments	Excluded	-	Excluded	-	Excluded	-	-	-
Biogenic emissions	N/A	-	-	-	-	-	-	-
<b>Total Gross Emissions</b>	<b>54,740</b>	<b>4.29</b>	<b>48,978</b>	<b>2.93</b>	<b>53,356</b>	<b>3.03</b>	<b>-3%</b>	<b>-29%</b>
Exported renewable electricity	-	-	-	-	-	-	-	-
Certified Emission Reductions (CERS)	-	-	-	-	-	-	-	-
<b>Total Net Emissions</b>	<b>54,740</b>	<b>4.29</b>	<b>48,978</b>	<b>2.93</b>	<b>53,356</b>	<b>3.03</b>	<b>-3%</b>	<b>-29%</b>




Other Metrics	FY11 (Baseline Year)		FY16		FY17		% change against baseline	
	(Metric)	(Metric / FTE)	(Metric)	(Metric / FTE)	(Metric)	(Metric / FTE)	(Metric)	(Metric / FTE)
Full-Time Employees (FTE) in footprint	12,761	-	16,732	-	17,601	-		
Gas Consumption	20,793,722	1,629	14,772,352	883	13,574,993	771	-35%	-53%
Electricity Consumption	32,626,350	2,557	28,316,854	1,692	28,795,849	1,636	-12%	-36%
Electricity Consumption (via REGO green tariff) *	-	-	19,753,131	-	20,122,150	-	-	-
Heat Consumption (via District CHP)	-	-	-	-	724,526	-	-	-
Water Usage (m <sup>3</sup> )	113,716	8.9	116,473	7.0	137,840	7.8	21%	-12%
Paper Procured, <30% Recycled (kg)	741,791	58.1	225,026	13.4	170,023	9.7		
Paper Procured, 100% Recycled (kg)	-	-	295,305	17.6	234,035	13.3		
Paper Procured, Total (kg)	741,791	58.1	520,331	31.1	404,058	23.0	-46%	-61%
Waste, Produced (tonnes)	2,071	0.16	2,218	0.13	2,152	0.12	4%	-25%
Waste, Recycled (%) *	73%	-	61%	-	56%	-		
Waste, Diverted from Landfill (%) *	98%	-	99%	-	100%	-		



Deloitte 'Our Green Journey' target figures:

		Target	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2020/21	Progress (1-yr)	Progress vs. target
<b>GHG emissions</b>	Reduce scopes 1, 2 and 3 emissions	35% per FTE	4.29	3.25	2.55	2.37	2.40	2.44	2.56	<b>2.79</b>	5%	-40%
<b>Energy efficiency</b>	Reduce emissions intensity from energy usage	40% per FTE	1.51	0.95	0.68	0.62	0.43	0.40	0.38	<b>0.91</b>	-5%	-75%
<b>Energy consumption</b>	Procure 'green' electricity (where management is under our direct control)	100%	0%	63%	97%	99%	98%	100%	100%	<b>100%</b>	-	-
<b>Travel</b>	Reduce travel - related GHG emission	25% per FTE	2.76	2.77	2.55	2.44	2.58	2.52	2.63	<b>2.07</b>	5%	-5%
<b>Waste production</b>	Reduce quantities of waste production	20% per FTE	0.16	0.16	0.16	0.15	0.14	0.13	0.12	<b>0.13</b>	-8%	-25%
<b>Waste management</b>	Send zero waste to landfill across our estate (where management is under our direct control)	0%	98%	99%	99%	98%	97%	99%	100%	<b>100%</b>	-	-
<b>Waste management</b>	Maximise recycling rates (where management is under our direct control)	70%	73%	73%	69%	63%	62%	61%	56%	-	-	-
<b>Water consumption</b>	Reduce potable water consumption	30% per FTE	8.91	9.05	7.13	7.17	7.35	6.96	7.83	<b>6.24</b>	13%	-12%
<b>Paper usage</b>	Reduce paper consumption	50% per FTE	58.13	52.78	47.81	41.70	38.06	31.10	22.96	<b>29.06</b>	-26%	-61%



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