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BASIS OF REPORTING

Basis of reporting

This document provides additional details about the scope and calculation methods used in the Deloitte 2020 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 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. Given the level of effort involved in conducting this in-depth materiality assessment and the typical rate of change in stakeholders' perspectives, this in-depth process was not revisited for the FY2020 Global Report. The materiality assessment from FY2017 was largely used in determining report content, with management using judgement to adjust the priority of some elements of the materiality matrix based on current perspectives. The FY2020 matrix included increased emphasis both on health and safety and on climate change. Deloitte Global anticipates that future materiality assessments will take place every four to five years. For details of the materiality assessment, please review the Basis of Reporting from the 2017 Global Report.

The Global Report uses the GRI Standards in defining report content. The FY2020 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 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 local 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.

FY2020 environmental performance data in the Global Report was directly collected from across the Deloitte network and collectively represents 94% of aggregate Deloitte people and 94% of aggregate Deloitte firm revenue. Extrapolations were used to account for the emissions of the remainder of the organization that did not directly report data and calculated for the three most material emission sources: electricity, air travel and hotel stays. FY2020 societal impact data was reported from across the Deloitte network and collectively represented 99% of aggregate Deloitte people and 99% of aggregate Deloitte firm revenue. Estimates of societal impact contributions were not made for the geographies that did not report this data due to the wide range of societal impact activities across Deloitte firms. 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 FY2020, environmental data was gathered from across the Deloitte network using a single carbon software system. Deloitte 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 over time

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 reported as the variance between both methods was estimated to be immaterial for those years.

Starting in FY2020 Deloitte Global included reporting on emissions from Purchased Goods & Services (PG&S) category of Scope 3. PG&S emissions were retroactively estimated for FY2019 in order to provide a complete baseline for the science-based carbon reduction targets set in 2020. Scope 3 PG&S is calculated using broad estimations of emissions per amount spent by purchasing category. As such, the uncertainty around these reported emissions is high, and they were broken out as a separate line item in the performance table. PG&S reporting is expected to become more accurate over time as calculation methodologies mature and supplier-specific data sets are obtained.

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 Department for Business, Energy & Industrial Strategy (BEIS) (formerly DEFRA);
- The US Environmental Protection Agency (US EPA);
- Reliable Disclosure (RE-DISS) and AIB European Residual Mixes;
- 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.

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

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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, and natural gas in the office buildings and data centers that 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 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 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. FY2019 and FY2020 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 table. 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 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), 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 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. These emissions were estimated based on the total spend by category of goods and services multiplied by supply chain emission factors sourced from 2012 greenhouse gas conversion factors for company reporting published by the UK's Department for Environment, Food and Rural Affairs (DEFRA). Where actual spend by category for a given geography was not available, extrapolations were made to calculate such emissions.

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. Ratios of travel activity per full-time equivalent (FTE) by emission source were calculated for the Deloitte firms that reported,

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and averages of these ratios were calculated and used to estimate activity and emissions for airlines, hotels and electricity. Consistent with other GRI indicators, emissions intensity per FTE was calculated using the FTE total at the reporting year end (31 May 2020).

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 below shows emission factors that were used in the inventory.

Emission source	Emission factor	Unit kg CO2e/unit	Reference
Air travel (various lengths and seat classes)	0.073–0.317	Passenger km	Department for Business, Energy & Industrial Strategy (BEIS) (formerly Defra)—2019 v1.05 (AR4 Applied); various factors used to depend on class and distance
Bus	0.105	Passenger km	Department for Business, Energy & Industrial Strategy (BEIS) (formerly Defra)—2019 v1.05 (AR4 Applied)
Electricity (Canada)	0.001–0.750	KWh	Canada National Inventory Report 2019
Electricity (Australia)	0.7–1.08	KWh	Australian Government—National Greenhouse & Energy Reporting Act 2007, Technical Guidelines
Electricity (New Zealand)	0.098	KWh	Ministry for the Environment, 2019 Guidance for Voluntary Reporting
Electricity (US)	0.115–0.763	KWh	US Environmental Protection Agency eGRID (Sub Region & US Average)—2018 (Released Jan 2020) v1.1
Electricity (various countries)	0.0001–1.425	KWh	International Energy Agency (IEA) 2019 v1.01 (AR4 Applied)
Electricity (various countries)—residual factors	0–0.811	KWh	Reliable Disclosure (RE-DISS) and AIB European Residual Mixes 2019 Version 1.1 (GWP Applied)
Hotel stays	31.30	Nights	Cornell Hotel Sustainability Benchmarking Index 2018
Hotel stays (France)	6.60	Nights	Provided by country
Hotel stays (New Zealand)	12.30	Nights	Carbonzero.co.nz
Road vehicle—distance	0.071–0.181	Vehicle km	Department for Business, Energy & Industrial Strategy (BEIS) (formerly Defra)—2019 v1.05 (AR4 Applied)
Road vehicle—distance	0–0.336	Passenger km	Department for Business, Energy & Industrial Strategy (BEIS) (formerly Defra)—2019 v1.05 (AR4 Applied)
Road vehicle—fuel—diesel	2.594	Liter	Department for Business, Energy & Industrial Strategy (BEIS) (formerly Defra)—2019 v1.05 (AR4 Applied)
Road vehicle—fuel—gasoline	2.209	Liter	Department for Business, Energy & Industrial Strategy (BEIS) (formerly Defra)—2019 v1.05 (AR4 Applied)

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Emission source	Emission factor	Unit kg CO2e/unit	Reference
Black cab	0.318	Vehicle km	Department for Business, Energy & Industrial Strategy (BEIS) (formerly Defra)—2019 v1.05 (AR4 Applied)
Taxi	0.210	Vehicle km	Department for Business, Energy & Industrial Strategy (BEIS) (formerly Defra)—2019 v1.05 (AR4 Applied)
Rail—Eurostar, subway, and national rail	0–0.050	Passenger km	Department for Business, Energy & Industrial Strategy (BEIS) (formerly Defra) - 2019 v1.05 (AR4 Applied)
Stationary combustion—diesel/ heating oil	2.690	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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