

Deloitte NSE

Independent Limited Assurance Statement

Carbon Footprint Report FY22

November 2022



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Independent Limited Assurance Report to Deloitte NSE Services Ltd

Background and introduction

BDO LLP ('BDO' or 'we') were engaged by Deloitte NSE Services Ltd ('Deloitte NSE') to undertake a limited assurance engagement in accordance with ISAE 3000 and ISAE 3410 to report the energy usage and carbon emissions of Deloitte NSE for the year ending 31 May 2022.

We have performed our limited assurance engagement in accordance with the International Standard on Assurance Engagements 3000 (ISAE 3000), Assurance other than Audits or Reviews of Historical Financial Information, as well as the International Standard 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 NSE in the following geographies:

- Belgium
- Denmark
- Finland
- Greece
- Iceland
- Ireland
- Italy
- Malta
- Middle East
- The Netherlands
- Norway
- Sweden
- Switzerland
- UK.

Our review was limited to the data reported in the Deloitte NSE Greenhouse Gas Statement comprising:

- The total emissions relating to Scope 1, 2 and 3 Greenhouse Gases
- The total energy consumption relating to Scope 1, 2 and 3 Greenhouse Gases
- Electricity procured from green tariffs and purchased energy attribute certificates (EACs)
- Certified Emission Reduction offset certificates (CERS)
- Non-carbon metrics relating to water (m³) and waste (tonnes)
- Energy efficiency actions.

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 NSE's responsibilities

The Directors of Deloitte NSE are responsible for:

- Preparing the Greenhouse Gas report in accordance with The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018
- The accuracy and completeness of the information contained in the report
- The design, implementation and maintenance of internal controls relevant to the preparation of the report to provide reasonable assurance that the report is free from material misstatement, whether due to fraud or error
- Ensuring the report is fairly stated in accordance with the applicable criteria and for the content and statements contained therein.

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.

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The Deloitte NSE Greenhouse Gas Statement for FY22 represents the first year of inclusion of emissions from home working and commuting, which has also been restated for FY19, FY20 and FY21.

The methodologies for commuting and homeworking are based on a number of assumptions and estimates around travel distances, client visits and home energy use, coupled with data such as the number of working positions and utilisation rates. UK Government statistics are used to determine the split between rail and car travel.

Deloitte recognises that the data reported is likely to be subject to a higher error rate than other aspects of the statement, but these reflect the best information available at this time.

Criteria

The Greenhouse Gas data was prepared in accordance with the Greenhouse Gas Protocol, a Corporate Accounting and Reporting Standard (revised edition, 2004) and Corporate Value Chain (Scope 3) Standard. The 2021 emission factors issued by BEIS, IEA and AIB European Residual Mixes were applied to the FY22 energy consumption data, as they were deemed the most appropriate for the period reported.

A materiality level of five per cent of the consolidated Deloitte NSE reporting was set by Deloitte NSE. The testing conducted across the 14 Deloitte NSE geographies in scope of the reporting varied based upon the proportion of energy consumption and corresponding emissions relating to Scope 1, 2 and 3. Testing focused on the five countries which accounted for a significant proportion of the Deloitte NSE energy consumption and emissions and were individually material. Other countries were tested only when there was potential for errors to accumulate to material amounts. The five material countries were:

- Belgium
- Denmark
- Italy
- The Netherlands
- UK.

Our responsibility

Our responsibility is to express a limited assurance conclusion in accordance with ISAE 3000 and ISAE 3410 and to provide this in a report to Deloitte NSE.

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 systems and controls in place during the reporting period
- Evaluated the materiality of the locations based on reported emissions and considered this for reasonableness against the Deloitte estate and activity in those locations
- Assessed the systems, processes and controls to collate, aggregate, validate and report the data
- Checked the relevant conversion factors and GHG emission calculations
- Reviewed any matters showing significant variations from prior years
- Reviewed the appropriateness of the GHG emissions and other environmental data provided by Deloitte NSE, their outsourced facilities managers or outsourced travel management companies
- Tested a sample of records to underlying records
- Confirmed the purchase of Certified Emission Reduction (CERS) and Energy Attribute Certificates (EACs) offset certificates
- Reviewed compliance against the requirements of The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.



The relative effectiveness and significance of specific control procedures at Deloitte NSE and their effect on assessment of control risk at a country level are dependent on their interaction with the controls and other factors present at individual country organisations. We have not performed any procedures to evaluate the effectiveness of controls at individual country organisations.

We have not conducted any work outside the agreed scope and therefore restrict our conclusion to the above mentioned subject matter.

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 NSE 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 NSE 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 NSE for any purpose or in any context. Any party other than Deloitte NSE 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 NSE 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 CO2 and other environmental data noted in the Deloitte NSE Greenhouse Gas Statement report for the financial year ended on 31 May 2022, has not been prepared, in all material respects, in accordance with Deloitte NSE's reporting methodologies.

A handwritten signature in blue ink, appearing to read 'Richard Weighell', is written over a light blue circular stamp.

Richard Weighell
Partner
For and on behalf of BDO LLP

09 November 2022



Appendix 1 - Statement of Assured FY22 Greenhouse Gas Emissions Data

Greenhouse Gas Emissions	FY19 (Baseline year)		FY20		FY21		FY22		% change against baseline	
	(tCO ₂ e)	(tCO ₂ e/FT E)	(tCO ₂ e)	(tCO ₂ e/FT E)	(tCO ₂ e)	(tCO ₂ e/FT E)	(tCO ₂ e)	(tCO ₂ e/FT E)	(tCO ₂ e)	(tCO ₂ e/FT E)
Scope 1	37,329	0.75	29,989	0.56	19,535	0.35	23,846	0.38	-36%	-49%
Fuel combustion	5,184		4,269		3,950		3,612			
Vehicle fleet (ICE)	32,145		25,720		15,585		20,234			
Scope 2	26,818	0.54	7,774	0.14	2,098	0.04	1,978	0.03	-93%	-94%
Electricity (market-based) Note 1	23,900		4,656		0		0			
District heating and cooling	2,419		2,201		2,098		1,978			
Vehicle fleet (Electric) Note 1	499		917		0		0			
Total Gross “Operational” Emissions	64,147	1.30	37,763	0.70	21,633	0.39	25,824	0.42	-60%	-68%
Scope 3	271,564	5.49	234,053	4.34	139,686	2.50	213,107	3.43	-22%	-38%
Upstream scope 3 emissions										
Purchased goods and services (PG&S) Note 2	140,978		128,595		119,537		169,122			
Capital goods (included in PG&S)	Included in PG&S		Included in PG&S		Included in PG&S		Included in PG&S			
Fuel- and energy- related activities	Not material		Not material		Not material		Not material			
Upstream transport and distribution	Included in PG&S		Included in PG&S		Included in PG&S		Included in PG&S			



Appendix 1 - Statement of Assured FY22 Greenhouse Gas Emissions Data

Greenhouse Gas Emissions	FY19 (Baseline year)		FY20		FY21		FY22		% change against baseline	
	(tCO ₂ e)	(tCO ₂ e/FT E)	(tCO ₂ e)	(tCO ₂ e/FT E)	(tCO ₂ e)	(tCO ₂ e/FT E)	(tCO ₂ e)	(tCO ₂ e/FT E)	(tCO ₂ e)	(tCO ₂ e/FT E)
Upstream scope 3 emissions continued										
Waste generated in operations	Not material		Not material		Not material		Not material			
Business travel (excluding radiative forcing)	96,041	1.94	74,663	1.38	4,718	0.08	18,955	0.3	-80%	-84%
Employee commuting and homeworking Note 3	34,545		30,795		15,431		25,030			
Upstream leased assets	Included in PG&S		Included in PG&S		Included in PG&S		Included in PG&S			
Downstream scope 3 emissions										
Downstream transport and distribution	Not applicable		Not applicable		Not applicable		Not applicable			
Processing of sold products	Not applicable		Not applicable		Not applicable		Not applicable			
Use of sold products	Not applicable		Not applicable		Not applicable		Not applicable			
End-of-life treatment of sold products	Not applicable		Not applicable		Not applicable		Not applicable			
Downstream leased assets	Not material		Not material		Not material		Not material			



Appendix 1 - Statement of Assured FY22 Greenhouse Gas Emissions Data

Greenhouse Gas Emissions	FY19 (Baseline year)		FY20		FY21		FY22		% change against baseline	
	(tCO ₂ e)	(tCO ₂ e/FT E)	(tCO ₂ e)	(tCO ₂ e/FT E)	(tCO ₂ e)	(tCO ₂ e/FT E)	(tCO ₂ e)	(tCO ₂ e/FT E)	(tCO ₂ e)	(tCO ₂ e/FT E)
Franchises	Not applicable		Not applicable		Not applicable		Not applicable			
Investments	Not applicable		Not applicable		Not applicable		Not applicable			
Total Gross “Operational & Travel” Emissions	160,188	3.24	112,426	2.08	26,351	0.47	44,779	0.72	-72%	-78%
Total Gross Emissions	335,711	6.79	271,816	5.04	161,319	2.89	238,931	3.84	-29%	-43%
Exported renewable electricity	-		-		-		-			
Certified Emission Reductions (CERS)	61,287		112,426		145,887		238,931			
Total Net “Operational & Travel” Emissions	98,901	2.00	0.00	0.00	0.00	0.00	0.00	0.00	-100%	-100%
Total Net Emissions	274,424	5.55	159,390	2.95	15,432	0.28	0.00	0.00	-100%	-100%



Appendix 1 - Statement of Assured FY22 Greenhouse Gas Emissions Data

Other Metrics	FY19 (Baseline year)		FY20		FY21		FY22		% change against baseline	
	Metric	Benchmark	Metric	Benchmark	Metric	Benchmark	Metric	Benchmark	Metric	Benchmark
Full-Time Equivalents (FTE) Note 4	49,444		53,955		55,910		62,198			
Floor Area (m ²)	564,792		563,710		568,671		576,777			
Fuel Consumption (kWh)	158,167,361	3,199 kWh/FTE	127,104,201	2,356 kWh/FTE	71,496,610	1,279 kWh/FTE	97,741,988	1,571 kWh/FTE	-38%	-51%
Owned, Internal Combustion Engine Vehicles	129,112,557		103,613,988		62,810,837		82,263,561			
Owned, Electric Vehicles	961,443		1,761,452		1,865,986		5,094,547			
% electric/plug-in hybrid vehicles in fleet	7%		11%		17%		26%			
Reimbursed Mileage & Car Rentals	28,093,361		21,728,761		6,819,787		10,383,881			
Utilities Consumption (kWh)	126,522,351	224 kWh/m ²	107,772,927	191 kWh/m ²	99,943,385	176 kWh/m ²	102,542,739	178 kWh/m ²	-19%	-21%
Gas	28,178,575		23,220,220		21,482,038		19,721,829			
Electricity	84,345,607		70,901,684		65,022,390		68,242,719			
Electricity from Renewables (%)	40%		90%		100%		100%			
District Cooling	2,244,583		1,658,100		1,630,245		2,441,013			
District Heating	11,753,586		11,992,922		11,808,713		12,137,179			



Appendix 1 - Statement of Assured FY22 Greenhouse Gas Emissions Data


Other Metrics	FY19 (Baseline year)		FY20		FY21		FY22		% change against baseline	
	Metric	Benchmark	Metric	Benchmark	Metric	Benchmark	Metric	Benchmark	Metric	Benchmark
Total Energy Consumption (kWh)	284,689,712	5,758 kWh/FTE	234,877,128	4,353 kWh/FTE	171,439,996	3,066 kWh/FTE	200,284,728	3,220 kWh/FTE	-30%	-44%
Water Usage (m ³)	312,141	6.3	260,202	4.8	144,700	2.6	171,849	2.8	-45%	-56%
Waste Production (tonnes)	5,977	0.121	4,991	0.093	1,572	0.028	2,699	0.043	-55%	-64%
Recycled (%)	55%		60%		53%		54%			
Diverted from Landfill (%)	89%		90%		89%		87%			

Note 1. These figures reflect the EACs purchased.

Note 2. The PG&S methodology is based on procurement spend data for 4 geographies (including UK as the largest). This spend data is the basis for 59% of emissions, with the rest extrapolated. Deloitte applies a number of assumptions to the spend data, including how it allocates spend into procurement categories, how it treats its suppliers' reported Scope 3 emissions, the CDP sector emission factors it applies to each spend category, and the extrapolation factors. Deloitte continually reviews its approach to reduce the risks inherent in these assumptions and the impacts of year-on-year fluctuations. Between FY21 and FY22 it changed some of these assumptions. For FY22, Deloitte has changed the extrapolation factor from region-specific to a single global factor, reflecting that it does not believe emissions per unit of product are materially different from region to region in a global supply chain. Deloitte has also improved how it allocates spend per procurement category, and revised which CDP sector emissions factors it applies to its procurement categories. For transparency, Deloitte has estimated that FY21 PG&S emissions would have been 113,832 tonnes using the revised FY22 methodology; a variance of -5%. Deloitte will continue to review its approach to Scope 3 reporting in the future, aiming to continually improve the accuracy of its disclosures.

Note 3. FY22 is the first year Deloitte has calculated and reported emissions from employee commuting and homeworking. Before the Covid-19 pandemic, employee commuting and homeworking was deemed to be outside of Deloitte's operational control and therefore not reported. Covid-19 has had significant implications for working patterns and consequently a hybrid working model has become embedded during FY22. This means Deloitte now considers commuting and homeworking to be a fundamental part of its operating model and will purchase offsets/ CERs to cover this new emissions category from FY22 onwards. For transparency and comparability, Deloitte has retrospectively calculated emissions in this category and reflected this in the Gross and Net emissions totals for FY19 - FY21. Due to limitations on actual data, it should be noted that the majority of the commuting and working from home calculation rests on assumptions.

Note 4. For consistency across NSE, the Full-Time Equivalents (FTE) data used to normalise environmental data is sourced from Deloitte NSE internal management reporting. These FTE amounts vary slightly with those reported in statutory financial statements depending on country-specific reporting requirements.



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