KPMG

# KPMG Chain Analysis Report

## Purchased Goods & Services: insourcing

November 2025

# Contents

# Summary

This report presents a value chain analysis for KPMG Netherlands (KPMG N.V.) as part of its commitment to achieve a 26% reduction in emissions from purchased goods and services by 2030. Within this category, the analysis targets the emissions generated when insourcing expertise from external KPMG member firms focuses on Scope 3, Category 1: Purchased Goods & Services, KPMG N.V.'s largest emission source (68%).

KPMG N.V. operates within a global network, delivering assurance and advisory services that often require collaboration with other member firms and international travel. While the organization's direct emissions are relatively low due to targeted emission reductions through the procurement of renewable electricity and the transition to an electric lease car fleet, the procurement of goods and services remains a significant contributor to its overall carbon footprint. The report outlines the methodology for identifying relevant emission categories, mapping the value chain, and quantifying emissions using up-to-date data and recognized standards such as the GHG Protocol.

Key partners in the value chain include the umbrella organization of KPMG International and KPMG member firms. The respective analysis emphasizes the importance of collaboration with these partners to obtain accurate emissions data and implement effective reduction measures. Strategic interventions proposed include encouraging member firms to procure renewable electricity and transition to an electric lease car fleet.

Progress will be monitored and reported (internally on a quarterly basis, and externally semi-annually), ensuring transparency and continuous improvement. By embedding sustainability into its business travel practices, KPMG N.V. not only aims to meet regulatory requirements, but also to drive broader change within its sector and value chain.

# 1. Introduction

We believe that climate change is both a business risk and an opportunity for innovation. No single organization or country can solve the climate challenges alone, making collaboration and engagement critical. At KPMG, we recognize that in our role as auditors and as advisors to organizations around the world, we have an important responsibility regarding how we drive the change needed to deliver on a low carbon economy. This is why KPMG participates in the $CO_2$ Performance Ladder, designed to help organizations reduce their carbon footprint and drive continuous improvement in climate performance.

KPMG operates as a global network of independent member firms affiliated with KPMG International Limited. Each member firm is a legally distinct entity responsible for its own management, operations, and profit and loss (P&L). KPMG International itself does not provide services to clients but acts as a coordinating entity to ensure consistency in service quality and adherence to shared values across the network. KPMG N.V. also utilizes expertise from other member firms, these firms act as suppliers of specialized knowledge and are financially compensated for their contributions.

Within the KPMG network, services are typically divided into two primary functions: assurance and advisory. Assurance services encompass audit and related activities aimed at providing independent verification of financial and non-financial information. Advisory services cover a broad range of consulting solutions – such as strategy, management, risk, transactions, and technology. This distinction is important when considering the procurement of external expertise, as the nature and intensity of resource use, as well as associated emissions, can vary significantly between assurance and advisory engagements.

Although our activities are not characterized by high emission intensity, the issue of greenhouse gas (GHG) emissions in the context of climate change mitigation is a material negative impact that we are actively addressing. We want to fully play our part in the transition to societal net-zero and help address the existential challenges of climate change.

### 1.1 Reason for Value Chain Analysis

In January 2025, we obtained the $CO_2$ Performance Ladder Level 3 certificate (Handbook 3.1). We are now aiming to step up to Level 5, which requires us to identify $CO_2$ reduction opportunities within our value chain in relation to a product or service via a set of value chain analyses. Our goal is to do so through obtaining clarity regarding internal and external factors that influence the emissions of our insourced expertise and to collaborate with and share this knowledge with sector peers.

### 1.2 Target audience and relevance

This chain analysis focuses on emissions from business air travel within Scope 3, Category 6: Business Travel—a significant source of emissions for internationally operating service organizations. In our case, insourcing often predominantly involves collaboration with other KPMG member firms, who provide specialized expertise and support for client engagements. By analyzing this area, we not only address a major contributor to our indirect emissions but also highlight an industry-wide challenge: emissions are typically estimated using spend-based methods, which offer limited accuracy. Introducing a new KPI and applying a more granular approach improves transparency and insight into these emissions—not only within our organization but across the sector and potentially beyond.

Through this chain analysis and the interventions we implement, we create a practical methodology that other organizations can adopt, helping to establish a standard for measuring and reducing emissions in international service delivery. Our KPIs and insights can serve as benchmarks, encouraging transparency and enabling other companies to perform similar analyses and improve their performance.

Our member firms work with the same suppliers, technology partners, and clients as other players in the sector. By setting requirements and implementing reduction plans, we increase pressure on the broader value chain to decarbonize—amplifying the impact beyond our own operations.

Through collaboration and knowledge sharing, we aim to identify where emissions occur in our value chain and uncover practical reduction opportunities. This chain analysis provides insights that help our partners make informed decisions, improve transparency, and enable joint initiatives – creating impact not only within our network but across the professional services sector for a cleaner future within planetary boundaries.

This value chain analysis is not only about compliance, but also about raising awareness of the role of international collaboration in the climate transition. By identifying emission hotspots and stimulating joint reduction actions, KPMG contributes to a broader movement towards a sustainable economy. This aligns with the growing recognition that value chain responsibility is essential for achieving climate goals and strengthening the sector's societal legitimacy.

### 1.3 Structure of the report

This report outlines our value chain analysis. To identify the most relevant emission streams within Scope 3, we adhered to the GHG Protocol , which involves four key steps:

- Describing the value chain.
- Determining the relevant Scope 3 emission categories.
- Identifying partners in the value chain.
- Quantifying the emissions.

These steps, as illustrated above, have been woven into chapters in this report:

Chapter 1 introduces the chain analysis.

Chapter 2 determines the qualitative categorization and quantification.

Chapter 3 determines the relevant/material emission sources and focal point.

Chapter 4 describes the chain partners in the member firm structure.

Chapter 5 quantifies the emissions, explaining the data used, the calculation methods, and the outcomes.

Chapter 6 presents proposed interventions to reduce $CO_2$ emissions.

Chapter 7 provides the intended qualitative and quantitative outcomes and how these will be measured.

Chapter 8 discusses monitoring and evaluation.

Chapter 9 provides the conclusion and discussion about potential improvements and further research.

[1] ghg-protocol-revised

# 2. Scope 3 emissions qualitative categorization and quantification

To identify relevant Scope 3 emission sources, we applied the GHG Protocol's category framework , selecting those deemed material to our operations. We then qualitatively prioritized these categories using five criteria - outlined as column headers in the accompanying table - to guide where we should focus our reduction efforts.

| PMC's sector/activities | Activity causing $CO_2$ emissions | Relative importance of $CO_2$ impact of the sector/activity | | Potential influence on the $CO_2$ emission | Ranking (1 = highest) |
|---|---|---|---|---|---|
| #1 | #2 | #3 Sector | #4 Activities | #5 | #6 |
| **KPMG Advisory** | Scope 3, category 1: Purchased Goods and Services | High | High | High | 1 |
| | Scope 3, category 3:Fuel and Energy-Related Activities | Medium | Medium | Medium | 4 |
| | Scope 3, category 5: Waste generated in operations | Low | Low | Low | 5 |
| | Scope 3, category 6: Business Travel | Medium | High | High | 2 |
| | Scope 3, category 7: Employee Commuting | Medium | Medium | Medium | 3 |
| **KPMG Accountancy** | Scope 3, category 1: Purchased Goods and Services | High | High | High | 1 |
| | Scope 3, category 3:Fuel and Energy-Related Activities | Medium | Medium | Medium | 4 |
| | Scope 3, category 5: Waste generated in operations | Low | Low | Low | 5 |
| | Scope 3, category 6: Business Travel | Medium | High | High | 2 |
| | Scope 3, category 7: Employee Commuting | Medium | Medium | Medium | 3 |

*Table 1: Qualitative emissions categorization Scope 3 emissions*

[2] Corporate Value Chain (Scope 3) Accounting Reporting Standard

When comparing the qualitative list (see table above) with the quantitative disclosure of our $CO_2$ emissions the listing order matches accurately:

| Gross Scope 1, 2, and 3 emissions ($tCO_2e$) | Retrospective | | | | Target |
|---|---|---|---|---|---|
| **Emission category** | **Baseline year 2018/2019** | **2023/2024** | **2024/2025** | **%(2024/2025)/ (2019/2020)** | **2029/2030** |
| **Scope 1 GHG emissions** | | | | | **-98.5%** |
| Gross Scope 1 GHG emissions ($tCO_2e$) | 8,532 | 2,110 | 1,333 | -84% | |
| **Scope 2 GHG emissions** | | | | | |
| Gross location-based Scope 2 GHG emissions ($tCO_2e$) | 1,888 | 3,071 | 3,827 | 103% | N/A |
| Gross market-based Scope 2 GHG emissions ($tCO_2e$) | 2,828 | 2,884 | 0 | -100% | -100% |
| **Scope 3 GHG emissions** | | | | | |
| Total gross indirect (Scope 3) GHG emissions ($tCO_2e$) | 22,990 | 29,431 | 28,885 | 26% | -26%[1] |
| Purchased goods and services<br>- End-user IT devices<br>- Other commodities and services | 14,318<br>161<br>14,157 | 21,345<br>1,325<br>20,020 | 22,069<br>824<br>21,245 | 54%<br>412%<br>50% | N/A |
| Fuel and energy-related activities (not included in Scopes 1 and 2) | 2,237 | 1,688 | 1,220 | -48% | |
| Waste generated in operations | 4 | 3 | 3 | -25% | |
| Business travel | 6,228 | 6,191 | 4,941[2] | -32% | N/A |
| Employee commuting | 203 | 204 | 1,340[3] | 560% | N/A |
| **Total GHG emissions (location-based) ($tCO_2e$)** | **33,410** | **34,613** | **34,045** | **2%** | **N/A** |
| **Total GHG emissions (market-based) ($tCO_2e$)** | **34,351** | **34,426** | **30,218** | **-12%** | **-50%** |

*[1]The disclosed Scope 3 emission reduction target is provisional and aligned with our commitment to achieving a 50% gross emissions reduction.*
*[2] As of January 2025, new DENSZ (formerly Defra) emission factors are considered, resulting in lower emissions per km of air travel*
*[3] Due to data quality improvements, we are now better able to distinguish business travel emissions from employee commuting emissions. This resulted in a shift of emissions previously allocated to business travel to employee commuting. The disclosed emissions for business travel are different from those presented in the Integrated Report. This is because the figure above includes full lifecycle emissions of fuels from air travel (WtW), whereas in our integrated report we report exhaust pipe emissions of air travel (TtW).*

*Table 2: Emissions inventory*

This table presents emissions data calculated in accordance with the $CO_2$ Performance Ladder Handbook 3.1. This has slight differences with the requirements for emissions accounting according to the GHG Protocol as followed in our Integrated Report. Most notably, the Performance Ladder requires full lifecycle (WtW) emissions accounting in Scope 3, resulting in higher air travel emissions in the business travel category, as we add the upstream emissions of fuel consumption in airplanes (WtT) to the inventory.

This value chain analysis maps the emissions from activities purchased from other KPMG member firms. This activity is part of emissions within our Scope 3, Category 1: Purchased Goods & Services, our largest emission source. Emissions in this category have increased significantly since our 2018/2019 base year.

Emissions are calculated according to the spend-based method. The data source is the expenditure in our Coupa purchase ledger. These expense categories are mapped to emission factor categories in an Environmentally Extended Input-Output (EEIO) model (Exiobase) that reflect emissions in $kgCO_2e$ per EUR spent in various spend categories. This quantitative hotspot analysis shows that the total emissions from the procurement of services from member firms is 23% of KPMG N.V.'s total Scope 1, 2 and 3 emissions.

# 3. Our focal point: Purchased Goods & Services

This chain analysis focuses on a particularly prominent source of emissions within Scope 3, Category 1: Purchased Goods & Services, where insourcing plays a significant role. These emissions arise from common practices in the professional services sector, where cross-border service delivery often requires collaboration beyond a single entity. To deliver high-quality and efficient advisory services to multinational clients, KPMG Netherlands (KPMG N.V.) regularly relies on the expertise of other KPMG member firms and KPMG International. These firms act as suppliers of specialized knowledge and are financially compensated for their contributions—an approach that is standard across the industry, driven by regulatory requirements, assurance standards, and client expectations.

By analyzing this area, we not only address a major contributor to our indirect emissions but also highlight an industry-wide challenge—where emissions are typically estimated using spend-based methods. By introducing a new KPI and applying a more granular approach, we contribute to improving insight into these emissions—not only within our organization but across the sector and potentially beyond.

Sector-wide relevance and example-setting: Through this chain analysis and the interventions we implement, we create a practical methodology that other organizations can adopt. This helps establish a standard for measuring and reducing emissions in international service delivery. Our KPIs and insights can serve as benchmarks, encouraging transparency and enabling other companies to perform similar analyses and improve their performance.

Indirect impact through shared networks: Our member firms work with the same suppliers, technology partners, and clients as other players in the sector. By setting requirements and implementing reduction plans, we increase pressure on the broader value chain to decarbonize—amplifying the impact beyond our own operations.

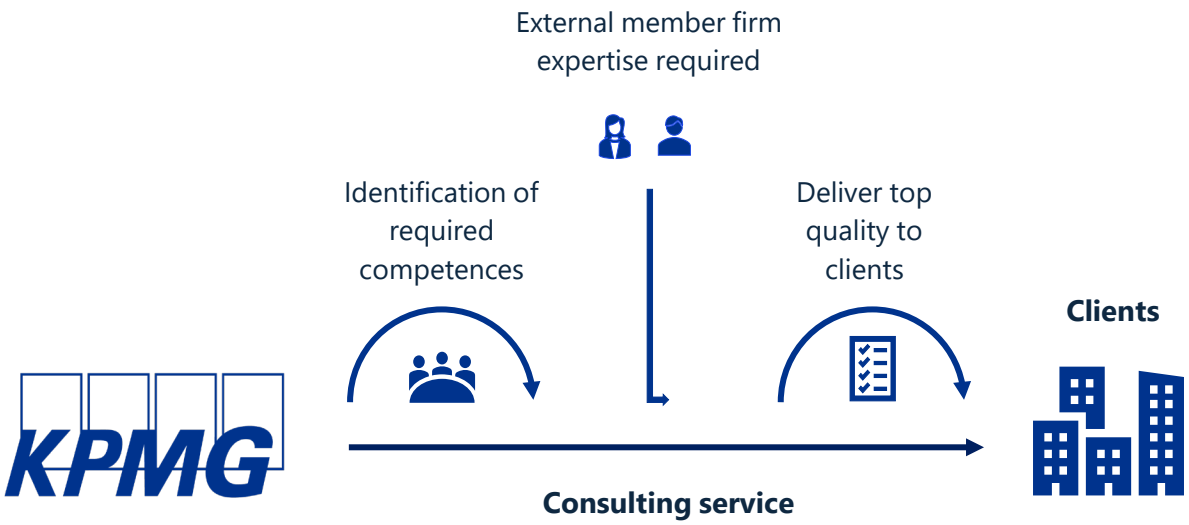


Figure 1. KPMG N.V.'s value chain regarding the member firm structure.

# 4. Chain partners in the member firm structure

Chain partners are entities upstream in the member firm structure with whom KPMG N.V. engages. When identifying chain partners, it is important to distinguish between direct and indirect partners. Direct chain partners are those with whom KPMG N.V. have a direct contractual relationship. Indirect chain partners are those without a direct contractual link.

### 4.1 Direct and indirect chain partners

Direct chain partners

In planning and implementing the chain analysis, the most important direct chain partners are the KPMG International organization, with whom we connect as a supplier, a data provider and a sparring partner to share insights from this chain analysis. In addition, there are other KPMG member firms with whom we engage on data and decarbonization strategies.

| Partner Type | Role | Impact | Example Activities |
|---|---|---|---|
| **KPMG International** | Provide expertise for market insights, managing key accounts, collaborating across member firms to improve cohesion of service delivery | Stationed remotely and across the globe. Generate emissions through travel | Travel internationally, potentially by airplane |
| **Other KPMG member firms** | Provide topic and project-specific knowledge | Stationed in a country outside of the Netherlands, have employee commuting emissions, more likely to be ground travel | Travel mostly inside the country and make use of KPMG member firm offices |

Indirect chain partners

With regard to decarbonization strategies by member firms, it is likely that most emissions are generated in Scope 3 by our direct chain partners. It is also likely that the emission profile of other KPMG member firms is similar to that of KPMG N.V. This means that engaging with other KPMG member firms can be centered around the same topics as with KPMG N.V.

| Partner Type | Role | Impact | Example Activities |
|---|---|---|---|
| **Energy providers** | Provide energy (electricity and heat) to the offices of KPMG member firms | Electricity and heat generation, most commonly generated by fossil fuels | Electricity for buildings and natural gas for building heating |
| **Mobility providers** | Provide mobility for the employees of KPMG member firms | Internal combustion vehicles drive on fossil fuels | Fossil fuel (lease) fleet |
| **Travel providers** | Provide (international) travel for the employees of KPMG member firms | Air travel generates carbon emissions | International travel to clients, other member firms and events |
| **IT hardware suppliers** | Supply IT devices used by KPMG employees | Manufacturing and transportation emissions from IT devices | Manufacturing and transportation of laptops |

## 4.2 Chain partner interests and needs

### Direct Chain Partners

| Partner Type | Interests and/or needs |
|---|---|
| **KPMG International** | Ensuring consistent quality and facilitating knowledge sharing. Reliable emissions data, joint reduction targets, and support for implementing sustainable practices. |
| **Other KPMG member firms** | Meeting client expectations and sector standards, maintaining a reputation as a sustainable service provider. Practical tools and guidance for greening their own operations, such as electrification of vehicle fleets and procurement of renewable energy. |

### Indirect Chain Partners

| Partner Type | Interests and/or needs |
|---|---|
| **Energy providers** | Continuity of service, responding to growing demand for sustainable solutions. Long-term contracts, investments in green technology. |
| **Mobility providers** | Continuity of service, responding to growing demand for sustainable solutions. Long-term contracts, investments in green technology. |
| **Travel providers** | Adapting to stricter $CO_2$ reduction requirements. Collaboration in developing sustainable travel options. |
| **IT hardware suppliers** | Meeting sustainability criteria set by clients. Transparency regarding supply chain and emissions. |

# 5. Intended Interventions

KPMG N.V. will initiate a targeted action plan to better understand and reduce emissions associated with external expertise procurement. The action plan consists of three parts: improving data quality, engaging with stakeholders on transition plans, and leveraging internal expertise to guide member firms.

1. Improving data quality

The hotspot in purchased goods and services has been identified through our spend-based calculation. The first step in improving environmental performance in this area is to improve data quality. This way, carbon reduction initiatives can be measured and used to reach the desired target. The beforementioned quantitative hotspot analysis was conducted using the spend-based calculation method. Given the high expenditure on external expertise, emissions are inherently proportional, making this category a clear emissions hotspot. The spend-based method gives an insight in emission hotspots but does not provide a comprehensive insight in emission drivers. Therefore, lifting data quality in this emission hotspot is a priority. To do so, we take a two-step approach.

First, we move away from the spend-based method and to an average data method. In this data method, we develop a KPI for emissions per hour of billable work at KPMG. Measuring emissions through this KPI is superior to the spend-based method, mainly because hourly rates do not accurately reflect the emissions generated by the work we do at KPMG. Using a KPI for emissions per hour of billable work does reflect the nature of our work, and the associated emissions (i.e., electricity consumption, fuel consumption, air travel, etc.).

To create this KPI, we engaged with KPMG International to retrieve Scope 1, 2 and upstream Scope 3 emissions of all KPMG firms allocated to one hour of billable work (derived from dividing the emissions by the total number of hours that all KPMG employees worked). We multiplied this KPI with the hours we insource from other member firms. The metric reflects KPMG's market-based emissions, thereby capturing decarbonization initiatives of member firms such as procuring renewable electricity. An initial assessment shows a significant decrease in emissions using the average data methodology as the new data calculation methodology reflects the activity of insourcing member firm expertise more accurately and significantly improves the accuracy of our overall Scope 3 Inventory. It is important to note that the data quality improvement alone will not lead to emission reduction. Its purpose is to generate an indicator that reflects actual emissions and enables KPMG N.V. to capture emission reductions in the value chain.

2. Stakeholder engagement around transition plans

Next, we engage with our top 10 member firms in terms of emissions on decarbonization pathways, together representing 80% of emissions in Scope 3, Category 1: Purchased Goods & Services. We aim to better understand the main emission drivers per member firm, including stationary and mobile combustion, business travel and purchased goods and services. We have engaged with member firms on various aspects of decarbonization, particularly on sustainable procurement.

3. Leverage expertise to lead by example

Lastly, KPMG N.V. will leverage its leadership in sustainability to encourage other member firms to adopt greener practices. For KPMG International, in FY25, we facilitated trainings for the 10 largest member firms on Our Impact Plan and provided a practical guide to support procurement teams, including practical tips and tricks to help them initiate challenging conversations with their suppliers about sustainability goals and expectations. Through this chain analysis, we can inform KPMG International on best practices with regard to more accurately capturing emissions from member firms, as well as engage with member firms on promoting the use of sustainable buildings, renewable energy, low-emission mobility, and responsible procurement policies.

# 6. Intended Qualitative and Quantitative Outcomes

Qualitatively, KPMG N.V. aims to act as an innovator within the global KPMG network, catalyzing a shift toward better sustainability performance among its chain partners. By setting a precedent and sharing best practices, KPMG N.V. seeks to elevate the environmental standards of the broader consultancy ecosystem.

Quantitatively, the interventions can contribute 6% to our overall target of 26% reduction in KPMG N.V.'s total Scope 3 emissions by 2030 (compared to 2019), in line with the emission reduction target we set to meet the requirements of the Science-Based Target of KPMG International. The remaining 20% will need to be achieved through other interventions, such as air travel policies and other sustainable procurement measures.

We achieve this by sharing best practices on green buildings and green mobility, sustainable travel and procurement. From our own emission profile, we know that it is possible to achieve a significant reduction by procuring renewable electricity, switching to an electric car fleet and having a strong business travel policy. Since we are using an indicator that reflects the actual emissions of member firms per billable hour, we will be able to capture decarbonization initiatives by member firms. The intended quantitative outcomes are presented below.

| Intervention | Estimated reduction impact in 2030 | Description | Implementation feasibility (exp. time to implement) | Responsible within KPMG |
|---|---|---|---|---|
| **Electricity and heat emissions for the facilitation of services of other KPMG member firms** | -90% | In line with KPMG N.V.'s own reduction since 2019 through the procurement of renewable electricity | Medium, 5 years | Corporate Responsibility (CR), KPMGI and CR teams of member firms |
| **Mobility emissions from the combustion of fossil fuels in lease car fleet** | -75% | In line with KPMG N.V.'s own reduction since 2019 through the transition to an electric fleet | Medium, 5 years | Corporate Responsibility (CR), KPMGI and CR teams of member firms |

*Table 3: Intended quantitative outcomes.*

### 7.1 Planning of the actions

1. Improving data quality: Q1FY26 and onward
2. Stakeholder engagement around transition plans: FYQ26 and onward
3. Leverage expertise to lead by example: Already started in FY25, ongoing.

With the assumption that the emission profile of KPMG member firms is similar to that of KPMG N.V., we expect an emission distribution of member firm's Scope 1, 2 and 3 emissions to be 25%, 8% and 67%, respectively. When targeting a 75% reduction in Scope 1 and 100% reduction in Scope 2, the expected overall reduction in base year emissions is 27%. This chain analysis does not target Scope 3 reduction for other KPMG member firms. Engagement with member firms will include discussions on Scope 3 reductions (such as business travel and purchased goods and services), but we will not quantify a target due to the limited leverage of KPMG N.V. on the value chain emissions of other member firms. Since the emissions of procured services from member firms account for 23% of KPMG N.V.'s total emissions, reducing 27% of 23% results in a total expected reduction of 6%. The table below presents the details of the expected overall emission reduction.

| | A | B | C | D | |
|---|---|---|---|---|---|
| **Scope** | Assumed emission allocation of KPMG member firms (as per KPMG N.V. in base year) | Targeted emission reduction | Expected emission reduction (A x B) | Contribution of member firm emissions to total | Total expected emission reduction for KPMG N.V. (C x D) |
| **1** | 25% | -74% | 19% | | |
| **2** | 8% | -100% | 8% | | |
| **3** | 67% | 0% | 0% | | |
| **Total** | **100%** | | **27%** | **23%** | **6%** |

*Table 4: Targeted emission reductions.*

### 7.2 Monitoring and evaluation

The progress on these interventions will be tracked, on a quarterly basis internally and semi-annually externally[3], as required by the $CO_2$ Performance Ladder. Emissions will be calculated using actual billed hours from member firms. Results will be communicated internally and externally, with transparency on gaps and improvements.

$CO_2$ Performance ladder Monitoring - KPMG Netherlands

# 7. Conclusion

This value chain analysis has highlighted the importance of targeted interventions to reduce emissions associated with the procurement of expertise from KPMG member firms. The first step, improving data quality, is essential for understanding where the greatest emission reductions can be achieved. Moving from a spend-based calculation to an activity-based approach, using emissions per billable hour, provides a much clearer and more accurate picture of the actual impact. However, the successful implementation of this improvement depends on consistent data collection and reporting standards across all member firms, close collaboration with KPMG International, and an ongoing investment in data systems and analytical capabilities.

Engaging stakeholders around transition plans is the next critical element. By working closely with the member firms that account for the majority of emissions, KPMG N.V. is better able to understand the specific drivers of emissions and co-develop tailored decarbonization strategies. This requires building strong relationships, facilitating open dialogue, and ensuring that transition plans are both ambitious and realistic. Regular progress reviews and clear accountability are necessary to maintain momentum and ensure that agreed actions are implemented.

Finally, leveraging expertise to lead by example is a powerful way to accelerate change throughout the value chain. By providing practical training, sharing best practices, and supporting procurement and sustainability teams, KPMG N.V. can foster a culture of continuous improvement and innovation.

The success of these interventions will depend on sustained commitment, transparent communication, and a willingness to adapt as new insights and challenges emerge. Further investigation should focus on harmonizing data standards, deepening collaboration with chain partners, and exploring innovative approaches to drive continuous improvement. By embedding sustainability into procurement and partnership practices, KPMG N.V. not only aims to meet regulatory and climate targets, but also to contribute to sector wide progress and broader societal impact.

KPMG