



Our community and environmental performance

2018 Annual Review

Measuring and monitoring our activity is essential. Our robust measurement and monitoring processes help us to ensure the effectiveness of our programmes. You can see an overview of our headline data below and the Independent Limited Assurance report for this data within the appendix to this document.

Community performance

We measure and manage our programmes in accordance with LBG, the global framework for measuring and managing community programmes. This year we have seen significant rises in our overall contribution, the number of hours volunteered, the number of beneficiaries and organisations supported and the number of colleagues volunteering. This growth reflects the renewed focus we have put on engaging our colleagues across our 22 offices in corporate responsibility activities. These increases have not been reflected in an overall increase in the proportion of colleagues involved in volunteering due to a rise in headcount: our challenge going forwards will be to continue to boost engagement and the proportion of colleagues involved in CR activities.

		FY18	FY17	FY16
Community benefits				
Individuals directly supported	number	20,855	17,344	16,483
Organisations supported	number	1,092	1,053	881
Leverage (cash)¹	£million	1.2	1.0	0.9
Community investment				
Community contribution (cash, time, in-kind and management costs)²	£million	4.9	4.1	4.8
Volunteering during working hours³	no. of people	3,123	2,915	3,156
Time spent volunteering during working hours	no. of hours	48,184	44,067	47,966
FTE staff volunteering during work hours	percentage	21%	21%	23%

¹ This figure is not assured.

² Excludes discounted work.

³ Total heads calculated by collating the number of individuals using a community timecode, reconciliation (employees directly confirming community volunteering not recorded on timesheets) and assumption based on the firm's 3-year reconciliation average.

Environmental performance

Unlike our community data, environmental data is reported for the preceding calendar year to the annual report, data is calculated in accordance with the DEFRA methodology. In 2017 we saw a 7% reduction in carbon emissions against 2016, and a 27.7% reduction against our 2010 baseline. This exceeds our target of 20% reduction by 2020, three years ahead of schedule.

This reduction has been achieved by continued investment in energy efficiency including the installation of analytical software in our London office and the removal of our data centre in Watford to a purpose-built offsite facility. These projects have helped us to achieve a 25% reduction in gas consumption and a 12% reduction in electricity consumption. We have also seen a reduction in our business travel across all categories. Our recycling has dramatically increased this year, as we have been able to collect additional data on our archived paper recycling.

We continue to use our environmental management system to manage our environmental impact and this year successfully transitioned to the ISO14001:2015 standard and recertified our operations for another three years.

Environment Data

Emissions (kg)	2017 (kg)	2016 (kg)	2015 (kg)	2010 (kg)
Scope 1				
Natural Gas¹	2,049,145	2,739,805	2,779,317	3,334,743
KPMG Owned/ Leased Car Travel	1,325,004	1,471,817	1,377,016	1,383,514
Total – Scope 1	3,374,149	4,211,622	4,156,333	4,718,257
Scope 2²				
Green energy purchased	–	–	–	–
Electricity from landlord sites	2,923,674	3,320,378	5,029,363	20,750,717
Electricity total	2,923,674	3,320,378	5,029,363	20,750,717
Total – Scope 2	2,923,674	3,320,378	5,029,363	20,750,71

1 For offices without accurate natural gas consumption data, from 2016 onwards consumption has been calculated using average consumption and floor space data.

2 Scope 2. Electricity emissions under the GHG protocol 'Market Based' approach. FY10-FY14 use emissions per 'Location Based' approach. Location Based figure for FY17: is 9,285 tonnes CO₂e.

Electricity purchased from an eligible renewable electricity tariff as per the GHG Protocol Scope 2 standard in buildings we own and control. Each unit of electricity is backed by a levy exemption certificate ('LEC') or Renewable Energy Guarantee of Origin ('REGO') as evidence that the supply is from accredited renewable sources.





Emissions (kg)	2017 (kg)	2016 (kg)	2015 (kg)	2010 (kg)
Scope 3				
Business Related Car Travel	2,476,743	2,533,498	2,316,349	4,213,005
Air Travel				
Short	2,086,554	2,440,596	2,668,221	2,154,324
Medium	3,112,774	3,656,799	3,585,936	3,483,660
Long	29,162,389	30,069,513	29,136,629	26,100,724
Air Travel³	34,361,717	36,166,908	35,390,786	31,738,708
Rail Travel	1,229,001	1,690,739	1,781,197	1,474,910
Transmission and distribution electricity	868,156	1,114,218	1,313,950	1,670,969
Well to tank⁴	5,287,214	5,325,068	5,373,699	5,295,214
Total – Scope 3	44,222,831	46,830,431	46,175,980	44,392,806

Total gross emissions	50,520,654	54,362,431	55,361,675	69,861,780
Gross emissions per FTE	3,617	4,146	4,512	6,814

Additional Disclosures

Water⁵	litres	118,231,977	115,280,700	143,577,680	118,790,000
Paper	Sheets	46,781,575	47,190,475	51,213,050	78,433,500
Waste					
Total Waste	kg	2,813,597	2,263,390	2,398,579	2,495,504
Recycled Waste	kg	2,378,090	1,499,327	1,534,914	1,282,719
% Waste Recycled		85%	66%	64%	51%
CY Full-time equivalent		13,969	13,112	12,269	10,252

3 Air consumption data calculated using the Radiative Forcing DEFRA conversion factor to take into account the impact of emissions at high altitude.

4 Well to tank ('WTT') emissions were included in the footprint for the first time in FY15. They relate to the upstream Scope 3 emissions associated with extraction, refining and transportation of the raw fuel sources prior to their combustion.

5 For offices without accurate water consumption data, from 2016 onwards consumption has been calculated using average consumption and floor space data.

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Independent limited assurance report

Independent limited assurance report to the Members of KPMG LLP on selected environmental and community data.

Grant Thornton UK LLP ('Grant Thornton') has been engaged by KPMG LLP ('KPMG') to perform limited assurance procedures in respect of selected Environment and Community data (hereafter 'Selected Information') contained in the KPMG Transparency Report for the year ended 30 September 2018 ('the Report').

This report is made solely to the members of KPMG, as a body, in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the members of KPMG those matters we are required to state to them in an independent limited assurance report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than KPMG and the members of KPMG as a body, for our work, for this report, or for the conclusions we have formed.

Scope and subject matter

The Selected Information subject to our limited assurance engagement in respect of the Environment data for the year ended 31 December 2017, consists of:

- Direct emissions - gas and firm-owned vehicle fleet (in kilograms of CO₂) Scope 1;
- Indirect emissions - purchased electricity (in kilograms of CO₂) Scope 2;
- Other emissions - business related car, train and air travel, plus "upstream" emissions such as well to tank (WTI) and transmission and distribution (T&D) (in kilograms of CO₂) Scope 3;
- Total paper usage (in sheets);
- Total water consumption (in litres); and
- Total waste (recycled and non-recycled in kilograms).

The carbon footprint data is reported in accordance with the criteria set out in The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition), jointly issued by the World Business Council for Sustainable Development and the World Resources Institute (the 'GHG Protocol'). The CO₂ figures are calculated using the Department for Business, Energy & Industrial Strategy guidelines on 'Greenhouse gas reporting: conversion factors', issued on 4 August 2017.

The Selected Information subject to our limited assurance engagement in respect of the Community data for the year ended 30 September 2018, consists of:

- Community benefits relating to:
 - individuals directly supported (in number);
 - organisations supported (in number);
- Community investment relating to:
 - community contribution (cash, time, in-kind and management costs) (in £million);
 - volunteering during working hours (in number);
 - time spent volunteering during working hours (in hours);
 - FTE staff volunteering during work hours (in %);

The community data is reported in accordance with the criteria set out by the London Benchmarking Group.

Responsibilities of KPMG and Grant Thornton

Management is responsible for the preparation of the Selected Information contained in the Report. The Environment data has been prepared in accordance with the GHG Protocol, and the Community data has been prepared in accordance with the London Benchmarking Group (the 'Reporting Criteria'). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of the Selected Information that is free from material misstatement, whether due to fraud or error. Our responsibility is to express a limited assurance conclusion on the Selected Information based on the procedures we have performed and the evidence we have obtained.

Assurance standards used and work performed

We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagement 3000 (Revised), 'Assurance Engagements Other than Audits or Reviews of Historical Financial Information' ('ISAE 3000 (Revised)') and International Standard on Assurance Engagements 3410, 'Assurance Engagements on Greenhouse Gas Statements' ('ISAE 3410'), issued by the International Auditing and Assurance Standards Board. These standards require that we plan and perform this engagement to obtain limited assurance about whether the Selected Information is free from material misstatement.

A limited assurance engagement undertaken in accordance with ISAE 3000 (Revised) and ISAE 3410 involves assessing the suitability in the circumstances of KPMG's use of the GHG Protocol and the criteria set out by the London Benchmarking Group as the basis for the preparation of the Selected Information, assessing the risks of material misstatement of the Selected Information whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the Selected Information. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

Our limited assurance procedures included:

- Review and assessment of the systems processes and controls to aggregate, validate and report the data;
- Discussions with key personnel responsible for the relevant process and governance thereof;
- Review of information provided by third parties and through enquiry, the existence of any assurance provided on the quality of information and underlying processes and controls applied;
- Analytical procedures and sample tests on collated data and conversion factors applied in accordance with the Department for Business, Energy & Industrial Strategy guidelines; and
- Review of an internal audit of the Community data undertaken by the KPMG Sustainability Services team.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance conclusion.

Our ethical requirements and quality control

We are able to confirm our independence and objectivity as follows:

- We are independently appointed by KPMG; and
- Our work is performed in accordance with the *Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our team consisted of assurance professionals with a combination of environmental, sustainability and relevant sector experience.

In accordance with International Standard on Quality Control 1, Grant Thornton maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Limited assurance conclusion

Based on our work described in this report, nothing has come to our attention that causes us to believe that the Selected Information is not prepared, in all material respects, in accordance with the Reporting Criteria.

Grant Thornton UK LLP
Chartered Accountants, Gatwick
16 November 2018