Carbon reduction plan

Supplier name: KPMG LLP UK

Publication date: 29 January 2025

Commitment to achieving Net Zero

KPMG LLP is committed to achieving net zero emissions by 2050. We also have near-term science-based targets (SBTs) to be achieved by 2030 and these are validated by the Science-based Target Initiative (SBTi). In line with SBTi requirements to review and resubmit targets every five years, we have modelled our roadmap and re-baselined our targets, with a view to receiving validation of our new near-term and long-term Net Zero targets in 2025.

Baseline Emissions Footprint

Baseline emissions are a record of the greenhouse gases that have been produced in the past and were produced prior to the introduction of any strategies to reduce emissions. Baseline emissions are the reference point against which emissions reduction can be measured.

Baseline year: 2017

Additional details relating to the Baseline Emissions calculations

2017 was the most recent full year of carbon emissions data when we modelled our current SBTs and has therefore been used as our baseline for all of our current and ongoing activities in this area.

Our emissions across scopes 1, 2 and 3 are independently assured and published within our annual Planet Impact Report (refer to KPMG's Our Impact Report Hub).

Our annual reporting is aligned with the GHG protocol and as such, tracks material sources of emissions, which for KPMG LLP include scope 1, scope 2 and scope 3 emissions, with the scope 3 emissions from purchased goods and services and business travel being two of our largest emissions sources.

Variances between this Carbon Reduction Plan and other GHG emission disclosures

Since FY23 we have reported homeworking emissions in our Planet Impact Report and our Carbon-Related Financial Disclosure that sits within our UK Members' Report and Financial Statements. Homeworking emissions do not fall within the minimum boundary for reporting under the GHG Protocol, and since we did not collect this data in our 2017 baseline year, we have made the decision not to include these emissions in our Carbon Reduction Plan.

Baseline emissions

Baseline year emissions: 2017

Emissions		Total (tCO2e)
Scope 1		3,374
	Natural gas:	2,049
	KPMG owned / leased vehicles:	1,325
	Fugitive emissions:	Not material
Scope 2 (market-based)		2,924
Scope 2 (location-based)		9,285
Scope 3 (included sources)		210,901

Our scope 3 emissions breakdown is as follows:

Emissions	Total (tCO2e)
1. Purchased goods and services	153,962
2. Capital goods	N/A[1]
3. Fuel and energy related activities	3,057
4. Upstream transportation and distribution	94
5. Waste generated in operations	61
6. Business travel including RF[2]	48,420
7. Employee commuting	5,307[3]
8. Upstream leased assets	N/A
9. Downstream transportation and distribution	N/A[4]
10. Processing of sold products	N/A
11. Use of sold products	N/A
12. End-of-life treatment of sold products	N/A
13. Downstream leased assets	N/A
14. Franchises	N/A
15. Investments	N/A

Total Emissions (market-based)	**217,199**
Total Emissions (location-based)	**223,560**

1 To remove double counting from our Scope 3 emissions, Capital Goods have been included within Purchased Goods and Services.
2 Radiative Forcing: Our air travel CO2 emissions are multiplied by the DEFRA conversion factor which includes the radiative forcing factor to account for the higher global warming potential from emissions released at higher altitudes.
3 Employee commuting based on survey data and modelling of known office attendance.
4 Category 9 (downstream transportation and distribution) is not relevant to KPMG as we do not produce or sell any physical products to transport/distribute. The only transportation that occurs is through paid-for courier services and carbon emissions associated with this are included in category 4.

Current emissions reporting

Reporting year: 2024

Emissions		Total (tCO2e)
Scope 1		1,154[5]
	Natural gas:	1,000
	KPMG owned / leased vehicles:	106
	Fugitive emissions:	48
Scope 2 (market-based)		0[5]
Scope 2 (location-based)		4,008[5]
Scope 3 (included sources)		81,686

Our scope 3 emissions breakdown is as follows:

Emissions	Total (tCO2e)
1. Purchased goods and services	50,018[5,6,8]
2. Capital goods	N/A[7]
3. Fuel and energy related activities	4,612[5]
4. Upstream transportation and distribution	1,248[5,6]
5. Waste generated in operations	7[5]
6. Business travel including RF	23,404[5]
7. Employee commuting	2,397[5,9]
8. Upstream leased assets	N/A
9. Downstream transportation and distribution	N/A[10]
10. Processing of sold products	N/A
11. Use of sold products	N/A
12. End-of-life treatment of sold products	N/A
13. Downstream leased assets	N/A
14. Franchises	N/A
15. Investments	N/A

Total Emissions (market-based)	**82,840**
Total Emissions (location-based)	**86,848**

5 We have sought independent assurance over this figure – refer to our annual Planet Impact Report, hosted on KPMG's Our Impact Report Hub. Fuel and energy related activities are comprised of well-to-tank emissions and transmission and distribution electricity emissions; these were assured as two separate figures and have been combined for this report.

6 We report our purchased goods and services and upstream transportation & distribution data a year in arrears, due to our reliance on the CDP questionnaire to provide us with data. To allow for a complete inventory to be disclosed in our Carbon Reduction Plan, previous year's figures have been used for these two metrics.

7 To remove double counting from our scope 3 emissions, Capital Goods has been included within Purchased Goods and Services.

8 Due to CDP timelines this year, supplier-specific data was not available at the time of reporting. As a result, a purely spend-based methodology has been applied this year, resulting in higher emissions being calculated.

9 In 2022, the concierge app was introduced requiring employees to input the mode of transport and journey distance for each commute from home to office. With effect from 2023, concierge data is used to calculate employee commute emissions. Prior to this, employee commuting was based on survey data and modelling of known office attendance.

10 Category 9 (downstream transportation and distribution) is not relevant to KPMG as we do not produce or sell any physical products to transport / distribute. The only transportation that occurs is through paid-for courier services and carbon emissions associated with this are included in category 4.

Emissions reduction targets

KPMG LLP set science-based targets (SBTs) validated by the SBTi back in 2020. The targets covering greenhouse gas emissions from company operations (scopes 1 and 2) are consistent with reductions required to keep warming to 1.5°C. In line with SBTi guidance, we also have a validated target for scope 3 as our scope 3 emissions exceed 40% of our total emissions.

To help us make progress in decarbonising, we have adopted the following carbon reduction targets:

KPMG LLP commits to reduce absolute scope 1 and 2 GHG emissions 100% by 2030 from a 2017 base year, and scope 3 emissions by 25% over the same timeframe.

In line with our carbon targets, we projected that total scope 1, 2 and 3 carbon emissions will decrease to 158,176 tCO2e by 2030. This is a reduction of 27% from our 2017 baseline.

Progress against these targets can be seen in the graph below.

The projected emissions are aligned with a 1.5˚C scenario trajectory as per the Science-based Target Initiative (SBTi) near term target requirements. In line with SBTi requirements to review and resubmit targets every five years, we have modelled our road map and re-baselined our targets, with a view to receiving validation of our new near-term and long-term Net Zero targets in 2025.

Progress against targets

Our total scope 1 and 2 emissions (market-based) in FY24 decreased by 33% due to some floorspace reduction and energy saving initiatives as detailed in the next section of the report.

We report our purchased goods and services and upstream transportation and distribution data a year in arrears, due to our reliance on the CDP questionnaire to provide us with data.

Our total scope 3 emissions increased by 14% in FY24 compared to the previous year[11]. This is primarily due to an increase in our business travel and purchased goods and services emissions.

Overall, business travel emissions in FY24 have increased by 4.7% compared to FY23. These emissions totalled 23,404,195 kgCO2e and remain 40% lower than FY19 pre-pandemic levels.

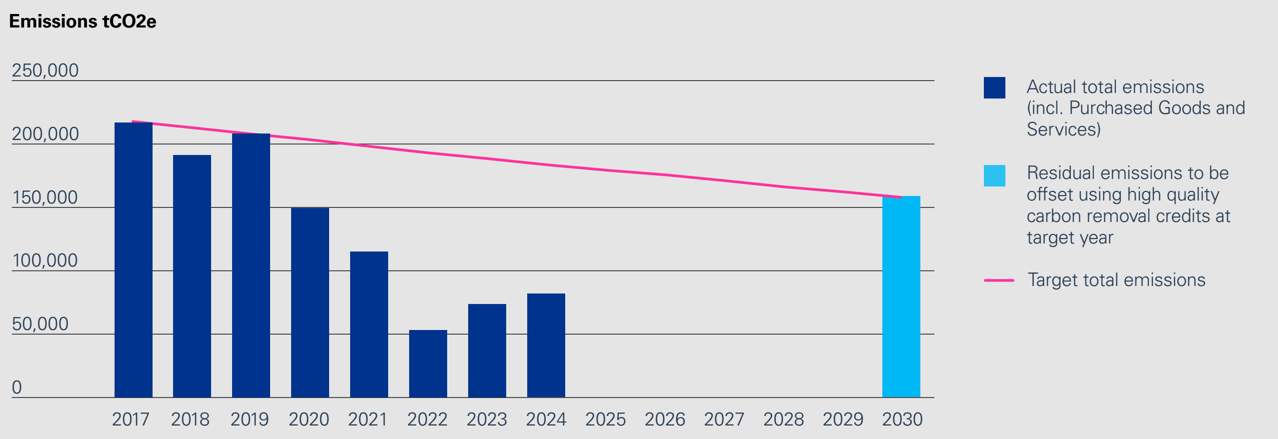
Air travel emissions have increased by 4.6% from FY23 due to targeted business needs to travel internationally this year. However, travellers were encouraged to conduct more visits in the same country whilst travelling to utilise fewer emissions on the long journeys and cover more business needs with one trip.

To reduce the impact of increased travel, our people were encouraged through the Smart Travel Policy to make sustainable travel choices and use rail over more carbon intensive modes of transport, where possible. This is reflected in a higher increase in rail travel emissions (10.4%) than air or car travel.

Our emissions relating to purchased goods and services (PGS) have increased by 22% compared to the previous reporting year. Due to the timings for CDP disclosures this year and the subsequent availability of the data, we were unable to use our usual methodology of incorporating supplier allocated emissions and supplier specific intensity factors to calculate PGS emissions. Using a purely spend-based methodology against CDP sectoral average emissions factors has resulted in higher emissions being calculated. In addition, in FY23 (reported a year in arrears in FY24), 16% of total spend was related to high emission intensity categories generating 67% of FY23 emissions. For FY22, a lower 13% of spend was on high intensity categories and these only generated 31% of emissions due to lower emission factors in FY22. Since disclosing our purchased goods and services for FY22, as part of a continuous focus on improving data quality, we have reviewed and refined our methodology for reporting, which has resulted in us restating our FY22 data.

Employee commuting has increased by 21% since FY23, as colleagues have continued to return to the office and homeworking has reduced. Through our Office Concierge app, we continue to track the mode of transport used and distance travelled by colleagues commuting to our offices. This is enabling us to identify further initiatives to drive reductions in this area such as EV charging point roll out and cycle facilities.

Carbon Reduction: Projected vs Actual (1.5˚C SBTi trajectory)



11 Previous year Purchased Goods and Services has been recalculated since publishing our FY23 Carbon Reduction Plan, using the latest guidance from CDP. Refer to our FY24 Planet Impact Report, hosted on KPMG's Our Impact Report Hub, for further detail.

Carbon reduction projects

Completed Carbon Reduction Initiatives

The following environmental management measures and projects have been completed or implemented since the 2017 baseline. **The total carbon emission reduction achieved to date equates to 134,359 tCO2e, a 62% reduction against the 2017 baseline** and the measures will be in effect when performing the contract.

Implemented carbon reduction projects include:

Strategic

- Purchased Guarantees of Origin from renewable sources to cover 100% of our electricity consumption.
- Since 1 October 2022, KPMG UK has applied an Internal Carbon Price (ICP) on our electricity, gas, and business travel emissions. The funds raised are re-invested in greener, low-carbon upgrades to our operations, incentivising efficiency and enabling low-carbon innovation.
- 10-year environment strategy to become a net zero business, including an approved SBT, to be met by 2030, validated by the SBTi.
- Certification to ISO 50001 Energy Management System for UK operations.
- Certification to ISO 14001 Environment Management System for UK operations.
- Providing our engineers with an auto-approval mechanisms for projects with a three-year payback, allowing them to capitalise on opportunities across the estate.
- Measured supply chain emissions as part of our SBT.
- Implementation of remote working collaboration technologies, helping to reduce business travel.
- Updates to our travel policy, including mandating rail travel on certain routes and changes to business class routes.
- Launching travel management tool to allow employees to select lower emission travel choices, including launching a ‘green mark’ for more sustainable hotel stays.
- Engaging our colleagues to adopt sustainable behaviours in their homes and in the workplace through our *Sustainability @ Home* (FY21) and *Net Zero 2030: Play your part* campaigns (FY22).
- KPMG UK has committed to a multi-year investment programme to support our clients to manage the risks and opportunities of ESG. Read more here.
- Relaunched our Sustainable Procurement Programme as our Responsible Supply Chain Programme, covering four pillars, two of which are Climate and Decarbonisation, and Nature, Waste and Lifecycle Management. The programme continues to engage 200+ suppliers, actively collaborating to reduce our collective emissions. Engaging on topics such as setting SBTs, reducing emissions, what good reporting looks like and sector specific events. As part of the new programme, we have completed our first set of engagement meetings with strategic supplier managers.
- Implemented the Responsible Supply Chain Champions Group, who meet monthly to collaborate and knowledge share on areas across the Responsible Supply Chain programme, such as Modern Slavery, supplier diversity, sustainability reporting and SBTi.

Energy reduction projects:

- Replacement of the boiler, water heater and chilled water pump in the Leeds office.
- Installation of photovoltaics (PVs) on the roof of our head office in Canary Wharf.
- Upgrades to our Air Handling Units (AHUs) – we successfully trialled new digital motors with improved efficiency in AHUs at our Canary Wharf office which we plan to roll out in FY25.
- Upgrading the chiller VSD drive, installing new boiler burners and gas boosters and replacing water heaters across all floors in our Canary Wharf office.
- Upgrading and finetuning of our building energy management systems (BEMS) across our whole estate to increase efficiencies.
- Removal of our Watford data centre to a purpose-built offsite facility.
- Installation of LED lighting and lighting upgrades across our estate.
- Efficient plant replacement across the estate – continual audits to check efficiency of plant equipment.

In the future we hope to implement further measures such as:

- In our Canary Wharf Office:
  - Reducing our catering refrigeration demand by removing PAC and centralised systems.
  - Reviewing our comms room cooling capacity in view of reducing associated consumption and moving it to a non-centralised cooling system.
  - Re-engineering our hot water supply for the catering area and showers to move away from GAS fed calorifiers and install local water heaters/heat pump systems.
  - Rolling out phase 3 of the LED lighting upgrades.
- Rolling out phase 2 of the LED lighting upgrades in our Birmingham office.
- Switching to renewable gas when it becomes widely available in the market, and/or investing in green gas certificates when appropriate if renewable gas contracts are not available.
- Continuing to engage our suppliers through our Responsible Supply Chain Programme, with a focus on support for transitioning to renewable energy and how to effectively allocate emissions through CDP’s Climate Change disclosure.
- Receiving validation by the SBTi on our new near-term and long-term Net Zero targets in FY25.

Declaration and sign off

This Carbon Reduction Plan has been completed in accordance with PPN 06/21 and associated guidance and reporting standard for Carbon Reduction Plans.

Emissions have been reported and recorded in accordance with the published reporting standard for Carbon Reduction Plans and the GHG Reporting Protocol corporate standard[12] and uses the appropriate Government emission conversion factors for greenhouse gas company reporting[13].

Scope 1 and scope 2 emissions have been reported in accordance with SECR requirements, and the required subset of scope 3 emissions have been reported in accordance with the published reporting standard for Carbon Reduction Plans and the Corporate Value Chain (scope 3) Standard[14].

This Carbon Reduction Plan has been reviewed and signed off by members of the Executive Committee.

Signed on behalf of the Supplier:

Chris Hearld
Chief Operating and Financial Officer
KPMG LLP
29 January 2025

12 https://ghgprotocol.org/corporate-standard
13 https://www.gov.uk/government/collections/government-conversion-factors-for-company-reporting
14 https://ghgprotocol.org/standards/scope-3-standard

kpmg.com/uk

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