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Measuring our environmental impact

RSM's first global Corporate Carbon Footprint

Published March 2024

“Our Purpose is to instill confidence in a world of change. As a guiding principle for every aspect of our business — from strategy and solutions to governance and behaviours – our purpose shapes our approach towards our people, clients, services, communities and places factors relating to environmental issues, social behaviour and governance at the heart of our organisation.”

Jean M. Stephens | Chief Executive Officer, RSM International

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Introduction

As the world grapples with the escalating challenges of climate change, it has become imperative that all organisations play their part in better understanding – and then seeking to diminish – any negative impact they may be making on the world around them. For any professional services network, this presents a unique challenge as each independent Member Firm is responsible for effecting change across the types of operational choices that affect the volume and nature of direct and indirect emissions. Calculating our global Corporate Carbon Footprint across Member Firms in nearly 100 countries, with unique factors to take into consideration across each territory, and in the absence of global reporting standards, has been a challenging process. As one of the few global professional services networks to undertake this exercise, our determination to do so reflects the importance we place on climate action.

As one of the largest audit, tax and consulting organisations in the world, we recognise the role we must play in inspiring change and in being an advocate for transparency and collective responsibility. Whilst many of our Member Firms have been calculating their carbon footprint for a number of years, and can be considered true leaders in this area, this is the first time RSM has calculated its global Corporate Carbon Footprint.

This report includes activities from 2022 across all Member Firms encompassing more than 500 offices and 47,000 people. It is testament to the determination and support from our Member Firms that we have completed this exercise. In line with the commitments we have collectively made in our 2030 Global Strategy to ensure we consider responsible environmental, social and governance practice in everything we do, we remain committed to an annual tracking process and to carbon reduction benchmarks and goals. This is the start of RSM's global climate action journey, but it is a journey we take seriously and one we believe is vital for the well-being of future generations.

Jean M. Stephens
Chief Executive Officer, RSM International

Delivering on our commitments

United Nations Global Compact

As a global signatory to the UN Global Compact, RSM is proud to focus on progress and accountability within the areas of human rights, labour, environment and anti-corruption. With respect to the environment, this means operating in ways that help to set the stage for long-term success. In line with the environmental principles of the Compact, we are looking to:

- build a culture and associated policies, processes and procedures which help to ensure a precautionary approach to environmental challenges;
- undertake initiatives to promote greater environmental responsibility; and
- encourage the development and diffusion of environmentally friendly approaches and technologies.

Context

At RSM, our impact plans to 2030 are being directed towards three key areas as we build a strong global overlay alongside all the great work being conducted at individual Firm level. These are:

1. Public alignment with principled global strategic initiatives:
   - To show support for responsible business practices.
   - To work with strategic partners who bring independent, outside-in perspectives to support our approach.
2. Educating all our stakeholders on ESG themes:
   - To fulfil RSM's purpose of instilling confidence in a world of change, highlighting ways we can all make a powerful, positive and lasting difference.
3. Building our global ESG reporting and monitoring infrastructure:
   - To further develop RSM's global policy framework and, over time, develop a consistent global reporting structure against a set of key metrics, enabling uniform measurement of actions.

A key project within these pillars is climate action. We recognise that climate change is a major challenge for current and future generations. Our rationale for this focus can be summarised as follows:

It's the right thing to do

- Measuring our global emissions and taking action to reduce them is a key part of being a responsible global business.

Legislation is increasing

- As advisers on global regulatory matters, we want to ensure we are prepared and focused on measurement in advance of all imminent global emissions reporting legislation.

We are ESG advisers to global businesses

- With many of our Firms providing advice and guidance to clients on their sustainability journey, it is essential for our credibility that we adopt best practices internally.

The foundation for any climate action starts with a calculation. Now that we have measured our global Corporate Carbon Footprint (CCF), we have identified parts of our business where we have clear emissions 'hotspots', which will now become targets for avoidance and reduction. In due course, we will be able to set reduction targets. With annual CCF reports, we will be able to check our progress and to identify areas where emissions can be further reduced.

ClimatePartner

For transparency and to bring in an important independent, outside perspective, we partnered with ClimatePartner, a consultancy with extensive experience in helping global companies take climate action. With over 16 years' experience working with many thousands of extremely high-profile global public and corporate organisations, ClimatePartner is a recognised and respected global provider in climate action solutions. ClimatePartner supported RSM International with data collection, performed the calculation itself and assisted in the preparation of this report.

Understanding greenhouse gases and 'carbon emissions'

Greenhouse gas (GHG) is a term used for any gas that is able to enter the atmosphere and trap heat, preventing it from escaping into space. These gases naturally occur in the Earth's atmosphere and in principle are very useful in keeping our planet at a habitable temperature for all species. However, since the industrial revolution, humans have been increasing the concentration of these gases in the atmosphere, largely through the burning of fossil fuels, which is widely accepted to be changing the Earth's climate[1].

Greenhouse gases include carbon dioxide (CO_2), methane (N_2O), hydrofluorocarbons (HFC), perfluorocarbons (PFC), sulphur hexafluoride (SF6), and nitrogen trifluoride (NF3). Each gas has a different ability to warm the earth's atmosphere (known as their global warming potential, GWP) and each remains in the atmosphere for different lengths of time. To make their effect comparable, they are converted to CO_2 equivalents (CO_2e) as a basic unit. For example, methane has a global warming potential of 28, so the warming effect of methane is 28 times greater than CO_2 over 100 years[2].

RSM's global CCF calculates all emissions as CO_2 equivalents (CO_2e), which may be referred to as "CO_2" in this report for simplicity. This means that all relevant greenhouse gases, as stated in the IPCC Assessment Report[3], were taken into account.

Our calculation framework followed the Greenhouse Gas Protocol[4] (GHG Protocol) which is the world's most widely used standard for reporting GHG emissions. For example, over 9 out of 10 Fortune 500 companies reporting their corporate carbon footprint (CCF) to the Carbon Disclosure Project use the GHG Protocol.

GREENHOUSE GAS PROTOCOL

In preparing our global CCF, five basic principles were observed in accordance with the GHG Protocol:

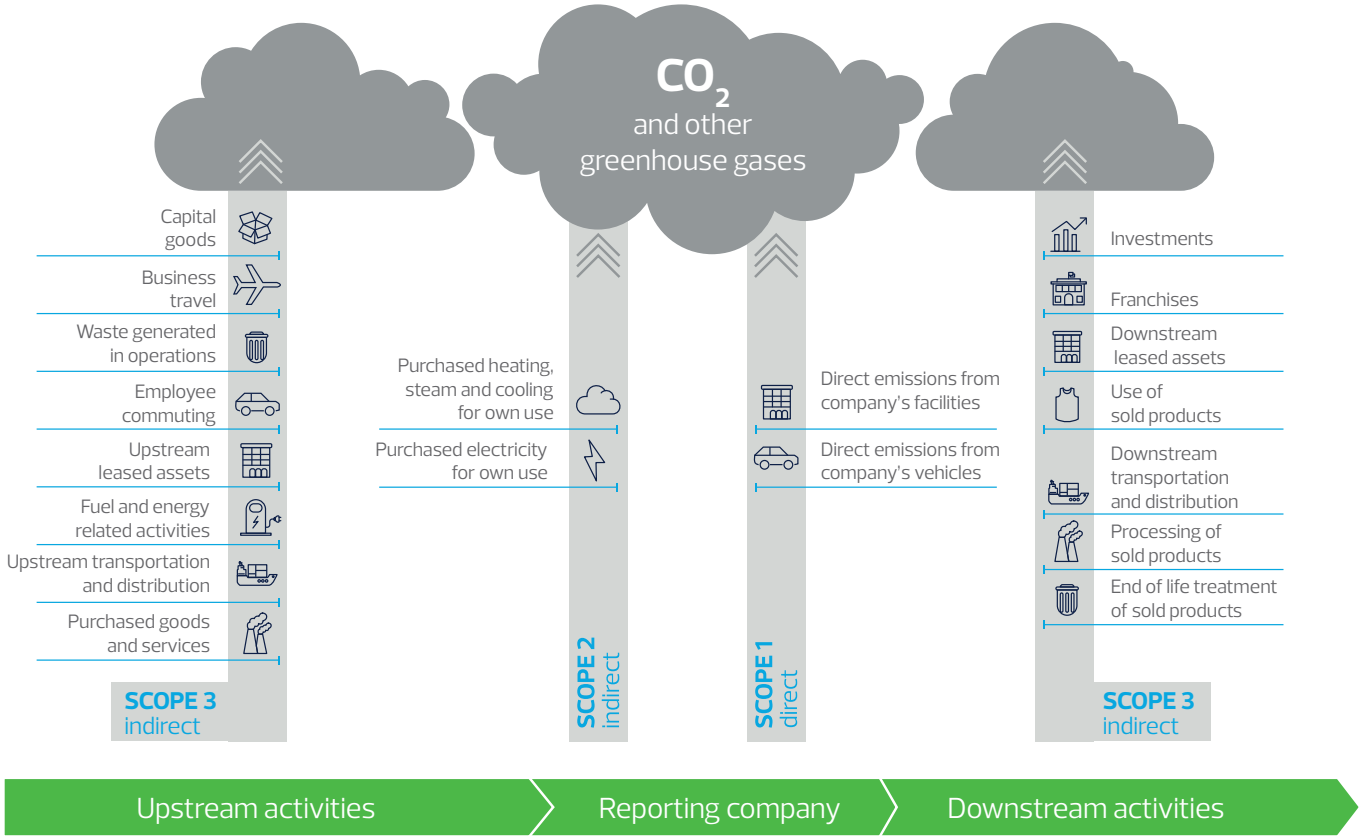
- **Relevance:** The calculation accounts for all greenhouse gas (GHG) emissions that appropriately reflect RSM's carbon footprint. The report is designed to support internal and external decision-making.
- **Completeness:** The report includes all GHG emissions within the selected system boundaries. Any significant exclusions of data have been clearly documented, disclosed, and justified.
- **Consistency:** Consistent methodologies have been used so that RSM's emissions can be compared over time.
- **Transparency:** All important aspects have been recorded objectively, and any assumptions, data gaps and resulting extrapolations or data exclusions have been presented clearly and openly in this report.
- **Accuracy:** Care has been taken to ensure the calculations of GHG emissions are neither over, nor under, valued. The report aims to be as accurate as possible and to minimise uncertainties.

Corporate carbon emission sources

GHGs are emitted throughout a company's value chain. The GHG Protocol categorises all emitting activities into three 'Scopes' as detailed in the figure below.

In brief, Scope 1 emissions include any emissions released directly by an organisation, such as the combustion of natural gas in boilers for heating offices, and fuel used by company vehicle fleets. Scope 2 emissions result from electricity consumed: the emissions are generated by power plants, not an organisation directly, therefore these emissions are considered to be indirect. Scope 3 includes all other emissions up and down an organisation's value chain and is divided into 15 categories. Examples include emissions arising from the transport of employees to their place of work and purchased goods such as stationery and electronic devices.

[1] IPCC: Sixth Assessment Report, Climate Change 2021: The Physical Science Basis (https://www.ipcc.ch/report/sixth-assessment-report-working-group-i)
[2] Intergovernmental Panel on climate change, "Climate Change 2021 The Physical Science Basis", S. 1842,
[3] https://www.ipcc.ch/report/ar6/wg1/downloads/report/IPCC_AR6_WGI_Full_Report.pdf (retrieved on 31.01.2022)
[4] Ibid
[5] https://ghgprotocol.org



Emissions by Scopes 1, 2 and 3

Whilst the GHG Protocol encourages organisations to estimate GHGs from Scopes 1, 2 and all 15 Scope 3 categories, it acknowledges that this can be challenging for organisations when they begin their carbon accounting journey. It is common practice, therefore, for companies to limit the breadth of their first few CCF to scopes 1, 2 and the scope 3 categories that are predicted to be most material i.e. those activities where GHG emissions are likely to be highest. This allows a company to familiarise themselves with the data collection processes required whilst avoiding the challenges of large data sets which might offer limited insight.

Methodology

Project scope

RSM's global 2022 CCF includes the following emission categories:

- Scope 1 – fuels (heating and vehicles) and fugitive refrigerants
- Scope 2 – electricity
- Scope 3.3 – upstream energy
- Scope 3.6 – business travel (air, rail, land)
- Scope 3.7 – employee commuting

The Scope 3 categories included in this calculation were chosen on the basis they were deemed to be the most material to RSM's footprint, given ClimatePartner's experience with similar service providers.

RSM is a network of independent accounting and consulting firms, each of which practices in its own right. Whilst Firms share a common corporate identity and framework, the network is not itself a separate legal entity of any description in any jurisdiction and therefore Firms do not need to report carbon emissions as a single unit. However, being part of a network offers a great opportunity. Together, Member Firms can understand the increasing environmental expectations placed on us as a global brand and and collectively we can have greater impact. This CCF reports emissions for the calendar year of 2022[5] (January to December). All RSM Member Firms[6] were included in this CCF. The Global Executive Office is also included within the calculation.

Data requirements

All RSM Member Firms were required to submit two pieces of mandatory data:

- Total floor area of office locations (broken down by individual site, where appropriate) in 2022, either in square metres or feet.
- Average FTE (full-time equivalent) employees for 2022. In the rare case where FTE number was unavailable, they were advised to provide an average headcount for 2022 which would be used as a proxy for FTE.

These two pieces of data allowed ClimatePartner to estimate emissions for each Firm, if they were unable to provide detailed primary data for this calculation. Given this was the first time many Member Firms had been asked to submit this data, it was acknowledged that some might not have captured the data needed to estimate their emissions. In accordance with the GHG Protocol principle of completeness the decision was made to include all Firms in the calculation, even if all their emissions were based on estimates. The benefit of this principle is that, at least at a high-level, it allows emission hotspots to be identified in the absence of any primary data.

However, the provision of primary activity data for all emission categories was encouraged wherever possible. Member Firms were asked to provide data on office heating, cooling, electricity consumption, any company vehicles (owned or long-term leased by the Firm), business travel and employee commuting.

[5] In the case of RSM UK Group LLP, data was provided for the period of April 2022 – March 2023. This was due to data being formatted for SECR reporting requirements in the UK. This data was used as a proxy for the calendar year of 2022.

[6] RSM in Germany was not a Member Firm for the whole calculation period, and therefore is excluded from this CCF.

	Scope 1			Scope 2	Scope 3	
						
Emission source	Heating	Company fleet	Fugitive refrigerants	Electricity	Business travel	Employee commuting
Data	Type of fuel and consumption (kWh)	Type of fuel and consumption (kWh)	Type of refrigerant and loss (kg)	Electricity source and consumption (kWh)	Mode of transport and distance (km)	Mode of transport distance (km) and frequency of office visits
Options	Diesel, biogas, natural gas etc.	Diesel, LPG, Gasoline, electric	R-22, R-410A, R-134a etc.	Renewable and nonrenewable energy sources	Train, plane, taxi, private car, boat	Renewable and nonrenewable energy sources
Data source	Heating bills, landlord	Finance	Maintenance invoices	Electricity bills, landlord	Finance, corporate travel retailer	HR, commuting surveys

RSM's data overview

There were differences in the quality of the data we were able to collect. In the absence of primary data for a particular category, our priority was to source secondary data, using an appropriate proxy from activity data provided by other relevant RSM Member Firms. Wherever possible, calculations were based on actual litres of petrol combusted in company cars throughout the year but, if this data was unavailable, the calculation was based on total distance driven by company cars.

Tertiary data was used wherever a Member Firm provided only mandatory information. Industry averages, such as average office electricity consumption in a specific country location per floor area, were applied to this facility data.

	SOURCE	QUALITY
Primary data	*Data came from directly within RSM or our value chain.*	*Primary data is considered the highest quality, to give the closest representation of reality.*
Secondary data – similar activity	*Data gaps were filled using primary data from a similar activity (e.g., industry averages, or equivalent supplier data).*	*This is medium quality. This is not raw activity data, but is still a close representation of reality.*
Tertiary data – averages	*Data gaps were replaced with averages from the same industry.*	*Averages are a representation of service industry standards, but are not specific to RSM's own activities.*
Tertiary data – spend-based	*Data was limited to spending activities.*	*Spend-based data is limited in its accuracy by its ability to capture the totality of activity. Data is influenced more by market prices than reality.*

Emission factors calculation

Any CCF is only as credible as the emission factors the calculation uses. ClimatePartner used the most credible and widely-used sources available, such as Ecoinvent 3.8, BEIS/DEFRA GHG Conversion Factors for Company Reporting (2022), AIB (Association of Issuing Bodies, 2022) and the IPCC Sixth Assessment Report (2021). ClimatePartner also uses white papers, industry research papers, national census data and its own research to create its own proprietary emission factors.

Dual reporting of Scope 2 electricity consumption

Following the guidelines of the GHG Protocol, Scope 2 electricity emissions were calculated using two approaches. For the market-based method, specific emission factors for the electricity consumed were applied, where available. For example, if a Firm procured electricity from 100% renewable power sources, then their market-based emissions were zero. If a Firm was unable to provide supplier-specific emission factors, then factors for the residual mix[7] in the country of operation were used, or the average grid-mix[8] of the country where residual factors were unavailable. In the location-based method, the average grid-mix for the country was applied. Dual reporting has been useful in that it has allowed us to make a direct comparison between our actual emissions in a certain country and the country-specific average.

Calculating emissions

The most appropriate emission factors for each activity were chosen, taking into account the geographical representation of the emission factor. For example, BEIS/DEFRA factors represent UK data for categories such as electricity, and therefore would not be applied to other countries. In some cases, however, they were appropriate to use as global factors such as those for fuel consumption, where a burnt fuel will release a consistent amount of GHGs regardless of its location.

Key assumptions, proxies and extrapolations

Data use was prioritised according to the hierarchy of primary, secondary then tertiary data. Where Firms were able to provide data in several formats, the highest quality data was used in preference. Where Firms were unable to provide any activity data and only facility data, then either industry average assumptions were made (e.g. for country X, office electricity consumption is estimated to be Y kWh/m2/annum) or regional averages, calculated from Firms which did supply activity data, were calculated and used as a proxy for those Firms with no data.

[7] Residual emission factors represent the emissions of a country-specific grid once any renewable power sources have been excluded. It can be viewed as a non-renewable emissions factor.

[8] Average grid-mix emission factors represent a country's mix of renewable and non-renewable power sources.

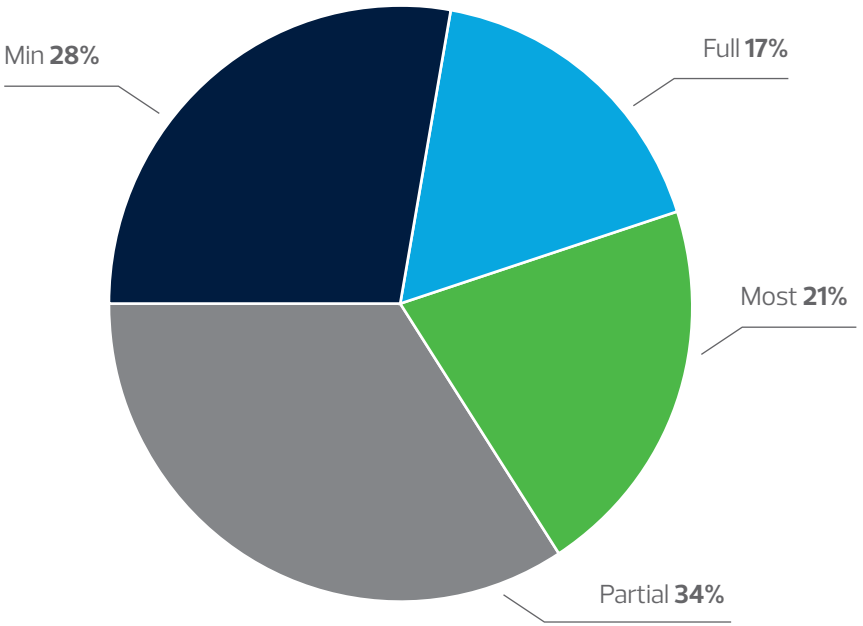
Engagement with RSM Member Firms

Engagement with all Member Firms was crucial to the success of this project. Each Firm nominated an Eco-Champion who was responsible for the collection of data for the 2022 period for submission to ClimatePartner for emission analysis.

Engagement by Member Firms was broadly very positive. Many Member Firms engaged enthusiastically with the project and were able to provide high quality data across many of the emission scopes. A large number of Firms applied extra effort to specifically survey their employees regarding their commuting behaviours. 38% of Firms provided either full or near-full sets of data across all emission categories.

28% of Firms were only able to provide the mandatory data which was then used to estimate emissions across all categories. For these Firms, the emission estimates created will most likely be conservative and over-estimated. Whilst we recognise that it will therefore be challenging to draw granular insights from such estimates, the CCFs are nevertheless useful in that they provide a high-level view on the hotspots for reduction planning, as well as highlighting the hotspot data sets for data management prioritisation.

Breakdown of global data provision



Data completeness	Description
Full	All data provided
Most	All data except one category provided, usually cooling
Partial	Some basic and scope specific data provided
Minimum	Two areas of mandatory data provided

Results

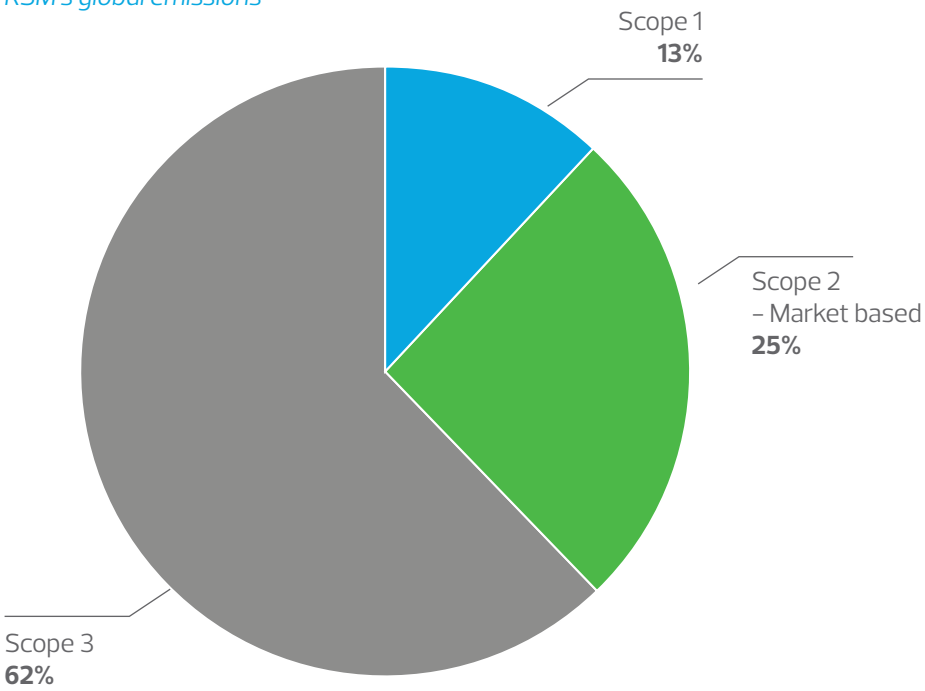
RSM's global CCF for January – December 2022 has been calculated as **109,385 t CO_2e**.

To put this in perspective, we can translate this total into more tangible real-world footprints. 109,385 t CO2e is the equivalent of the emissions produced by:

- The annual footprint of 15,642 average European citizens[9]
- Over 339 million km driven by a non-electric car
- The annual carbon capture by over 8.75 million beech trees

Emissions fall into scopes 1, 2 and 3, with the majority (62%) in scope 3, just over a quarter (25%) in scope 2 (electricity) and the smallest proportion (13%) in scope 1 (heating, cooling and vehicles). This profile is expected in most businesses, especially those in the service industry who often see 80–90% of their emissions within Scope 3[10]. As RSM expands the scope of the emission boundaries measured in CCFs in subsequent years, becoming increasingly mature in our carbon reporting, we will likely see an increase in the proportion of emissions attributed to Scope 3.

RSM's global emissions



Emission source	Emissions (tCO2e)	Emissions (%)
Scope 1	14,206	13%
Scope 2 – Market based	27,827	25%
Scope 3	67,352	62%
Total	109,385	100%

[9] Source: EEA 2019, European Environment Agency: EEA greenhouse gas – data viewer, EU-27 value for total emissions with international transport (CO_2e), https://www.eea.europa.eu/data-and-maps/data/dataviewers/greenhouse-gases-viewer (retrieved 31.01.2022).

[10] Insight from ClimatePartner calculated CCFs of members of the service industry.

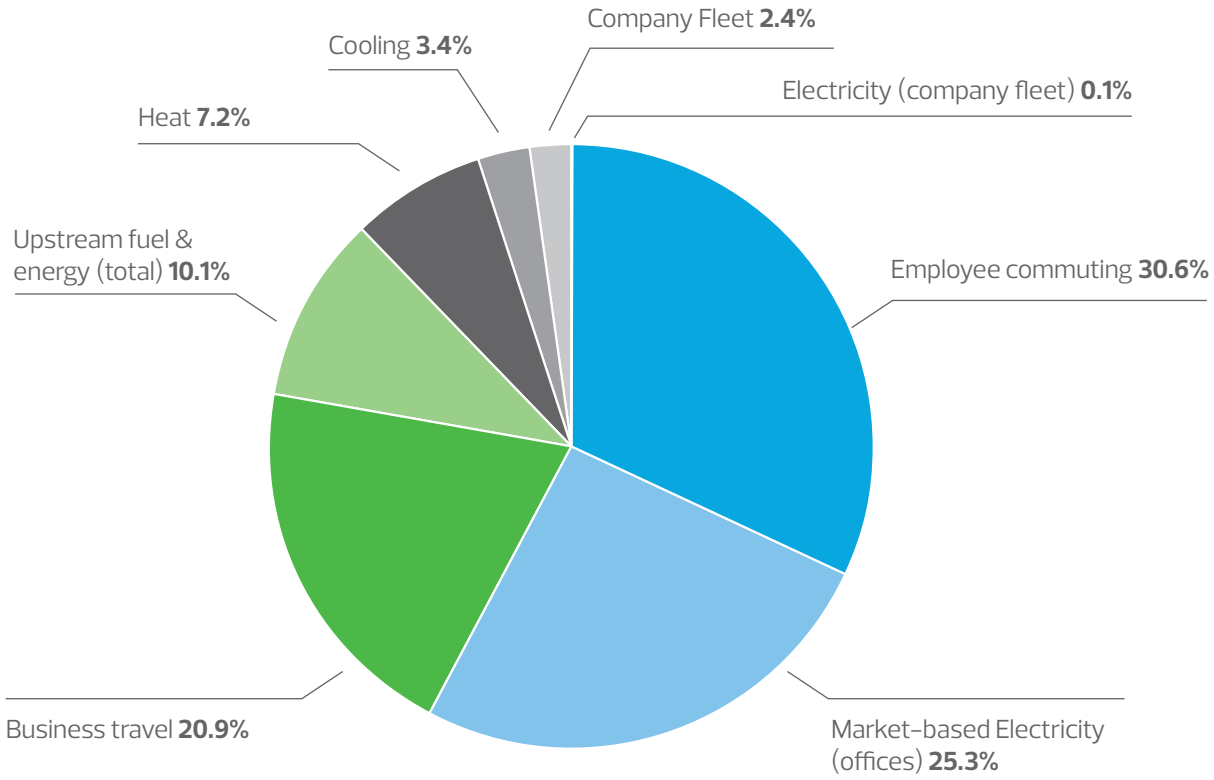
Emission hotspots

Breaking down the three scopes further, clear hotspots in the global emission profile can be identified:

- Employee commuting – 31%
- Market-based electricity (offices) – 25%
- Business travel – 21%
- Upstream fuel and energy – 10%

Emission source	Emissions (tCO2e)	Emissions (%)
Scope 1		
Heat	7,888	7.2%
Cooling	3,740	3.4%
Company fleet	2,577	2.4%
Scope 2		
Market-based electricity (offices)	27,693	25.3%
Electricity (company fleet)	134	0.1%
Scope 3		
Upstream fuel & energy (total)	11,051	10.1%
Business travel (total)	22,852	20.9%
Employee commuting	33,449	30.6%
Total	**109,385**	**100%**

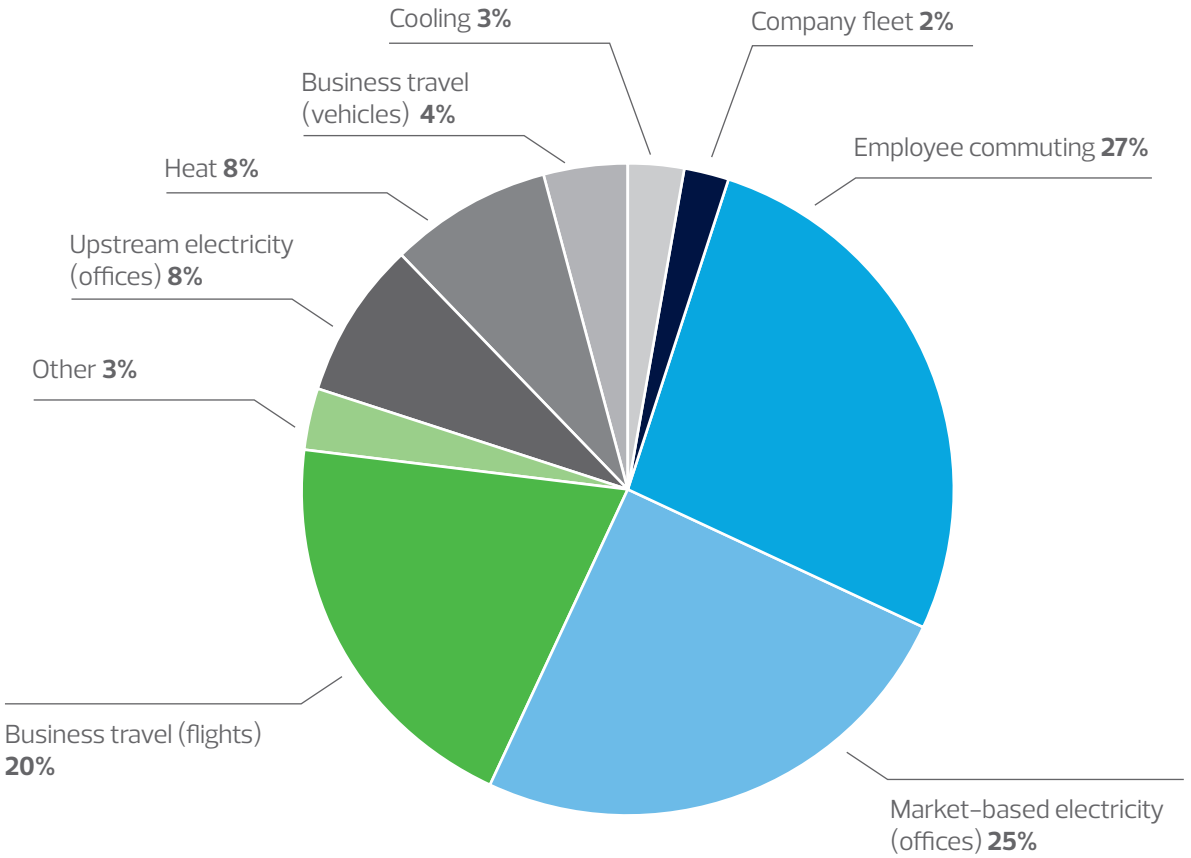
Emissions breakdown



Again, this emission profile is common amongst professional services providers and gives clear direction on where to prioritise emission reductions.

The greatest proportion of emissions are created by RSM's largest 12 Firms which operate in the top and most advanced economies of the world. This group of Firms emit 74.4% of RSM's global emissions.

Emission source breakdown for RSM's largest 12 Firms



Action plan for the coming year

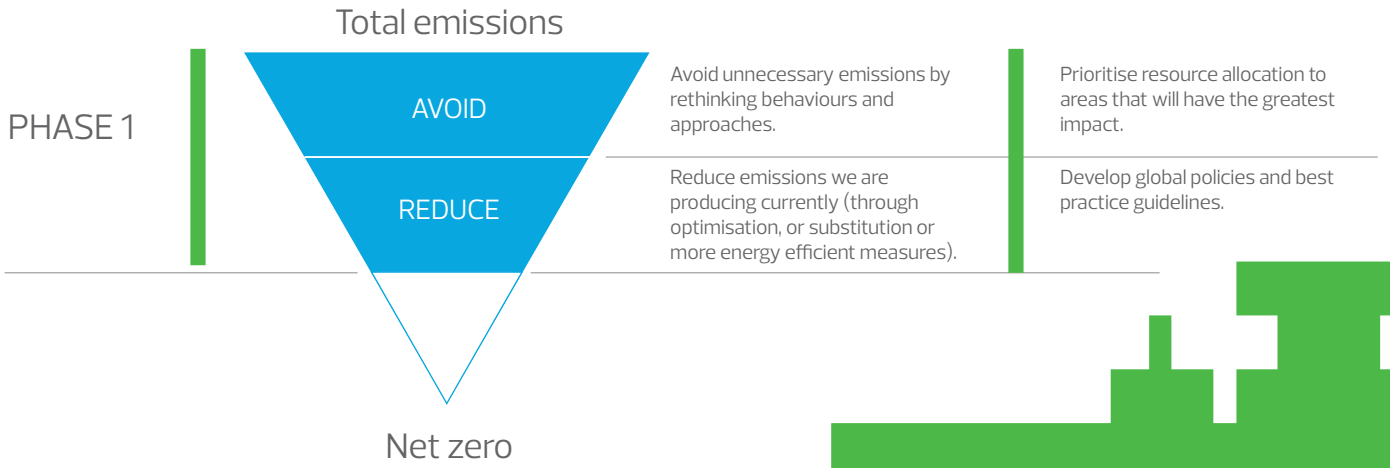
Now that we have our first global CCF, the insights we have gained are informing reduction initiatives within our operations and value chain.

Hotspot focus

Given employees make up such a considerable proportion of our emissions, we will certainly seek to encourage Member Firms to influence emissions in this category, by incentivising alternative transport options. With respect to electricity, we recognise the significant impact that movement to green energy tariffs across all locations could have on reducing our overall global footprint. In addition to encouraging Firms to switch to renewable energy tariffs if this is feasible, focus will also be given to encouraging partners and employees to be mindful in electricity use wherever possible. As a services business, business travel to meet clients and team members is a critical part of our operational modus-operandi. However, we will continue to promote video calls and digital communication wherever possible. Member Firms will be encouraged to focus on the most sustainable travel choices and wherever possible use airlines that support Sustainable Aviation Fuel (SAF) projects. From a wider perspective across all of the areas measured, guidance has been created to support RSM Firms in their decarbonisation journey. Reductions will be focused on both activity and intensity, reducing activity to lower consumption values and also reducing the intensity of emissions.

Improving data quality

A primary focus will also be on improving data quality. Wherever assumptions have been made, or proxies used to fill data gaps, conservative and likely overestimated data will have been used. This means that the better the quality of data, the more accurate the footprint and, potentially, the lower the actual reported emissions are likely to be. We will assess the quality of the data submitted in this exercise and aim to improve it in each subsequent measurement period. High quality data will also be essential when we embark on setting reduction roadmaps and targets.



Broadening our scope and building maturity

Beyond our concentration on data quality and hotspot emissions reductions, we will also consider broadening the scope of emission categories measured every year, as data collection becomes progressively easier, particularly for those Firms that have been able to submit most or full data. We shall also be looking to improve the efficiency and simplicity of data capture for future years' reporting.

RSM is mindful of net zero, science-based targets and beyond value chain mitigation which will, in due course, form a fundamental part of our holistic climate action strategy.

Looking ahead

We have completed the first stage in what we appreciate is a long-term journey. Whilst many of our Firms are extremely advanced in their climate action planning, we recognise much more can be done to improve RSM's overall environmental impact. Our over-arching aim is to improve sustainability maturity of all Firms in the RSM Network to ensure that as an organisation as a whole, we are operating at the forefront of responsible business practice.

ClimatePartner are proud to have supported RSM on their first global Corporate Carbon Footprint. In the context of our experience with many large, global organisations, we were impressed by RSM's level of commitment to creating a footprint that was as complete as possible.

We experienced a high level of engagement during the data collection process from many of the Member Firms. Continuing support at this level will enable improvements in data quality each year and the implementation of carbon reduction initiatives. We look forward to our future work with RSM, supporting the development of their holistic climate action journey.

ClimatePartner

> Whilst it has been a challenging process to calculate our global carbon footprint across all RSM Member Firms, encompassing 500 offices in nearly 100 countries, we are excited to have completed our first global carbon measurement programme. As one of only a few global professional services networks to undertake such an exercise, our determination to do so reflects the importance RSM places on being an advocate for responsible business practice.

Rebecca Richards
Global Purpose and Sustainability Lead

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