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Measuring our Environmental Impact

RSM's second global carbon footprint report

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At RSM, 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 and communities, placing factors relating to environmental issues, social behaviour and governance at the heart of our organisation. ”

Ernest J. Nedder | Chief Executive Officer, RSM International



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Introduction

As the impacts of climate change become ever more tangible, the need for accurate carbon measurement and decisive climate action is increasingly pressing.

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 but important process. Our determination to do so reflects the importance we place on climate action. This report includes activities from all RSM Member Firms encompassing more than 500 offices and 47,000 people. In line with the commitments we have collectively made in our 2030 Global Strategy to ensure we consider responsible business practice in everything we do, we are committed to supporting all our Firms to put in place carbon reduction benchmarks and goals.

By providing a global picture of our emissions, we can identify commonalities, share best practices, and enable tailored approaches that respect local circumstances while contributing to a unified global impact.

At RSM, we are excited to inspire and empower our people and our Firms — and the clients and industries they serve — to collectively tackle one of the greatest challenges of our time.

Rebecca Richards

Global Leader — Strategy and Special Projects



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 sustainability 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 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. With annual CCF reports, we will be able to check our progress and to identify areas where emissions can be further reduced.

For transparency and to bring in an important independent, outside perspective, we partnered with a third-party external consultancy. They supported RSM International in data collection, to perform the calculation and assist in the preparation of this report.

Executive summary

From May to October 2024, the RSM Global Executive Office worked with RSM Member Firms to build on our success from the previous year and undertake RSM's second global carbon footprint measurement programme.

The scope of our global footprint measurement focuses on the most material categories relevant to an organisation in our industry: Scope 1 (direct emissions from fuels and fugitive refrigerants), Scope 2 (indirect emissions from electricity consumption) and material categories from Scope 3 (upstream energy, business travel and employee commuting).

RSM Firms have continued to engage positively with the global carbon footprint measurement programme. In many cases, Firms have improved their data completeness score and the quality of activity data provided, as well as offering better insights into how they plan to reduce their carbon emissions in the near term.

RSM's global emissions were estimated to be 120,402 tCO₂e, equivalent to the annual carbon capture of over 9.6 million beech trees, or the annual personal footprint of 13,839 average European citizens. As is usual for our industry, the majority of our emissions lie in Scope 3, our upstream value chain, with our largest hotspots continuing to be employee commuting (33%) followed by business travel (26%). Our third largest hotspot lies in Scope 2 with electricity for our offices (23%).

There has been an increase in our global total estimated emissions, but this is in line with the growth of our global headcount. We have also seen a return to pre-2020 work behaviours with a greater number of colleagues commuting and travelling.

Where RSM Firms have reported using better quality data than in previous years, it has reduced our reliance on conservative assumptions, thereby reducing the estimated total emissions for those Firms.

We believe that detailed year-on-year comparisons will not provide useful and reliable insights until we reach a higher level of data quality and completeness, at which point we will recalculate our base year (2022). Building our data quality and integrity is therefore our primary area of focus so that we can enable more accurate comparisons.

While we have not seen an increase in the amount of renewable energy purchased, we have seen an increase in the number of Firms purchasing at least some portion of renewable energy, with 17% of Firms using a portion of renewables in 2023, compared with 9% in 2022. Many Firms are now also introducing Policies and Firm practices directly targeting hotspot areas and overall reduced emissions.

As we build sustainability maturity across all Firms in the RSM network, we will continue to develop awareness of climate impact, educate all our stakeholders on the role they play and how they can target hotspots for focused reduction planning. For the 2024 measurement programme, we will be creating a global committee to evaluate broadening the scope of our reporting. We appreciate this is the start of a long-term journey and are proud to be active champions for responsible business practice.

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 climate¹.

Greenhouse gases include carbon dioxide (CO₂), methane (N₂O), 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 CO₂ equivalents (CO₂e) 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 CO₂ over 100 years².

RSM's global CCF calculates all emissions as CO₂ equivalents (CO₂e), which may be referred to as "CO₂" in this report for simplicity. This means that all relevant greenhouse gases, as stated in the IPCC Assessment Report³, were taken into account.

Calculation Framework: The Greenhouse Gas Protocol



Our calculation framework followed the Greenhouse Gas Protocol⁴ (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.

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.

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, https://www.ipcc.ch/report/ar6/wg1/downloads/report/IPCC_AR6_WGI_Full_Report.pdf (retrieved on 31.01.2022)

³ Ibid

⁴ <https://ghgprotocol.org>

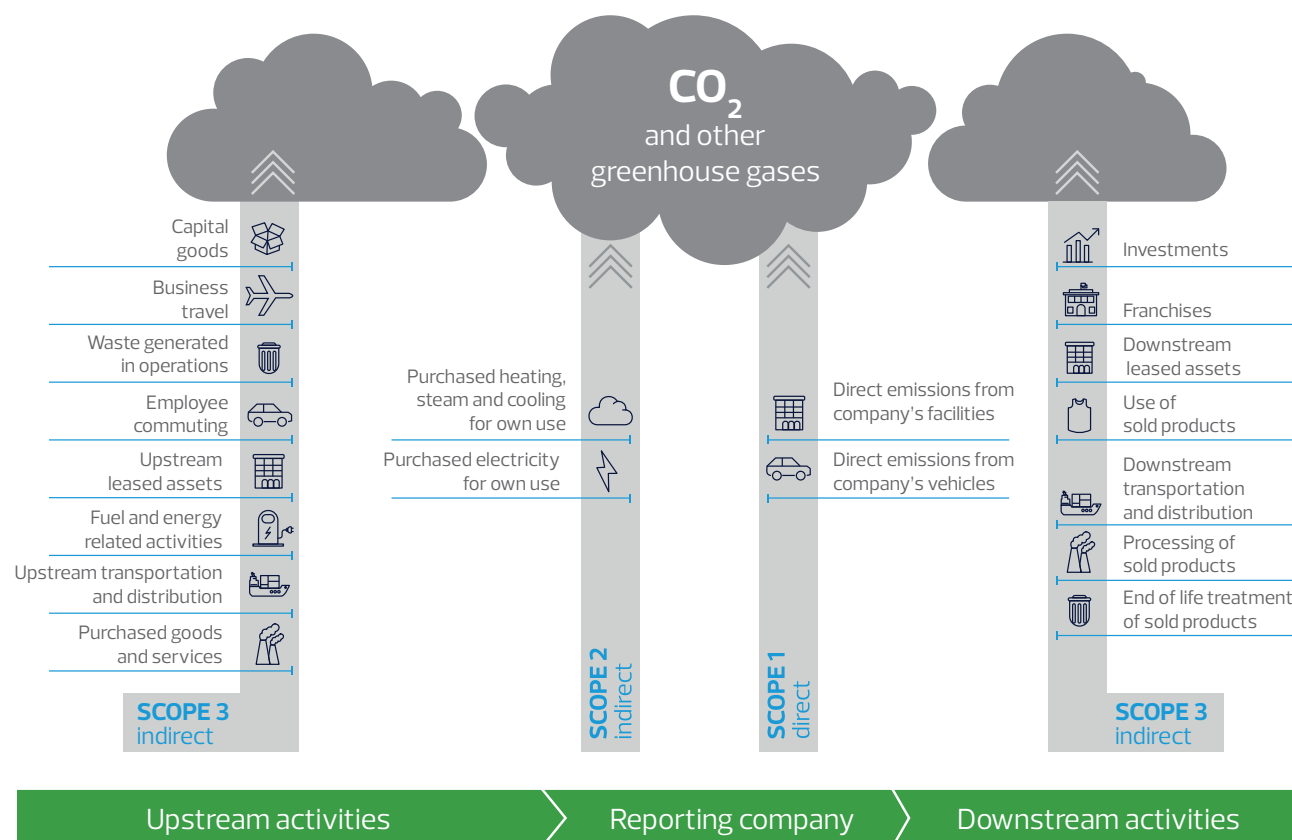
Corporate carbon emission sources

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

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.

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.

Emissions by Scopes 1, 2 and 3



Methodology

Project scope

RSM's global 2023 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 our third-party consultant'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 collectively

we can take more impactful climate action. This CCF reports emissions for the calendar year of 2023 (January to December). All RSM Member Firms were included in this CCF. The Global Executive Office is also included within the calculation but Correspondent Firms are excluded.

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 2023, either in square metres or feet.
- Average FTE (full-time equivalent) employees for 2023. In the rare case where FTE number was unavailable, they were advised to provide an average headcount for 2023 which would be used as a proxy for FTE.

Following GHG Protocol guidance, these two pieces of data allowed our third-party consultant to estimate emissions for each Firm, in the event they were unable to provide any detailed primary activity data for this calculation. It was acknowledged that some Firms might not have captured the data needed to estimate their emissions. In accordance with the GHG Protocol principle of Completeness (see Understanding greenhouse gases

and 'carbon emissions', above) the decision was made to include all Firms in the calculation, even if all their emissions were based on estimates.

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.

	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

In the absence of primary data for a particular category, our priority was to adhere to the GHG Protocol principle of completeness. The GHG Protocol guidance advises that 'Companies may use either primary or secondary data ... Secondary data includes industry-average-data (e.g., from published databases, government statistics, literature studies, and industry associations), financial data, proxy data, and other generic data. In certain cases, companies may use specific data from one activity in the value chain to estimate emissions for another activity in the value chain. This type of data (i.e., proxy data) is considered secondary data, since it is not specific to the activity whose emissions are being calculated.'⁶ Therefore, secondary data was sourced, using activity data from similar companies to act as proxies for the Member Firm in question. The activity of RSM Firms who did submit primary data acted as proxies for RSM Firms who had been unable to capture and share primary data.

Primary data	SOURCE <i>Data came from directly within RSM or our value chain.</i>	QUALITY <i>Primary data is considered the highest quality, to give the closest representation of reality.</i>
Secondary data – similar activity	SOURCE <i>Data gaps were filled using primary data from a similar activity (e.g., industry averages, or equivalent supplier data).</i>	QUALITY <i>This is medium quality. This is not raw activity data, but is still a close representation of reality.</i>
Secondary data – averages	SOURCE <i>Data gaps were replaced with averages from the same industry.</i>	QUALITY <i>Averages are a representation of service industry standards, but are not specific to RSM's own activities.</i>
Secondary data – spend-based	SOURCE <i>Data was limited to spending activities.</i>	QUALITY <i>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.</i>

⁶ GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard, pages 70–71

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 3.10, 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 marketbased emissions were zero. If a Firm was unable to provide supplier-specific emission factors, then factors for the residual mix⁷ in the country of operation were used, or the average grid-mix⁸ 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.

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.

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.

Engagement with RSM Member Firms

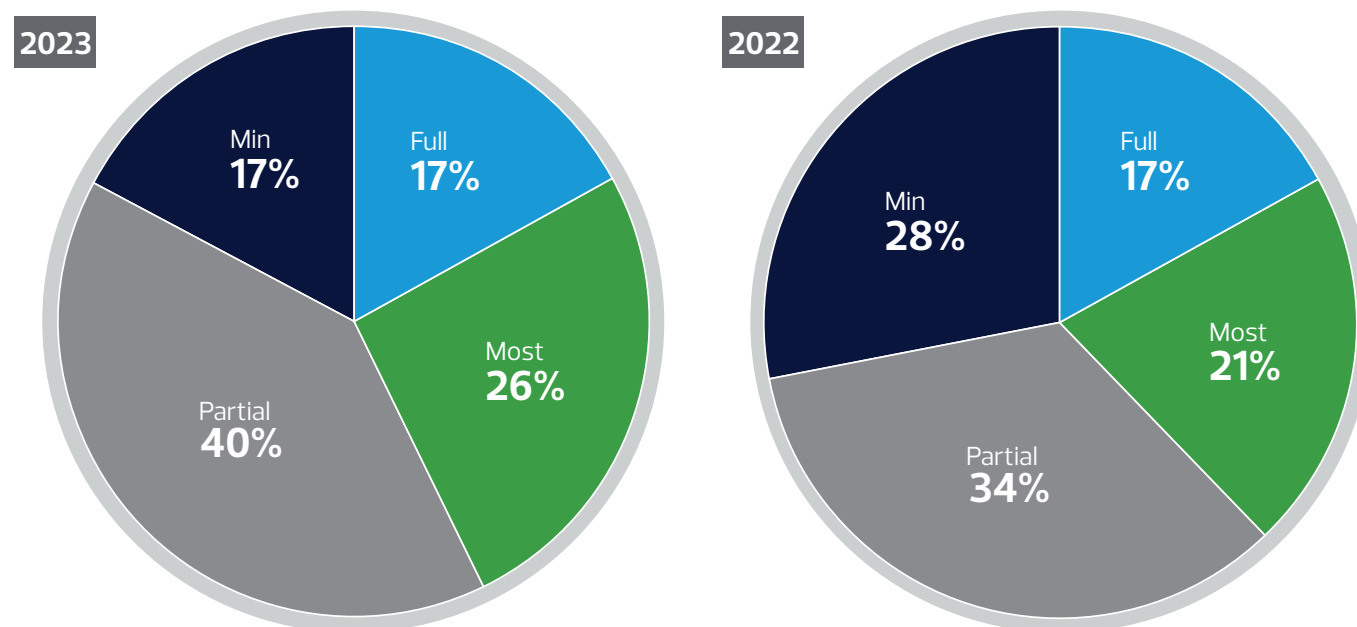
Engagement with all Member Firms was crucial to the success of this project. Each Firm nominated an Eco-Champion who was responsible for the collection of data for the 2023 reporting period. Data was then submitted to a third-party external consultancy for emission analysis.

Engagement by Member Firms continues to be very positive. In this second year of calculation, many Member Firms were able to provide high quality data across many of the emission Scopes. Many Firms applied extra effort to improve the completeness and quality of their data. Consequently, data completeness improved globally, with 43% Member Firms providing 'Full' and 'Most' data sets (compared with 38% in 2022). Member Firms only able to provide the minimum data fell from 28% in 2022 to 17% in 2023.

17% 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.

Global data quality and completeness increased substantially.

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 2023 has been estimated to be **120,402 tCO₂e**.

To put this in perspective, we can translate this total into more tangible real-world footprints. 120,402 tCO₂e is the equivalent of the emissions produced by:

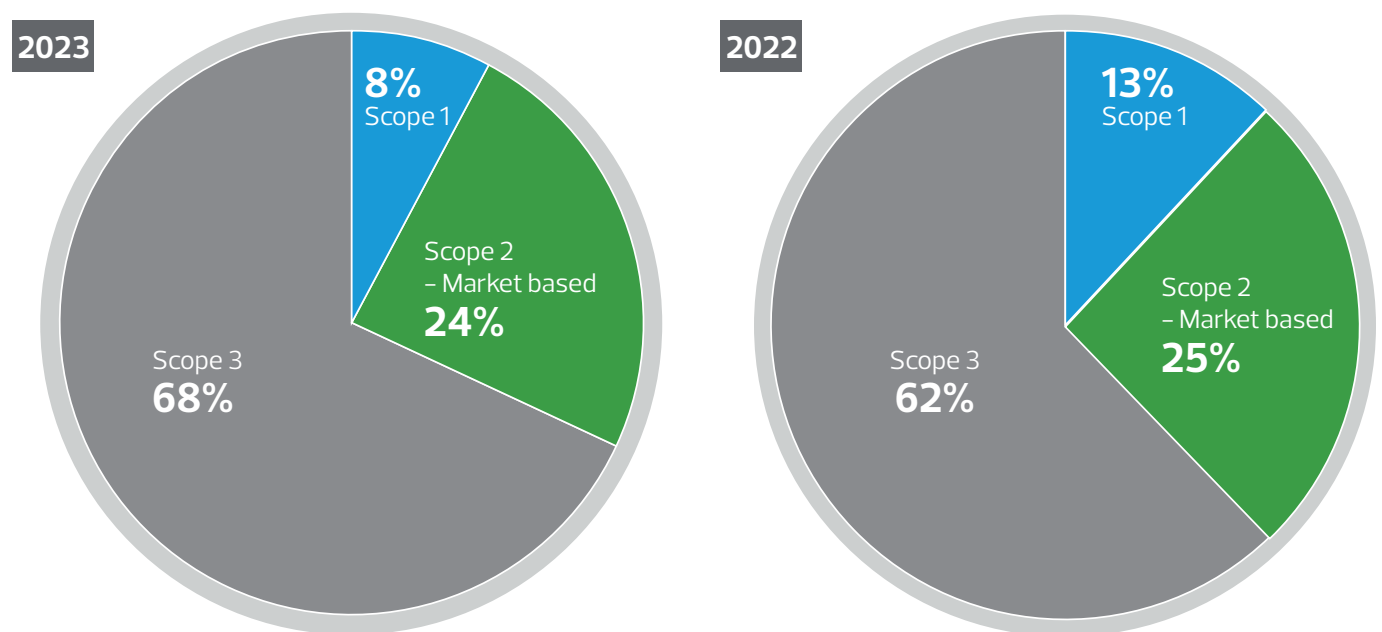
- The annual footprint of 13,839 average European citizens⁹
- Over 373 million km driven by a non-electric car
- The annual carbon capture by over 9.6 million beech trees

Emissions fall into Scopes 1, 2 and 3, with the majority (68%) in Scope 3, just under a quarter (24%) in Scope 2 (electricity) and the smallest proportion (8%) 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 3¹⁰. 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.

⁹ Source: EEA 2019, European Environment Agency: EEA greenhouse gas – data viewer, EU-27 value for total emissions with international transport (CO₂e), <https://www.eea.europa.eu/data-and-maps/data/dataviewers/greenhouse-gases-viewer> (retrieved 31.01.2022).

¹⁰ Insight from our third-party consultancy calculated CCFs of members of the service industry.

RSM global emissions



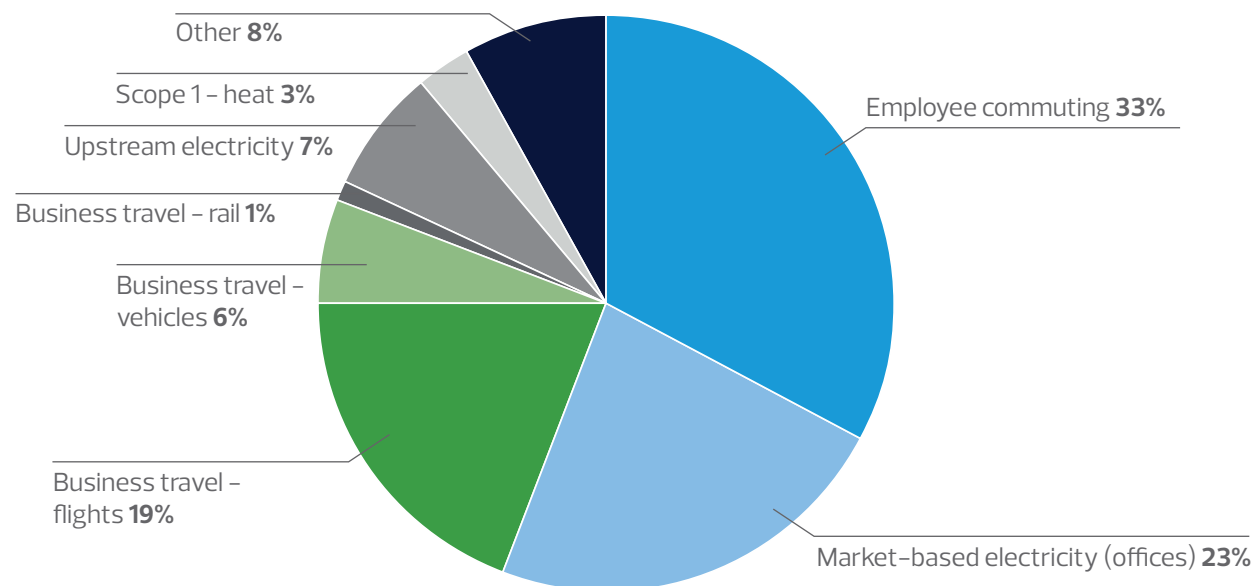
Emission source	2023 Emissions (tCO ₂ e)	2023 Emissions (%)	2022 Emissions (tCO ₂ e)	2022 Emissions (%)	Change (%)
Scope 1	9,469	8%	14,206	13%	–33%
Scope 2 – Market based	29,043	24%	27,827	25%	4%
Scope 3	81,890	68%	67,352	62%	22%
Total	120,402	100%	109,385	100%	10%

Emission hotspots

Breaking down the three Scopes further, clear hotspots in the global emission profile can be identified.

- Employee commuting – **33%**
- Market-based electricity (offices) – **23%**
- Business travel – **26%**
- Upstream fuel and energy – **9%**

Emissions breakdown



Emission source	2023 Emissions (tCO2e)	2023 Emissions (%)	Change from 2022 (%)
Scope 1	9,469	8%	-33%
Heat	3,140	3%	-60%
Cooling	3,388	3%	-9%
Company fleet	2,941	2%	14%
Scope 2	29,043	24%	4%
Market-based electricity (offices)	27,928	23%	1%
Electricity (company fleet)	84.82	0%	-37%
District heating	1,030	1%	-
Scope 3	81,890	68%	22%
Upstream fuel & energy (total)	10,383	9%	-4%
Business travel (total)	31,892	26%	40%
Employee commuting	39,616	33%	18%
Total	120,402	100%	10%

Action plan for the coming year

Now that we have two CCF measurements in place, the process and insights are inspiring reduction initiatives within RSM Firms.

Improving data quality

Our primary focus continues to 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. We have seen the impact of improving data quality on our footprint this year. We are prioritising data quality as we understand only data based on real-world activity will allow Firms to set reduction roadmaps and targets, a key next step in any climate action plan.

Hotspot focus

We have seen an encouraging increase in the number of Firms purchasing at least some portion of renewable electricity (a 12% increase in number of Firms year-on-year). We are moving in the right direction but, as the Network continues to grow, we will maintain our focus on encouraging Firms to decarbonise their Scope 2 emissions. As signatories to the UN Global Compact, we are mindful of their entreaty for "businesses to embrace the urgency of a just energy transition, set ambitious targets, develop just transition plans and publicly report on progress."¹¹ From a wider perspective across all the areas measured, guidance and toolkits have been created to support all Firms across RSM in their decarbonisation journey, supporting them to reduce consumption and intensity values and also choose low-carbon alternatives.

¹¹ [Just Transition and Renewable Energy: A Business Brief | UN Global Compact](#)

Broadening our scope and building maturity

Now we have completed two carbon footprint measurements, we will be establishing a global committee to evaluate how we broaden the scope of our upcoming measurement for 2024 to include Scope 3 purchased goods and services. We anticipate this is one of the last remaining categories to be material to our global business footprint. The committee will also look at ways we can encourage increased climate action across RSM as a whole.

We will be offering educational opportunities to our Member Firms in 2025, enabling them to understand how to: broaden their climate action plan; set science-aligned near-term targets; and define a Net Zero strategy. We are also mindful of changing legislation across the globe (e.g. CSRD) and will support our Firms and our clients to meet these new requirements.

Measuring our Environmental impact

Looking ahead We appreciate we are only at the start of a long-term journey. Whilst many of our Firms are extremely advanced in their climate action, we recognise that there is much more can be done to lessen 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.



As we continue to build sustainability maturity across all firms within the RSM network, we acknowledge that this is only the beginning of a long-term journey. I am heartened to see the progress many of our Firms are making and the overall commitment across our Network to environmental action. As a global business advisory organisation, at RSM we remain steadfast champions of responsible business practices for today and for the future, for the benefit of both our clients and the world around us. ”

Ernest J. Nedder

Chief Executive Officer,
RSM International

