

APPENDIX A – Our Materiality and Stakeholder Engagement Process

In order to determine which citizenship issues are the most significant to Edelman, we review our material aspects annually, with a more in-depth analysis every three years. This ongoing materiality process help us to report on those topics that are most critical to our stakeholders, and map our citizenship journey for the years ahead.

How We Identified Relevant Aspects

Edelman has an ongoing process in which the global citizenship team, with assistance from local citizenship liaisons, monitors new developments in the corporate social responsibility space. These observations are being shared and discussed during our monthly Local Citizenship Network calls and Global Citizenship Advisory Council meetings. Based on these conversations we determine how our initiatives measure up against global trends, initiatives at other service providing firms and relevant developments within our industry. We receive annual feedback from our employees through our Global Citizenship survey.

Annual Process

Having conducted our in-depth materiality research for our last (FY15) report, In FY16 we focused on an internal audience to measure any movement in priority for our identified material aspects. We used our annual Global Citizenship survey that was sent out to all employees globally to answer some specific questions on materiality. With a global response rate of 38%, we received the input of 2,188 employees worldwide.

Similar to last year’s survey, the top 3 material aspects according to our global staff were identified as:

1. Employee Health & Wellbeing
2. Diversity & Equal opportunity
3. Community Engagement (Pro Bono work & General Volunteerism)

Based on these outcomes we can say that there were no significant changes from previous reporting periods in the scope and aspect boundaries.

360° Stakeholder Engagement

In FY15 we completed an in-depth 360° stakeholder engagement process to determine the most important Citizenship issues for both our internal and external stakeholders. We collected feedback from employees and senior leaders around Edelman, as well as from external partners. Our comprehensive materiality process (completed in FY15) consisted of the following:

Internally

- Senior leader interviews: 31 top execs, including CEO, CFO and COO, were interviewed by a 3rd party.
- Global Citizenship survey: we asked all 5,000+ colleagues around the world to rank topics that are most important to them in a global survey. (1,176 responses)
- Global Managing Directors survey: we asked the managing directors of all offices to rank topics that are most important to them in a global survey. (24 responses)

Externally

Our Business + Social Purpose practice, in partnership with Global Citizenship, has assisted in extensive stakeholder interviews to get an external perspective on our materiality. Telephone interviews have been conducted with clients in various sectors, academics from leading universities, and NGO partners that provided valuable feedback on emerging citizenship trends.

External stakeholder interviews: We interviewed the 14 external stakeholders (Clients, Academic, and NGOs), listed below:

1. Kellogg Company
2. Johnson & Johnson
3. Symantec
4. University of Maryland
5. Stanford Center on Philanthropy and Civil Society
6. Presidio Graduate School
7. University of Chicago
8. Boston College Center for Corporate Citizenship
9. The Nature Conservancy
10. Conservation International
11. CDP (formerly Carbon Disclosure Project)
12. GreenBiz
13. Undisclosed organization
14. Undisclosed organization

Outcomes:

The five aspects we identified as being the most material to our internal and external stakeholders are:

 1. Business Ethics <ul style="list-style-type: none">• Operating in keeping with our values and in compliance with all applicable laws	 4. Diversity and Opportunity <ul style="list-style-type: none">• Fostering employee diversity and inclusion in the workplace• Promoting supplier diversity and responsible/sustainable purchasing
 2. Health and Well-Being <ul style="list-style-type: none">• Supporting the health and holistic wellness of Edelman people around the world	 5. Community Engagement <ul style="list-style-type: none">• Helping employees make the most of opportunities to give back to the communities where they live and work, through hands-on service and pro bono professional support
 3. Training and Development <ul style="list-style-type: none">• Providing employees with opportunities for training that enables career growth as well as responsible and meaningful service for our clients	

Other Relevant Aspects

At the same time, our efforts continue on other issues that are relevant to our business and our stakeholders, but represent baseline expectations. These include implementing effective environmental policies and a sustainable purchasing policy. Through our annual Global Citizenship report, social media channels, blogs, internal communications and events we update our stakeholders on our initiatives and progress on a regular basis. For a full overview of our material aspects, please see the graph below.

Complete Materiality Overview



APPENDIX B – GHG Emissions Reporting Methodology and Environmental Metrics

GHG Emissions Reporting Methodology

Edelman’s carbon footprint was prepared in accordance with the World Resources Institute/World Business Council for Sustainable Development’s *The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard*, revised edition (March 2004). The GHG accounting and reporting standard are referred to as the GHG Protocol in this document.

Organizational Boundary and Reporting Period

Edelman’s organizational boundary of its carbon inventory is determined based on an operational control approach in accordance with *The Greenhouse Gas Protocol*. The inventory accounts for the carbon emissions generated by business activities and operations in which Edelman has direct operational control and the full authority to introduce and implement its operating policies. There is a one-year delay for environmental data reporting due to the timing of our publication and our fiscal year. The current carbon inventory thus accounts for the carbon emissions of Edelman’s operations for FY15 (July 1, 2014 – June 30, 2015).

Edelman currently operates in 27 countries with 65 offices under 5 operation regions, Edelman U.S., Canada, Europe, Asia Pacific Middle East and Africa (APACMEA), and Latin America. Carbon emissions from 56 local offices were reported for FY15.

Operational Boundary

The carbon emissions calculation includes Scope 1, Scope 2 and Scope 3 emissions that were reported for operations within the organizational boundary defined above.

Operational Boundaries	Emission Source
Scope 1 Direct Emissions	Direct fuel usage of natural gas, diesel, and petrol
Scope 2 Energy indirect emissions	Office energy consumption
Scope 3 Other indirect emissions	Staff business air travel
	Office copy paper use

GHG Quantification Methodology and Emissions Factors

All carbon emissions include three of the seven greenhouse gases covered by the Kyoto Protocol - carbon dioxide (CO₂), methane (CH₄) and nitrous oxide (N₂O). Hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF₆), and (NF₃) are omitted from our reporting as they are not a material source of greenhouse gas for the company.

The carbon emissions are calculated by multiplying activity data with published emissions factors. Carbon emissions from multiple gasses are standardized to a carbon dioxide equivalent (CO₂e) by applying the corresponding Global Warming Potential (GWP). The general calculation formula and global warming potentials used are:

$$\text{Total GHG emissions (tCO}_2\text{e)} = \sum_{\text{sources}} (\text{Activity data} \times \text{Emission factor} \times \text{GWP})$$

GHG	Global Warming Potential (GWP)	Reference
Carbon Dioxide (CO ₂)	1	Second Assessment Report published by Intergovernmental Panel on Climate Change
Methane (CH ₄)	21	
Nitrous Oxide (N ₂ O)	310	

Published emission factors were identified for all emission sources. They specify the amount of emissions per unit of activity.

Emission Source	Source of Emission Factor
Scope 1 – Global	GHG Protocol (Apr 2014). WRI Emission Factors from Cross-Sector Tools (Apr 2014). Defra (2015). 2015 Guidelines to Defra / DECC's GHG Conversion Factors for Company Reporting; Table 6a & 7a, Burning oil.
Scope 2 – U.S.	US Environmental Protection Agency eGRID2015. Most recent year: 2012.
Scope 2 – U.K.	Defra GHG Conversion Factors for Company Reporting (2015).
Scope 2 - Australia	Australian National Greenhouse Accounts (2015). National Greenhouse Accounts Factors (August 2015).
Scope 2 – Other	Defra (2015). 2015 Guidelines to Defra / DECC's GHG Conversion Factors for Company Reporting; Overseas electricity.
Scope 3 Air Travel – Global	Defra GHG Conversion Factors for Company Reporting (2015). In line with international good practice, a Radiative Forcing Index (RFI) multiplier of 1.9 is used to represent the impact of non-CO ₂ gases from aviation when calculating emissions from flights.
Scope 3 Paper – Global	Environmental Paper Network Paper Calculator Version 3.2.1.

Carbon emission data is reported in both absolute and normalized values. Full time equivalent (FTE) as of fiscal year-end (i.e. 30 Jun 2015) is used to calculate carbon intensity (CO₂e/FTE). It covers permanent full-time and part-time employees only (interns, trainees, contractors and temporary employees are excluded). However, FTE also accounts for four offices that are excluded from the carbon inventory as the data quality of these offices are deemed to be insignificant to Edelman's total global footprint.

Base Year GHG Emissions and Recalculation

The carbon emissions for FY11 were set as the base year for comparing our emissions performance over time. It is the suggested base year in which emissions data is available. The base year carbon emissions apply to Scope 1, Scope 2 and Scope 3 emissions associated with staff business air travel and office copy paper use.

Data Collection and Reporting Tools

Primary usage data is used to calculate carbon emissions through the application of relevant emission factors. The primary data obtained from electricity bills, fuel and paper purchase records, and flight ticket information are collected via web based carbon data management software. A proxy built from average office electricity usage is applied to calculate carbon emissions only in cases where actual metering data is not available. There are 17 offices where a proxy has been applied, in which the estimated electricity consumption is 10.62 kWh/sq.m/month.

Edelman's business air travel data comes from a combination of internal booking receipts, data provided by an external travel agent as part of the company's airline procurement process and flight itinerary records. A proxy built from average air travel emissions per employee is applied to calculate carbon emissions only to cases where such data is not available to calculate carbon emissions.

Supporting documents such as copies of purchase invoices are maintained by local offices for internal data verifications. At the time of the footprint calculations, invoices were checked against the input data based on sampling for electricity, fuel and paper purchases. Raw data and emissions calculations are properly documented and archived for future reference.

APPENDIX C – Environmental Performance Data Table

Environment	FY15	FY14	FY13	FY12	FY11 (base year)	% Change FY15 vs FY14	% Change FY15 vs FY11 (base year)
Total carbon emissions per FTE (tCO ₂ e/FTE)	3.14	3.69	3.90	3.94	4.04	-15%	-22%
Reduction in carbon emissions per FTE compared to FY11	22%	9%	3%	2%			
<i>Carbon emissions by source</i>	Tons of CO₂ equivalent (tCO₂e)						
Business air travel	11,981	13,665	13,946	13,044	12,135	-12%	-1%
Office electricity	4,464	4,552	4,419	3,989	3,473	-2%	29%
Mobile fuel and stationary fuel combustion	582	754	832	364	289	-23%	101%
Office paper use	184	209	200	304	341	-12%	-46%
Total carbon emissions	17,212	19,180	19,397	17,701	16,237	-10%	6%
<i>Carbon emissions by region</i>	Tons of CO₂ equivalent (tCO₂e)						
US	10,307	12,030	13,112	11,962	11,225	-14%	-8%
Europe	2,703	3,208	2,865	2,809	2,562	-16%	5%
APACMEA	3,510	3,295	3,005	2,541	2,074	7%	69%
Latin America	524	509	279	238	237	3%	121%
Canada	169	139	137	150	139	21%	21%
Total carbon emissions	17,212	19,180	19,397	17,701	16,237	-10%	6%

Carbon emissions by scope	Tons of CO₂ equivalent (tCO₂e)						
Scope 1	582	754	832	364	289	-23%	102%
Scope 2	4,464	4,552	4,419	3,989	3,473	-2%	29%
Scope 3	12,166	13,874	14,146	13,347	12,476	-12%	-2%
Total carbon emissions	17,212	19,180	19,397	17,701	16,237	-10%	6%
Carbon emissions: percentage by source	% of total						
Business air travel	70%	71%	72%	74%	75%	-2%	-7%
Office electricity	26%	24%	23%	23%	21%	9%	21%
Mobile fuel and stationary fuel combustion	3%	4%	4%	2%	2%	-14%	90%
Office paper use	1%	1%	1%	2%	2%	-2%	-49%
Total	100%	100%	100%	100%	100%		
Carbon emissions: percentage by region	% of total						
US	60%	63%	67%	68%	69%	-5%	-13%
EMEA	16%	17%	15%	16%	16%	-6%	-1%
Asia Pacific	20%	17%	15%	14%	13%	19%	60%
Latin America	3%	3%	1%	1%	1%	15%	109%
Canada	1%	1%	1%	1%	1%	35%	15%
Carbon emissions: percentage by scope	% of total						
Scope 1	3%	4%	4%	2%	2%		
Scope 2	26%	24%	23%	23%	21%		
Scope 3	71%	72%	73%	75%	77%		
Total	100%	100%	100%	100%	100%		
Total energy consumption per FTE (GJ/FTE)	8.05	8.93	9.51	8.86	7.79		
% change compared to FY11 Baseline	3%	15%	22%	14%			

Energy usage by source	GJ				
Diesel	1,153	1,106	987	673	372
Petrol	3,501	6,050	5,908	3,732	2,443
Electricity	34,384	34,525	34,163	31,189	27,477
Natural gas	5,102	4,813	6,240	4,156	998
Total energy usage	44,140	46,493	47,297	39,751	31,290

Energy usage: percentage by source	GJ				
Diesel	3%	2%	2%	2%	1%
Petrol	8%	13%	12%	9%	8%
Electricity	78%	74%	72%	78%	88%
Natural gas	12%	10%	13%	10%	3%
Total	100%	100%	100%	100%	100%

Footnotes

1 Some values may not sum exactly to total number due to rounding.

2 Emission levels for FY14 and FY13 have been revised in light of improvement in estimation methods and availability of new data.

3 Detailed methodology for carbon emissions and energy usage calculations is available in **Appendix B– GHG Emissions Reporting Methodology and Environmental Metrics**.

4 FY2015 carbon emissions classified as “Scope 2” and “Office Electricity” reflects a location-based carbon accounting approach. Following a review of the GHG Protocol Scope 2 Guidance and U.S. emission factors, we decided to calculate emissions using national-level emission factors to ensure consistency and comparability over the years. Please note that data prior to FY15 are calculated using the location-based method.

5 The boundary of our inventory covers Edelman’s global operations - a total of 56 offices in 5 operating regions. There were four offices excluded as the data quality from these offices is deemed to be insignificant to Edelman’s global footprint.