ENERGY REPORTING METHODOLOGY

Land Securities is committed to European Public Real Estate Association (EPRA) Best Practice Recommendations for Sustainability reporting.

Reporting framework

Disclosures concerning greenhouse gas emissions became mandatory for Land Securities under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013. As well as fulfilling these mandatory carbon reporting requirements, Land Securities is committed to European Public Real Estate Association (EPRA) Best Practice Recommendations for Sustainability reporting. This common reporting standard is a framework developed by property companies to promote transparency in energy related carbon emissions reporting. In addition we make further disclosures as recommended by DEFRA Environmental Reporting Guidance 2013 and the Greenhouse Gas Protocol where this is deemed necessary to provide a fuller picture, or to facilitate comparison with our peers. As a result we report on scope 1, 2 and those scope 3 emissions which are material to our business and can be reliably measured, as well as presenting our results against a baseline from which our energy reduction targets have been set.

Reporting structures

Data for our emissions reporting is collected from both our energy management systems and our financial ledgers. It is obtained from metered consumption, purchased quantities of commercial fuels and from staff activity data obtained from human resource and payroll records. Published emissions factors are used to convert this information into carbon dioxide equivalent (CO_2e) in order to facilitate comparisons. Much of the data reported here is also required for our monthly internal management reporting, and for our annual Carbon Reduction Commitment (CRC) Energy Efficiency Scheme reporting. Less than 5% of our data is estimated, as compared to 7.0% in the prior year. Corporate Citizenship provides limited assurance on our process and data. Measured GIAs have been utilised.

Reporting period

All data reported for the financial year is for the 12 months to the end of February, as March utility data is not available in advance of our reporting deadlines.

Reporting boundaries

Land Securities reports on at least 75% of our portfolio by value. We report on all sites where we have 'operational control'; where we directly purchase energy or appoint agents who control the purchase of energy. We do not report on properties managed by our joint venture partners, third party managed residential sites, buildings let on an FRI basis (including Accor hotels) and developments.

For properties where we have operational control we report on consumption from the date they fall under our control until the date they leave our operational control. We refer to this as our 'absolute portfolio'. However, we recognise that factors such as acquisitions, disposals and developments can impact on overall levels of consumption. Therefore, in order for stakeholders to understand our performance we report on a set of assets that have not been affected by significant changes such as acquisitions or disposals: the 'like-for-like' portfolio.

Having achieved our 2020 target as at 31st March 2014, we have rebaselined using 2014 for our new 2020 commitments. Rebaselining was recommended following significant changes to emissions factors released by DEFRA in 2013. Using 2014 as the new baseline year has enabled us to set targets against a more accurate data set which is more relevant to our portfolio following changes to both the London and Retail portfolios. This also supports our new shorter term targets as we move from a carbon to an energy reduction target.

We report on landlord (Land Securities) obtained energy and water, including that obtained by the landlord but consumed and sub-metered in tenant areas. Tenant obtained consumption is not reported upon. Similarly Land Securities only reports on waste under landlord operational control. Reuse, composting and recovery are reported within recycling.

Reporting segments

In line with our financial reporting, all our operations are organised into two operating segments, London Portfolio and Retail Portfolio, and then broken down further into asset types. This is the level at which we provide detailed commentary upon our performance. We provide additional data to highlight consumption arising from the company's own occupation.

Performance measures

Sustainability performance measures:
We report against EPRA's 12 sustainability performance measures which include both absolute consumption measures that indicate our overall impact on the environment, and intensity measures which enable us to measure our efficiency. For all intensity indicators Land Securities uses gross internal floor area (GIA) as the denominator. Energy consumption is aligned directly to the associated floor area for each type of supply. Where the landlord supplies energy to any demise or common area, that particular area will be included within the floor area denominator.

Scope reporting:
A widely accepted approach to reporting greenhouse gas emissions is to identify and categorise them into three groups known as scopes. Scope 1 emissions are direct emissions from activities controlled by us that release emissions into the atmosphere, whereas scope 2 emissions are indirect emissions associated with our consumption of purchased energy. At Land Securities scope 1 comprises natural gas, oil, fugitive emissions from refrigerant gasses and emissions from company owned vehicles. Scope 2 emissions are from electricity purchased for common areas and shared services.

All material sources of scope 1 and 2 emissions are reported. As the remaining sources (e.g. diesel used in generators) represent such a small proportion of the Group's total emissions, and would have negligible impact on the carbon profile of the Company we do not report them. Scope 3 emissions are emissions that are a consequence of our actions, but which occur at sources we do not own or control and which are not classed as scope 2 emissions. The 'Greenhouse Gas Protocol' identifies many categories of scope 3 emissions, of which we report upon four:

- downstream leased assets i.e. tenant demised energy
- fuel- and energy-related activities i.e. transmission and distribution losses from purchased electricity
- waste generated in operations
- business travel

We only report upon those scope 3 elements that are material and can be reliably measured.

Performance targets

To maintain meaningful and consistent comparison of our data over time and as outlined in our reporting boundaries, we have reset a 'baseline year' of 2014 from which our targets are fixed. Our new targets are to reduce the energy and water consumption by 15% by 2020 across our five largest consuming managed buildings. The five largest assets account for 37% of the total energy used across the portfolio. Recalculation of baseline data will only take place where there is a material change in methodology, improvement in accuracy, discovery of previous errors or change in conversion factors. The threshold for restating the baseline is set at +/-5% of a single site or single data stream, or +/-2% of the total for a data stream.