

Independent Verification Report Opinion Statement - Limited Assurance

UK Mandatory GHG Reporting

ENTITY DETAILS

Name of Entity :	Shaftesbury PLC
Address of Entity :	Pegasus House. 37/43 Sackville Street, London. W15 3DL
Protocol/ programme :	The first year of Mandatory GHG reporting in the Company Annual Report and voluntary reporting in the eleventh annual Corporate Responsibility Report against action plan 2013; both published on the corporate website.

EMISSIONS DETAILS

Reporting Period :	01/10/2012 to 30/09/2013
Reference document :	Environmental Reporting Guidelines: Including mandatory greenhouse gas emissions reporting guidance (version of June 2013); and The Global Reporting initiative (Version 3.1) (& relevant sector protocol)
Type of report :	Annual emissions report - published in the Director's Report (Page 83 of the Company Annual Report)
Date of Emissions Report :	Effective 3rd December 2013
Total Emissions tCO₂e :	1325.2

SITE VERIFICATION DETAILS

Locations visited during verification:	No site visits were implemented, all work was completed electronically and via conference
Date(s) of visit(s):	-
Number of days for site visit:	-
Justification for not undertaking site visit:	Prior year audit conducted a site visit which indicated that there was minimal activity at the corporate site level that impacted the accounting of data.

CONFORMANCE WITH PROTOCOL AND PROGRAMME RULES

Monitoring Protocol requirements met :	Yes
Reporting programme requirements met :	Yes

CONFORMANCE WITH GENERALLY ACCEPTED MONITORING AND REPORTING PRINCIPLES

Accuracy :	Yes Note 2011/12 data has been restated to take account of data identified as missing during verification (which was conducted post-publication)
Completeness :	Yes
Consistency :	Yes Prior year 2011/12 data was subject to verification in May 2013 and there is consistency of accounting approach between the years verified. Note, however the comment above under accuracy.
Comparability over time :	No Prior year data back to 2010/11 has been restated to bring into force the updated DEFRA emissions factors for those periods. This means that data forwards from 2010/11 is comparable but backwards is not.
Materiality :	Yes
Transparency :	Nobecause - there is a lack of clearly documented standard accounting protocol specific to the reporting entity, data flow diagram and associated full set of standard templates with embedded notations, assumptions and QA/QC comments etc. These would be considered normal practice in regulated GHG accounting to ensure consistent accounting year on year even as personnel change; and are a requirement of ISO14064-1. Nor is there transparency over the control of data at the subsidiary level which is the responsibility of the Managing Agents. The three Managing Agents have however provided a signed Management Representation attesting to their contractual responsibilities and the quality assurance they have over the data submitted to Shaftesbury.

OPINION

OPINION - verified with comments: We have conducted a verification of the greenhouse gas data reported by the above entity in its Annual Report for the period 1/10/2012 to 30/09/2013 and as presented in total above. On the basis of the verification work undertaken (see Annex 2) nothing has come to our attention to suggest that these data are not fairly stated, with the exception of the following non-material issues:

Comments for information: 1. a failure to include data relating to energy consumption in 'tenant areas' during property refurbishment.

VERIFICATION TEAM

Lead Auditor: Lucy Candlin
Technical Expert(s) : -
Independent Reviewer: Annelisa Grigg

Signed on behalf of Planet & Prosperity Ltd:
Name of authorised signatory : 
Date of Opinion : 2nd December 2013

Name of verifier: Planet & Prosperity Ltd
Contact Address : 60 Reverdy Road, London. SE1 5QD
Date of verification contract: 01 August 2013

Annex 1 - Misstatements, Non-conformities and Recommended Improvements

A.	Misstatements that were not corrected before issuance of the verification opinion	Material?
A1	The consumption of energy in the 'tenants area' by contractors during refurbishments has not been accounted for in current or prior year accounting. It is not clear what proportion of the total declared emissions this represents but is considered likely to be immaterial.	No
B.	Uncorrected Non-conformities with specified Monitoring Protocol and/or Reporting Programme requirements	Material?
B1		
C.	Recommendations for improvements to address weaknesses in the accounting process and procedures	Material?
C1	The denominator for common areas are stated in the report to be based upon a calculation of 10% of the floor area of the managed property. The source of the 10% is information from the 'Managing Agents' in prior years, but there is no clear provenance to say that this is reasonable across the portfolio of properties; and in practice audit evidence from 2012 indicated that a variable value is used by different MAs for different 'villages', but the report applies the higher (10%) value to all areas which may give the impression of a LOWER emissions intensity. A project is in place for 2013/14 to determine the appropriate denominator.	
C2	There is no formalised monitoring/ accounting prototol that states the parameters for emissions accounting eg what is in /out; assumptions/ justifications; data flows, spreadsheets, responsibilities etc (although key elements are declared in the annual CR report this lacks the elements and rigour required for reliable reporting over time).	
C3	A more formalised approach to QA over the underlying data would increase robustness of reporting eg a formalised declaration from all Managing Agents in relation to a structured self-assessment of accounting processes for all properties and/or inclusion of a sample of accounting processes in the annual audit programme conducted by RPS.	
C4	There remains a significant amount of manual calculation/transfer of data within the corporate aggregation spreadsheets, these should be reviewed and updated to provide greater use of linkages and to increase rigour and control over high risk areas of manipulation of data (although improvements have been made to show clearly the source of factors and other standard data, and document assumptions etc made in calculations).	

Annex 2 - Basis of the Opinion and other relevant information

<p>Objectives and scope of the Verification:</p> <p>Responsibilities:</p> <p>Work performed & basis of the opinion:</p> <p>Level of Assurance :</p> <p>Materiality level :</p> <p>Uncertainty :</p> <p>Reference documents cited :</p>	<p>To verify the entity's reported emissions (as summarised in the attached Opinion Statement and as presented on pages 83 of the entity's Annual Director's Report) and confirm conformance with stated monitoring requirements and reporting programme rules.</p> <p>The entity is solely responsible for the preparation and reporting of their declared greenhouse gas (GHG) emissions for the stated reporting purposes, in accordance with the rules and their stated monitoring protocol (as listed in the attached Opinion Statement); for any information and assessments that support the reported data; for determining the entity's objectives in relation to GHG information and reporting; and for establishing and maintaining appropriate procedures, performance management and internal control systems from which the reported information is derived.</p> <p>The Verifier (as named on the Opinion Statement), in accordance with its verification contract, is responsible for carrying out the verification of the entity in the public interest, independent of the entity. It is the responsibility of the Verifier to form an independent opinion, based on the examination of information and data presented in the Emissions Report in accordance with the agreed level of assurance, and to report that opinion to the entity. We also report if, in our opinion:</p> <ul style="list-style-type: none"> the declared Emissions Report is or may be associated with mis-statements (omissions, misrepresentations or errors) or non-conformities; or the Lead Auditor has not received all the information and explanations that they require to conduct their examination to the agreed level of assurance; or improvements can be made to increase the robustness of the entity's accounting process for monitoring and reporting of emissions and/or conformance with the stated monitoring protocol. <p>Such issues or improvements are identified in Annex 1.</p> <p>Our statement of competence and impartiality is given in Annex 3.</p> <p>We conducted our examination having regard to the verification criteria referenced in documents 1-3 listed below. This involved examining, based upon our risk analysis, evidence to give us assurance, in accordance with the agreed level of assurance stated below, that the amounts and disclosures relating to the data have been properly prepared in accordance with the stated monitoring protocol and reporting programme, as outlined in accounting criteria reference documents A-C below.</p> <p>This also involved assessing where necessary estimates and judgements made by the entity in preparing the data and considering the overall adequacy of the presentation of the data in the Emissions Report and its potential for material misstatement.</p> <p>The level of assurance agreed with the entity is - Limited Assurance</p> <p>The materiality threshold applied to the evaluation of mis-statements is - ± 5% of the declared total CO2e value</p> <p>Limited scope of assurance is based upon a risk assessment and scope of verification procedures that is different from, and less than, the extent applied for reasonable assurance work; and may, consequently mean that not all significant issues can be identified.</p> <p>The limited scope of work for this verification covered the corporate processes, procedures and aggregation/analysis spreadsheets. Testing did not extend back to source within Managing Agent processes where reliance has been placed by the reporter on its commercial contracts with the Managing Agents and their associated Energy Management Agents (where relevant). Some Managing Agents are reported to have ISO14001 systems in place and which cover the generation and manipulation of data before its submission to the entity; although this has not been checked. The reasonableness of the self-assessment against the GRI indicators etc are not included within the scope of work.</p> <p>GHG quantification is subject to inherent uncertainty due to the designed capability of measurement instrumentation and testing methodologies and incomplete scientific knowledge used in the determination of emissions factors and global warming potentials. Users of this report and opinion need to take this into account.</p> <p>Conduct of the Verification</p> <ol style="list-style-type: none"> EN ISO/IEC 14064-3:2006 Specification with guidance for the validation and verification of GHG assertions ISEA 3410 - Assurance engagements on greenhouse gas statements EN ISO/IEC 14065:2012 Requirements for greenhouse gas validation and verification bodies for use in accreditation or other forms of recognition (ISO 14065:2007). <i>Planet & Prosperity is NOT accredited to this Standard but takes account of the requirements in its verification activities.</i> <p>Monitoring Protocol(s) and reporting requirements applied by the entity</p> <ol style="list-style-type: none"> Environmental Reporting Guidelines: Including mandatory greenhouse gas emissions reporting guidance (version of June 2013) The Global Reporting initiative (Version 3.1) (& relevant sector protocol) The European Real Estate Association Best Practice Recommendations on Sustainability (version of September 2011)
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Annex 3 - Statement of independence, impartiality and competence

Statement of independence - Planet & Prosperity Ltd declares that it is independent of the entities for which it provides assurance, other than the fees paid to it for delivery of assurance services. During 2013 some advisory work was provided to the entity's third party agents in relation to data accounting processes but there has been no consulting relationship about or with this client. Fees paid for assurance work for this client represent <5% income for the most recent financial year accounts and for the advisory work declared above was <1%.

Statement of impartiality - Planet & Prosperity Ltd declares that it does not seek to favour any set of stakeholders over others in its assurance activities. In delivering assurance over greenhouse gas emissions, Planet & Prosperity Ltd is acting in the public interest to uphold the robustness of emissions accounting and reporting in line with national, european and international norms; and to support where necessary financial market activities which rely upon reported emissions data.

Statement of competence - The Lead Auditor conducting this assurance engagement has -

- * over thirteen years of experience in GHG emissions accounting, reporting and assurance and has worked on assurance, guidance and verifier training for mandatory regulated programmes in the UK, Europe, North America and South Korea;
- * supported the development and application of guidance for voluntary GHG reporting programmes in North America;
- * contributed to the development of regulation, guidance and standards for monitoring, reporting, verification and accreditation for the UK ETS, EU ETS, CCAR, TCR, CARB; ISAE 3410; the GHG protocol; and the Global Reporting Initiative Technical Protocols;
- * been an ISO14065 accreditation assessor and accreditation technical advisor for a number of jurisdictions;
- * has, since 2008, been co-chair for the UK Emissions Trading Group's Working Groups on Monitoring, Reporting, Verification and Accreditation and latterly ETS;
- * has been an IEMA registered Principal Auditor since 1999.