

**Independent Verification Report & Opinion Statement - Limited Assurance
UK Mandatory GHG Reporting**

ENTITY DETAILS

Name of Entity :	Shaftesbury PLC
Address of Entity :	22 Ganton Street, Carnaby, London. W1F 7FD
Protocol/ programme :	The fifth year of Mandatory GHG reporting in the Company Annual Report and voluntary reporting in the fifteenth annual Sustainability Data Report against action plan 2016-17 and Sustainability Report for 2017; all published on the corporate website.

EMISSIONS DETAILS

Reporting Period :	01/10/2016 to 30/09/2017
Reference document :	Environmental Reporting Guidelines: Including mandatory greenhouse gas emissions reporting guidance (version of June 2013); The Global Reporting initiative (Version 3.1) (& relevant sector protocol); and European Real Estate Association Best Practice Recommendations on Sustainability (Version Sept 2017);
Type of report :	BBP Managing Agents Partnership Good Practice Guidance on Integrating Sustainability into Property Annual Data Report 2017, Sustainability Report 2017 and statement on annual emissions (published in the Director's Report - Page 103 of the Company Annual Report)
Date of Emissions Report :	Sustainability report published 28/11/17 and Annual Report published December 2017
Total Emissions tCO₂e :	1287.61

Locations visited during verification:	No site visits to Shaftesbury were implemented, but interviews were held with RPS staff at their office in Abingdon. All other work was completed electronically and via conference call
Date(s) of visit(s):	08/11/2017
Number of days for site visit:	0.25
Justification for not undertaking site visit:	Initial audit in 2012 included a visit to Shaftesbury's offices which indicated that there was minimal activity at the corporate site level that impacted the accounting of data and that could not be handled remotely in the audit.

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

Accuracy :	No because, although the data at the corporate accounting level is accurate within its area of control; it has become apparent over the last few cycles of assurance that the Managing Agents' underlying data is not accurate (hence the need to restate emissions several years running); competence and internal controls at the Managing Agent level have been weaker than might reasonably be expected to produce robust primary data; an ongoing system of internal data verification by the third party agent is improving the accuracy of data and it is hoped that, going forward, these improvements will lead to more accurate data provided by the Managing Agents.
Completeness :	Yes
Consistency :	Yes
Comparability over time :	No because - despite formal Representation Letters from the Managing Agents attesting to completeness and quality control, the prior year data for electricity at one of the property portfolios had to be restated by a material amount to adjust for estimates that were included in the previous year's report; therefore there is not backward comparability to previous reports. The restatements are clearly identified in the current year Annual Data Report. This is the third year in a row that data has had to be restated as a result of weaknesses in the Managing Agent's accounting control processes.
Materiality :	Yes
Transparency :	No

... because - the entity follows recognised financial accounting standards, these are different to those used for GHG reporting (see above); there is a formal GHG accounting protocol at corporate level which is specific to the reporting entity and which records the approach adopted, specifies definitions (eg of scope etc) and guides its accounting process to ensure it is consistent year on year. While the transparency over the control of data at the subsidiary level, which is the responsibility of the Managing Agents, is improving, requirements to restate data for three years in a row continues to indicate weaknesses that were not controlled effectively by the Managing Agents. These weaknesses are now being addressed. The two Managing Agents have again provided a signed Management Representation letter 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 Reports for the period 1/10/2016 to 30/09/2017 and as presented in total above. On the basis of the scope and verification work undertaken (see Annex 2) nothing has come to our attention to suggest that these data are not fairly stated.

Comments for information:

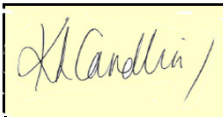
However, we also highlight the following issue for readers to be aware of:
 1. a restatement was made of the 2015-16 electricity for Carnaby. Unlike prior years, this was due to the use of provisional data in 2016 due to reporting deadlines. Checking of restatements was outwith the scope of this audit, but based on the information provided, the adjustment declared for 2016 equates to an understatement of prior year declared emissions of 5.2%. This material misstatement highlights again the risks associated with the limitation of scope for this audit which excludes process and substantive checks at the Managing Agent level.

VERIFICATION TEAM

Lead Auditor:
Auditor(s):
Technical Expert(s) :
Independent Reviewer:
Technical Expert(s)

Michele Sanders
 -
 -
 Lucy Candlin
 -

Signed on behalf of Planet & Prosperity Ltd:



Name of authorised signatory

Lucy Candlin

Date of Opinion :

06/12/2017

Name of verifier:

Planet & Prosperity Ltd

Contact Address :

Peckery Barton, Inwoods Estate, Farleigh Wick, Wiltshire. BA15 2PU

Date of verification contract:

19 September 2017

Annex 1 - Misstatements, Non-conformities and Recommended Improvements

- A. Misstatements that were not corrected before issuance of the verification opinion Material?**
- B. Uncorrected Non-conformities with specified Monitoring Protocol and/or Reporting Programme Material?**
- C. Recommendations for improvements to address weaknesses in the accounting process and procedures**

C1	Consideration should be given to updating the Management Representation Letter and requiring that all MAs sign the same representations to ensure consistency. Update should include questions on: a) the adequacy of record storage and retention period (eg are records kept for a minimum of 7 years?) b) confirmation that where new automated meters are installed they are validated for a set period against manual meter reads to ensure that the automated system is functioning properly. c) confirmation that anomalies have been adequately examined to establish underlying causes (eg unexplained large scale changes year on year and whole round numbers)
C2	The report of the RPS internal audit of the Managing Agents has indicated substantial past weaknesses in control of energy data accounting at both MAs. Four portfolios have now been examined in depth. The exercise should continue in future years focusing on those locations that were not previously looked to evaluate any remaining issues as well as progress in improving control of the primary data generation to ensure that it is robust and can be relied upon for both accounting and assurance.

C3	The verification undertaken by RPS of 6 month data indicates variation in meter reads between Managing Agents (monthly vs quarterly); consideration should be given to asking all Managing Agents to read meters quarterly and ensure that readings are taken at the beginning and end of the year (i.e. the start of each calendar quarter) . This frequency would generate less data, but might result in more meaningful engagement with the data quality, and provide Reporting Year opening and closing values for cross checks; it would be regular enough to allow issues with meters to be identified and rectified on a timely basis for reporting purposes.
C4	Internal processes for document control need to be reviewed to ensure that Accounting Protocol updates are clearly identified by new version numbers and applicability dates.
C5	The template spreadsheet for collection of primary data needs review to ensure that it is robust; including, for example: a) locking cells with formulae to stop them being changed or over written b) indicating which cells require data entry by the Managing Agents (and requiring all cells to be completed - even if zero - so that it is clear that there is no unintentional omission). c) ensuring that names used for property locations are the same in the tables for data and the responses given for refurbished properties so there is no possibility of double counting.
C6	Consideration should be given to including emissions associated with hotel stays now that the UK default emissions factor guidelines provide relevant factors for overnight hotel stays.

Annex 2 - Basis of the opinion & other relevant information

Objectives and scope of the Verification:	To verify the entity's reported emissions (as summarised in the attached Opinion Statement and as presented on pages 103 of the entity's Annual Director's Report; pages 11-12 of the annual Sustainability Report; and pages 19-31 of the Annual Data Report) and confirm conformance with stated monitoring requirements and reporting programme rules.
Responsibilities:	<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. Our statement of competence and impartiality is given in Annex 3.</p>
Work performed & basis of the opinion:	<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>
Level of Assurance :	The level of assurance agreed with the entity is - Limited Assurance
Materiality level :	<p>The materiality threshold applied to the evaluation of mis-statements is -</p> <p>± 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>

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 GRI indicators etc and the breakdown of data against EPRA categories are not included within the scope of work; nor is a recheck of the prior year's data as restated.

Uncertainty :

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.

Reference documents cited :

Conduct of the Verification	
1)	EN ISO/IEC 14064-3:2006 Specification with guidance for the validation and verification of GHG assertions
2)	ISEA 3410 - Assurance engagements on greenhouse gas statements
3)	EN ISO/IEC 14065:2013 Requirements for greenhouse gas validation and verification bodies for use in accreditation or other forms of recognition. <i>Planet & Prosperity is NOT accredited to this Standard but takes account of the requirements in its verification activities.</i>
Monitoring Protocol(s) and reporting requirements applied by the entity	
A)	Environmental Reporting Guidelines: Including mandatory greenhouse gas emissions reporting guidance (version of June 2013)
B)	The Global Reporting initiative (Version 3.1) (& relevant sector protocol)
C)	The European Real Estate Association Best Practice Recommendations on Sustainability (version of September 2017)

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. Fees paid for assurance work for this client represent ~6% income for the most recent financial year accounts.

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 -

- A) The Lead Auditor conducting this assurance engagement has -
- * many years of experience of auditing GHG emissions, sustainability reports, financial statements, and ethical compliance;
 - * undertaken independent technical review of GHG audits for the last three years.
- B) The Technical Reviewer for this assurance engagement has -
- * over sixteen 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, South Korea and China;
 - * 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, China National ETS; South Korean ETS; ISAE 3410; the GHG protocol; Global Reporting Initiative Technical Protocols; and World Bank Guidance on GHG verification and accreditation;
 - * 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; and since 2015 a main Board Director of the UK ETG;
 - * has been an IEMA registered Principal Auditor since 1999.