

**The Household of Their Royal Highnesses
The Prince of Wales and The Duchess of Cornwall
Carbon Report for the year ended 31st March 2011**

Foreword

The Carbon Report in context

His Royal Highness The Prince of Wales has been a leader in helping to foster good sustainability practice for nearly 40 years. As part of the Household's role in supporting The Prince and his family in all their activities, it is committed to monitoring, reporting on, and continually improving its sustainability performance.

The online version of the 2011 Annual Review includes a sustainability account that combines financial and non-financial information to provide a balanced picture of the Household's overall performance including its carbon emissions that arise as a result of its work. This Carbon Report provides further information on how its carbon emissions are calculated. It also includes an external assurance report that presents positive assurance, as defined by international assurance standards, over the Household Carbon Statement for the year ended 31st March 2011.

Roles and Responsibilities

The Senior Management of the Household are responsible for preparing the Carbon Report including the Carbon Statement in accordance with the Household's Carbon Reporting Policy, and for defining the boundaries of operations and the determination of methods and conversion factors used. In preparing the Carbon Report, the Senior Management are required to:

- ensure that the Carbon Reporting Policy is appropriate and applied consistently;
- keep proper records that disclose with reasonable accuracy the carbon emissions of the Household;
- make judgements and estimates that are reasonable and prudent; and
- take reasonable steps for the prevention and detection of fraud and other irregularities.

Overview of the Carbon Report

The four main sections of this document should all be read together to gain a full understanding of the Household's carbon emissions:

- **Introduction:** provides narrative details of the Household's carbon performance for the year;
- **Household's Carbon Statement:** sets out this year's carbon emissions data alongside prior year data and 2007 baseline data;
- **Carbon Reporting Policy:** explains the basis for preparing the Household's carbon emissions data; and
- **Assurance Report:** the external assurance report prepared by PricewaterhouseCoopers LLP ('PwC'), a leading firm of independent accountants, on the Household's Carbon Statement.

Senior Management confirm that they have carried out their responsibilities as set out above and have approved the Carbon Report.

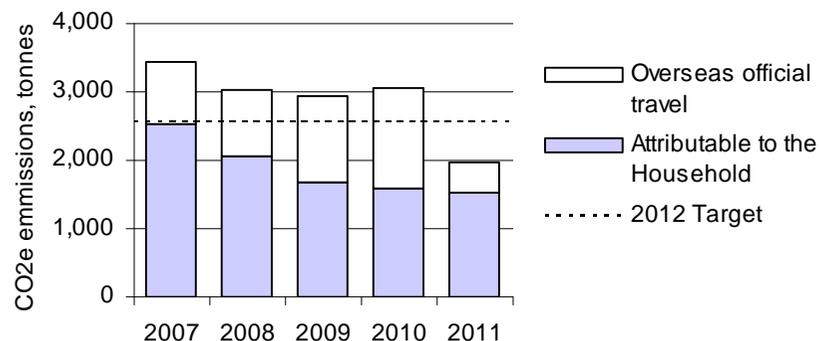
1st July 2011

Introduction

The Household strives to minimize its carbon emissions, which arise primarily from travel, heating and electricity use. Emissions arising from The Home Farm at Highgrove are reported in the Annual Review but are outside of the scope of this report.

Total emissions have fallen by 36% this year meaning that the Household has met its target to cut total carbon emissions by 25% by 2012 a year early, with a total reduction of 43% since 2007. The target has been met despite a change in the way emissions from electricity are determined (see the note to the Carbon Statement).

Within this, emissions from overseas official travel (on behalf of the government and outside of the Household's direct control) are 53% lower this year than in 2007 and emissions attributable to the Household have been reduced by 40% since 2007.



Travel

Emissions from travel vary each year according to the programme of engagements that Their Royal Highnesses undertake. The Household endeavours to minimize the environmental impact of travel during the planning process taking into account security, logistical, cost and other considerations.

This year emissions from official overseas travel are particularly low as there was only one long-haul trip – to India – as opposed to two in the previous year. The use of smaller aircraft has also helped reduce emissions from travel.

Emissions from official UK travel by air and rail rose by 21% this year, reflecting an increase in the number of engagements and the distance travelled within the UK, but they remain below the annual average between 2007 and 2010.

Energy

Energy use encompasses heating, hot water and electricity use for all the offices and residences. The Household aims to reduce its carbon emissions from energy use by increasing energy efficiency and through greater use of renewable energy. Emissions have been reduced by 15% since 2007 despite the addition of the residence in Wales.

The Household continues to reduce its reliance on energy from fossil fuels through measures such as the use of energy efficient boilers and solar panels at Clarence House, wood chip boilers at Highgrove, Birkhall and Llwynywermod, and heat pumps at Highgrove. To help promote energy efficiency, staff receive a regular report on energy use. This is supported by other measures including smart meters that provide detailed information on electricity use.

Carbon Statement

The table below sets out the Household's carbon emissions.

Year to 31st March CO ₂ e equivalent emissions	2011 ¹	Restated ²			
	tonnes	2010 tonnes	2009 tonnes	2008 tonnes	2007 tonnes
Official UK travel	347	287	405	466	565
Other travel	376	468	413	711	1,014
Subtotal - UK and other travel	723	755	818	1,177	1,579
Emissions from energy use ²	800	826	857	896	946
Attributable to the Household	1,523	1,581	1,675	2,073	2,525
Official overseas travel	438	1,479	1,253	962	929
Household CO₂e emissions³	1,961	3,060	2,928	3,035	3,454

1. The PwC assurance report for the year-ended 31 March 2011 is on page 6.
 2. 2007 to 2010 numbers are restated to reflect: (a) adoption of the Defra guidance requiring the use of the 'grid rolling average' emissions factor for electricity use and (b) updated data on fuel mix from third party suppliers. See the note on page 5 for more details. Net emissions from energy use were previously reported as 2010: 484 tonnes; 2009: 530 t; 2008: 656 t; 2007: 917 t.
 3. In accordance with Defra guidance, September 2009, the table above excludes direct emissions from the use of biofuels. Gross direct emissions from biofuels were 446 CO₂e tonnes in 2011, (2010: 456t; 2009: 369t). See the reporting note on page 3 for further details.

Carbon Reporting Policy

General accounting policies

This Carbon Reporting Policy supports the preparation and reporting of the Carbon Statement of The Household of Their Royal Highnesses The Prince of Wales and The Duchess of Cornwall (the Household) for the year ended 31st March 2011. The Duchy of Cornwall, the Prince's Charities and The Home Farm at Highgrove are outside of the scope of this policy.

Carbon Reporting Principles

In preparing the Policy, consideration has been given to generally accepted accounting and reporting principles including The Greenhouse Gas Protocol and the UK Accounting Standards Board Statement of Principles for financial reporting. The key principles are:

- *Information Preparation*: relevance to users and reliability, including completeness and material accuracy;
- *Information Reporting*: comparability / consistency with other data including prior years and clarity to users.

Reporting scope – inclusions and exclusions

The Carbon Statement relates to carbon dioxide emissions arising as a result of Their Royal Highnesses' official duties and private engagements, and those arising from the operations of the Household in support of these activities. The official duties of Prince William and Prince Harry, which are undertaken on behalf of Their Royal Highnesses, are also within the scope of reporting. The carbon dioxide emissions arising from The Prince of Wales' charities projects are outside of the scope of reporting. The scope also excludes the activities of third party contractors.

Conversion factors and fuel use calculation

The carbon dioxide emissions associated with the activities noted above have been determined on the basis of measured or estimated energy and fuel use, or distances travelled, multiplied by the relevant carbon conversion factors as explained below. Where possible fuel or energy use is based on direct measurement, purchase invoices or actual mileage data, in other cases it has been necessary to obtain estimations. Specific estimations have been made for the following emissions sources:

- Certain aircraft, using the fuel use estimation methodology set out in "Revision to the Method of Estimating Emissions from Aircraft in the UK Greenhouse Gas Inventory, Report to Global Atmosphere Division, Defra, 2004" (Defra 2004).
- Certain aircraft, using fuel consumption estimates obtained from the aircraft operators and other independent data sources based on average hourly fuel use, distance travelled and speed;
- Sea transport, using data obtained from third party sources;
- Public transport and taxis, based on expenditure and tariffs / fares;
- Wood chips, estimated using heat meter readings or records of fuel use.

The conversion factors for converting fossil fuel use or distances travelled, as applicable, into carbon emissions have been taken from "Guidelines to Defra / DECC's GHG conversion factors for company reporting" updated October 2010 (Defra 2010). Where conversion factors change from prior years, those changes are not applied retrospectively to comparative periods except this year where Defra's grid rolling average emissions factor has been applied to all electricity use. All prior years' emissions relating to electricity use have been restated.

Direct emissions from biofuels

Two forms of biofuels are used – biodiesel / bioethanol (in the Royal Train and cars) and wood chips (in boilers). Direct emissions from these sources have been netted to zero within the Household's carbon emissions in accordance with Defra guidance. The gross amounts have been disclosed separately as a note to the Carbon Statement using conversion factors from Defra 2010.

See the detailed accounting policy notes below for further details.

Travel

Scope

Reported carbon emissions include:

- *Official overseas travel*: engagements undertaken on behalf of the Foreign and Commonwealth Office and supporting reconnaissance visits by air and rail;
- *Official UK travel*: engagements in the UK undertaken in support of The Queen and reconnaissance visits by air and rail;
- *Other travel*: travel not classed as official travel; general staff travel between residences and in support of engagements, staff commuting and Their Royal Highnesses' private travel;

Reporting Methods

Emissions from the various types of travel are estimated as follows:

Flights

Comprises air travel for official and private engagements undertaken by Their Royal Highnesses and all flights taken by Household staff including those for reconnaissance visits and when in attendance to Their Royal Highnesses. Any positioning and repositioning flights are included where appropriate.

For scheduled flights carbon conversion factors are taken from Defra 2010.

For non-scheduled flights emissions are calculated on the basis of distance travelled and fuel consumption for each type of aircraft used. Fuel consumption is estimated according to the methodology set out in Defra 2004 where the data are available. For other aircraft, fuel consumption is based on the best-available per-hour consumption data obtained from the aircraft manufacturers or operators.

A multiplier of two has been applied to all aircraft travel, excluding helicopters, to account for the increased impact of aviation due to non-carbon dioxide emissions and emissions at altitude.

Royal Train

Comprises travel on the Royal Train where appropriate and related positioning and repositioning journeys. Emissions are calculated from fuel usage data from the Royal Train operator.

The locomotive of the Royal Train is powered by biodiesel made from used cooking oil. In accordance with Defra guidance, direct emissions from this fuel are not included in total carbon emissions but are included in the footnote to the Carbon Statement.

Sea Transport

Positioning and repositioning journeys are included where appropriate. Emissions are calculated on the basis of distance and fuel consumption.

Car use

Comprises all car journeys made in conducting Household activities. This includes use of fleet, private and hire cars by Their Royal Highnesses and Household staff.

Activity data for car use are obtained from the accounts reporting system and consolidated through the carbon reporting processes. Expenditure on fuel is converted to fuel use by dividing by average fuel prices for the year.

In accordance with Defra guidance, direct emissions from the combustion of biofuels are not included in total carbon emissions but are included in the footnote to the Carbon Statement.

Public transport and taxis

Comprises the use of all public transport and taxis by the Household. Emissions are estimated using expenditure and tariff / fare data.

Staff commuting

Comprises the carbon emissions from staff commuting based on a staff survey completed in May 2009 that has been updated for changes in staff and changes in commutes. Emissions are calculated on the basis of the distance travelled and mode of transport.

Energy

Scope

The scope includes energy use relating to official and private residences and offices including electricity, gas and oil consumption. The Carbon Statement covers the following residences and offices of the Household:

- Clarence House and offices in St James's Palace
- Highgrove, excluding The Home Farm
- Birkhall
- Raymill
- Llwynywermod
- Other properties used for temporary staff accommodation

Where appropriate, emissions from shared office space are determined on the basis of the leased floor area. Emissions relating to on-site holiday lets are included.

Reporting methods

Emissions from the various types of energy use are estimated as follows:

Electricity

Comprises electricity supplied via the Grid and used by the Household at the properties within the scope of reporting. Electricity consumption is obtained from a combination of actual meter readings and invoiced totals. Where readings and invoiced totals do not coincide with 31st March, an appropriate extrapolation is made.

Emissions are calculated on the basis of energy consumed (less energy generated on-site from solar panels) multiplied by the conversion factor for the grid rolling average from Defra 2010. This is a change to the previous policy of applying different factors according to the electricity supply tariff and reducing emissions from electricity on a 100% renewable tariff to zero. Gross emissions from energy use (prior to netting off renewable electricity) were previously reported as 2010: 768 tonnes; 2009: 801 t; 2008: 856 t; 2007: 932 t. Deductions for electricity supplied on 100% renewable source tariffs were 2010: 284 tonnes; 2009: 271 t; 2008: 200 t; 2007: 15 t. Additionally our electricity suppliers have provided the Household with revised information on the fuel mix used for the generation of the electricity supplied. This has resulted in immaterial change to the total Household's emissions (less than 2% in each year since 2007).

Electricity generated on-site by solar panels is reported at zero emissions.

Gas

Comprises mains gas and other gas deliveries. Gas consumption is obtained from a combination of actual meter readings and invoiced totals. Where readings and invoiced totals do not coincide with 31st March, an appropriate extrapolation is made.

Oil

Comprises heating oil and fuel oil deliveries made during the year.

Wood chip

Comprises wood chips used in wood chip boilers. Direct emissions from the combustion of woodchips, as disclosed within the footnote to the Carbon Statement, are based on estimates of energy used from heat meter readings where available or records of fuel use and fuel properties and factors from Defra 2010.

As wood fuel is not as homogeneous as fossil fuels and the energy content varies according to moisture content and wood type, estimates of CO₂ emissions are subject to greater margins of error than for fossil fuels.

Independent Assurance Report

on the Carbon Statement for the year ended 31st March 2011 to the Household of Their Royal Highnesses The Prince of Wales and The Duchess of Cornwall



We have been engaged by the Senior Management of the Household of Their Royal Highnesses The Prince of Wales and The Duchess of Cornwall (the "Household") to perform an independent reasonable assurance engagement in respect of the Household's statement of carbon dioxide emissions for the year ended 31st March 2011, which comprises the Carbon Statement and the accompanying Carbon Reporting Policy contained within the Household's Carbon Report for the year ended 31st March 2011 and on the website www.princeofwales.gov.uk.

Respective responsibilities of Senior Management and PricewaterhouseCoopers LLP

Senior Management are responsible for preparing the Carbon Statement on page 2 in accordance with the criteria set out in the Household's Carbon Reporting Policy set out on pages 3 to 5 of the Carbon Report and for the development of the Carbon Reporting Policy as set out in the Statement of Roles and Responsibilities on page 1.

Our responsibility is to form an independent opinion, based on our assurance procedures, on whether the Carbon Statement is fairly stated, in all material respects, in accordance with the Carbon Reporting Policy.

We are in compliance with the applicable independence and competency requirements of the Institute of Chartered Accountants in England and Wales (ICAEW) Code of Ethics. Our team comprised assurance practitioners and relevant subject matter experts.

This report, including the opinion, has been prepared for the Household to assist the Senior Management in reporting the Household's carbon dioxide emissions. We permit the disclosure of this report by Senior Management within the Carbon Report for the year ended 31st March 2011 and on the website www.princeofwales.gov.uk to enable Senior Management to demonstrate they have discharged their governance responsibilities by commissioning an independent assurance report in connection with the Carbon Report. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Senior Management as a body and the Household for our work or this report save where terms are expressly agreed and with our prior consent in writing.

We read the other information included within the Carbon Report and consider whether it is consistent with the Carbon Statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the Carbon Statement. Our responsibilities do not extend to any other information.

Assurance work performed

We conducted our reasonable assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) – "Assurance Engagements other than Audits or Reviews of Historical Financial Information" issued by the International Auditing and Assurance Standards Board.

Our work included examination, on a test basis, of evidence relevant to the Carbon Statement. It also included an assessment of the significant estimates and judgements made by Senior Management in the preparation of the Carbon Statement. We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence on which to base our opinion in respect of the Carbon Statement.

Our work included the following procedures:

- Making enquiries of relevant management.
- Evaluating the design and implementation of the key processes and controls for managing and reporting the carbon dioxide emissions data.
- Testing the preparation and collation of the carbon dioxide emissions data including review of the underlying input information.
- Undertaking analytical procedures over the reported carbon dioxide emissions data.

Inherent limitations

Non-financial performance information is subject to more inherent limitations than financial information, given the characteristics of the subject matter and the methods used for determining such information. The absence of a significant body of established practice on which to draw allows for the selection of different but acceptable

measurement techniques which can result in materially different measurements and can affect comparability. The precision of different measurement techniques may also vary. Furthermore the nature and methods to determine such information, as well as the measurement criteria and precision thereof, may change over time. It is important to read the Carbon Statement in the context of the Carbon Reporting Policy set out on pages 3 to 5 of the Carbon Report.

In particular, the conversion of fuel used to carbon emissions is based upon, inter alia, information and factors derived by independent third parties as explained in the Carbon Reporting Policy. Our assurance work has not included examination of the derivation of those factors and other third party information.

Conclusion

Based on the results of our procedures, in our opinion, the Carbon Statement for the year ended 31 March 2011 is fairly stated, in all material respects, in accordance with the Carbon Reporting Policy.

A handwritten signature in blue ink that reads "PricewaterhouseCoopers LLP". The signature is written in a cursive, flowing style.

PricewaterhouseCoopers LLP
Chartered Accountants
London, 1st July 2011