

**The Household of Their Royal Highnesses
The Prince of Wales and The Duchess of Cornwall
Carbon Report for the year ended 31st March 2012**

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 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 2012 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 and an external assurance report that presents reasonable assurance, as defined by international assurance standards, over the Household Carbon Statement for the year ended 31st March 2012.

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;
- **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.

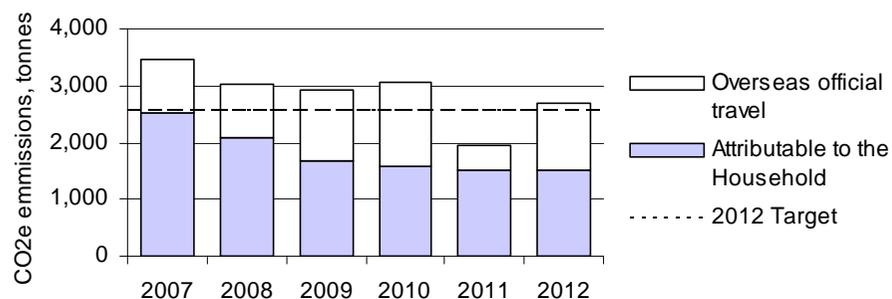
26 June 2012

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.

Emissions attributable to the Household fell by 2% in 2012 making a fifth consecutive year of reductions totalling 41 % since 2007. An increase in emissions from official overseas travel, which were particularly low in 2011, is the main factor behind an increase in total emissions of 38 % this year.

In 2008 the Household set a target of reducing total emissions by 25 per cent from 2007 levels by 2012, a target which was met in 2011. A subsequent change in our accounting policy for green electricity to keep up with best practice, combined with the substantial increase during the year in miles travelled overseas on official business for the Government (travel which is outside of the Household's direct control), meant that the reduction by the end of this year was 22 per cent.



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.

The distance travelled on official overseas visits in 2012 was more than double that in 2011 due to long-haul trips to the Middle East, Africa and the USA, resulting in a similar increase in emissions. Emissions from official UK travel by air and rail rose by 8 % this year reflecting a change in availability of suitable aircraft.

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 are particularly low this year due to generally warmer weather but also due to further energy efficiency improvements and new on-site renewable energy.

The Household continues to reduce its reliance on energy from fossil fuels through measures such as the use of solar panels at Clarence House and Highgrove, wood chip boilers at Highgrove, Birkhall and Llwynywermod, and heat pumps at Highgrove.

Carbon Statement

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

Year to 31st March	2012 ¹	2011	2010	2009	2008	2007
CO ₂ e equivalent emissions	tonnes	tonnes	tonnes	tonnes	tonnes	tonnes
Official UK travel	375	347	287	405	466	565
Other travel	432	376	468	413	711	1,014
Subtotal - UK and other travel	807	723	755	818	1,177	1,579
Emissions from energy use ²	690	800	826	857	896	946
Attributable to the Household	1,497	1,523	1,581	1,675	2,073	2,525
Official overseas travel	1,206	438	1,479	1,253	962	929
Household CO₂e emissions²	2,703	1,961	3,060	2,928	3,035	3,454

1. The PwC assurance report for the year-ended 31 March 2012 is on page 6.

2. In accordance with Defra guidance, September 2009, the table above excludes direct emissions from the use of biofuels. Gross direct emissions from biofuels are estimated as 389 CO₂ tonnes in 2012 (2011: 446t; 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 2012.

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 The Duke and Duchess of Cambridge and Prince Harry, which are undertaken on behalf of Their Royal Highnesses, are also within the scope of reporting. The Duchy of Cornwall, the Prince's Charities, Prince's Charities projects and The Home Farm at Highgrove are outside of the scope of this policy. 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 August 2011 (Defra 2011). Where conversion factors change from prior years, those changes are not applied retrospectively to comparative periods.

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 2011.

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 2011.

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 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 on-site generation 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 imported from the grid multiplied by the conversion factor for the grid rolling average from Defra 2011.

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 2011.

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 Reasonable Assurance Report 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 Office 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 31 March 2012.

What we did and our conclusions

We planned and performed our work, summarised below, to obtain the evidence we considered necessary to reach our assurance conclusions on the Carbon Statement. The scope of our work was restricted to the Carbon Statement for the year ended 31 March 2012 and does not extend to information in respect of earlier periods or to any other information in the Household’s Carbon Report.

What we are assuring (“the Carbon Statement”)

The data for the year listed in the Carbon Statement as set out in the Household’s Carbon Report on page 2 (available at www.princeofwales.gov.uk)¹, which has been prepared based on the Household’s Carbon Reporting Policy document set out in the Household’s Carbon Report.

How the information is assessed (“Carbon Reporting Policy”)

The Household’s Carbon Reporting Policy document (within the Household’s Carbon Report) sets out how the Carbon Statement is measured, recorded and reported.

Professional standards applied² and Level of assurance

ISAE 3000 and ICAEW Code of Ethics.
Reasonable assurance³.

¹ The maintenance and integrity of the Household’s website is the responsibility of the Senior Management; the work carried out by us does not involve consideration of these matters and, accordingly, we accept no responsibility for any differences between the Household’s Carbon Report on which the assurance report was issued or the assurance report that was issued and the information presented on the website.

² We comply with International Standard on Assurance Engagements 3000 – ‘Assurance Engagements other than Audits and Reviews of Historical Financial Information’ issued by the IAASB, and with the applicable independence and competency requirements of the Institute of Chartered Accountants in England and Wales (ICAEW) Code of Ethics. To comply with those standards, our work was carried out by an independent and multi-disciplinary team of sustainability and assurance specialists.

³ Assurance, defined by the International Auditing and Assurance Standards Board (IAASB), gives the user confidence about the subject matter assessed against the Carbon Reporting Policy. Reasonable assurance gives more confidence than limited assurance, as a limited assurance engagement is substantially less in scope in relation to both the assessment of risks of material misstatement and the procedures performed in response to the assessed risks.

Understanding reporting and measurement methodologies

There is not yet an established practice for evaluating and measuring the data set out in the Carbon Statement. The range of different, but acceptable, techniques used can result in materially different reporting outcomes which may affect comparability with other organisations. It is therefore important to read and understand the Carbon Reporting Policy that the Household has used to evaluate and measure the data set out in the Carbon Statement.

Work done

We performed the following activities:

- Made enquiries of relevant management;
- Evaluated the design and implementation of key processes and controls over the preparation of the Carbon Statement;
- Carried out analytical procedures over the Carbon Statement;
- Substantive testing on a selective basis of the source data used to prepare the Carbon Statement for 2012, including preparation of the carbon emissions data and re-performing a sample of calculations, and
- Assessed the disclosure and presentation of the Carbon Statement in the Carbon Report.

The Household’s responsibilities

The Senior Management of the Household are responsible for:

- Designing, implementing and maintaining internal controls over information relevant to the preparation of the Carbon Statement that is free from material misstatement, whether due to fraud or error;
- Establishing objective assessment, and the Carbon Reporting Policy, for preparing the Carbon Statement;
- Measuring the Household’s performance based on the Carbon Reporting Policy document; and
- The content of the Household’s Carbon Report 2012.

Our responsibilities

We are responsible for:

- Planning and performing the engagement to obtain reasonable assurance about whether the Carbon Statement is free from material misstatement, whether due to fraud or error;
- Forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained; and
- Reporting our conclusions to the Senior Management of the Household.

Our conclusion

In our opinion, the Carbon Statement for the year ended 31 March 2012 has been prepared, in all material respects, in accordance with the Carbon Reporting Policy.

This report, including our conclusion, has been prepared solely for the Senior Management of the Household as a body in accordance with the agreement between us, to assist the Senior Management in reporting the Household's sustainability performance and activities. We permit this report to be disclosed in the Household's Carbon Report for the year ended 31 March 2012, to enable the Senior Management to show they have addressed their governance responsibilities by obtaining an independent assurance report in connection with the Carbon Statement. 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 except where terms are expressly agreed between us in writing.

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

**PricewaterhouseCoopers LLP,
Chartered Accountants, London
26 June 2012**