

**The Household of Their Royal Highnesses
The Prince of Wales and The Duchess of Cornwall
Carbon Report for the year ended 31st March 2013**

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 2013 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 greenhouse gas emissions that arise as a result of its work. This Carbon Report provides further information on how its greenhouse gas 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 2013.

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 greenhouse gas emissions data alongside prior year data;
- **Carbon Reporting Policy:** explains the basis for preparing the Household's 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.

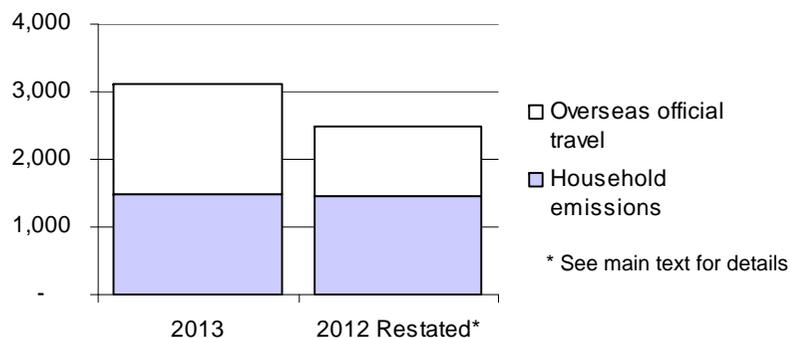
2 July 2013

Introduction

The Household strives to minimize its greenhouse gas emissions, which arise primarily from travel, heating and electricity use. It does this by reducing its use of fossil fuels and increasing its use of renewable energy. Emissions arising from The Home Farm at Highgrove are reported in the Annual Review but are outside of the scope of this report.

This year the Household has updated some of its detailed accounting methodologies for aircraft and biomass to simplify them and ensure the most up-to-date and relevant conversion factors are used. Carbon emissions relating to the official activities of The Household of TRH The Duke and Duchess of Cambridge and Prince Harry are not included this year, in line with the Annual Review. Emissions factors have been revised to include direct emissions of nitrous oxide and methane as well as carbon dioxide. The Household has restated last year's numbers within the Carbon Report and Annual Review to make them comparable with this year's.

Emissions attributable to the Household increased by 2% this year due mainly to travel undertaken in support of overseas tours and increased fuel use for heating due to the colder weather, net of "green gas" credits purchased.



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.

Long-distance trips to Commonwealth countries including Australia, New Zealand, Papua New Guinea and Canada contributed towards a significant increase in miles

travelled overseas this year. This, along with the use of official aircraft, resulted in a 60% increase in emissions from official overseas travel.

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. Despite an increase in the use of renewable energy, gross emissions are above average this year due to the colder weather.

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, biomass boilers at Highgrove, Birkhall and Llwynywermod, heat pumps at Highgrove and the purchase of energy from renewable sources.

Carbon Statement

The table below sets out the Household's greenhouse gas emissions in carbon dioxide equivalents (CO₂e). The PwC assurance report for the year-ended 31 March 2013 is on page 6.

Year to 31st March	2013	2012 Restated ¹	2012 <i>As reported</i>
CO₂e emissions, t			
Official UK travel	342	342	375
Other travel	508	435	432
Subtotal – UK and other travel	850	777	807
Energy use (gross)	723	688	690
"Green gas credits" ²	(74)	-	-
Energy use (net)	649	688	690
Attributable to the Household	1,499	1,465	1,497
Official overseas travel	1,638	1,023	1,206
CO₂e emissions³	3,137	2,488	2,703

1. Emissions for 2012 have been restated - see the main text for further details.

2. Equivalent to 400 MWh "green gas credits" - see reporting note on page 5 for details.

3. Gross direct carbon emissions from biofuels, excluded from the total above, are estimated as 469 tonnes CO₂ in 2013 (2012: 323t). See the reporting note on page 3 for 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 2013.

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 greenhouse gas 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 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. In line with reporting in the Annual Review, carbon emissions relating to official duties of The Duke and Duchess of Cambridge and Prince Harry are not included this year, a change from the previous policy.

Restatement of prior year emissions

Prior year emissions have been restated:

- to account for the change in scope above;
- to incorporate nitrous oxide and methane emissions from fossil fuels; and
- to reflect changes in the detailed accounting methodology for aircraft emissions:
 - the use of new fuel burn estimates from the EU ETS Small Emitter's Tool;
 - the introduction of a distance uplift for flights and the amendment of the "aviation multiplier";
 - a revision of the way positioning flights are accounted for.

Estimates for the energy content of biomass, reflected in the disclosure note, have also been revised. See the relevant sections below for further details of these changes.

Conversion factors and fuel use calculation

The greenhouse gas 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:

- Aircraft, using the fuel use estimation methodology in the EU ETS Small Emitter's Tool where data are available or otherwise 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 and pellets, 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 May 2012 (Defra 2012). Where conversion factors change from prior years, those changes are not applied retrospectively to comparative periods, except for the restatement of 2012 numbers.

Direct emissions from biofuels

Two forms of biofuels are used directly – biodiesel / bioethanol (in the Royal Train and cars) and wood chips and pellets (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, along with emissions from natural gas matched by "Green Gas Credits", have been disclosed separately as a note to the Carbon Statement using conversion factors from Defra 2012 and the Biomass Energy Centre.

See the detailed accounting policy notes below for further details.

Travel

Scope

Reported greenhouse gas 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 flights taken by Household staff. Any positioning and repositioning flights are included where appropriate; such flight legs are not included for chartered aircraft where the Household has no control over them. This is a change from the previous methodology whereby they were generally included.

For scheduled flights carbon conversion factors are taken from Defra 2012.

For non-scheduled flights emissions are calculated on the basis of distance travelled or flight times and fuel burn rates for each type of aircraft used. Fuel use is estimated using data from the EU ETS Small Emitters Tool where available. For other aircraft, it is based on data from Defra or the aircraft manufacturers or operators.

A multiplier of 1.9 has been applied to emissions from all aircraft travel, excluding helicopters, to account for the increased impact of aviation due to non-carbon dioxide emissions and emissions at altitude. An uplift of 9% is applied to all distances travelled by air to account for non-direct routes and delays / circling. These are taken from Defra 2012 and have been revised this year from 2.0 and zero respectively.

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. The accounting treatment is explained in the note on direct emissions from biofuels above.

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.

Expenditure on fuel is obtained from the accounts reporting system and converted to fuel use by dividing by average fuel prices for the year.

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 greenhouse gas 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 meter readings and half-hourly data.

Emissions are calculated on the basis of energy imported from the grid multiplied by the conversion factor for the grid rolling average from Defra 2012.

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

Gas

Comprises mains gas and other gas deliveries. Gas consumption is obtained from meter readings and invoices.

Net emissions from natural (mains) gas have been reduced by 74 tonnes through the purchase of "Green Gas Credits" for 400 MWh. These credits represent the injection into the local gas distribution network of biomethane from an Anaerobic Digestion Plant near Poundbury operated by a joint venture that includes the Duchy of Cornwall.

Draft accounting guidance from Defra treats biomethane as having zero net emissions as the fuel (agricultural products and waste food) forms part of the short term carbon cycle. While the Household does not use the biomethane directly, the certification and retirement of the credits ensures that only the Household is able to account for its use and that there is no double counting.

Direct emissions from the biomethane are disclosed within the note to the Carbon Statement.

Oil

Comprises heating oil and fuel oil deliveries made during the year with data from invoices.

Wood chips and wood pellets

Comprises wood chips and wood pellets used in biomass boilers. Direct emissions from the combustion of wood, 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 2012 and the Biomass Energy Centre website (calorific values of fuel by moisture content).

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.

Estimates of energy content of wood chips have been revised this year to make them more specific to the types and moisture contents of wood chips used at each residence.



Independent Assurance Report to the Senior Management of the Household of Their Royal Highnesses The Prince of Wales and the Duchess of Cornwall

The Senior Management of the Household of Their Royal Highnesses The Prince of Wales and The Duchess of Cornwall engaged us to provide reasonable assurance on the information described below and set out in the Carbon Report for the year ended 31 March 2013.

What we are assuring (“Carbon Statement”)

The carbon dioxide equivalent emissions data for the year ended 31 March 2013 presented on page 2 of the Carbon Report 2013 (available at www.princeofwales.gov.uk)ⁱ. The scope of our work was restricted to the Carbon Statement for the year ended 31 March 2013 and does not extend to information in respect of earlier periods or to any other information in the Carbon Report 2013.

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

We assessed the Carbon Statement using the Household’s Carbon Reporting Policy document as set out on pages 3 to 5 of the Carbon Report 2013.

Professional standards appliedⁱⁱ and level of assuranceⁱⁱⁱ

We have used ISAE 3000 (reasonable level of assurance) and we have complied with the ICAEW Code of Ethics.

ⁱThe 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 changes that may have occurred to the Carbon Statement or Carbon Reporting Policy when presented on the Household’s website.

ⁱⁱWe have complied 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.

ⁱⁱⁱAssurance, defined by the International Auditing and Assurance Standards Board (IAASB), gives the user confidence about the subject matter assessed against the reporting criteria. 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 are no globally recognised and established practices for evaluating and measuring the data set out in the Carbon Statement. The range of different, but acceptable, techniques can result in materially different reporting outcomes that may affect comparability with other organisations. The Carbon Reporting Policy used as the basis of the Household’s reporting should therefore be read in conjunction with the Carbon Statement and associated statements reported in the Carbon Report.

Work done

Considering the risk of material misstatement of the Carbon Statement, we:

- made enquiries of Household management;
- evaluated the design of the key structures, systems, processes and controls for managing, recording and reporting the data in the Carbon Statement;
- carried out analytical procedures over the Carbon Statement;
- performed substantive testing on a selective basis of the source data used to prepare the Carbon Statement, including re-performing a sample of calculations; and
- assessed the disclosure and presentation of the Carbon Statement in the Carbon Report.

The Senior Management of 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 an objective Carbon Reporting Policy for preparing the Carbon Statement;
- measuring the Household’s performance based on the Carbon Reporting Policy; and
- the content of the Carbon Report 2013.

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 conclusion to the Senior Management of the Household.

Our conclusions

In our opinion, the Carbon Statement for the year ended 31 March 2013 has been prepared, in all material respects, in accordance with the Carbon Reporting Policy.

This report, including our conclusions, 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 carbon emission performance and activities. We permit this report to be disclosed in the Carbon Report for the year ended 31 March 2013, 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.

**PricewaterhouseCoopers LLP,
Chartered Accountants, London
2 July 2013**