



capco



Net Zero
Carbon
Pathway

December 2021

Capital & Counties Properties PLC

Capco's 2030 Net Zero Carbon Commitment

As a long-term steward of the Covent Garden estate, Capital & Counties Properties PLC ("Capco") aims to make Covent Garden a UK leader in sustainability by delivering positive environmental and social outcomes that enhance value for stakeholders while protecting the unique character and heritage of the estate.



East Piazza, Covent Garden



Ian Hawsworth,
Chief Executive

Capco recognises the urgent responsibility to tackle climate change and this is reflected in our 2030 Net Zero Carbon target. We have a strong track record of restoring and celebrating the heritage of the Covent Garden estate through considered refurbishments and developments. We are proud of our passionate and talented people who will deliver on our net zero ambition through proactive engagement and mutual understanding to create and maintain a vibrant, thriving environment in which Covent Garden and all our stakeholders can flourish.

As a responsible steward of the Covent Garden estate, Capco recognises the important risk posed by climate change which requires urgent action this decade. Capco has committed to becoming Net Zero Carbon by 2030 which requires the reduction of carbon emissions across our portfolio. The best way of achieving this is to work collaboratively with our stakeholders, an approach which is at the heart of our business.

Our Pathway has been developed in line with the Better Building Partnership Net Zero Carbon Framework and sets out how we will achieve Net Zero Carbon by 2030. We have set targets which aim to support the drive to limit global temperature rise to 1.5°C as set out in the 2015 Paris Agreement.

Our approach is to first reduce greenhouse gas emissions resulting from our buildings and operations and then offset any unavoidable residual emissions. This will require a transition to more innovative and sustainable ways of working and includes our supply chain partners across development and operational disciplines, as well as in our corporate operations.

Our targets are ambitious in order to deliver long-term carbon efficient operations and buildings which drive sustainable value for all stakeholders. Our approach recognises that our heritage buildings represent a long-term store of carbon. We will leverage the existing embodied carbon by making effective improvements to our buildings. These will enhance climate adaptation, resilience and operational carbon performance.

Progress on our Pathway will be monitored by the Board and our Environment, Sustainability & Community ("ESC") committees as set out on page 16.

We have a strong track record of restoring and celebrating the heritage of the estate through considered refurbishments and developments. This is reflected and enhanced through successful collaboration with stakeholders including improving air quality through pedestrianisation, and introducing an extensive greening programme across the estate.

We are proud of our passionate and talented people who will deliver this Pathway through proactive engagement and mutual understanding which is essential to create and maintain a vibrant, thriving environment in which Covent Garden and all our stakeholders can flourish.

Delivering Net Zero Carbon by 2030

Our [ESC Strategy](#) is underpinned by four pillars – Climate Change, Air Quality, Innovation & Change and Community & People – which align with UN Sustainable Development Goals (“SDGs”).

We have set carbon emission targets which align with the 2015 Paris Agreement and aim to limit global temperature rise to no more than 1.5°C above pre-industrial levels.

Capco will achieve Net Zero Carbon when there is a balance between the amount of GHG emissions produced and the amount removed from the atmosphere. Our focus is to reduce GHG emissions resulting from our buildings and operations as far as possible, then offset any unavoidable residual emissions. This will mean we have achieved Net Zero Carbon. Our approach comprises five key actions:



Embodied Carbon

50%¹

Reduction in Embodied Carbon by:

- Prioritising innovative refurbishment using sustainable materials over new construction
- Using Whole Life Carbon assessments and circular economy principles in our projects
- Targeting an embodied carbon of below 475kg CO₂e per m² by 2030
- Enhancing our embodied carbon data year-on-year
- Implementing a carbon price of £95² per tonne CO₂e



Operational Carbon

60%¹

Reduction in Operational Carbon through:

- Focus on driving down energy demand in all our activities
- Electrification of heating and cooking across the estate
- Enhancing our operational carbon data model year-on-year
- Procurement of renewable energy from additional sources
- Broad occupier engagement including collaborative best practice engagement programme and year-on-year growth in data sharing leases



Innovation and On-site Renewables

Prioritise innovation and renewables through:

- Each project aiming to systematically trial new technologies
- Work with supply chain partners who want to innovate to net zero carbon
- Aim for each building to produce a proportion of its own energy through both existing technology and innovation
- Identify opportunities for innovative battery storage



Adaptation and Resilience

Enhance climate adaptation and resilience:

- Scope and implement building adaptations to prepare for the extreme weather associated with existing and anticipated climate change in Central London
- Innovate to improve building resilience to mitigate anticipated extreme weather across heat absorption, flash flooding and other conditions identified over time



Residual Emission Offsetting

After taking all efficiency and carbon reduction actions, residual carbon emissions will be 100 per cent offset as follows:

- Use of certified schemes
- Follow prevailing UKGBC and BBP guidelines
- Prioritise nature-based solutions
- Support community projects that result in immediate carbon removal

Supporting our people with the skills and knowledge required to deliver the Pathway and to value their contribution and impact

1. Align to the 2015 Paris Agreement 1.5°C trajectory
2. The London Plan 2021



Tom Attree,
Director of Sustainability and Technology

Our ambitious commitment reflects the fact only a decade remains to keep the 1.5°C trajectory on track. This will mean addressing challenges directly, learning from our experiences, relentlessly optimising our data and refining our approach to deliver for future generations.

We have set 2019 as our baseline year as we believe our operations are reflected more accurately in this period than in 2020 when COVID-19 disrupted our emissions.

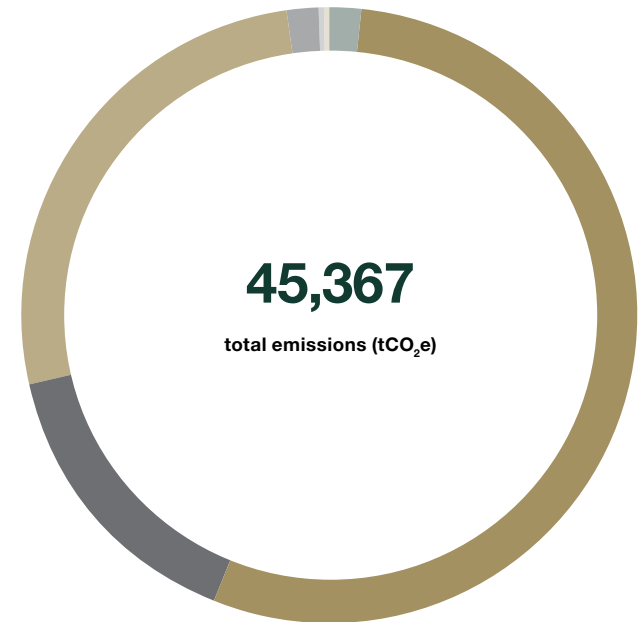
We applied the methodology set out in the GHG Protocol to calculate the baseline, the most widely used greenhouse gas accounting standard.

We have widened our calculation methodology to incorporate further Scope 3 metrics, including emissions from the energy use within occupier operations, purchased goods and services, capital goods and employee commuting.

The 2019 baseline shows that the largest source of emissions arises from the purchasing of capital goods, reflecting in part the development at Lillie Square. The next largest source of emissions arose from occupier operations. During 2021, we engaged with occupiers to obtain actual energy usage data. Alongside our implementation of green leases, we will strengthen our approach to reduce the proportion of estimated data going forward. The third material contribution is from purchased goods and services. We applied standardised emission estimation methodologies to calculate capital goods and purchased goods and services emissions. Given the proportion of these estimated emissions, a core element of our approach will be to improve data access and quality and to engage actively with our supply chain to ensure their commitment to reach Net Zero Carbon aligns with our own.

Scope 1 and 2 emission data is verified to a limited-assurance level by an independent third-party under the ISO 14064-3 standard. We will be widening the scope of our verification activities in the future to cover the additional Scope 3 data and target performance.

Baseline Carbon Footprint (tCO₂e)



	tCO ₂ e	%
Scope 1: Landlord Gas ¹	635	1.4%
Scope 1: Landlord Refrigerant, Gas & Fuel ¹	8	0.0%
Scope 2: Landlord Electricity ¹	815	1.8%
Scope 3: Capital Goods	24,338	53.6%
Scope 3: Purchased Goods & Services	6,931	15.3%
Scope 3: Tenant Operations	11,775	26.0%
Scope 3: Business Travel	752	1.7%
Scope 3: Waste	17	0.0%
Scope 3: Employee Commuting	27	0.1%
Scope 3: Transmission & Distribution	69	0.2%

1. Includes common parts, shared services and voids



26%

**baseline emissions
from occupier
controlled areas**

Investment Boundary

Our commitment covers assets where we have operational control, which will be Net Zero Carbon in operation by 2030.

We have limited control over occupier controlled space which contributes approximately 26 per cent of our baseline carbon emissions. We will engage with all our occupiers to bring this space to Net Zero Carbon by 2030. In circumstances where operational control requires an extension to this timeline, we will aim to achieve Net Zero Carbon by no later than the end of 2035. The table below sets out our investment boundaries:

Area	Inclusions	Exclusions	Comments
Commercial Assets	<ul style="list-style-type: none"> – Assets directly managed by Capco – Developments and refurbishments – Asset classes, other than residential (see below) – This will include activities across our estates including Capco managed indoor, and outdoor public areas 	<ul style="list-style-type: none"> – Assets not controlled by Capco or with Fully Repairing and Insuring (FRI) Leases 	We will seek to engage with occupiers where we have limited control or on FRI leases. When such leases expire, these will either be included within the boundary when returned, or a condition of renewal will be to take such measures as are necessary to achieve Net Zero Carbon
Residential Assets	<ul style="list-style-type: none"> – Newly developed or refurbished residential units whether for sale or rent – Residential units for rent 	<ul style="list-style-type: none"> – Residential units held under long leases 	Capco has limited control or influence over residential units held under long leases. We will engage with long leaseholders on projects intended to improve carbon efficiency of common parts or their demises to move them towards net zero carbon with a menu of potential improvements and by sharing our experience
Owner & Occupier	<ul style="list-style-type: none"> – Consumption in owner and occupier controlled areas – Site delivery and access, including delivery consolidation across estate deliveries – Embodied carbon of occupier fit-outs – Incorporation of Net Zero Carbon commitment to occupier selection criteria 	<ul style="list-style-type: none"> – Occupier supply chain and business model 	Capco has limited control over the carbon impact of occupiers' business models. We will seek over time to support, influence and work with our customers to help them leverage our own experience and collaborative estate best practice to reduce their carbon footprint
Acquisitions & Disposals	<ul style="list-style-type: none"> – Acquisitions will include Net Zero Carbon in the due diligence with an assessment of costs to implement transition. 	<ul style="list-style-type: none"> – Acquisitions still in transitional period – Disposals made during the course of any financial year 	A transitional period of up to two years from the date of acquisition will be allowed to implement appropriate works. This timeframe will allow for heritage and planning considerations to be addressed

Scope

Capco will take a Whole Life Carbon approach. Whole Life Carbon comprises the embodied carbon required to bring a building into operation, much of which is already inherent in our heritage buildings, the operational carbon through the lifecycle of the building and the end of life carbon associated with disassembly. We will adopt circular economy principles to enhance our ability to address Whole Life Carbon.



Operational Carbon



Embodied Carbon

Capco's own operations	<ul style="list-style-type: none"> – Office occupation: Energy, fuel, refrigerants, water, waste, purchased goods and services – Business operations: Business travel, purchased goods and services, fuel use in company vehicles, employee commuting and home working 	<ul style="list-style-type: none"> – Capco office fit-out, furniture and IT equipment
Landlord (Capco) controlled areas and Capco public realm	<ul style="list-style-type: none"> – Common parts and Voids/Vacant Assets: Energy, fuel, refrigerants, water and waste, purchased goods and services including public realm improvements 	<ul style="list-style-type: none"> – Common parts and Voids/Vacant Assets: Common parts fit-out and refurbishment, transition from gas boilers, and whiteboxing will emphasise circular economy principles of reuse and recycle
Occupier controlled areas	<ul style="list-style-type: none"> – Energy and fuels, waste, water and vehicle movement through delivery consolidation 	<ul style="list-style-type: none"> – Occupier fit-out to be monitored and controlled through the Capco Sustainable Occupier Fit-out guide, green leases, which are standard on all new lease contracts, and licences to alter
Projects & Development	<ul style="list-style-type: none"> – Monitoring of energy, waste and water utilised through the life of the scheme, ensuring goods and services purchased align with Net Zero Carbon targets by working with partners who share our aims 	<ul style="list-style-type: none"> – Whole Life Carbon approach aligned with RICS Whole Life Carbon Assessment ("WLCA") methodology and reporting against RIBA 2030 Climate Challenge targets – Establish an internal carbon price in line with The London Plan 2021, currently at £95 tCO₂e, with funds allocated used for retrofitting and carbon offsets. – Embodied carbon impacts of refurbishments and new construction projects

Appendix A, which can be found on page 17 shows a detailed breakdown of the Net Zero Carbon commitment scope in line with the Better Building Partnership Net Zero Carbon Framework and Greenhouse Gas ("GHG") Protocols.





Pathway Action 1: Embodied Carbon

80%

of the environmental performance of a new building is determined at design stage

Embodied carbon arises from the design, materials and construction or other refurbishment works undertaken on a building or public realm improvement. This comes from extraction of raw materials, manufacturing, processing, transportation and assembly of building fabric as well as services and systems.

A Whole Life Carbon approach incorporates circular economy principles, ensuring that materials and products used can be reused or recycled whilst minimising waste and extraction of raw or virgin materials.

It is estimated that 80% of the environmental performance of a new building is determined at design stage, so it is critical that embodied carbon used delivers maximum operational carbon efficiency while reducing initial embodied carbon and maximising end of life recovery.

While new ground up development forms a limited part of our strategy, the design stage on retrofitting and refurbishment, particularly of heritage buildings, is equally important to deliver Whole Life Carbon efficiency.



Our Net Zero Carbon Pathway sets embodied targets as shown below. These cover RICS stage A (cradle to post-completion). Our targets are ambitious but we will aim to outperform by working with our supply chain to share learning, improve understanding, and drive efficiency.

Embodied Carbon targets kgCO₂e/m²/GIA

Project	by 2024 ¹	by 2027 ¹	by 2030 ¹	
Commercial	Minor Refurbishment	275	250	175
	Major Refurbishment	450	425	350
Residential	New Build	600	550	475
	Minor Refurbishment	200	175	100
	Major Refurbishment	350	300	200
Residential	New Build	500	450	300

1. Targets set by reference to LETI Design Target



Floral Court, highly commended, BREEM awards 2020

Core actions in this area will be to:

Conduct Whole Life Carbon assessments for new developments, refurbishments and retrofits at milestone project stages (planning, as designed, as built)

Work only with design and construction teams who are able to measure embodied carbon

Maximise use of low carbon materials through an internal carbon price of £95 tCO₂e, in line with The London Plan 2021

Prioritise recycled and reused materials which are fossil fuel free, zero deforestation, and including natural and biogenic carbon storage materials

Design for longevity and flexibility through building life and end of life recoverability

Offset residual carbon of future developments





Pathway Action 2: Operational Carbon

Operational carbon is defined as the emissions associated with day-to-day operational activities including occupier operations, building operation, servicing, estate activities such as events and Capco's own office and corporate activities. Operational carbon emissions arise from all activities on-site including utility consumption, waste, water, deliveries, on-site consumables and employee commuting and it is therefore vital that a holistic approach is undertaken.

As shown in the baseline on page 3 a significant proportion of these emissions arise from occupied space. This will therefore require a collaborative approach to reducing energy emissions with all of our occupiers.

We will engage actively to support occupier net zero carbon transition, including through the upcoming launch of our Community Charter.

Compliance and regulation including MEES, performance "In use" requirements and the phasing out of gas boilers continues to grow and we have incorporated these standards into our approach.



Covent Garden at Christmas 2021



Henrietta Street, Covent Garden

The core activities in this area are:

Energy efficient retrofit including moving to low carbon heating and cooling. This will focus on design for reduced carbon emission performance by minimising absolute kWh energy consumption, and trialling new technology to manage and reduce carbon consumption

A data led approach will be prioritised aiming to **build a robust estimation free model**. This will allow us to identify and maximise best practice behaviours through innovation across the different use classes across our portfolio and maximise outcomes

Renewable energy procurement from new additional sources throughout all activities. Capco already procures all electricity for landlord controlled areas through Renewable Energy Guarantee of Origin ("REGO") certified renewable energy providers which leads to a low carbon footprint for each kWh consumed (GHG market-based methodology, which reports emissions as tonnes of carbon dioxide (tCO₂e))

We will also **explore feasibility of both Power Purchase Agreements** which can demonstrate additionality, and value chain collaboration to provide further innovative solutions

Occupier & stakeholder engagement will enable:

Development of a complete, real time robust data model through use of green leases, smart meters and technology

Sharing of best practices across the estate and introduction of low carbon shared suppliers and electric vehicle delivery consolidation

Working collaboratively to produce new occupier fit-out standards prioritising efficient design, circular economy and material reuse alongside user well-being and health, including internal air quality. We will also work with occupiers to explore ways to electrify gas cooking which are likely to deliver both carbon and well-being benefits

Overall reduction in vehicle movement and prioritising electric vehicles through long-term pedestrianisation of the estate, landlord and occupier vehicle consolidation on both deliveries and waste, and identifying further opportunities for electric vehicle charging

Partner with Westminster City Council as part of Westminster Climate Emergency Action Plan to **electrify all public realm lighting** and to ensure Capco operational carbon learnings and best practice are replicated within the public realm

Operational Energy use targets kWh/m² GIA per annum¹

Asset type	by 2024	by 2027	by 2030
Commercial	120	110	90
Residential	75	60	35

1. Total Energy use targets are shown. We will evolve Landlord (basebuild) targets in line with emerging UK standards (including NABERS)



Pathway Action 3: Innovation and On-site Renewables

Innovation across all our activities is one of the pillars of our ESC Strategy. We will continue to work creatively and to actively seek out and prioritise innovative partners and approaches to monitor, measure, reduce and deliver our Net Zero Carbon ambition.

Renewable energy generation in particular is core to the transition to a low carbon economy and as UK-wide electrification rises, there will be rising demand for renewable energy.

While Capco will continue to procure REGO certified energy, aiming for each building to generate a proportion of its own energy requirement on-site will increase security of supply and allow events to be delivered using self-generated power. This may include solar, kinetic or other future renewable energy innovation.

King Street case study

Capco has recently secured planning permission within the Covent Garden conservation area for replacement of slate roof tiles on King Street with photovoltaic tiles which resemble slate. This scheme could provide up to 20 per cent of the landlord energy requirement.



Pathway Action 4: Climate Adaptation and Resilience

While the first three activities address the carbon efficiency of the estate and our activities, Capco recognises that climate change is already affecting every region in the world (read more in the IPCC [‘Climate Change 2021: The Physical Science Basis’](#)) and published its inaugural disclosure in alignment with Task Force on Climate Related Financial Disclosures (“TCFD”) in 2021. The Group is resolved to design, innovate and implement climate resilient adaptations which allow buildings and occupiers to continue to operate effectively in the face of the increased extreme adverse weather likely to occur. In London, this is expected to primarily manifest in either extreme heat or flash flooding.

While adaptations to each building will be based on individual and estate climate scenario analysis aligning to a 1.5°C scenario, it is currently expected that the main resilience enhancing adaptations will be:

Design for resilience and adaptation in our development, refurbishment and retrofit works

Aim to increase heat absorption. For example adding green walls to buildings increases heat absorption in hot temperatures, and reduces heat loss in colder temperatures and may deliver additional shading alongside other air quality, biophilia, biodiversity and well-being benefits

Create flash flooding capacity through increased use of water attenuation tanks, with water collected used to service estate cleaning, and plant watering requirements

Invest in research and development innovation to pioneer climate resilient urban buildings in a heritage setting



Pathway Action 5: Carbon Offsetting

Capco will prioritise emission reductions in the first instance. Where no further reduction is possible, we will use offsets to meet our Net Zero Carbon commitment. We will select offsets that are effective, certified and of high environmental and social integrity.

Our current offset approach aligns with UKGBC guidance on 'Renewable Energy & Carbon Offsetting' (March 2021), where residual carbon is offset through an approved carbon standard. Our offsets will:

- remove incremental atmospheric carbon
- be nature-based
- provide long-term carbon storage solutions.

Capco considers that this will bring the greatest benefits as we deliver 100% carbon removals as targeted by the 2015 Paris Agreement, under the United Nations Framework Convention on Climate Change and will continue to explore innovation opportunities for additional carbon capture technologies within the estate or remotely.

To date, we have taken steps to offset our business travel via a Verified Carbon Standard initiative focused on preventing deforestation in the Amazon, partnered with a UK-based tree planting initiative.

We will also consider, in the context of offsetting, supporting community projects that contribute to Net Zero Carbon because they remove incremental carbon. This may include local projects to electrify gas heating or install renewable energy in local housing or community assets.

The offset market is likely to evolve in the coming years and our approach will evolve in line with best practice and industry guidance.

We will share the learnings around carbon offsetting through our occupier engagement programme to support our customers on their own Net Zero Carbon journeys.

Pathway Timeline

2021

Capco makes commitment to be Net Zero Carbon by 2030, publishes Pathway.

Capco announces intention to join UN Race to Zero.



Formal Pathway progress review identifying lessons learned and where acceleration can be achieved every three years

2022-2024

- Net Zero Carbon on Capco corporate activities by end of 2024
- Internal carbon price on developments and refurbishments implemented and complete first zero carbon refurbishment
- All Capco controlled supplies on Automated Meter Reading/smart meters
- Secure Science-Based Targets Initiative validation that our Net Zero Carbon targets align to 1.5°C trajectory
- Green lease clauses for all new occupiers
- Publish Carbon offsetting policy, Occupier Sustainable Fit-out guide, Climate change risk analysis
- Complete estate-wide renewable energy feasibility study
- Develop and cost plan for removal of all gas boilers (under Capco's control)
- Build out occupier carbon data model reducing data estimation below 50% and reach 40% occupier carbon data coverage
- Commence formal best practice sharing occupier engagement programme
- Engage with key suppliers to commence transition to Net Zero Carbon
- 80% of estate to be compliant with MEES energy 2027 targets of C rating
- Publish Whole Life Carbon targets
- Determine feasibility of Power Purchase Agreements

2025-2027

- Net Zero Carbon pathway audits and plan for every asset
- Reach 100% carbon data coverage, other than occupier emissions which will reach >75% coverage
- Achieve 75% of supply chain commitment to Net Zero Carbon
- Implementation of renewable energy schemes and first battery storage scheme
- Commence boiler removal programme including determination of any innovation technologies to support
- Commence occupier engagement on transition from gas cooking and implement first cooking electrification
- Determine incorporation of NABERS "In use" targets into operational energy targets
- 80% of estate to be compliant with MEES energy 2030 targets of B rating on commercial
- Enhance occupier engagement programme including increasing proportion of occupiers procuring renewable energy
- Achieve occupier and operational vehicle consolidations aiming for 40% reduction in daily vehicle movements and provision of electric vehicle charging
- Design all retrofit and refurb projects to include Net Zero Carbon heating and cooling
- Incorporate Net Zero Carbon commitment to occupier selection criteria

2028-2030

- Net Zero Carbon reached across Capco
- All refurbishment and new build projects Net Zero Carbon
- Achieve 100% of occupier carbon data coverage
- Achieve 100% supply chain commitment to Net Zero Carbon
- Reach embodied carbon target of 475kg CO₂e/m² on commercial new build
- Reach operational carbon target of 90 kWh/m²
- Removal of all gas boilers (under Capco's control)
- Full estate MEES compliance (Commercial B, Residential C)
- Continued occupier engagement programme on use of renewable energy and best practice implementation
- Achieve 75% reduction in vehicle movements and removal of occupier combustion vehicles

Detailed Delivery strategy

The table below sets out how Capco will deliver and report against the outcomes and aims that we have set out to achieve.

Topic	Outcomes / Aims	Delivery / Management Strategy	Reporting Metric
Embodied carbon	<ul style="list-style-type: none"> Reduce the embodied carbon (kgCO₂/m²/GIA) of all developments, refurbishments, retrofits and corporate activities by 50% by 2030 Incentivise delivery of low carbon schemes through design and decision-making process 	<ul style="list-style-type: none"> Implement Whole Life Carbon assessments for all projects, including improved data and reporting Use of internal carbon price to both incentivise carbon saving through project life cycle and allocate funds for future retrofit and offsets Work only with suppliers who share a commitment to Net Zero Carbon and are able to measure embodied carbon, using enhanced supply chain management Innovate through circular economy principles using recycled and re-used materials designed for end of life recoverability and material tracking Engagement on embodied carbon profile of occupier fit-out using sustainable occupier fit-out guide and green leases, establishing ways to support customers to reduce fit-out carbon and offset where appropriate Identify and implement opportunities for additional energy capture at source 	<ul style="list-style-type: none"> Carbon intensity (kgCO₂/m²/GIA) Proportion of materials reused or recycled through projects
Operational carbon (energy, water and waste)	<ul style="list-style-type: none"> 60% reduction in operational energy carbon intensity by 2030 (kgCO₂/m²/GIA/year) All units to comply with MEES and future "In use" requirements by 2030 Embed Net Zero Carbon through supply chain Full occupier carbon coverage and reduce occupier operational carbon by 50% on 2019 base 	<ul style="list-style-type: none"> Identify and implement replacement technologies for gas heating throughout portfolio Specify low carbon heating and cooling on all developments, refurbishments and retrofits Enhance completeness and granularity of operational energy and water consumption data across landlord and occupier space by modernising all meter and installation of AMR (Automated Meter Reading) or additional sub-metering where required Work only with supply chain partners who are committed to Net Zero Carbon, incorporating this into contracts and monitoring Develop and establish individually tailored energy efficiency five-year asset management and maintenance programmes for all properties Enhance occupier engagement programme to prioritise energy, waste and water data through use of green leases, including through use of the Community Charter Work with occupiers to drive reduced on-estate vehicle movements through delivery and waste consolidation Through regular review of the waste production and recycling figures, set reduction targets and monitor ongoing performance 	<ul style="list-style-type: none"> Energy intensity (kWh/m²/year) Carbon intensity (kgCO₂/m²/GIA/year) Proportion of suppliers with Net Zero targets Proportion of occupiers on green leases and with Net Zero Carbon targets % reduction in estate vehicle movements Reduction in m³/m² water used % waste recycled
On-site generation	<ul style="list-style-type: none"> Each building generates a proportion of its own power where practical New technologies identified for renewable power generation in heritage environment 	<ul style="list-style-type: none"> Complete in depth feasibility study to identify assets or public areas with practical renewable energy generation potential Engage with innovators to identify trial renewable energy technologies which increase proportion of on-site energy generation, reducing reliance on grid 	<ul style="list-style-type: none"> kWh of on-site generation Location and market-based emissions (tCO₂e)

Topic	Outcomes / Aims	Delivery / Management Strategy	Reporting Metric
Renewables Procurement	<ul style="list-style-type: none"> – Ensure all energy procured by Capco is renewable in line with UKGBC guidance – Maximise proportion of occupier energy procurement through REGO suppliers 	<ul style="list-style-type: none"> – Mandate the use of 100% REGO backed electricity from additional sources, and source Renewable Gas Guarantee of Origin ("RGGO") backed gas for residual gas requirements – Investigate the potential of PPA-style agreements with UK-based renewable energy supplier for use across the estate and occupiers – Engage with occupiers to encourage and incentivise use of REGO and RGGO-backed renewable power 	<ul style="list-style-type: none"> – Proportion of Capco portfolio on REGO and RGGO renewable energy contracts – Proportion of occupier portfolio on renewable energy contracts
Adaptation and Resilience	<ul style="list-style-type: none"> – Maximise asset resilience by design to identified climate resilience scenario risks 	<ul style="list-style-type: none"> – Complete climate adaptation and resilience scenario stress testing analysis for developments and refurbishments – Identify and implement building by building resilience measures focussing initially on extreme heat and flash flooding – Develop a core skillset to identify and cost any incremental resilience measures through building acquisition due diligence 	<ul style="list-style-type: none"> – Proportion of buildings with assessments undertaken and measures implemented
Offsetting	<ul style="list-style-type: none"> – All residual emissions are offset through certified scheme – Carbon capture opportunities identified and implemented 	<ul style="list-style-type: none"> – Quantify and offset all residual development, operational and corporate emissions in line with the offset criteria of UKGBC and industry best practice – Innovate on carbon offsetting opportunities in a heritage built environment – Encourage and incentivise use of carbon offsetting through occupier engagement programme 	<ul style="list-style-type: none"> – Proportion of carbon offset – Reducing total year-on-year on both location- and market-based bases
Third-party verification; industry standards and certification	<ul style="list-style-type: none"> – Incorporate robust third party verification of carbon emissions and offsets – Secure approval from the Science-Based Targets initiative that our targets are aligned with the 1.5°C trajectory required by SBTi – Regular review and monitoring of Net Zero Pathway against UKGBC and BBP standards – Reporting transparency through EPRA, GRESB and other indices 	<ul style="list-style-type: none"> – Work with external auditors to incorporate measurement and verification of Net Zero Carbon work into our non-financial assurance process – Incorporation of Net Zero Carbon and carbon reporting into our rolling internal audit programme – Developments to achieve an appropriate sustainability certification through SKA, BREEAM (Building Research Establishment Environment Assessment Method, published by the Building Research Establishment) or others – Enhanced reporting of MEES (Energy Performance Certificates, EPCs) asset status and increase proportion of estate covered by "In use" certification (e.g. BREEAM "In use") – Commitment to work with existing and major indices to improve visibility 	<ul style="list-style-type: none"> – Verification certificates – Proportion of verified buildings – Reported Index scores

Governance, Monitoring & Reporting

Our Net Zero Carbon Working Group brings together a multidisciplinary team from across Capco, with external expertise where required. The core principles guiding the team are:

- Transparency & Reporting
- Innovation & Technology
- Collaboration & Influence
- Education & Skills



Charlotte Boyle,

Independent Non-executive Director and Chair of Board ESC Committee

Our effective governance framework ensures that progress against our Net Zero Carbon Pathway will be closely monitored by the relevant Committees and reported to the Board regularly. Our talented and committed teams have a vital role to play in achieving our ambitious target. We will therefore provide support to allow them to gain the skills and knowledge they need to deliver against the Pathway.

Capco's commitment to being Net Zero Carbon by 2030 is core to our business. As a key strategic commitment, progress against our Net Zero Carbon Pathway will be overseen by the Board.

Achieving Net Zero Carbon will require action across our business. Implementation will be led by the Director of Sustainability and Technology, supported by the Net Zero Carbon Working Group, which brings together a multidisciplinary team from across Capco. Our Net Zero Carbon Pathway is intended to be a live plan and progress against the actions outlined on page 13 will be monitored by the ESC Management Committee on a quarterly basis. We will monitor and report against both operational and project sustainability plans. The ESC Management Committee is an executive level committee, which reports and co-ordinates sustainability, environmental management, community engagement and charitable activities of the business. The Committee is chaired by the Chief Executive and reports into the Board ESC Committee.

The Board ESC Committee, which is chaired by our Non-executive Director Charlotte Boyle and of which all Capco's independent Non-executive Directors are members, monitors implementation of Capco's ESC Strategy on behalf of the Board and reports directly to the Board on the same. The Board ESC Committee also receives regular reports from the Director of Sustainability and Technology. The terms of reference for the Board ESC Committee [can be found here](#).

Responsible stewardship is one of the key strategic priorities for Capco, underpinned by effective governance and delivering positive sustainable outcomes that enhance value for our stakeholders. Capco's ESC Strategy details how Capco is focused on responsible stewardship and [can be found here](#).

We will report externally on progress at least annually through our Annual Report and Accounts. A formal review of the Pathway against changes to the portfolio and industry practice will be conducted every three years. Our Net Zero Carbon commitment will be incorporated into our existing sustainability frameworks and policies.

Our talented and committed teams have a vital role to play in achieving our ambitious target. We will therefore provide support to allow them to gain the skills and knowledge they need to deliver against the Pathway.

Appendix A: Scope of Commitment and Alignment with the GHG Protocol

The table below sets out the scope of the Capco Net Zero Carbon commitment in alignment with the BBP Climate Commitment and GHG Protocol.

Business area	Sub-Area	GHG Protocol Reporting Category	Carbon Scope	Inclusion in BBP Commitment	Inclusion in Capco's NZC Commitment
Corporate	Head office energy use	Company facilities	1 & 2	✗	✓
	Company vehicles	Company vehicles	1	✗	✓
	Business travel (excluding commuting)	Business travel	3	✗	✓
	Purchased goods and services	Purchased goods and services	3	✗	✓
	Operational waste generated	Waste generated in operations	3	✗	✓
	Operational water use	Purchased goods and services	3	✗	✓
	Employee commuting	Employee commuting	3	✗	✓
Direct Real Estate Holdings (including JVs with management control)	Landlord purchased energy (electricity & fuels)	Purchased electricity, heat and steam	1, 2 & 3	✓	✓
	Occupier purchased energy (electricity & fuels)	Downstream leased assets	3	✓	✓
	Landlord refrigerants	Purchased goods and services	1	✓	✓
	Occupier refrigerants	Occupier Scope 3	3	✗	✗
	Landlord purchased water	Purchased goods and services	3	✓	✓
	Occupier purchased water	Occupier Scope 3	3	✗	✗
	Landlord managed operational waste	Waste generated in operations	3	✓	✓
	Occupier managed operational waste	Occupier Scope 3	3	✗	✗
	Occupier transport emissions	Occupier Scope 3	3	✗	✗
	Occupier supply chain emissions	Occupier Scope 3	3	✗	✗
	Landlord purchased capital goods & services (M&E & property management services) ¹	Purchased goods and services	3	✓	✓

1. This relates to services procured by the landlord to service and maintain the space e.g. property management, service charge recoverable items and minor CapEx items e.g. minor replacements.

Business area	Sub-Area	GHG Protocol Reporting Category	Carbon Scope	Inclusion in BBP Commitment	Inclusion in Capco's NZC Commitment
Investments (Indirect Real Estate Holdings, e.g. where investments are managed by a third party such as JVs with no management control or investments in other real estate investment vehicles) ¹	Landlord purchased Energy (electricity & fuels)	Investments (proportional to the investment)	3	✓	Not Applicable
	Occupier purchased energy (electricity & fuels)	Investments (proportional to the investment)	3	✓	Not Applicable
	Landlord refrigerants	Investments (proportional to the investment)	3	✓	Not Applicable
	Occupier refrigerants	Occupier Scope 3	3	✓	Not Applicable
	Landlord purchased water	Investments (proportional to the investment)	3	✓	Not Applicable
	Occupier purchased water	Occupier Scope 3	3	✓	Not Applicable
	Landlord managed operational waste	Investments (proportional to the investment)	3	✓	Not Applicable
	Occupier managed operational waste	Occupier Scope 3	3	✓	Not Applicable
	Visitors transport emissions	Occupier Scope 3	3	✓	Not Applicable
	Occupier supply chain emissions	Occupier Scope 3	3	✓	Not Applicable
	Landlord purchased capital goods & services (M&E & property management services) ²	Purchased goods and services	3	✓	Not Applicable
Development	New development (including those where funding is being provided)	Purchased goods and services	3	✓	✓
	Refurbishments	Purchased goods and services	3	✓	✓
	Fit-out (landlord controlled)	Purchased goods and services	3	✓	✓
	Fit-out (occupier controlled)	Occupier Scope 3	3	✓	✓
	End of life	End of life treatment of sold products	3	✗	✗

1. For indirect investments it is recommended that carbon emissions should be attributed as a % ownership of the investment.

2. This relates to services procured by the landlord to service and maintain the space e.g. property management, service charge recoverable items and minor CapEx items e.g. minor replacements

Appendix 2: Glossary / Key Terms

BBP	The Better Buildings Partnership is a collaboration of the UK's leading commercial property owners who are working together to improve sustainability of existing commercial building stock.
CO₂e, Carbon Dioxide equivalent	A measure used to compare the emissions from different greenhouse gases on the basis of their global-warming potential (GWP).
Carbon Efficient	A process, building or operation designed to operate with reduced or no associated carbon emissions.
Carbon Emissions	The release of carbon into the atmosphere associated with any form of activity.
Circular Economy	A design and manufacturing approach which targets minimal waste through reuse, repair and recycling of materials and may include reuse of existing assets in development, designing new buildings for eventual recoverability of materials upon disassembly, or a construction process which designs out waste.
Embodied Carbon	The total carbon emissions generated during the creation of a product. Including the extraction, manufacture, transportation, processing, assembly, replacement and deconstruction of the materials required to create the product.
FRI Lease	A Fully Repairing and Insuring lease in which the occupier bears responsibility for the cost of repair, maintenance and insurance of the property.
GHG Protocols	A widely recognised corporate accounting and reporting standard published by the World Resources Institute, pursuant to which organisations report their greenhouse gas emissions.
GRESB	Global Real Estate Sustainability Benchmark.
LETI	The London Energy Transformation Initiative, a network of built environment professionals working to put London on the path to Net Zero Carbon.
MEES	Minimum Energy Efficiency Standard, required to be met pursuant to the Energy Efficiency (Private Rented Property) (England and Wales) Regulations 2015 (SI 2015/962).
Net Zero Carbon	Capco will achieve Net Zero Carbon when there is a balance between the amount of GHG emissions produced and the amount removed from the atmosphere. Our approach aims to first reduce GHG emissions resulting from our buildings and operations, then offset any unavoidable residual emissions. This will mean we have achieved Net Zero Carbon.
PPAs	Power Purchase Agreements, which are contracts for the purchase of electricity from one or more generation projects, typically between 5 and 20 years in length.
Residual Carbon	Remaining carbon which after all mitigating activities continues to be associated with a particular activity or asset.
Renewable Energy Guarantees of Origin (REGO)	A certification scheme administered by Ofgem, which certifies that power supplied to the consumer comes from a renewable source.
Renewable Gas Guarantee of Origin (RGGO)	A certification scheme administered by Ofgem, which certifies that gas supplied to the consumer is from an authentic green source and has not been sold to anyone else.
Scope 1 emissions	Direct GHG emissions from an organisation's building, vehicles and plant, including the combustion of fuel.
Scope 2 emissions	Indirect GHG emissions from the generation of purchased electricity or other energy.
Scope 3 emissions	Other indirect emissions consequential to the activities of the business, which occur from sources not owned or controlled by the business, including energy use by occupiers, embodied carbon of materials used in developments and refurbishments, third party procured goods and services.
Task Force on Climate-Related Financial Disclosures (TCFD)	The TCFD developed a framework to help companies more effectively disclose climate-related risks and opportunities through existing reporting processes.
UK Green Building Council (UKGBC)	A charitable organisation within the property sector, which campaigns for a sustainable built environment.
Whole Life Carbon	The total embodied and operational emissions that occur over the lifetime of a building, including the carbon associated with decommissioning at end of life.

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