



## McArthurGlen Designer Outlets Carbon Footprint 2011/12

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## McArthurGlen Designer Outlets Carbon Footprint Summary 2011/12

RD Barker Ltd was commissioned to calculate McArthurGlen's organisational carbon footprint for its 20 European designer outlets for the financial year ending March 2012. Baseline emissions for the year 2010/11 were also determined.

The carbon footprint was developed based on the GHG Protocol methodology, using an operational control approach. Carbon emission factors were taken from the latest version of Defra/DECC's conversion factors for GHG company reporting (May 2012). The boundary of the carbon footprint measurement presented here includes all direct Scope 1 emissions and indirect purchased electricity (Scope 2,3) from the designer outlets. The UK head office emissions are not included in the footprint this year. Whilst some Scope 3, other indirect emissions are measured, these have not been included within the boundary. At three sites, purchased energy is sub-metered and recharged to tenants; this is reported as Scope 3, recharged energy. Figure 4 provides further detail of the carbon reporting parameters used.

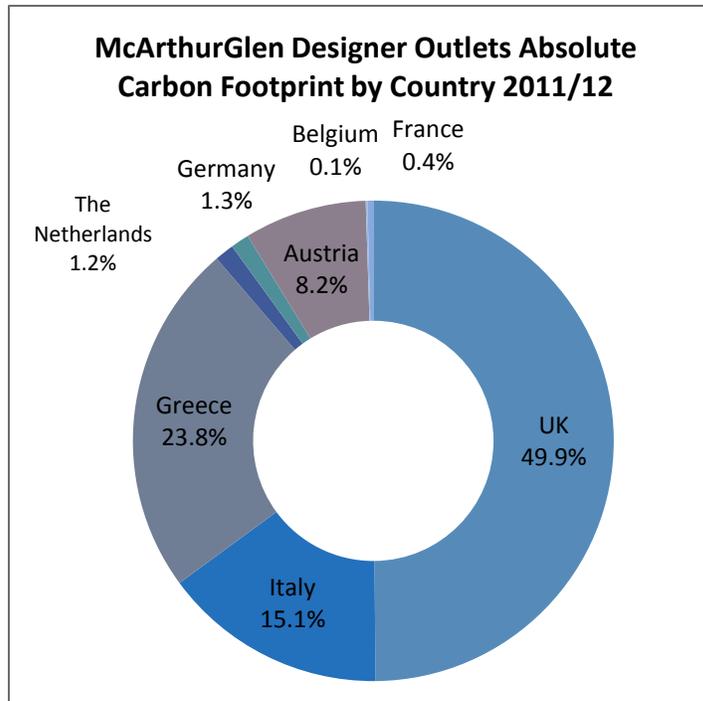
Reporting Parameter	Details
<b>Methodology</b>	GHG Protocol : A Corporate Accounting and Reporting Standard
<b>Organisational Boundary</b>	McArthurGlen Designer Outlet Sites (20 in total) excluding head office
<b>Operational Boundary</b>	Scope 1 (direct emissions) - Gas, Gas oil, LPG, company vehicle emissions, fugitive refrigerant losses Scope 2 (indirect electricity) - Purchased electricity for own use Scope 3 (other indirect) – Tenant energy recharged via sub-metering; electricity transmission losses
<b>Control Approach</b>	Operational Control
<b>Reporting period</b>	Financial Year 1 <sup>st</sup> April 2011 – 31 <sup>st</sup> March 2012
<b>Base year</b>	Financial Year 1 <sup>st</sup> April 2010 – 31 <sup>st</sup> March 2011
<b>Data quality criteria</b>	% primary (metered) data, data completeness
<b>Carbon footprint units</b>	tonnes CO <sub>2</sub> e
<b>Emission Factor Source</b>	Defra / DECC GHG Conversion Factors for Company Reporting Version May 2012. Other supplier specific emission factors where appropriate. Country specific emission factors for electricity.

Figure 1 – Details of Carbon Reporting Parameters

The activity data used is based on information collated and confirmed by each site and is largely complete. 96% of the reported footprint is based on primary (measured) data. The information has not been verified, although sample checking has been carried out. There is uncertainty in the refrigerant emissions data. McArthurGlen are continuing to improve their data recording systems and the accuracy of their carbon footprint. In future years it is hoped to be able to report Scope 3 emissions from business travel, waste and water activities.

Comparing building energy usage in 2011/12 to the previous year, significant energy efficiency improvements have been made. This resulted in:

- an overall reduction in building energy usage of 2% across the Group;
- a reduction in the Group's GHG emissions from natural gas of 11% compared to 2010/11.

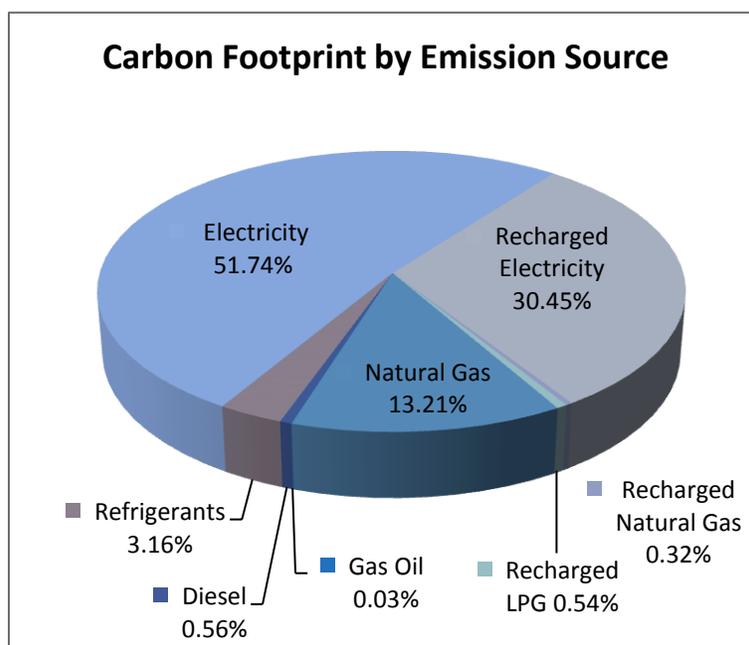


These energy savings were made despite significant expansion across the Group last year, with the opening of a new outlet in Athens and new phases at four other designer outlets. Twelve of nineteen outlets reduced their Absolute Carbon Footprint by 4% or more compared to 2010/11.

Figure 2 shows the distribution of the Absolute Carbon Footprint by country in 2011/12.

Figure 2 – Absolute Carbon Footprint by Country

The nature of the energy mix in Greece means that it has a relatively high electricity emission factor and expansion into this country is a significant factor in McArthurGlen's Absolute Carbon Footprint (excluding Scope 3, recharged energy) increasing by 9% in 2011/12 compared to 2010/11.

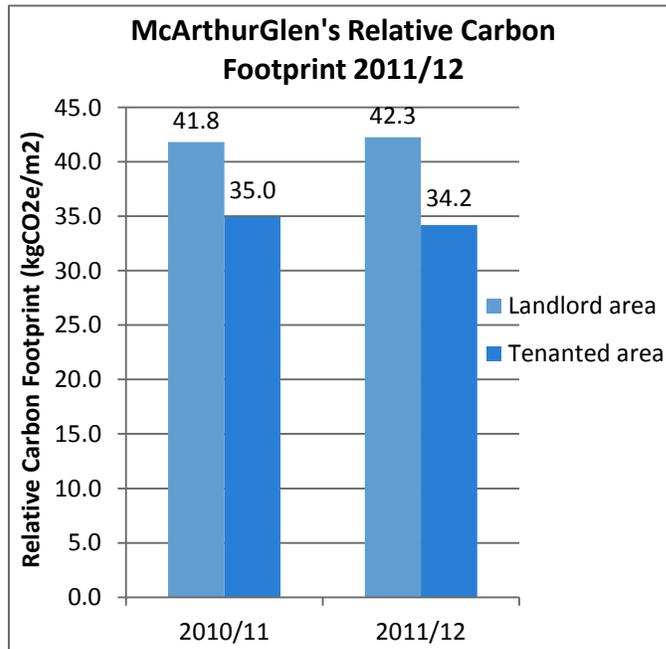


A breakdown of the Group's carbon footprint including Scope 3 recharged energy by emission source is presented as Figure 3. McArthurGlen's electricity consumption accounts for approximately 52% of greenhouse gas emissions measured. The Scope 3 recharged energy emission sources together make up a further 31%.

Figure 3 – Carbon Footprint by emissions source 2011/12

Emissions from landlord gas usage account for another 13%, with the remaining carbon emissions originating from owned transport, refrigerant losses and gas oil.

Carbon emissions are also measured relative to landlord area and tenanted area to



enable Outlet and Group performance to be compared year on year. The Group performance against these two indicators is shown in Figure 3.

Overall there was a 2.2% reduction in carbon emissions relative to tenanted area in 2011/12 compared to 2010/11.

Against landlord area the Group's carbon emissions increased slightly, by 1.1 %.

Figure 4 – McArthurGlen's Carbon Footprint Relative to Landlord and Tenanted Area

Carbon footprinting is a key tool in McArthurGlen's carbon management strategy, providing:

- a robust baseline carbon emissions by site against which targets can be set;
- a clear methodology for reporting to enable consistent and accurate reporting;
- performance tracking of carbon savings.

The findings from this study used in conjunction with Designer Outlet energy surveys will enable potential areas for carbon and energy savings to be identified. These inform the setting long-term carbon reduction targets at Outlet and Group level. A resourced action plan to implement the opportunities together with regular reporting of energy and carbon performance against targets will deliver savings.

Recommendations for future carbon footprint reporting include:

- Ensuring that all Scope 1 and 2 emission sources are measured and included in the footprint boundary;
- Continuing to improve the accuracy and completeness of energy metering and activity data recording and collation systems, increasing the frequency of data reporting and data quality checking;
- Expanding the reporting of Scope 3 other indirect emissions to include water, waste and business travel.