

Lok'nStore Operational Footprint

Financial Year 2017-18



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CREDITS

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INTRODUCTION

Lok'nStore Group plc engaged Trucost to review its reporting of environmental impacts for the financial year of 2017-18 (FY2017-18), which comprised August 2017 – July 2018. The UK government requires all quoted companies to report on their greenhouse gas (GHG) emissions as part of their annual director's report under the *Companies Act 2006 (Strategic Report and Director's Report) Regulations 2013*.

Lok'nStore's GHG reporting for 2017-18 aligns with government guidelines. In addition, the company's environmental reporting is consistent with the *Government Guidelines, Environmental Key Performance Indicators: Reporting Guidelines for UK Business 2006*.

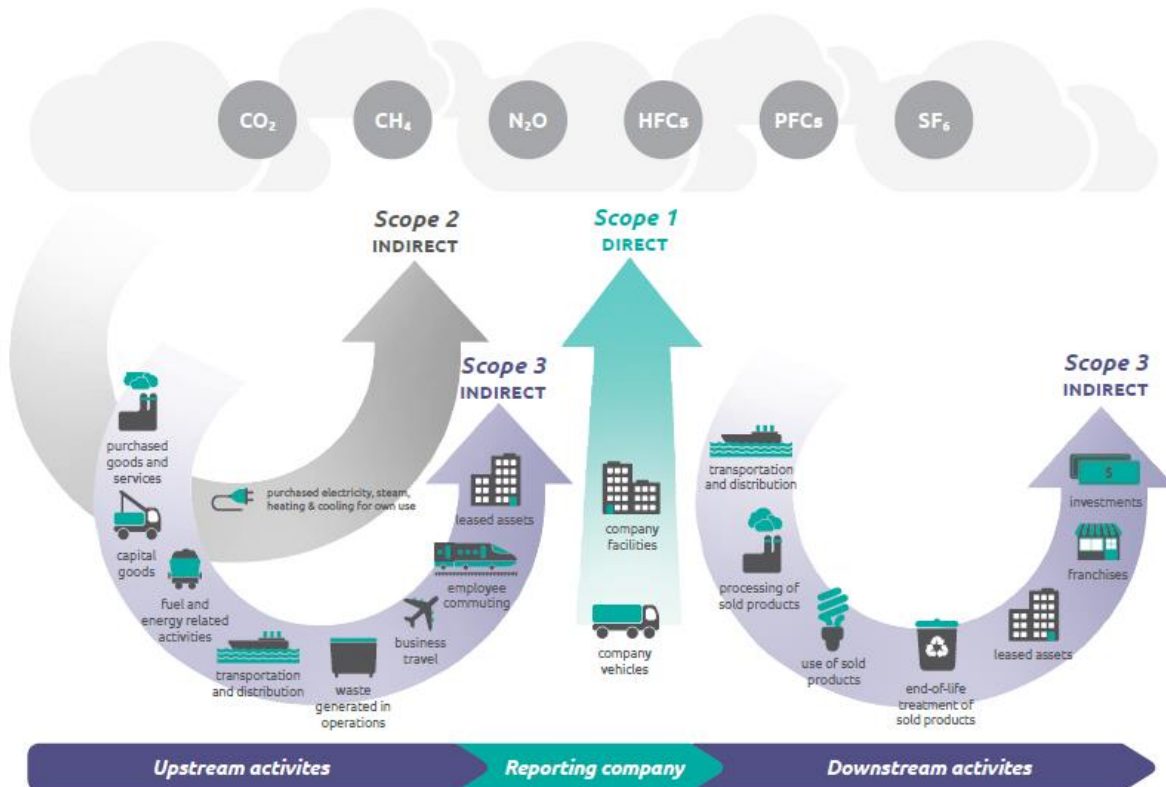
SCOPE

Lok'nStore assessed and disclosed environmental impacts for both its owned and Saracen facilities. Environmental indicators covered include:

- GHG emissions, scope 1 and 2 (see exhibit 1 below)
- Water consumption and
- Waste generation.

Exhibit 1 below summarizes an organization's sources of GHG emissions, across scope 1 (direct emissions), scope 2 (indirect emissions, primarily purchased electricity) and scope 3 (indirect emissions from upstream suppliers and downstream customers).

EXHIBIT 1: SCOPE OF VALUE CHAIN GHG EMISSIONS FOOTPRINT










Source: WRI (2015) GHG Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard.

KEY FINDINGS

Trucost reviewed Lok'nStore's environmental data for FY2017-18 and its calculated impacts to validate the company's reporting and identify necessary corrections. Exhibit 2 below relates the key findings for environmental impacts and their trends. (Further details for these metrics are available in exhibit 10.)

EXHIBIT 2: KEY FINDINGS FOR ENVIRONMENTAL IMPACT METRICS, FY2017-18

IMPACT METRIC	FY2017-18 TREND	DETAILED CHANGES
Operational GHG emissions (scope 1 & 2)		<ul style="list-style-type: none"> Decreased 8% in absolute terms, to 197 metric tons (tCO₂e) Operational GHG emissions intensity, revenue normalised, decreased 11% to 11.8 tCO₂e per million (£m) revenue Since 2005, GHG emissions have reduced by 83%, from 1,189 tCO₂e
Direct (scope 1) GHG emissions		<ul style="list-style-type: none"> Decreased 8% to 197 tCO₂e Most significant decrease associated with natural gas consumption, reduced by 23% Small increase in van use emissions, by 2%. Direct GHG emissions intensity decreased 11% to 11.8 tCO₂e per £m revenue
Indirect (scope 2) GHG emissions – market based		<ul style="list-style-type: none"> Stayed consistent at 0 tCO₂e. As such, indirect scope 2 emissions intensity stayed at 0 tCO₂e per £m All facilities use 100% electricity derived from renewable feed stocks, generating zero GHG emissions
Renewable energy generation		<ul style="list-style-type: none"> Overall 8% decrease in energy generated across all sites. All sites had a reduction in production, with Reading showing the most significant decrease of 13%
Water consumption		<ul style="list-style-type: none"> Absolute 7% reduction in water consumption, to 3,389 m³ Water intensity decreased to 204 m³ per £m revenue, a reduction of 11%
Waste generation (landfill)		<ul style="list-style-type: none"> Volume of waste to landfill reduced 25%, to 128t Landfill waste intensity reduced by 28% per £m revenue
Waste recycling		<ul style="list-style-type: none"> Volume of recycled waste has decreased by 43% to 130.8 t Recycling intensity decreased significantly, from 14.2 t per £m revenue to 7.9 t per £m revenue Percentage of waste recycled has decreased from 57% to 51%

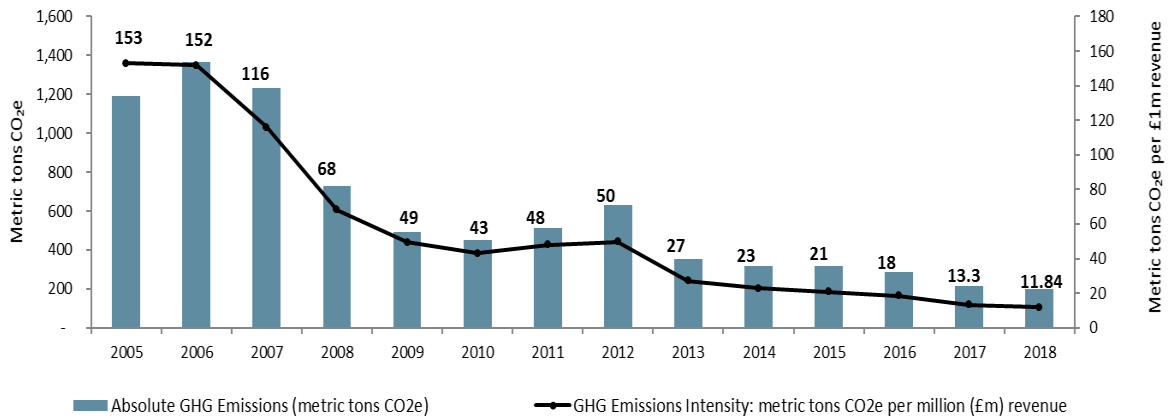
DETAILED FINDINGS

OPERATIONAL GREENHOUSE GAS EMISSIONS

During FY2017-18, Lok'nStore and Saracen's combined operational GHG emissions—direct and indirect scope 2—decreased by 11%, falling to 197 tCO₂e from 213 tCO₂e the previous financial year. This is the third year of decrease in a row. Normalising these emissions by annual revenue allows intensity comparison to be made year-on-year. FY2017-18 had an 11% lower emissions intensity of 11.8 tCO₂e per £m compared to FY2017-18 intensity of 13.3 tCO₂e per £m.

Since the company began reporting in 2005, GHG emissions have decreased by 83% from 1,189 (tCO₂e). When normalised by annual revenue, Lok'nStore emissions intensity has decreased by 92% since 2005. Exhibit 3 below displays the absolute emissions and intensity values between 2005 and 2018.

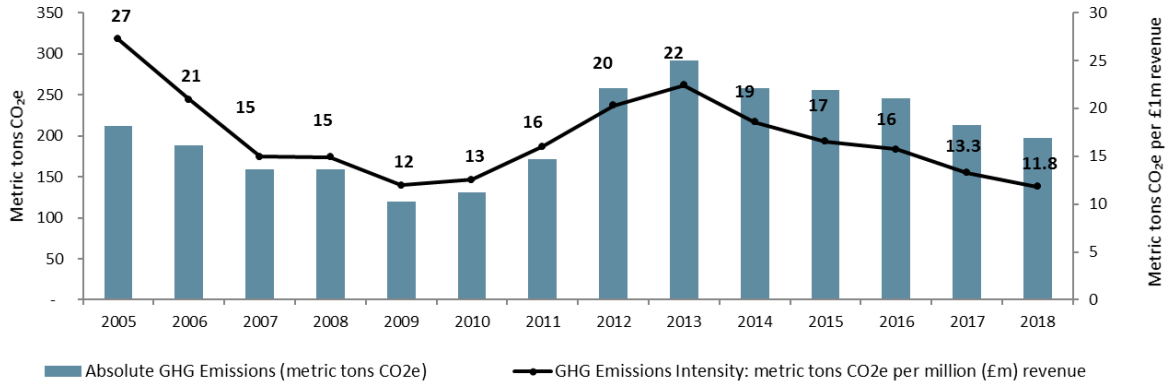
EXHIBIT 3: COMBINED DIRECT AND INDIRECT OPERATIONAL GREENHOUSE GAS EMISSIONS, FY2005-18



DIRECT (SCOPE 1) GHG EMISSIONS

One component of GHG emissions from organizational operations are direct (or scope 1) emissions derived from natural gas consumption, owned transportation and similar activities. During FY2017-18 Lok'nStore's scope 1 emissions decreased by 8% to 197 tCO₂e, from 213 tCO₂e the previous financial year. Comparing the intensity of GHG emissions normalised by revenue, FY2017-8 emissions declined by 11% to 11.8 tCO₂e per £m, from 13.3 tCO₂e per £m during FY2015-16, as shown in exhibit 4.

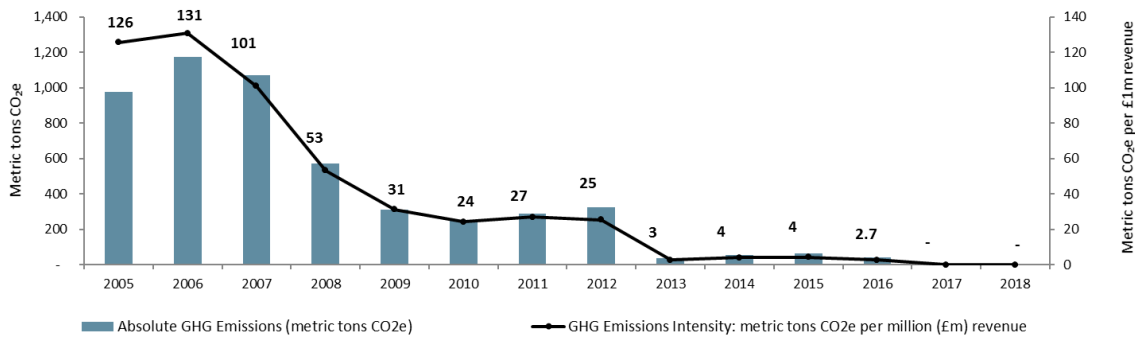
EXHIBIT 4: DIRECT OPERATIONAL GREENHOUSE GAS EMISSIONS, FY2005-18



INDIRECT (SCOPE 2) GHG EMISSIONS

A second component of GHG emissions related to organizational operations are indirect (or scope 2) emissions primarily from the consumption of purchased electricity. Since Lok'nStore consumed 100% of its electricity derived from renewable feedstocks—through its purchases from vendors and on-site PV electricity generation at company facilities—one can consider this electricity as generating zero GHG emissions (0 tCO₂e). As a result, Lok'nStore's scope 2 emissions intensity remains 0 tCO₂e per £m of revenue, as per FY2016-17. This is down from 2.7 tCO₂e per £m of revenue in FY2015-16. Exhibit 5 conveys these values.

EXHIBIT 5: INDIRECT OPERATIONAL GREENHOUSE GAS EMISSIONS, FY2005-18



RENEWABLE ENERGY GENERATION

Lok'nStore has prioritized installing solar photovoltaic panels for as many facilities as possible. Lok'nStore facilities produced 8% less PV electricity during FY2017-18, 225 MWh, down from 244 MWh the previous year. This electricity avoided 64 tCO₂e of GHG emissions, based on the national standard mix of non-renewable-renewable energy. The amount of exported PV electricity decreased by 27% to 28 MWh, from 39 MWh during FY2016-17. As PV generation is dependent on solar activity, this is often inconsistent and does not reflect any bad practice on Lok'nStore's part.

On average, each facility produced 26% of the electricity that it needed for the year. All of the sites saw a decrease in generation, ranging from 2% decrease at Maidenhead, to 13% decrease in Reading.

Exhibits 6 and 7 show the overall electricity generation from on-site PV systems at each facility. Exhibit 8 provides the amount of PV electricity exported from each facility. The company's elimination of any GHG footprint from electricity consumption at its facilities and export of clean energy to the national grid demonstrate its success.

EXHIBIT 6: ELECTRICITY GENERATED PER SITE, FY2017-18

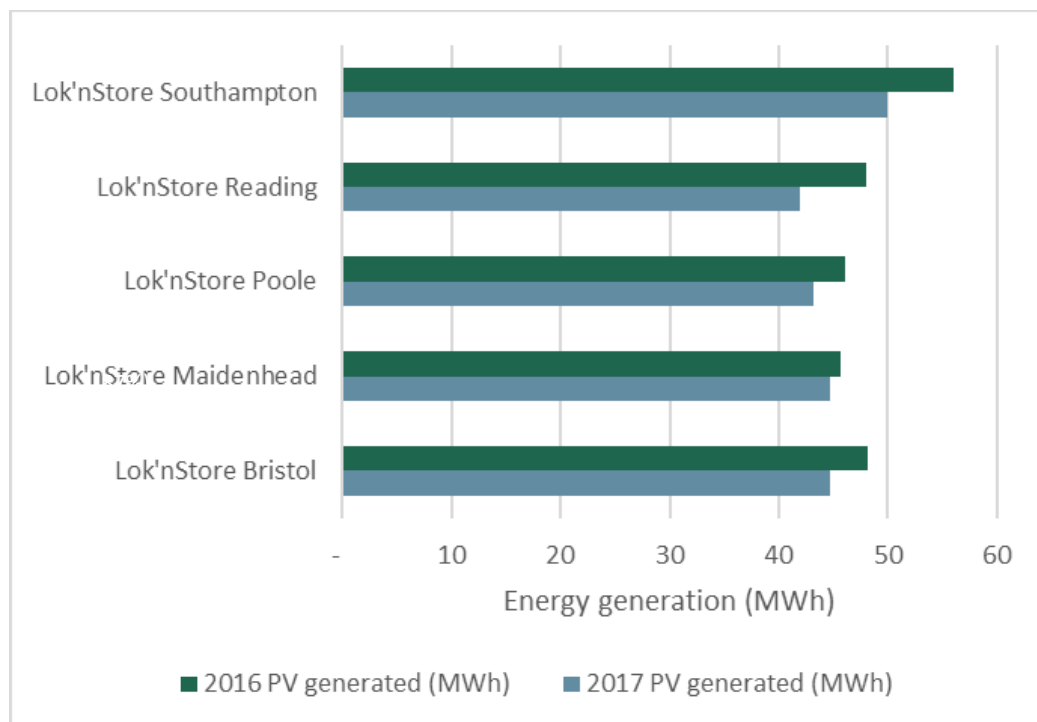


EXHIBIT 7: LOK'NSTORE PHOTOVOLTAIC ELECTRICITY GENERATED, BY FACILITY, FY2017-18

LOK'NSTORE FACILITY	FY2016-17 PV GENERATED (MWh)	FY2017-18 PV GENERATED (MWh)	CHANGE (%)
Poole	46.1	43.2	-6%
Maidenhead	45.6	44.7	-2%
Reading	48.0	42.0	-13%
Bristol	48.2	44.7	-7%
Southampton	56.1	50.0	-11%
Total	243.9	224.7	-8%
Avoided GHG emissions (tCO₂e), applying national standard mix	100.5	63.6	-37%

EXHIBIT 8: LOK'NSTORE PHOTOVOLTAIC ELECTRICITY EXPORTED, BY FACILITY, FY2017-18

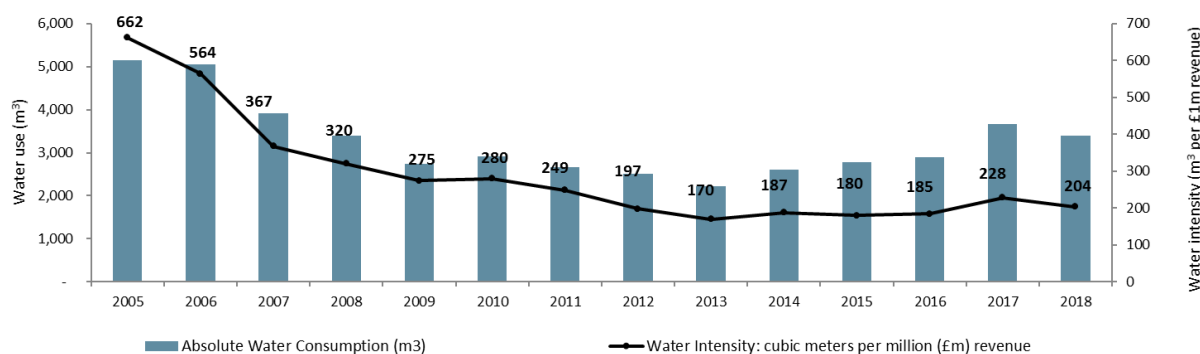
LOK'NSTORE FACILITY	FY2016-17 PV EXPORTED (MWh)	FY2017-18 PV EXPORTED (MWh)	CHANGE (%)
Poole	5.9	4.1	-31%
Maidenhead	10.8	9.9	-9%
Reading	11.6	3.8	-67%
Bristol	6.2	6.5	5%
Southampton	4.5	4.1	-9%
Total	39.0	28.4	-27%
Avoided GHG emissions (tCO₂e), applying national standard mix	16.1	8.0	-50%

During the last year, the UK national average grid emission factor has decreased by 31% due to decarbonisation of the national grid. As such, while PV generation and export was lower in FY2016-17 than in FY2017-18, this is exacerbated due to the lower emissions of avoided generation also.

WATER CONSUMPTION

Lok'nStore experienced a water leak in FY2016-17 resulting in an increase in water use among Lok'nStore sites. In FY2017-18 this normalised again though still remained greater than FY2015-16. Absolute water use was 3,389 m³, a reduction of 7%. Water use intensity, normalised by revenue, dropped 11% to 204 m³ per £m, from 228 m³ per £m the previous year. Since 2005, both absolute water consumption and water use intensity have decreased—by 34% and 69%, respectively. Figure 6 features the values for water use.

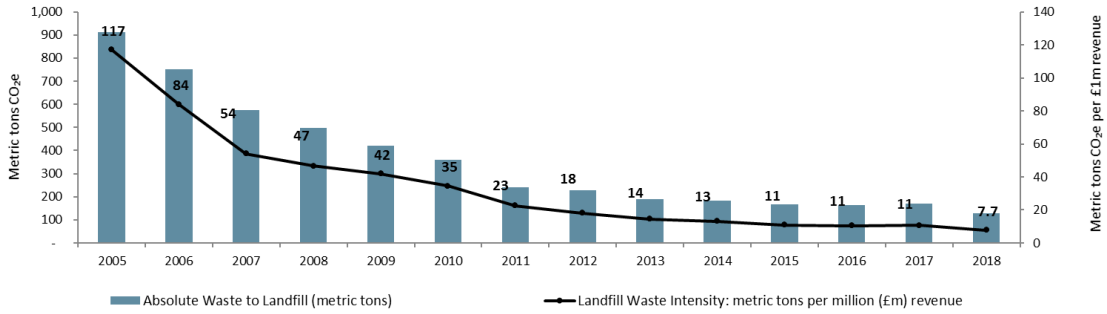
EXHIBIT 9: WATER USE, FY2005-18



WASTE GENERATION AND RECYCLING

During FY2017-18, total waste generation decreased by 35% to 258 metric tons, from 400 metric tons during FY2016-17. This was most significantly associated with reduced recycled waste (down 43%) though landfilled waste also decreased significantly down (down 25%). In addition, normalised waste intensity decreased to 15.5 metric tons per £m, from 24.8 metric tons per £m. Incinerated waste increased by 2% but remained less than 1 tonne of waste. Exhibit 10 displays the landfilled waste for the period FY2005-18.

EXHIBIT 10: LANDFILLED WASTE, FY2005-18



Recycling as a proportion of total waste reduced from 57% in FY2016-17 to 51% in FY2017-18. Recycled materials included cardboard, office paper, used computer media¹ and equipment, shrink wrap,² and employee uniforms.

¹ Trucost characterized computer media as hard drives for the purpose of this analysis. Trucost applied an average value of 4.6 ounces based on a sample of products available through Amazon.

² Trucost identified shrink wrap as “plastic” in the analysis of general material types.

EXHIBIT 11: SUMMARY OF ENVIRONMENTAL IMPACTS FROM OPERATIONS, FY2017-18

IMPACT METRIC	DEFINITION	DATA SOURCE AND CALCULATION METHOD	ABSOLUTE QUANTITY		NORMALISED* QUANTITY PER £M REVENUE		% CHANGE IN NORMALISED
			FY2016-17	FY2017-18	FY2016-17	FY2017-18	
GREENHOUSE GAS EMISSIONS—DIRECT OPERATIONAL (tCO₂e)							
Natural gas	Emissions from utility boilers	Yearly consumption in kWh collected from fuel bills, converted according to DEFRA Guidelines	32.4	25.93	2.0	1.56	-23%
Van fuel	Diesel and petrol used in vans on company business	Fuel invoices, recorded mileage or satellite tracking converted according to DEFRA Guidelines	14.8	15.68	0.9	0.94	2%
Automobile fuel	Diesel and petrol used in vans on company business	Fuel invoices, recorded mileage or satellite tracking converted according to DEFRA Guidelines	166.2	155.51	10.3	9.34	-10%
Total direct GHGs	Includes carbon dioxide (CO ₂), methane (CH ₄) and nitrous oxide (N ₂ O)	Calculated according to DEFRA Guidelines	213.4	197.12	13.3	11.84	-11%
GREENHOUSE GAS EMISSIONS—INDIRECT OPERATIONAL (tCO₂e)							
Purchased electricity	Directly purchased electricity, which generates GHGs based on the fuel source	Yearly consumption of purchased electricity in kWh. Lok'nstore consumed 100% electricity from renewable feed stocks - through its purchase from vendors and on site PV electricity generation, so the emissions are zero.	zero	zero	zero	zero	N/A
GREENHOUSE GAS EMISSIONS—TOTAL OPERATIONAL (tCO₂e)							
Operational GHG emissions	Combined direct (scope 1) and indirect (scope 2) GHG emissions from operations	Added values for direct operational emissions and indirect operational emissions above	213.4	197.12	13.3	11.84	-11%

IMPACT METRIC	DEFINITION	DATA SOURCE AND CALCULATION METHOD	ABSOLUTE QUANTITY		NORMALISED* QUANTITY PER £M REVENUE		% CHANGE IN NORMALISED
			FY2016-17	FY2017-18	FY2016-17	FY2017-18	
WATER CONSUMPTION (m³)							
Water use	Consumption of piped water	Yearly consumption of purchased water	3,659	3,389	227.8	204	-11%
WASTE GENERATION (metric tons)							
Landfilled waste	Office waste sent to landfills, including paper, cardboard and plastic	Volume of landfilled waste, based on the number of bins and skips removed; converted to metric tons according to DEFRA Guidelines	170.8	127.	10.6	7.7	-28%
Incinerated waste	Sanitary waste that was incinerated	Volume of incinerated sanitary waste, based on the number of bins removed	0.02	0.02	0.00	0.00	-1%
Recycled waste	Office waste recycled, including cardboard, computer media and fluorescent lights	Volume of recycled waste, based on the number of bins and skips removed, which was converted to metric tons according to DEFRA Guidelines	228.2	130.8	14.2	7.86	-45%
Total waste	Includes waste that was landfilled, incinerated or recycled	Measured by tracking waste volumes throughout the year	399.1	258.4	24.8	15.52	-38%

* Normalised based on annual revenue for the respective year. Trucost has rounded all values.

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