

ARRIVA LONDON SOUTH LIMITED

Directors' report (continued) For the Year Ended 31 December 2020

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Deutsche Bahn AG is the principal source of funding for Arriva plc and its subsidiaries. The Arriva group's financial risks, including liquidity risks and those arising from interest rates, commodity prices and currency fluctuations are managed in accordance with the Deutsche Bahn AG treasury policy. For further details relating to financial risk management please refer to the Deutsche Bahn AG 2020 Integrated Report.

STREAMLINED ENERGY AND CARBON REPORTING DISCLOSURE (SECR)

UK energy consumption and greenhouse gas emissions for Arriva London South (the Company) for the period 1 January 2020 to 31 December 2020.

REPORTING YEAR 2020	
Scope 1 – Fuel use from transport and combustion of natural gas/tCO ₂ e*	34,969
Scope 2 – Emissions resulting from the purchase of electricity, including heat, steam, or cooling (location based)/tCO ₂ e	284
Scope 3 – Emissions from business travel in rental cars or employee-owned vehicles where the company is responsible for purchasing the fuel/tCO ₂ e	0
Total gross emissions/tCO ₂ e	35,253
tCO ₂ e per full time equivalent employees	21.1
Energy consumption used to calculate the above emissions / kWh	141,238,693

* tCO₂e means tonnes (t) of carbon dioxide (CO₂) equivalent (e)

Methodology

The Company is required for the first time to report its UK energy use and carbon emissions in accordance with the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 which implement the UK Government's policy on Streamlined Energy and Carbon Reporting.

As a wholly owned subsidiary of Deutsche Bahn AG, the Company is obliged to use their approved emission factors for site energy and the source for site consumption emission factors is the GEMIS database (GEMIS: IINAS, Darmstadt (Germany)). To calculate the emissions, the Company has used the UK Government GHG Conversion Factors for Company Reporting 2020.

Source data has been obtained from the following:
Fuel Usage – Fuel Issues to Bus Report
Site Energy – Consumption Reports from Schneider
Employee Figures – Workday (internal HR system)

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STREAMLINED ENERGY AND CARBON REPORTING DISCLOSURE (SECR) (continued)

Environmental policy

The Arriva group has an EHS policy, which consists of the group's internal environmental risk assurance standards and is built around the following objectives:

- Robust environmental management and risk assurance;
- Clear accountability;
- Clear communication of goals and progress;
- Targeting improvements in CO2e emissions, Energy, Water and Waste; and
- Ensuring compliance with local law regulations, and that key environmental risks are mitigated.

The existing environmental strategy for the Arriva group is called Destination Green. The strategy focuses on 4 key areas; fuel use, water consumption, site energy use and recycled waste, and all Arriva group businesses are required to measure their usage in these areas. It's anticipated that the next version of the strategy will be aligned to the goal to support sustainable communities and will set an ambitious net zero carbon goal by 2050.

The UK Bus division strives for best practice in Health, Safety, Environment and Risk (HSER) and aims to play an important role in the reduction of greenhouse gases to stabilise the increase in global temperatures, reduce the ecological footprint, deliver business efficiencies and protect the environment.

Energy efficiency actions

In collaboration with the Arriva group, the Company is committed to reducing their carbon footprint. Examples of the carbon reducing initiatives include:

The UK Bus division is working closely with Transport for London (TfL) to progress its bus fleet to achieve TfL's objectives to meet the London Mayor's carbon target by 2030.

The UK Bus division will see its first all-electric fleet garage go live in 2021 followed by a further three locations in 2022.

The UK Bus division is currently working in conjunction with Local Authorities to implement electric fleets in West Yorkshire, Leicester, Milton Keynes, Northfleet and Liverpool. It is the intention that these will go live in 2023, with a further six locations under review.

MATTERS COVERED IN THE STRATEGIC REPORT

Details of future developments have been disclosed in the Strategic report.