

P&O SHORT SEA FERRIES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

EMISSIONS AND ENERGY CONSUMPTION

Energy and carbon metrics are only considered for the P&O Ferries Division Holdings Limited group, the Company's intermediate parent undertaking. In accordance with the Streamlined Energy and Carbon Reporting ('SECR') requirements, the following table summarises the energy and carbon metrics for the year for the P&O Ferries Division Holdings Limited group:

Name and description	Metric and / or KPI	Unit of measurement	2020	2019
Annual emissions in tonnes of CO2e	Scope 1	tCO2e	692,505	838,365
	Scope 2 location-based	tCO2e	3,266	3,767
	Scope 2 market-based	tCO2e	2,273	3,886
	Scope 3	tCO2e	287	288
Intensity ratios	FTE energy intensity (location-based)	tCO2e/FTE	256	194
	FTE energy intensity (market-based)	tCO2e/FTE	256	194
	Emissions intensity (location-based)	kgCO2e/km	295	321
	Emissions intensity (market-based)	kgCO2e/km	294	321
Energy in MWh	Electricity	MWh	11,978	13,005
	Fuels	MWh	<u>2,668,185</u>	<u>3,227,506</u>

Due to the nature of the full time equivalent employee ("FTE") energy intensity metric, the year-on-year emissions show an increase in 2020 vs 2019. Due to the extraordinary nature of the Coronavirus pandemic in 2020, the FTE's both on and offshore saw a dramatic reduction compared to their historical average. This factor should be taken into consideration when analysing the increase in our average emissions per FTE.

Overall, the Scope 1 and 2 emissions have decreased by 17% in the year. This was a result of significant reductions in maritime fuel consumption for the ferries and operational routes, due to some vessels & ferry routes ceasing activity from April 2020 in the P&O Ferries Division Holdings Limited group. Most were restored by the end of 2020 with the exception of the RoPax ships running between Hull and Zeebrugge. These two ships have been permanently retired without replacement.

In the future, the Group will continue to engage with our landlords and suppliers to move all our shoreside locations to be powered by renewable electricity. Some sites are already on renewable tariffs, or with 100% renewable energy suppliers.

The Group have also re-committed to the ongoing energy monitoring and performance programme between 2021-2023, which will help evaluate the Group's energy and carbon performance on a quarterly basis.

DISCLOSURE OF INFORMATION TO THE AUDITOR

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.