



Logica & CRC

Arlette Anderson, Logica UK Head of Environment

1) What action Logica has taken for the CRC Energy Efficiency scheme

About Logica

Logica is a business and technology service company, employing 41,000 people. It provides business consulting, systems integration and outsourcing to clients around the world, including many of Europe's largest businesses. Logica creates value for clients by successfully integrating people, business and technology. It is committed to long term collaboration, applying insight to create innovative answers to clients' business needs. Logica is listed on both the London Stock Exchange and Euronext (Amsterdam) (LSE: LOG; Euronext: LOG).

Logica has been recognised by the Environment Agency as one of the leading UK businesses driving carbon reduction in the UK. Logica reached 93rd in the Environment Agency's CRC Performance league table for 2011, placing it amongst the top five percent of UK businesses. Reinforcing its position as an industry leader, Logica was placed second in its sector and ahead of all but one of its rivals in delivering sustainability technology and advisory services.

Logica places the management of carbon as one of its key business objectives. Our vision is to work towards achieving a positive impact on the environment, and to demonstrate we also positively impact the people who work directly for us, within our supply chain and people in our local communities.

To achieve this objective we are continuing to drive down our environmental impact of our operations and our service delivery and positively influence the behaviour of our people both in their professional and personal lives. We have set a long term group target of reducing absolute emissions by 50% by 2020. This equates to an aggregate 6% annual reduction in emissions.

All of this needs to be done against a background where Logica remains a commercially viable business and continues to deliver sustained returns to its shareholders. By executing against this vision, we expect to attract and retain more clients and talented staff. We also expect to enhance our profitability through more competitive overheads, better retention and engagement of our staff and the delivery of more innovative services to our clients.

While we cannot be certain about the rate and magnitude of the impact climate change, we are not delaying effective action to mitigate this issue. We already address the implications of climate change and our risk management process identified environmental regulatory compliance as a business requirement.

We as a business prepared for compliance with the CRC Energy Efficiency Scheme well in advance as have been measuring carbon emissions in the UK since 2005. We have successfully run a carbon reduction programme since 2006 and have achieved year-on-year reductions totalling 28% (2010 compared to 2006). After the subsequent changes to the CRC (removing the recycling of payments etc) we predicted our exposure to carbon allowances to be approximately £250k in the first year and between £250k-£0.5 million in subsequent years. The UK Government is a key client of Logica therefore the reputational risks for Logica of achieving a poor performance in the CRC league table would have had a major impact to our future business.

As part of our Carbon Management Plan we disclose our carbon emission reduction targets in our annual report and have nominated a UK Board representative with responsibility for overseeing our carbon performance in respect of our emissions reduction targets. We also actively engage employees to reduce carbon emissions at work via our “Stamp down Our Carbon Footprint” campaign.

We assessed that our position in the league table would be determined by performance against two Early Action Metrics: installation of voluntary automatic meter reading (AMR), and achieving certification for carbon management under the Carbon Trust Standard or a recognised equivalent. Although recognised equivalents (such as BS16001) were starting to emerge, the CTS we felt was the best developed of these standards, with over 100 organisations having achieved the Carbon Trust Standard from public sector organisations.

Carbon Trust Standard

In early 2010 we invested in the decision to obtain external recognition of our existing carbon management practices and environmental achievements through certification under the Carbon Trust Standard. The Carbon Trust Standard was identified to us as the successful achievement of an Early Action Metric. We achieved this standard in 2010 and this has assisted us to focus on reducing our carbon emissions not only to maintain the standard but also demonstrate to the wider community the achievement of our environmental targets. Achieving this standard also assisted us manage our reputational risks, realise our financial savings through carbon reduction and strengthen our carbon management reporting with external verification by the Carbon Trust. We are planning to achieve the standard once again in 2012.

Automatic Meter Reading (AMR)

Also early in 2010 a business decision was taken to invest in the installation of an Automated Meter Reading (AMR) system to 20 of Logica offices for remote Gas and Water monitoring. Investment equated to approximately £57K with an annual service cost of approximately £6K. Based on 2008 utility costs it was estimated that the AMR would give Logica an annual benefit of £38K in reduced utility expenditure and the payback for the overall project would be around 21 months.

As well as the direct financial benefits for installing AMR, there were also the reputational benefits and strategic business opportunities of the improved data reporting. Installing AMR was also identified as achieving the second Early Action Metric in the Performance League Table.

AMR has allowed Logica to manage its gas and water consumption on a monthly basis. This has allowed the early identification of over-consumption through benchmarking office utility performance against industry norms. Our work with the Carbon Trust estimated that this alone can save Logica between 5-15% of our utility costs.

2) **What use of CRC performance will we be making in marketing**

“We have a market-leading position in delivering sustainability outcomes through consulting and technological solutions with, and for our clients. CRC Performance is a critical part of our sustainability performance with our clients as we are committed to both walking the talk and communicating this performance with our clients:

- *Through our annual sustainability / corporate responsibility report;*
- *Directly in 1 to 1 conversations with our clients at various levels;*
- *As part of proposals to our clients for new business.*

We also aim to take lessons learned from our performance as part of our sustainability services.”

Tony Rooke, UK Sustainability Services Practice Leader