

Carbon report and management plan

May 2025

ESG

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A SCOTTISH WATER COMPANY



CARBON REPORT AND MANAGEMENT PLAN

Introduction

This is our carbon footprint report and reduction plan for the 2024-2025 financial year, which is the fourth year of reporting on our carbon emissions. Our carbon emissions inventory includes sources from our operations conducted from our leased office in Edinburgh. We are a wholly owned subsidiary of Scottish Water; however, we operate under separate governance and funding, and with an independent Board and leadership team. As a water retailer, and not a water wholesaler, we do not have operational control over any water infrastructure, therefore, our carbon footprint includes emissions from the provision of office-based billing and support services for business customers only.

We are continuing our journey towards net zero for our operations by 2030 and set targets for emissions reduction on an annual basis. Our parent company, Scottish Water, has an ambition to reach net zero by 2040. We have calculated our emissions inventory and carbon footprint using the Greenhouse Gas Protocol Corporate Standard and the Corporate Value Chain (Scope 3) Accounting and Reporting Standard, and we use the UK Government conversion factors for the relevant year. To ensure transparency and accuracy, we have had our carbon footprint externally verified.

Changes since the previous report

Since our previous carbon footprint report for the financial year 2023-2024, we have made a few changes to the inclusions within our carbon footprint. We are keen to ensure that our carbon footprint is as comprehensive as possible. To this end, we prepared an emissions inventory management plan and a scope 3 strategy. To prepare this, we completed a full review of the inclusions and exclusions within the emissions inventory and identified some opportunities for improvement.

To improve transparency, we have renamed the emissions source categories to align with the GHG Protocol naming conventions. This will make reporting against other initiatives more transparent and ensure that we are aligned with all relevant guidelines.

We previously reported paper use within billing processes and office use, and we have moved this reporting into category 1 – purchased goods and services. Further analysis on services obtained through our supply chain is underway and initial estimations of the total impact of the supply chain have been measured. The data is provisional and has therefore not been reported this year, however, it will be included in next year's report.

For category 3 – fuels and energy related services - we previously only included transmission and distribution losses related to electricity consumption, but the scope has been expanded to include well-to-tank emissions related to the purchase of fuels (gas and diesel) and grid electricity for office and electric vehicles.

Due to the inclusion of these additional emissions sources, it was necessary to recalculate the base year GHG emissions to ensure that our footprint is comparable over time. We have prepared a base year recalculation policy, which states that additional emissions sources is one factor which triggers a base year recalculation. Our historical emissions with the addition of well-to-tank emissions are reported over time.

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Carbon footprint results

We have incorporated Scope 1, Scope 2 and Scope 3 emissions where suitable data exists. Our 2024-2025 carbon footprint is shown in the table and figures below.

Table 1 | Total carbon footprint for 2024-2025

Scope	Activity	Tonnes CO ₂ e (Location based)	Tonnes CO ₂ e (market based)
Scope 1	Gas	42.3	42.3
Scope 2	Electricity	17.1	2.1
Scope 3 - Upstream emissions	Purchased goods and services	19.2	19.2
	Fuel and energy related activities	17	17
	Waste and wastewater	0.4	0.4
	Business travel	27.5	27.5
Totals	CO ₂ e	123.1	108.5
	Scope 1	42.3	42.3
	Scope 2	17.1	2.1
	Scope 3	64.1	64.1

Figure 1 | 2024-2025 carbon footprint (tonnes CO₂)

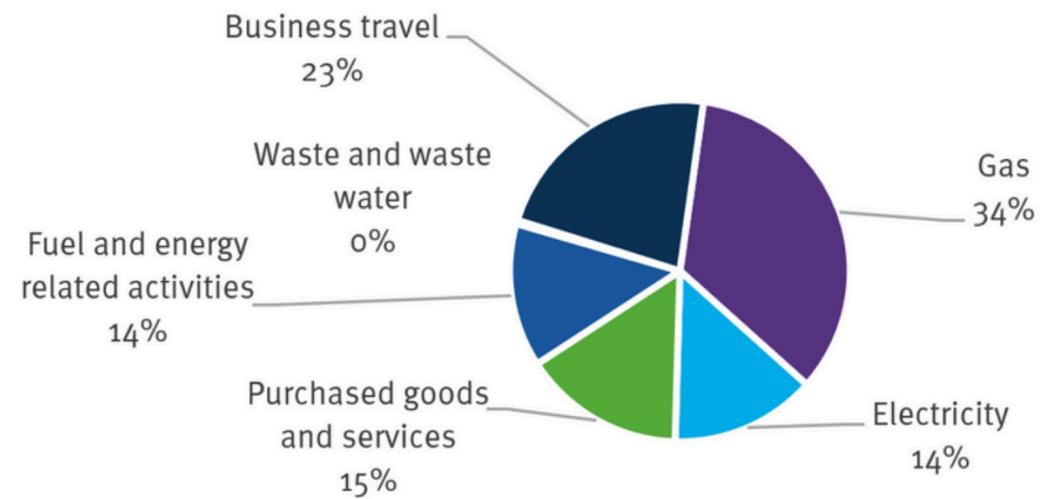
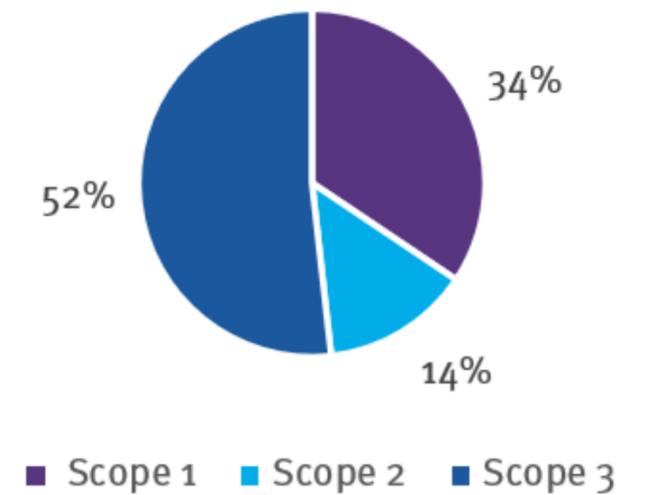


Figure 2 | 2024-2025 carbon footprint by scope



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Performance against targets

During the 2024-2025 financial year, we set reduction targets for scope 1, 2 and 3 greenhouse gas emissions (GHG emissions). These were:

- Scope 1: 50% reduction based on 2023-2024
- Scope 2: 10% reduction based on 2023-2024
- Scope 3: 10% reduction based on 2023-2024

During the 2024-2025 financial year, we successfully achieved all three of our GHG emissions reduction targets. Our Scope 1 emissions had spiked significantly in the previous year due to an unplanned release of fugitive gases caused by a smouldering cable in our server room when we were based in our old office. This year, our Scope 1 target is back on track, and we've reduced our emissions over the year by 89%.

By moving offices to a more energy efficient building, our Scope 2 emissions reduced by 66%. Some of this is attributed to the different form of heating and cooling, which has meant that some of our previous Scope 2 emissions are now accounted for under Scope 1 due to the use of gas boilers within the office campus. While we don't have control over these boilers, for consistency over time, we have retained those emissions within Scope 1.

Finally, we also achieved a 11% reduction in Scope 3 emissions. This is by far the hardest scope to reduce emissions in. We have achieved this for several reasons. Reductions in energy use in Scopes 1 and 2 lead in reductions in Scope 3 emissions related to fuel and energy use. Additionally, we again reduced our mileage on flights.

We reduced our paper use in billing processes by 11% but due to an update in the emissions factor, GHG emissions related to paper use, unfortunately increased. This is an area that we will be actively working on in the future to support both our environmental targets and customer service levels.

Emissions over time

Since our base year of 2018-2019, we have made substantial reductions in GHG emissions across all scopes.

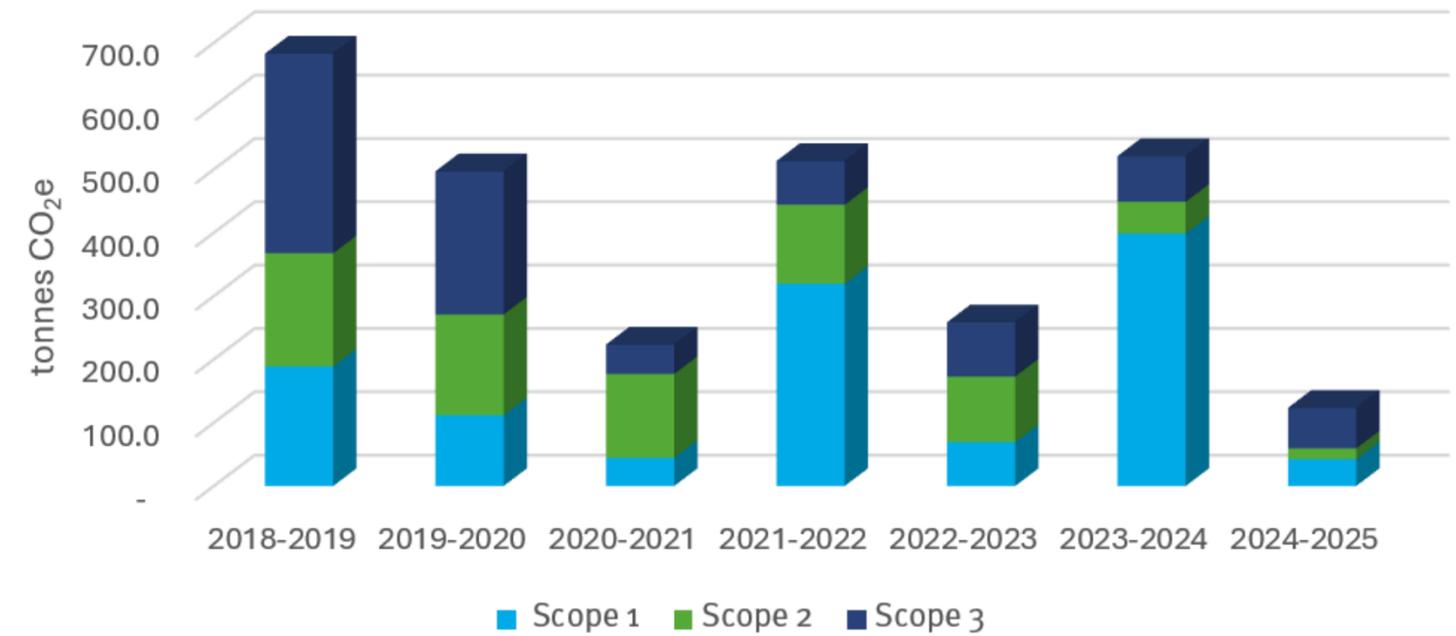
Our base year is the 2018-2019 financial year. Our emissions over time since our base year are shown in Table 2. In line with Science Based Targets initiative (SBTi) guidance, we are aiming for a 90% reduction in our carbon footprint by 2030. This target includes the parameters currently outlined in this report. The inclusions in our carbon footprint may change over time as further data becomes available.

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Table 2 | Carbon emissions since 2018-2019

Scope	Activity	tonnes CO ₂ e						
		2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025
Scope 1	Fugitive emissions	61.2	7.8	3.8	297.5	50.9	372.8	0
	Gas	0.2	0.2	0.2	0	-	25.4	42.3
	Generators	0.2	0.2	0.2	0.2	0.2	0.1	0
	Company vehicles - all	127.2	103.5	40.4	21.8	18.1	0.2	0
Scope 2	Electricity	178.9	159.4	132.4	124.8	103.7	50.4	17.1
Scope 3 - Upstream emissions	Purchased goods and services	12.8	11.4	7.3	8	12.1	14.6	19.2
	Fuel and energy related activities	83.5	65.6	35	48.8	42.8	25.3	17
	Waste and wastewater	1.9	2	0.2	0.5	0.7	0.7	0.4
	Business travel	216.9	147.3	3.9	12	30.1	31.9	27.5
Totals	CO₂e	682.8	497.2	223.4	513.5	258.7	521.4	123.5
	Scope 1	188.8	111.7	44.6	319.5	69.2	398.6	42.3
	Scope 2	178.9	159.4	132.4	124.8	103.7	50.4	17.1
	Scope 3	315.2	226.2	46.4	69.3	85.7	72.5	64.1

Figure 3 | Total scope 1, 2 and 3 emissions since 2018-2019



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Progress towards net zero

We have a target to reach net zero by 2030 from a base year of 2018-2019 and for our existing inclusions in our carbon footprint, we remain on target to achieving this goal. The tables on this page show our total tonnes of CO₂e emissions over time since we started calculating our carbon footprint in 2018-2019 and the overall percentage reduction against 2018-2019 each year since then. Overall, since 2018-2019, we have reduced our total carbon footprint by 82% which is a fantastic achievement.

There is more to do, however, and we still have some Scope 3 emissions sources to include once data allows. For example, we aim to include data related to colleague commuting in next year's figures. We are also calculating the GHG emissions from our supply chain and have prepared a strategy to help do this in a fair and transparent way. Figure 4 shows our progress to date to achieve our net zero target.

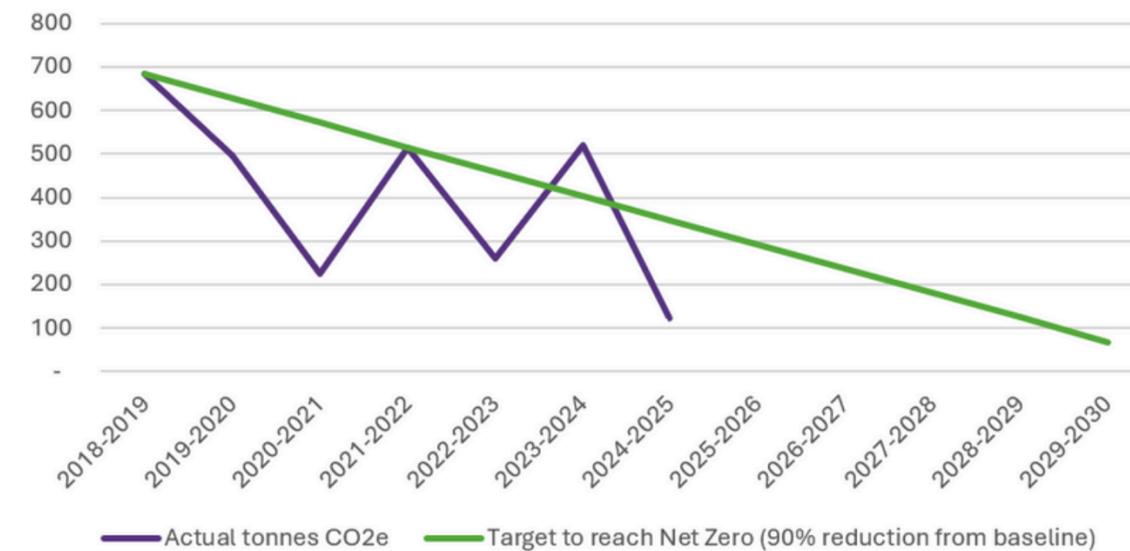
Table 3 | Tonnes CO₂e

Scope	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025
Scope 1	188.8	111.7	44.6	319.5	69.2	398.6	42.3
Scope 2	178.9	159.4	132.4	124.8	103.7	50.4	17.1
Scope 3	315.2	226.1	46.3	69.1	85.5	72.1	64.1
Tonnes CO₂e	682.8	497.2	223.4	513.3	258.5	521.1	123.5

Table 4 | % reduction against 2018-2019

Scope	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025
Scope 1	n/a	-41%	-76%	69%	-63%	111%	-78%
Scope 2	n/a	-11%	-26%	-30%	-42%	-72%	-90%
Scope 3	n/a	-28%	-85%	-78%	-73%	-77%	-80%
CO₂e	n/a	-27%	-67%	-25%	-62%	-24%	-82%

Figure 4 | Progress towards required net zero trajectory



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Supply chain

Category 1 (purchased goods and services) in Scope 3 of the GHG Protocol is arguably the most complex category to calculate GHG emissions for. This is because it relies on data from third parties, some of whom may not have calculated any GHG emissions yet. We have started the process of calculating our supply chain emissions through the preparation of a carbon inventory management plan and Scope 3 strategy document and have gathered initial data on our spend across all suppliers.

Some supply chain emissions are currently included where activity data is available (e.g. paper use), but there are more suppliers which should be included for completeness. Our aim for the next year is to identify all suppliers who should be included in our calculations and to provide figures for the supply chain impact of our carbon footprint. We will not be including all of the supply chain in our net zero target at this time as we recognise that all organisations are at a different stage in their own journeys towards net zero; but we will also provide support and encouragement to our significant suppliers to set ambitious targets within their own organisations where possible.

Carbon reduction plan

Our carbon emissions have reduced substantially since our base year of 2018-2019. We have implemented a number of initiatives to assist us with reducing our greenhouse gas emissions. We are confident in our ability to achieve net zero by 2030 for the existing scope of our carbon footprint. Plans in the year ahead include benefiting from the solar panels that have been installed in the office, developing and delivering our paper reduction strategy and continuing to work with our suppliers to support their net zero ambitions.

A summary of our carbon reduction projects is shown in the tables on the next page.



Jo Dow
CEO | Business Stream
30 May 2025

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Performance and targets

Action	Status
Implement an Environmental Management System which is certified to ISO 14001: 2015.	Achieved - 2020
Compile our carbon inventory following the Greenhouse Gas Protocol.	Achieved - 2021
Understand our carbon emissions through measuring and monitoring our carbon emissions monthly.	Ongoing
Set annual emissions reduction targets in line with the net zero trajectory.	Ongoing
Publish an annual Sustainability Report which outlines our progress towards net zero.	Ongoing
Communicate our progress internally and externally.	Ongoing
Continue with our monthly office inspections by our Green Champion team.	Ongoing
Provide all colleagues with training and awareness on how they can contribute to our net zero target.	Ongoing
Reduce paper use associated with our billing processes.	Ongoing

Sustainable travel

Action	Status
Implement and maintain a Climate Conscious Travel Policy.	Achieved - 2021
Change vehicle fleet to electric vehicles.	Achieved - 2023
Reduce our emissions related to travel.	Ongoing
Investigate the impact of colleague commuting.	In progress
Promote the uptake of more sustainable modes of travel where possible.	Ongoing

Offsets and removals

Action	Status
As we reach our net zero deadline, we will invest in carbon removals for our residual emissions.	Ongoing

Energy efficiency

Action	Status
Monitor energy consumption monthly.	Ongoing
Move our IT services to the cloud, reducing energy use and improving data security.	Achieved - 2022
Work with our landlord to drive forward energy efficiency improvements within the office.	Ongoing
Work with the landlord to drive forward renewable energy projects within the office.	Ongoing
Continue to encourage switching off equipment.	Ongoing
Implement further energy efficiency measures where possible within the office.	Ongoing
Implement additional water efficiency measures where possible within the office.	Ongoing

Sustainable procurement

Action	Status
Understand and embed the principles of sustainable procurement into all procurement processes.	Achieved - 2023
Improve the accuracy of emissions data from suppliers.	Ongoing
Consider the environmental performance of any purchased goods.	Ongoing
Calculate carbon emissions associated with our value chain.	Ongoing
Work with suppliers to understand the full impact of our supply chain.	Future activity
Implement incentives to encourage suppliers to reduce their carbon emissions.	Future activity

Thank you!

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