

Making a Positive Difference to the environment

As a water retailer and responsible business, we're passionate about the environment and recognise that we have an important role to play in not only supporting our customers to reduce their impact on the planet but also looking inwards at what we can do as an organisation to improve our environmental performance and reduce our impact on natural resources.



Responsible by nature.

Reducing our carbon footprint

Climate change is one of the biggest environmental challenges facing us today. We're already witnessing the effects of changing weather patterns and this will have a profound effect on how we live our lives in the future. We all have a responsibility to reduce our carbon emissions to help mitigate the severity of climate change.

Emissions reduction targets for the Scottish Public Sector are set out in the Climate Change (Scotland) Act 2009¹. The ultimate target is for net zero by 2045 with interim targets of 75% by 2030 and 90% by 2040. However, as a Group, led by our parent company, Scottish Water, we've set a more ambitious target of achieving net-zero (operational and investment emissions) by 2040.



Net zero by 2040

To help us achieve this ambition, we launched a pledge in April 2021 to reduce our carbon emissions by 20% within a 12-month period, which we have exceeded (reducing our emissions by 25.3%).

This target was set once we'd calculated our carbon emissions, in line with the guidance provided in the Greenhouse Gas Protocol², helping us to fully understand our environmental impacts. *For a full breakdown of our carbon reporting please refer to pages 8-11.*

Our carbon footprint is relatively low however by calculating our footprint (using 2018-19 as our baseline) we have identified business travel and electricity use as our largest emission sources. Our priorities have therefore been to focus on reducing our activities in these two key areas. To help achieve our pledge and put in place sustainable practices that will enable us to maintain our progress, we've implemented a number of initiatives which can be found in the following pages.

1. This Act was amended by the Climate Change (Emissions Reduction Targets) (Scotland) Act 2019.

2. The Greenhouse Gas Protocol, A Corporate Accounting and Reporting Standard, Revised Edition, World Resources Institute. <https://ghgprotocol.org/corporate-standard>. The Greenhouse Gas Protocol is the main standard for calculating greenhouse gas emissions and is used worldwide. It applies to all types of organisation and provides a robust standard and guidance for calculating a greenhouse gas emissions inventory. The UK Government emissions factors for the relevant year have been used to calculate the emissions from company activities.



Reducing our electricity use

Recognising the impact electricity use has on our carbon footprint, we've taken forward the following actions to reduce energy use:

- we've utilised the building management system to ensure lights and screens are automatically switched off at a certain time
- we've adjusted the heating and cooling settings to avoid heating and cooling working in conflict
- we've replaced our air conditioning units with energy efficient versions
- we've replaced lightbulbs with lower energy LED equivalents
- we're in the process of moving our servers to the cloud to reduce the cooling requirements needed in our server room
- we're liaising with our landlord to discuss energy efficient improvements for the building fabric
- we're using a green tariff from our electricity provider.

We're also going to continue to identify additional measures that we can implement to help drive down our electricity use further.



Reducing the need for business travel

Prior to the pandemic, business travel was one of our largest emission sources. During 2018-2019, over half (53%) of our carbon footprint was from business travel. Of this, 24.6% involved vehicle travel, 27.6% flights, and only 0.6% by rail. The pandemic and subsequent lockdown restrictions reduced our business travel significantly, accounting for only 6.9% of our footprint during 2021-2022. Our challenge now is to ensure that as life returns to normal, our business travel activity does not.

Although we'll need to undertake some business travel, notably our Field Team who are required to travel to customers, there are pro-active steps we can and are taking to maintain a significant reduction in our travel emissions, including:

- installing electric charging points in our car parks to encourage the use of electric cars and bikes
- leasing low-emission vehicles such as hybrid or electric vehicles
- enhancing our remote video conferencing facilities to reduce the need to travel
- reviewing and updating our travel policy and processes to ensure the environmental impact is a key consideration.



Reducing paper consumption

As a water retailer, billing customers is a large part of our business activities. To help reduce our paper consumption, we've enhanced our digital capabilities (including ebilling) and we've launched a pledge to reduce the number of pages in our bills for those customers who still require a paper copy.

Our office paper use has declined substantially as people have been working at home. This has encouraged people to re-think how they work and we are encouraging the continued low level of printing as people return to office working.



Waste and resource efficiency

Due to the nature of our business, we have minimal volumes of waste. In accordance with current environmental laws, we apply the waste hierarchy to our business activities and separate our waste streams for recycling.

We're also committed to reducing resource use where possible to avoid generating any avoidable waste. Recent examples include the purchase of second-hand furniture and IT equipment for the temporary expansion of our office space.





Carbon Capture – investing in a tree planting programme

Our primary focus is on reducing our emissions but we also recognise the benefit tree planting programmes can play in not only locking away carbon emissions but also in providing green spaces for local communities and improving biodiversity.

In November 2021, we partnered with the not-for-profit organisation, **Green Action Trust**, to support an initiative to create a new woodland area in the south of Glasgow. Our sponsorship delivered an additional **10,000 trees** to the project, which will help to create over six hectares of new woodland and is expected to sequester **2,812.5 tonnes** of carbon over the next 100 years.

The new planting will also help to create an integrated woodland habitat that stretches around the southern edge of the city from Linn Park all the way to Cathkin Braes Country Park; Glasgow's largest green space and local nature reserve. In addition, the site will be home to the Glasgow Children's Woodland, a community led initiative run by the Lost Woods project that has enabled children from Glasgow's Primary Schools to plant trees within the area. Once completed, the new area will be open for the local community and visitors to enjoy and help to create a fairer, greener and healthier environment for all Glasgow residents.

To support the delivery of our sponsorship, **30 of our colleagues volunteered** for a day to **plant 2,000 of the 10,000 trees within the 15-hectare site.**

We're now scoping additional tree planting opportunities to help us achieve our carbon offsetting target and support our wider net zero activities.

“It was lovely to be out in the fresh air and feel like we did something good for the environment. I will definitely go back to check on our trees from time to time.”

Christine Loney, IMS Coordinator, Business Stream

Creating a circular office

We've also introduced a series of initiatives to help create a more circular office and to help our colleagues reduce their environmental impact, including:

- removing all single-use plastics from our vending machines
- providing all colleagues with re-usable coffee cups and water bottles
- increasing our recycling facilities
- providing resources and running a net zero session to educate colleagues about the issue and the steps we can all take as individuals and collectively to reduce our impact on the environment.



Encouraging behavioural change through our Green Champions

Adopting the right behaviours can make a significant difference to our overall impact on the environment. To help encourage these behaviours we've appointed colleagues from across the business to become our Green Champions. Their role includes raising awareness of the steps we should all be taking to help protect the planet and identifying opportunities through our environmental processes to make it even easier for colleagues to do the right thing.

“Our Green Champions play an important role in leading by example and encouraging colleagues to reduce their impact on the environment. In addition to maintaining our ISO 14001 certification, we also monitor office behaviours, including our recycling facilities, and help to raise awareness of the simple steps that colleagues can take to help us reduce our carbon footprint and protect the planet.”

Margaret McWhinnie, Key Account Case Owner and Green Champion, Business Stream



Working together to protect the planet

In addition to reducing our own footprint we believe that we also have a role to play to work with our customers, supply chain and beyond to help others to achieve their environmental goals. To this end, in early 2021, our CEO, Jo Dow, was appointed Chair of the Business in the Community Climate Action Group. The Group has been set up to support businesses across Scotland to reduce their carbon emissions, helping to accelerate the journey to net zero. At COP26 in November 2021 the Group launched its plans to run a Climate Skills Exchange, which will provide an opportunity for businesses to volunteer time and resources to smaller companies to help them reduce their carbon footprint. A pilot is currently being developed.

In addition, we've created resources for our customers to help raise awareness of the link between water efficiency and carbon reduction and we've incorporated this messaging into our collateral and at speaking events. We provide a carbon consumption figure on every customer bill to help our customers understand their carbon use, with additional messaging around how they can reduce it.

Finally, we're committed to working with responsible suppliers that share our strong commitment to the environment. We've included scored questions relating to environmental credentials and procedures in all our tender evaluations. We also reach out annually to key suppliers and ask them to define their carbon reporting activities, including how they measure their footprint and what steps they're taking to reduce it.



Our next steps

We're committed to achieving our net zero target by implementing policies that will drive down our emissions and to educate and inform our colleagues about the ways in which they can make a positive difference at work and at home. We'll launch new pledges that will help us achieve this ambition, by reducing our carbon footprint and supporting our carbon capture requirements, and we'll continue to work with our customers and supply chain to help each other to collectively reduce our impact on the planet.



Our carbon reporting

Overview

In order to achieve our carbon reduction targets, we have calculated our carbon emissions to help us to fully understand our environmental impact. To achieve this we followed the guidance in the Greenhouse Gas Protocol³. The Greenhouse Gas Protocol is the main standard for calculating greenhouse gas emissions and is used worldwide. It applies to all types of organisation and provides a robust standard and guidance for calculating a greenhouse gas emissions inventory. The UK Government emissions factors for the relevant year have been used to calculate the emissions from company activities. Business Stream is a wholly owned subsidiary of Scottish Water. The emissions inventory only includes data from operations which are completely under our control. We have had our carbon footprint verified by a third party to ensure the accuracy of our calculations.

Scope

Greenhouse gas emissions are categorised according to scope. Scopes 1 (direct emissions) and 2 (electricity use) are mandatory and scope 3 (other indirect) emissions are voluntary. Table 1 shows a summary of the inclusions we chose for our carbon footprint. We chose these elements based upon our business impacts and the available data. Some optional scope 3 emissions which were considered but were excluded for the time being included waste, employee commute and purchase of capital goods. These were excluded due to insufficient data to accurately calculate the emissions, however they may be included in future as data quality allows.

Table 1: Summary of carbon footprint scope

Scope 1	Scope 2	Scope 3
Company owned/leased vehicles	Electricity use	Electricity transmission and distribution losses
Diesel emissions (back-up generators)		Paper use in office and billing processes
Fugitive refrigerant emissions		Business travel
Natural gas		Hotel stays
		Water use and disposal

³. The Greenhouse Gas Protocol, A corporate Accounting and Reporting Standard, Revised Edition, World Resources Institute. <https://ghgprotocol.org/corporate-standard>.

Our carbon reporting (continued)

Carbon emissions

Baseline 2018-19

Our operational carbon footprint in 2018-2019 was 622 tonnes CO₂e. The largest contributor was travel, making up 50% of emissions from all travel sources. Our second largest contributor (31%) was electricity consumption. Fugitive emissions occurred due to the failure of several air conditioning units which reached the end of their functional life and have subsequently been replaced. A breakdown of our 2018-2019 carbon footprint is shown in Table 2 and Figure 1.

Figure 1: 2018-2019 baseline carbon footprint

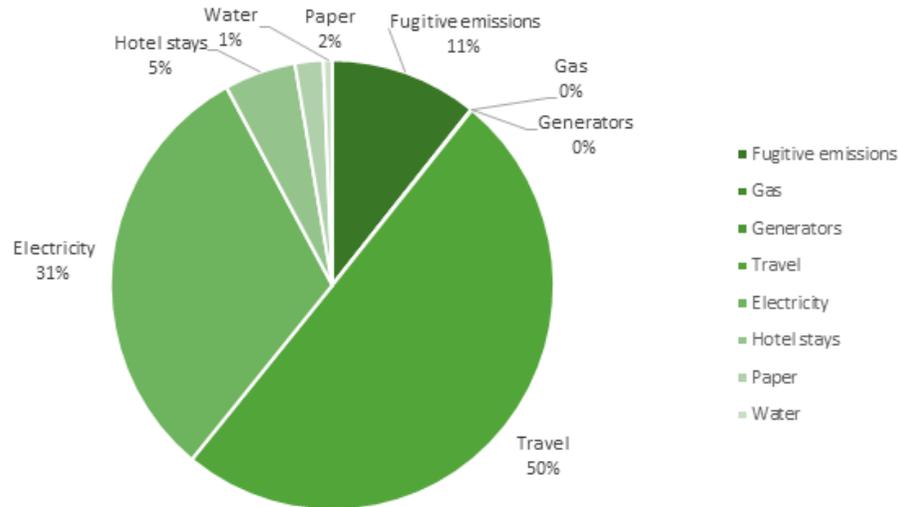


Table 2: 2018-2019 carbon footprint

Scope	Activity	kg CO ₂ e	Tonnes CO ₂ e	% of total
Scope 1	Fugitive emissions	66,880	66.88	11%
	Gas	210	0.21	0%
	Generators	215	0.22	0%
	Company vehicles - all	127,178	127.18	20%
Scope 2	Electricity	178,857	178.86	29%
Scope 3	Electricity losses	14,987	14.99	2%
	Hotel stays	32,434	32.43	5%
	Paper	12,784	12.78	2%
	Water	4,041	4.04	1%
	Business travel - all	184,492	184.49	30%
Total	kg CO ₂ e	622,078	622.08	100%

Our carbon reporting (continued)

Carbon emissions

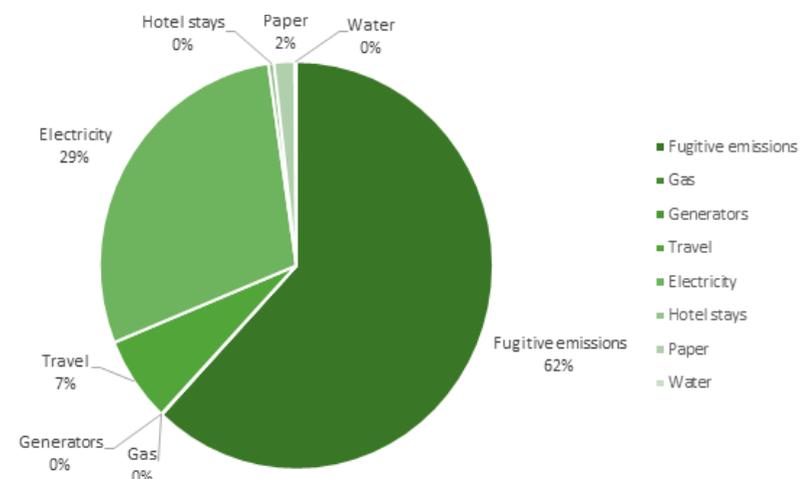
2021-2022 carbon footprint

In April 2021, we set a target to reduce our emissions by 20% based upon our 2018-2019 carbon footprint. Table 4 shows the breakdown of our carbon footprint in 2021-2022. Our total carbon emissions for 2021-2022 were 464 tonnes CO₂e. We achieved a 25.3% reduction across the year. The reduction would have been even greater, but unfortunately we had an emergency incident in our server room which resulted in the release of the fire suppressant gas, resulting in a substantial release of HFC gas. This made up 58% of our emissions in 2021-2022.

Table 3: 2021-2022 carbon footprint

Scope	Activity	kg CO ₂ e	Tonnes CO ₂ e	% of total	Footprint excluding fire suppressant release	
					Tonnes CO ₂ e	% of total
Scope 1	Fugitive emissions ⁴	287,955	287.95	62%	17.48	9.0%
	Gas	5	0.01	0%	0	0%
	Generators	215	0.22	0%	0.22	0.1%
	Company vehicles - all	21,788	21.79	5%	21.79	11.2%
Scope 2	Electricity	123,209	123.21	27%	123.21	63.5%
Scope 3	Electricity losses	10,873	10.87	2%	10.87	5.6%
	Hotel stays	2,154	2.15	0%	0.25	1.1%
	Paper	7,838	7.84	2%	7.84	4.0%
	Water	596	0.60	0%	0.6	0.3%
	Business travel - all	9,859	9.86	2%	9.86	5.1%
Total	kg CO₂e	464,492	464.49	100%	191.87	100%

Figure 2: 2021-2022 carbon footprint



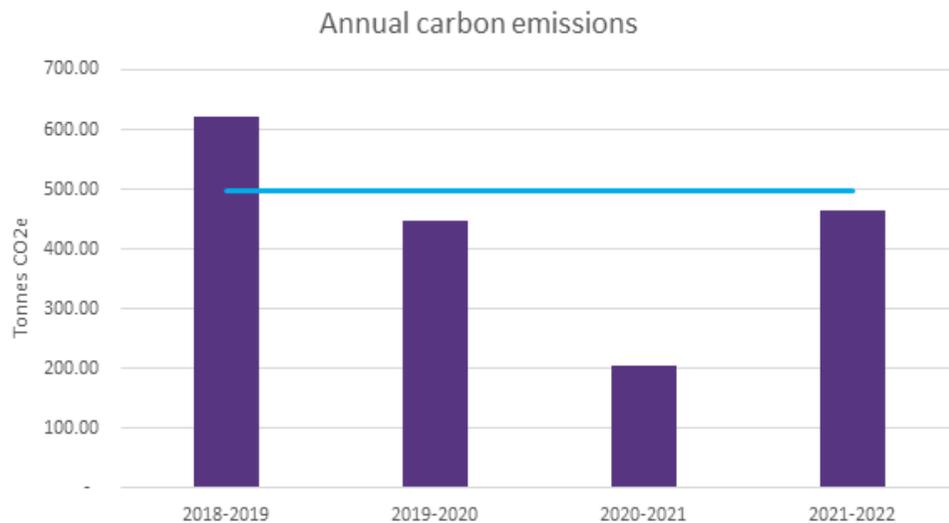
4. Fugitive emissions consist of f-gas loss due to the fire suppressant release (270.48 tonnes CO₂e) and a faulty air conditioning unit (17.48 tonnes CO₂e)

Our carbon reporting (continued)

1.1.1 Emissions data in context

Emissions reductions should be looked at in context. Figure 2 shows the total carbon emissions over the past four years. 2018-2019 was the earliest year for which we had full data available and that is why we chose that year as our baseline. We observed a large reduction in emissions over 2019/2020 across all measured factors. The huge reduction during 2020-2021 was due to the pandemic and the large increase since then was mainly related to the rogue f-gas release due to the emergency incident.

Figure 4: Annual carbon emissions over time. Line shows 20% reduction target



During 2021-2022, following the easing of COVID-19 restrictions, our colleagues have returned to the office on a hybrid basis and some business travel has resumed. A detailed comparison of our 2018-2019 and 2021-2022 emissions is provided in Table 4 below.

Table 4: Detailed emissions between 2018-2019 and 2021-2022

Scope	Activity	2018-2019 kg CO2e	2021-2022 kg CO2e	% change
Scope 1	Fugitive emissions	66,880	287,955	331%
	Gas	210	5	-97%
	Generators	215	215	0%
	Company vehicles - all	127,178	21,788	-83%
Scope 2	Electricity	178,857	123,209	-31%
Scope 3	Electricity losses	14,987	10,873	-27%
	Hotel stays	32,434	2,154	-93%
	Paper	12,784	7,838	-39%
	Water	4,041	596	-85%
	Business travel - all	184,492	9,859	-95%
Total	kg CO2e	622,078	464,492	-

Environmental legal compliance

As part of our environmental management system, we regularly monitor our compliance with applicable environmental laws. Due to the nature of our business, our environmental impacts are minimal but we continue to ensure that we're abiding by all legislation, aiming to exceed legislative standards where possible. We have had no fines or prosecutions relating to non-compliance with environmental laws.

The image shows three people in silhouette against a bright blue sky with light clouds. On the left, a person in a red jacket holds a sapling. In the center, a person in a blue jacket uses a shovel. On the right, a person in a dark jacket holds another sapling. The text 'Thank you' is written in white cursive across the middle.

Thank you

Naturally different.

business stream
A SCOTTISH WATER COMPANY

A graphic logo consisting of several overlapping circles in shades of purple, blue, and green, arranged in a cluster.