

Our vision to make a positive difference

May 2023

Naturally different.

business stream
A SCOTTISH WATER COMPANY



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Introduction

We launched our vision to make a positive difference (MAPD) in September 2019, focused on the four areas which are important to us – our customers, our people, the environment and supporting our local communities.

From the outset we knew that to deliver this vision we needed to agree clear actions and set targets that would hold us to account. To do this effectively, we aligned our plan to the Business in the Community Responsible Business Map (see image to the right), designed to help organisations assess the contribution they make to the United Nations Sustainable Development Goals.

This is our second Sustainability Report, highlighting the progress we've made over the past year and our next steps.



We've wanted to ensure that our vision to make a positive difference impacts everything we do – from our customer service approach and commitment to our people, to our focus on reducing our environmental impact and support for our local communities. We've achieved a great deal since launching our vision, of which some of the highlights are outlined in this Report, and we have ambitious plans for the future. As a business and people, we're driven to go the extra mile to make a positive difference, which is why our vision shapes every decision we make.

Jo Dow | Chief Executive, Business Stream



Aligning our vision to the United Nations Sustainable Development Goals

The United Nations (UN) launched their 2030 Agenda for Sustainable Development in 2015, calling for all countries to work together to tackle some of the world's most concerning issues, including the climate crisis, poverty and inequality.

To support this goal, the UN developed their 17 Sustainable Development Goals (also known as the SDGs).

SUSTAINABLE DEVELOPMENT GOALS



Our vision contributes to supporting 12 of these goals:

For the environment

Responsible *by nature.*

For our customers

Helpful *by nature.*

For our local communities

Local *by nature.*

For our people:

Supportive *by nature.*

Our values

Our values define how we do things at Business Stream and help shape our culture. Our colleagues are expected to demonstrate our values in everything they do at work.

When we refreshed our brand in 2021, we took the opportunity to ensure our values really reflect who we are as a business and our vision to make a positive difference:

Dependable – We keep our promises and respond to our customers' promptly

Knowledgeable – We're the water industry experts

Purposeful – We're committed to making a positive difference

Supportive – We're helpful and focus on delivering solutions

Progressive – We're forward thinking and innovative

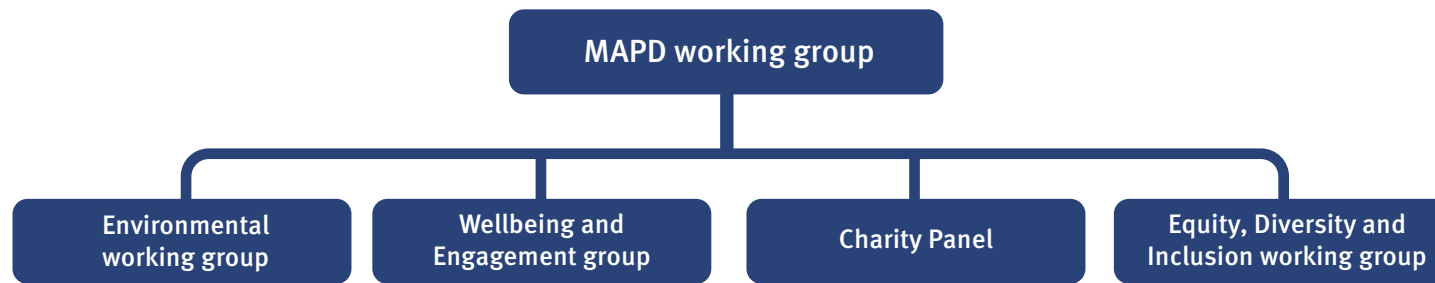
We want our vision to reflect how we do things at Business Stream and for that ethos to underpin the key decisions we take as a business. In order to help us achieve this, our vision sits at the centre of our KPI Performance Wheel, which we use to measure business performance, at both an individual and company-wide level. In addition, it strongly influences our business plan and key priorities, as evidenced in our Annual Report and Business Plan. We communicate our values regularly and every colleague is asked to evidence how they live by our values in their performance reviews.



Governance and stakeholder engagement

Responsibility for delivering our vision sits with our MAPD Working Group, which is chaired by our CEO and supported by our Senior CSR Manager. The Group is made up of representatives from across the business.

To help support the delivery of all our MAPD initiatives, we have also established a number of sub-groups (see organogram below). These groups provide our people with a real opportunity to drive our ambitions by contributing ideas and working together to deliver initiatives which support our MAPD objectives.



Stakeholder engagement

To help shape our vision, we've engaged with both our internal and external stakeholders to gain their insight and views on how we can achieve our ambitions.

Internal stakeholders

We have incorporated questions around our vision in our annual colleague engagement survey to help ensure every colleague is given an opportunity to help shape our approach and key areas of focus for MAPD.

External stakeholders

We have partnered with a number of external organisations to help us achieve our ambitions. And these same partners also provide guidance around our vision. This includes Business in the Community (BiTC), Waterwise and our charity partners. In 2022 we took part in BiTC's Responsible Business Map assessment with the aim of using the output to help shape our Responsible Business Strategy.

To help gauge our customers views on our vision and strategy, we've incorporated questions within our annual customer survey to measure awareness levels around our vision and identify where there is scope to make further improvements.

Our progress

Having launched our vision three years ago, we wanted to use this year to take stock and benchmark our performance and commitments against other responsible businesses. To achieve this effectively, we undertook the following activities:



EcoVadis | Gold rating

EcoVadis helps over 100,000 companies in over 200 industries assess their sustainability credentials. The assessment is based on international sustainability standards, including the Global Reporting Initiative, the United Nations Global Compact and ISO 26000 certification. In addition to assessing our environmental credentials, EcoVadis measures companies' commitment to labour and human rights, ethics and sustainable procurement.

In August 2022, we took part in the assessment process for the first time and achieved a Gold rating - placing us within the top 5% of companies assessed.



Waterwise Water Efficiency Checkmark for our offices

We were the **first water retailer to be awarded the Waterwise Water Efficiency Checkmark for our Head Office**, recognising our efforts to ensure we have the right technologies, signage and engagement programmes in place to encourage water efficient behaviours and reduce water waste within our Offices. The Checkmark was up for renewal this year, and following a comprehensive assessment, we were awarded the accreditation for a second time.



BiTC Responsible Business Tracker

The Responsible Business Tracker® is a measurement tool which enables an assessment of a company's performance as a responsible business. It tracks progress against Business in the Community's (BiTC) Responsible Business Map which was built on the United Nation's Global Goals.

We took part in the tracker assessment in June 2022 and achieved an overall rating of 63% against an average score of 47% (average score taken across 91 businesses participating in the same cohort). We achieved above average scores in almost every responsible business area we were assessed on and are now using the tracker to help inform our Responsible Business Strategy.



ISO 14001 certification

This year we maintained our ISO 14001 certification, recognising high standards for our environmental management and performance following our annual surveillance audit.



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 a responsibility to improve our environmental performance and work towards our net zero goal, while also supporting our customers and supply chain to generate environmental efficiencies.



Reducing our carbon footprint

The climate crisis is one of the biggest challenges facing us all and it's really important to us that as a responsible business we take a pro-active approach in limiting our environmental impact. Over the past three years we've worked hard to lower our emissions; reduce waste; and take steps to become a more circular office.

We've set an ambitious target of achieving net-zero by 2030 – 15 years ahead of the Scottish Government target and 20 years ahead of the UK Government target.

Having calculated our carbon footprint in 2021, we achieved a 25% reduction by April 2022. **We launched a second pledge in April 2022 to reduce our carbon emissions by a further 20% by April 2023**, which we've achieved (see Appendix 3 for our carbon reporting).

We've delivered a 50% reduction in our carbon footprint over the past year.

To achieve this, we've continued to implement our carbon reduction programme to lower our electricity use, including:

- Fully replacing all air conditioning units with energy efficient versions
- Replacing bulbs with lower energy LED equivalents
- Moving servers to the cloud to reduce the cooling requirements of our server room
- Decommissioning some of our older, less efficient operating systems as part of our digital transformation programme
- Using a green tariff from our electricity providers.

In addition, we've:

Launched our Climate Conscious Travel Policy

Our new Climate Conscious Travel Policy takes colleagues through a step-by-step guide to help make the right choices when considering business travel. In addition to asking colleagues to consider whether travel is required, the policy provides a section on the impact different types of transport can have on carbon emissions, including a link to a carbon travel calculator.

Replaced our fleet with low-emission vehicles

In the past year, we've replaced our existing fleet with electric vehicles and we've installed electric charging points in our car park for both electric cars and bikes. We've also offered eligible colleagues the option to join a salary sacrifice scheme to purchase an electric vehicle.

Reduced our waste

We have minimal volumes of waste, given the nature of our business, however we're committed to reduce resource use where possible to avoid generating any avoidable waste. To help, we apply the waste hierarchy to our business activities and separate our waste streams for recycling; and we've added clearer signs beside all our recycling bins to ensure waste is disposed of correctly.

Our Green Champions go through training and conduct monthly waste inspections that are reported on. They also run awareness sessions, quizzes and provide resources to help raise awareness of the importance of recycling.

Case Study: Working in partnership with sustainable furniture consultancy, Bureau Move

Having rented temporary additional space within our Head Office for training, we wanted to donate the furniture from the space rather than dispose it. Desks, meeting tables, storage units, monitor arms and stools were among the items available for re-use.

Working with sustainable furniture consultancy, Bureau Move, we were matched with Cramond Primary School in Edinburgh, which needed additional furniture for their classrooms. Bureau Move coordinated the exchange; ensuring the furniture was safely delivered.

After completing the installation for Cramond Primary School, Bureau Move supplied Business Stream with a comprehensive carbon report. As a result of donating the furniture, Business Stream were able to save over three tonnes of carbon*.



Working with the Business Stream team and keeping our joint focus on circularity, we were able to create a really impactful solution from the outgoing furniture that they no longer needed and generate significant carbon savings. To be able to assist a local school in the creation of a more collaborative and fit for purpose workspace to enable pupils for success was a huge double-win for the project.

Matt Kane, Sales Director, Bureau Moves

*One tonne of carbon is the equivalent of driving 6,000km in a diesel car, based on UK Government emissions factors (2022) for medium diesel car.

**2.199 tonnes
donated for
re-use**

**1.43 tonnes
recycled**

**Zero tonnes
disposed of**

BUREAU[»]
MOVE

Supporting our customers and supply chain to make the right environmental choices

In addition to reducing our own environmental impact, we're also committed to supporting our customers and supply chain to do the same.

In recent years this has included introducing a range of initiatives, such as adding a carbon figure to customer invoices to help customers understand their carbon use and creating a water efficiency online hub to provide a one-stop service for customers containing practical steps and support to reduce their water and carbon use.

Newer initiatives have included:



Enhancing our digital capabilities so more of our customers can manage their water online.



Re-designing our bills to reduce the number of pages for those customers who still require a paper copy.



Incorporating environmental questions in tender documents for suppliers to help ensure we're partnering with businesses who also take their environmental responsibilities seriously.



Developing new collateral to raise awareness of the fact that by using less water, customers can reduce their energy use.



Case Study: Business in the Community (BiTC) Climate Action Programme

The BiTC (Scotland) Climate Action Group, chaired by our CEO, Jo Dow, developed a new Climate Action for Business programme in partnership with Scottish Enterprise and Be the Business. The programme has been designed to support SMEs to better understand how to achieve net zero; how to measure emissions; and the steps required to develop a carbon reduction plan. Delivered through a combination of expert-led workshops and 121 mentoring sessions, a pilot was run over January and February 2023, with plans to launch the second cohort in June.

Five of our colleagues provided mentoring support to a range of SMEs and a large number of our SME customers and suppliers received an invitation to take part in the fully funded programme.

“Well today saw us attend the last of the Carbon Foot-printing meetings online; what a lot we have learned over the past month. I was personally delighted to see how far along the journey we have already gone, having started to compile our action plan two or three years ago. Having said that the amount of information we have gathered over the past month has been truly thought provoking and clearly demonstrated how widely we still need to cast our nets to meet net zero!

Sana Forrest, Interface Environmental Management

Helping SME
customers to
achieve net zero

BUSINESS
IN THE
COMMUNITY

Next steps

We have worked hard in recent years to reduce our environmental impact but we know there is more to do.

Over the next year our key priorities are to:

- Calculate the additional steps and investment we'll need to take to remain on target to achieve **net zero by 2030**.
- Incorporate a **baseline set of environmental requirements** in tenders that suppliers will need to demonstrate before working with them.
- **Play a leading role in the delivery of BiTC Scotland's Climate Action Programme** designed to support SMEs to develop climate action plans. And, through our CEO's leadership of the Group, continue to raise the profile of the Climate Action Group as an effective forum to help support businesses with their sustainability plans.
- **Create additional collateral** to help promote the impact water reduction can have on emissions and actively promote this material across our customer base (see customer section for more details).



Making a Positive Difference to our customers

We're committed to going over and above for our customers and we're continually investing in our people, processes and technology to ensure we can meet our customers' needs and deliver an excellent customer experience. Our priority is to help our customers use water efficiently in order to save money (on both their water and energy bills) and support their sustainability goals.



Delivering our digital transformation programme

This year we completed the delivery of our multi-million pound digital transformation programme, designed to transform our systems, our processes and the way we work.

It's helped us improve our digital capabilities with all customers now having access to our online 24/7 portal, My Business Stream, which means customers can manage their water online, at their convenience.

By investing in our transformation programme we can continue to improve the service we provide to our customers and can meet the needs of our growing customer base – and we'll continue to make improvements as we embed the new system to deliver further benefits to our customers and our colleagues.

13% increase in first contact resolution

0.3% complaints to call ratio

99.5% bill quality average



“As a customer-centric led business, our priority is to make sure we can meet the needs of our growing customer base. We took the decision to invest in our transformation programme to provide us with a platform that will enable us to better serve our customers now and in the future.”

Jo Mayes | Director of Customer Services, Business Stream

Supporting our customers through the cost of living crisis

Having implemented a range of additional support measures to support our customers impacted by the Covid-19 pandemic, we've kept a number of these in place in recognition of the impact the cost of living crisis is having for many of our customers.



Offering customers experiencing financial difficulty the ability to **re-pay their outstanding debt over an extended period**, of up to 24-months.



Honouring the temporary vacant charging scheme by continuing to rebate fixed charges for customers who were impacted by the Covid-19 restriction measures but who didn't make us of that aware at the time.



Providing a **dedicated customer support section** on our website.



Developing new propositions designed to support our customers to reduce their water use and, as a result, lower both their water and energy bills.



Promote schemes such as the charitable exemption scheme that are available to enable eligible customers to benefit from charging exemptions.



Continuing to **listen to and learn from the feedback from our customers** to make sure we're responding to their needs.



Delivering our commitment to help our customers reduce their water use

We're committed to helping our customers to use water wisely and to benefit from both financial and environmental savings.

In the past year alone we've:



helped our customers to save **five billion litres of water**, and



delivered **£15 million in savings** through our water efficiency and leak detection services.

Since 2008 we've helped our customers save over

57 billion litres of water

the equivalent of nearly

23,000 Olympic-sized swimming pools.

Our pledge to help our customers save water

Since launching our pledge to help our customers reduce their water use by 20%, we've launched a range of initiatives and promoted various campaigns to support our goal.

In the past year, we've:

- **Added new resources to our online water efficiency hub** where customers can access free tools and information, including a DIY water efficiency audit; corporate water saving presentation; workplace posters; and helpful templates.
- **Delivered our pilot water stewardship programme** enabling our large, multi-site customers to receive water efficiency training and an accreditation – with plans to roll this out more widely.
- **Supported awareness raising campaigns**, including Waterwise's Water's Worth Saving campaign to promote key messages and helpful tips to our customer base.
- **Promoted our online water efficiency shop**, where customers can easily purchase effective water saving devices, including showerheads, taps and urinal controls.
- **Continued to roll out water efficiency technology**, such as Automatic Meter Readers (AMRs) to better track water use and identify any anomalies. For example, through the use of AMR technology, we were able to help our customer, Network Rail, recently save over £100,000 in unnecessary water costs and reduce their carbon use by over 1.24kh per hour at their rail depot at Slateford Road in Edinburgh.

Annual Scottish Public Sector Water Efficiency Fund

In 2022, we awarded a further six public sector initiatives nearly £50,000 of funding through our annual Public Sector Scotland (PSS) Water Efficiency Fund.

The fund is part of a commitment we made to support public bodies across Scotland to deliver water efficiency projects designed to promote environmental and financial savings.

This year's successful candidates include a University initiative to install a water chiller unit to cool, condense and recirculate used water; the installation of modern, electronic low-flow taps at Glasgow Caledonian University; and the fitting of waterless urinals and aerator tap technology at Aberdeen's Robert Gordon University.

In addition to providing funding, we have supported the delivery of each project.

Since 2020 we've distributed £150,000 to help fund water efficiency projects to public sector bodies across Scotland.

We're delighted that our annual Water Efficiency Fund is continuing to support the Scottish public sector to deliver water efficiency projects. Given the current economic climate and growing pressure to operate sustainably, it is important that organisations across all sectors manage their water use efficiently. By reducing water consumption, our fund is helping public sector organisations across Scotland lower their water and energy bills and reduce their impact on the environment.

Jo Dow | Chief Executive, Business Stream

**Six
public sector
initiatives
awarded**

**£50,000
of funding
annually**



**The Scottish
Government**
Riaghaltas na h-Alba



Working collectively to achieve greater savings for customers

We believe we have a responsibility as a water retailer to promote the importance of water efficiency to our customer base and beyond.

So we've taken a pro-active approach to working with industry and policy stakeholders to identify ways we can reduce water consumption and generate further savings for business customers, including:

- Supporting the development and delivery of the Waterwise Water Efficiency Strategy through their Strategy Forum
- Playing a key role on the Retailer-Wholesaler Group for Water Efficiency, which will involve working with the new, Strategic Panel to develop a roadmap for increasing water efficiency in the non-household sector.

In addition, our CEO is a Non-Executive Director of the Central Market Authority (CMA) in Scotland and a Non-Executive Director of the MOSL Board, helping to ensure the needs of business customers are represented when considering how the market can be improved.

Our Waterwise partnership

We were the first water retailer to partner with Waterwise, the UK's leading NGO on water efficiency and water conservation. Through our partnership this year we've:

- Actively supported Waterwise's behavioural campaigns to help promote the importance of water efficiency.
- Supported the development and launch of their Water Efficiency Strategy, including hosting the Scottish launch of their blueprint.
- Participated in events alongside Waterwise to provide practical steps that businesses can take to reduce their water use.



waterwise

Next steps

As a customer-centric business, we're committed to continually investing in and evolving to meet the needs of our customers.

Over the next year our key priorities are to:

- **Continue to broaden our support measures** to help customers impacted by the cost of living crisis
- **Introduce additional services and solutions** to help our customers reduce their water and energy bills
- **Develop a customer charter** setting out our key customer service commitments
- **Continue to work with industry and policy stakeholders** to help ensure the market is equipped to deliver further benefits to business customers.





Making a Positive Difference to our communities

Our vision incorporates our local communities to enable us to directly give back to others. To do this effectively we've developed our education programme to provide workplace opportunities to young people and encourage the next generation to use water wisely; and we've identified and partnered with charitable organisations whose values are closely aligned to our own to support their fundraising goals.



Delivering our education programme

Our education programme has been developed to achieve the following objectives:

- Educate future generations about the importance of saving water to help protect the planet
- Support secondary school students to build skills and confidence to enter the world of work by offering mentoring and paid work placements
- Support school leavers to gain an accreditation and work experience through our Modern Apprenticeship programme

To ensure we effectively achieve these objectives, we've partnered with external organisations to provide the skills, resources and guidance required to deliver on our ambitions.

Primary school programme

To support primary school aged children we've delivered the following over the past year:

- Four Enterprise Challenge days to teach children about the world of work, with a water saving session incorporated into the day
- Eight water saving sessions in schools across Scotland
- Provided water saving educational resources to parents and teachers, available for free on our website
- Provided re-usable metal water bottles (with fun water facts and links to our resources) for primary school children to use. This included delivering 255 bottles (one for every child) to our local school, Sighthill Primary School, to reduce the need for single-use plastics and encourage the children to stay hydrated throughout the day.



Secondary school programme

To deliver our secondary school programme, we've partnered with Career Ready to provide **mentoring over two years and a month's paid work experience placement** in our offices on a rolling basis. We've supported 18 students since 2019 and are currently mentoring six students.



We support the delivery of **Career Ready's Skills for Success programme**, having been asked to deliver a range of their masterclasses to students. Their programme is designed to give young people insight into the skills that will help them in their future paths, including communicating, problem solving, team work, creativity, adaptability, managing my career and managing myself.

We're also represented on the Career Ready Edinburgh, Mid-Lothian and East Lothian Local Authority Board to support the charity's strategic goals.

Over the past year we've also been supporting the **Developing the Young Workforce (DYW) Skills Academy**, which has included running mock interview sessions for students and delivering 'Preparing for the World of Work' sessions in classrooms, and we've attended school career fairs to let students know about our early career opportunities.



School leavers programme

In 2020 we made a commitment to offer four **Modern Apprenticeship placements** every year for the next four years, with plans to grow the programme in the future.

Through our Modern Apprenticeship programme we have developed activities and opportunities for people in further education to learn on the job and achieve a Customer Service SCQF Level 5 qualification. Our Modern Apprentices have the ability to rotate around the business to gain experience in a range of areas.



We've been delighted to be able to offer a Modern Apprenticeship programme over the years and even more proud of the fact that the vast majority of young people who take part are offered a permanent position at Business Stream on completion.

Apprenticeships play an essential role by providing opportunities to grow and nurture talent through the business, while offering young people work experience, and the opportunity to apply learning, all while getting paid fairly. During a time when many industries are experiencing a skills shortage, it's vital that young people are given opportunities to develop their skills and take their first steps towards achieving their career goals. Our Modern Apprenticeship programme and partnership with Career Ready are a fantastic way of doing this.

Jo Dow | Chief Executive, Business Stream



Press release: Pupils learn importance of water for life during Climate Week

The interactive sessions, run by water retailer Business Stream, saw the primary 5 and primary 6 pupils learn about the water cycle and discuss why we should not waste water and the environmental benefits of conserving this precious natural resource.

The discussion was particularly relevant as pupils recounted seeing news stories of the recent droughts, more prevalent in England, in the media. They talked about how water is essential to every aspect of our daily lives, relying on it for everything we eat and drink, for washing ourselves and our clothes, essential to making the products we enjoy and to help create the energy we need for heat and light. And how it makes up the rivers, parks, greenspaces and beaches that we love to use. But that it is a finite resource and our water supply faces big challenges.

The children from Our Lady of the Rosary, St Constantine's Primary and Our Lady of Lourdes were then asked to design posters and create their own water saving superheroes to help encourage their fellow school mates to take simple steps to save water, both at school and at home.

To continue the learning after the session the pupils were given the challenge of becoming water champions for their school to help promote the importance of saving water to other year groups.

Iman (11), a pupil at Our Lady of the Rosary Primary School shared how the session has made her consider ways she can take positive climate action to limit water wastage. Iman said: "I had a great time learning about saving water during Scotland's Climate Week. It helped me and my friends think about why it's important and the different ways we can all save water."

The schools' visits took place during Scotland's Climate Week, an annual event to raise awareness of the global climate emergency and encourage climate action across the country.

“It was a pleasure to welcome Business Stream into our school during climate week. The session was interactive, informative and inspiring. Our pupils and staff are more aware of the impact we can have on the environment and left passionate about making positive changes.

James Kane, Depute Headteacher at Our Lady of Lourdes Primary School

Opportunities for colleagues

Our education programme provides an opportunity for our colleagues to get involved, including delivering Enterprise Challenge days at primary schools, mentoring and providing work placements to high school students, leading career ready masterclasses and running water efficiency sessions at schools.

Each primary school enterprise challenge involves 12 colleagues; we have up to six colleagues mentoring through the Career Ready programme at any one time; and we involve a large number of colleagues in supporting these programmes on an ad hoc basis. For example, during the Career Ready internship, we deliver a range of skills sessions that are led by subject matter experts from across the business including finance, communications, marketing, HR, Learning and Development, customer operations and IT.

Measuring our impact

In addition to ensuring we're on track to meet our education programme's targets, we also regularly ask for feedback from the students, schools and external partners that we work with.

For the last two years, Career Ready have asked us to participate in their launch events with our students to provide a best practice case study demonstrating the effectiveness of the programme. We work closely with Career Ready and rely on their expertise and experience to identify the schools we partner with to provide mentoring and work placements. All of these schools are based in lower socio-economic areas. We know through Career Ready's reporting that 98% of the students that take part in the programme (which includes the students we've supported) go on to sustained education or employment.

The vast majority of our Modern Apprentices are offered permanent positions at Business Stream and we've offered extended paid work placements to some of our Career Ready students.



Supporting our charity partners

When we launched our MAPD vision we developed our Charity Panel, made up of charities whose values are closely aligned to our own.

Given the alignment with our core business, we partnered with the Marine Conservation Society and charity: water. We then asked our colleagues to choose their local and our national charity; in Scotland our colleagues chose the Scottish Association for Mental Health (SAMH) and in England our colleagues chose Dementia Support. Our national charity was put to a vote and Macmillan Cancer Support was chosen.

Over the past year we've continued to run a wide range of events to help raise vital funds for our charities, including bake sales, quizzes and implementing a salary sacrifice option that colleagues can choose to opt into.

Since launching our Charity Panel we've raised **£15,300** for our charities – with **£8,171** donated in the past year.



charity: water



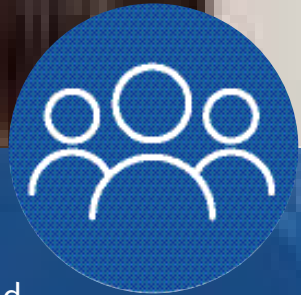
Next steps

We're committed to continuing to work with our external partners and charities to build on our education programme to date and identify more ways to give back to our local communities.

Over the next year our key priorities are to:

- Commit to **delivering over 500 community support hours** through our volunteering programme on an annual basis.
- **Expand our Modern Apprenticeship programme** to provide more opportunities for young people.
- **Increase the reach of our primary school education programme** to focus on regional areas we haven't yet targeted.
- **Develop a partnership with SmartSTEMS** to help inspire school students about the opportunities a career in STEM can offer.





Making a Positive Difference to our people

We want to provide a great place to work where our people feel trusted, valued, supported and empowered, irrespective of their background or role. We're committed to providing an inclusive workplace that welcomes and promotes diversity and provides equal opportunities for all.

To help achieve this goal, we've introduced a wide range of initiatives to enhance our colleagues' health and wellbeing; support their learning and development goals; and to provide an inclusive environment that recognises the Equity, Diversity & Inclusion (ED&I) issues that matter to our colleagues.



Supporting the wellbeing of our people

We recognise the importance of looking after our colleagues and to help us do this we've introduced a wide range of initiatives that support the four wellbeing pillars – physical, mental, financial and social.

In addition to our core commitments, including paying over the Real Living Wage to all colleagues; providing an AXA Employee Assistance programme; training colleagues to be mental health first aiders; and providing opportunities to recognise and reward our colleagues who go the extra mile. We've also delivered a wide range of other activities over the past year, including:



Delivering **free financial planning sessions** for all colleagues.



Continuing to provide new opportunities through our volunteering programme, which in the past year has included supporting the Business in the Community Business Response Network, participating in the various activities that sit under our Education programme, organising beach clean ups and supporting the maintenance of a community hospital garden.



Installing a health machine in our Head Office which was free for colleagues to use.



Providing **free sanitary products** in our bathrooms, a **regularly stocked food welfare cupboard** and **free fruit in our office** for all colleagues to access.



Providing additional one-off payments for colleagues in response to the cost of living crisis.



Conducting an externally led pay review for our band D, E and F roles in the context of the cost of living crisis **to help provide more financial stability for our colleagues**, as well as **implementing a career progression framework** to provide a clear roadmap for colleagues to grow in their role.



Investing in training and development

As a business we have a robust training programme in place, delivered by our dedicated Learning and Development Team, to provide all our colleagues at every stage of their career with opportunities to develop their skills and help them to achieve their career goals.

We provide a hybrid working model to around 80% of our workforce and offer opportunities for colleagues to work part-time, compressed hours and to job-share. We provide our career pathways framework to all colleagues and through that many colleagues (both full and part time) have been able to progress their careers at Business Stream. In addition, we've offered career breaks and provided support to colleagues studying for professional qualifications.

We've worked with external partners to deliver a wide range of courses to help develop skills and knowledge and support our colleagues' career goals, including:

- Communication skills delivered by Edinburgh College
- Coaching for Success delivered by the Leadership Factory
- Project Management delivered by Knowledge Academy
- Coaching and Influencing delivered by Future Ready Learning, and
- Inclusion training delivered by Business in the Community.

2,006
training and development
days delivered - the
equivalent of over five
days per colleague.

40
talent moves
across the
business



Equity, Diversity and Inclusion (ED&I)

We have put in place a number of policies to help support our vision to provide an inclusive workplace that welcomes and promotes diversity and provides equal opportunities for all. This includes enhanced maternity, paternity and shared paternal leave; flexible working; and dedicated policies around equal opportunities and dignity at work.

Over the past year we've been working in partnership with Business in the Community (BiTC) to better understand our ED&I culture and develop our new ED&I strategy. Having run colleague focus groups in summer 2022, which BiTC facilitated, we've since established our ED&I Working Group and made a number of commitments that we're in the process of delivering:

- An **education programme to raise awareness of visible and non-visible differences and religious and cultural events** to help inform our colleagues
- **Inclusion training sessions** delivered by BiTC to all People managers, with the training to be rolled out to all colleagues during 2023
- **Improvements to our recruitment process** to help promote and encourage diversity
- **Included ED&I questions in our annual colleague engagement survey** so we can track progress over time
- **Improve the measuring and reporting of our workforce demographics** so we can identify where there are areas we need to do more to encourage greater diversity.

It's vital to us that all our colleagues feel included and feel they can bring their true selves to work; and we're committed to continuing to do everything we can to achieve this aim.

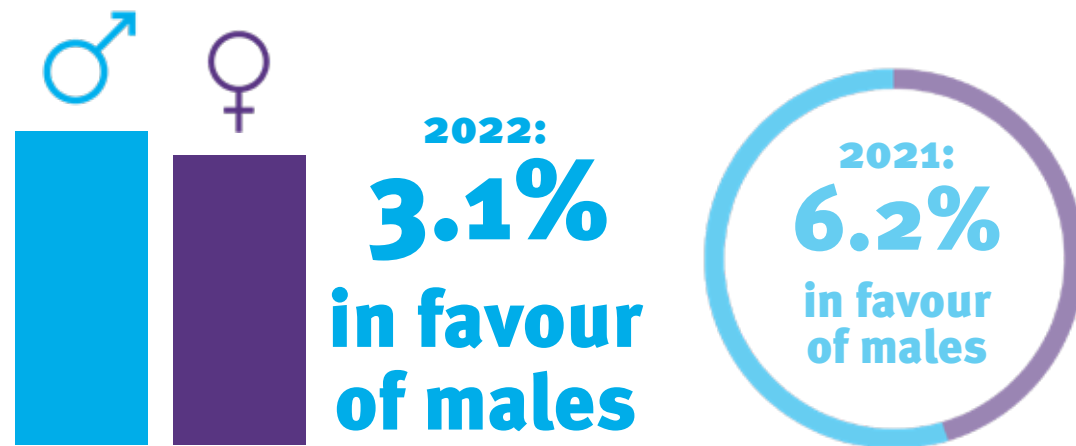


Our workforce

Gender

We remain committed to providing equal opportunities to women in the workplace, supported by the strong female presence within our leadership team and reflected in our gender pay gap report. Our mean pay gap has continued to improve and in 2021-22 was 1.5% in favour of males. Our median pay gap has also improved year-on-year and compares very well to the national average:

Median pay gap (National average - 15.4% in favour of males)



We also have a strong female leadership team, with 50% of our Executive Leadership Team and 40% of our Board being female. Additionally, both our CEO and the Chair of our Board are women.

*Office for National Statistics 2021 estimated Gender Pay Gap.

Age

We recognise the importance of investing in Scotland's young people by providing training, work experience and employment opportunities, this is reflected in the various programmes we support:

- Providing a Modern Apprenticeship programme where we coach young people over a 12-month period to gain a Customer Service SCQF Level 5 qualification.
- Providing mentoring and paid work experience placements to high school students through Career Ready.
- Supporting the Developing our Young Workforce's Skills Academy by running sessions and mock interview sessions to prepare high school students for the world of work
- Attending career fairs to promote the early career opportunities we provide at Business Stream.

Over **9% of our workforce is under 24 years old** and **20.8% of our workforce is under 29 years old**.

And while we've invested in young people, **26.7% of our workforce are aged 50 or over**, which demonstrates our commitment to providing employment opportunities to people of all ages.

Ethnicity

We're developing plans to be able to better measure and report on ethnicity but we do know that at 4.1%, our workforce demonstrates a similar representation from minority ethnic groups to Scotland's average minority ethnic population of 4% (taken from Scotland census 2011).



Next steps

We're committed to achieving our goal of providing an inclusive workplace where all our colleagues feel trusted, valued, supported and empowered irrespective of their background or role.

Over the next year our key priorities are to:

- **Introduce new initiatives to support the wellbeing of our people** across the four wellbeing pillars
- **Undertake a full review of our recruitment process** to ensure that at every stage of the process (both recruitment into Business Stream and in-house talent management) we promote diversity
- **Deliver our Equity, Diversity and Inclusion action plan**, including providing in-person inclusion training to all our colleagues
- **Continuing to support our colleagues' professional and personal goals** by widening our learning and development offering, including developing a broader e-learning platform.



Appendix 1 | Responsible Business Foundations

In addition to delivering our vision to make a positive difference, we're also committed to adhering to high standards across a range of business areas, including:

- **health and safety**
- **human rights**
- **cyber security**
- **bribery**
- **data protection**
- **ethics, and**
- **tax compliance**
- **regulatory compliance.**

We have clear policies and systems in place to ensure we're taking a best practice approach to meeting requirements in all of these areas and we continually review our procedures to ensure they are fit for purpose, as well as to identify ways to make further improvements. We also require all our colleagues to undertake regulatory training on a frequent basis across a range of topics including fraud, bribery, UK GDPR and cyber security to help build knowledge and raise awareness of the policies we have in place.

We're assessed and audited every year to ensure we're operating responsibly, and hold the following certifications:

- **Fair Tax Mark**
- **ISO 9001:2015 for Quality Management Systems***
- **ISO 14001:2015 for Environmental Management Systems**
- **ISO 45001:2018 for Occupational Health and Safety Management Systems***
- **Cyber Essentials for data security through ISAME**

*Solutions part of business only.

We also have a range of internal policies designed to protect our colleagues. This includes policies on Dignity at Work, Equal opportunities, Anti-bribery, Confidentiality, Whistleblowing and Grievance. All our policies are available on our intranet for colleagues to easily access and are regularly reviewed and updated. We publish our Gender Pay Gap and Modern Slavery statement on our website, which we update annually.

These are the foundations of any responsible business and we're committed to ensuring that we always have the right policies and procedures in place to help protect our colleagues, customers and suppliers.



Appendix 2 | Our commitment to creating a sustainable supply chain

We recognise that our business has a role to play in addressing the social, economic and environmental impact of our supply chain. Sustainable procurement means considering the impact of spending money on goods and services or works, to provide additional benefit of either a social, economic or environmental nature.

We are incorporating sustainable procurement practices throughout our procurement and supply chain processes. To help achieve this goal we've made a number of commitments when purchasing goods or services, which include but are not limited to:



Reviewing the environmental impacts of the goods being procured, incorporating life-cycle thinking into the purchase.



Raising internal awareness of sustainability issues, particularly with relevant stakeholders with purchasing or supplier management responsibilities.



Addressing barriers to entry for smaller businesses (SMEs) and local suppliers.



Analysing the sustainability risks and opportunities related to each procurement activity.



Ensuring our **suppliers have appropriate policies** in place concerning fair working practices, human rights and ethical operation, including Living Wage, anti-slavery, equality and diversity, anti-bribery, and health and safety where relevant.



Including **sustainability criteria** within all tender exercises, purchases, supplier appraisals and within contract documentation where relevant.



Working with our suppliers to ensure that any environmental or sustainability requirements are fully understood and communicated.

In addition to delivering on these commitments, we'll continue to review and develop our sustainable procurement processes in line with ISO 20400 guidelines, ensuring we're operating responsibly.

Appendix 3 | Carbon reporting

Overview

Business Stream is a wholly owned subsidiary of Scottish Water but operates on an arms length basis with separate governance and funding therefore, the emissions inventory only includes data from operations which are completely under our control. All business activities are conducted from our leased office, based in Edinburgh. 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 services for business customers only.

Our 2022-2023 emissions inventory has been compiled in accordance with the Greenhouse Gas Protocol Corporate Standard and the Scope 3 supplementary guidance. The UK Government conversion factors for company reporting have been used for the relevant year. Our emissions inventory includes scope 1, 2 and 3 emissions.

At present we have chosen to exclude waste, employee commute and home working due to limitations in data quality or availability; however, we may include this data in future if quality improves. Since our previous report, we no longer have the workshop in Hillington and so we have excluded gas from our 2022-2023 inventory. Our emissions inventory has been verified by a third party.

Table 1 | Carbon footprint emissions inventory scope

Scope	Activities
Scope 1	<ul style="list-style-type: none">• Company vehicles• Diesel generator• Fugitive emissions
Scope 2	<ul style="list-style-type: none">• Electricity
Scope 3	<ul style="list-style-type: none">• Electricity transmission and distribution losses• Business travel inc. rail, air and vehicles• Hotel stays• Water• Paper including office use and customer billing

Appendix 3 | Carbon reporting

During 2022-2023, we set a target for a 20% reduction in carbon emissions, based upon 2021-2022 emissions. We are also working towards net zero by 2030 based upon a baseline of 2018-2019. Our results indicate that we achieved a 50% emissions reduction between April 2022-April 2023 and we're currently on track to reach our net zero goal by 2030. Figure 1 shows our 2022-2023 carbon footprint and Table 2 contains our total emissions in tonnes for each scope.

Figure 1 | Carbon footprint 2022-23

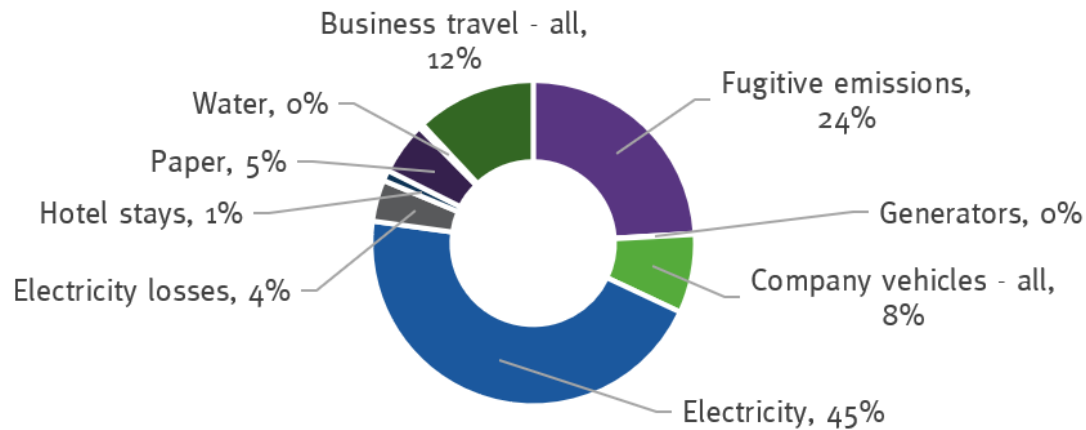


Table 2 | Carbon footprint 2022-23

Scope	Tonnes CO2e	% of total
Scope 1	73,914	32%
Scope 2	104,483	45%
Scope 3	52,781	23%
Total	231,177	

During the pandemic, we had a substantial reduction in our operating emissions, mainly due to a significant reduction in business travel and most colleagues working from home. The challenge since then has been to maintain these savings as much as possible while still providing a high standard of service for our customers.

Travel, as expected, has increased by 32% compared with 2021-2022, but it has not returned to pre-pandemic levels. Total travel for all modes was 86% lower in 2022-2023 than in 2018-2019. We also measure hotel stays as accommodation often goes hand-in-hand with business travel. Hotel stays were 93% lower than in 2018/2019 but 5% higher than last year.

We implemented a new climate conscious travel policy to ensure that colleagues are considerate of the environment when choosing whether or not to travel, and if travel is necessary, how to travel. Colleagues are now encouraged to travel by rail where possible and we'll continue to do even more to encourage colleagues to use trains where possible rather than planes.

Electricity consumption in the office decreased by 14% compared with 2021-2022 and associated carbon emissions by 26%. Carbon emissions related to electricity generation will naturally decrease over time as the grid conversion factor decreases.

The decrease in electricity consumption is largely due to the replacement of several air conditioning units which were replaced with new, more energy efficient models. The new units have improved functionality which allowed us to more accurately set timers to match occupancy patterns within the office, thereby reducing the total operating hours.



Appendix 3 | Carbon reporting

Table 3 | Detailed breakdown of carbon footprint

Scope	Activity	kg CO ₂ e				
		2018-2019	2019-2020	2020-2021	2021-2022	2022-23
Scope 1	Fugitive emissions	66,880	8,533	4,113	287,955	55,597
	Gas	210	64	225	5	-
	Generators	215	226	229	215	215
	Company vehicles - all	127,178	103,460	40,368	21,788	18,102
Scope 2	Electricity	178,857	159,415	136,405	120,575	104,483
Scope 3	Electricity - losses	14,987	13,341	11,623	10,640	9,558
	Hotel stays	32,434	23,602	1,052	2,154	2,468
	Paper	12,784	11,264	7,309	7,989	12,114
	Water	4,041	3,949	347	596	973
	Business travel	184,492	123,665	2,815	9,859	27,668
Total (kg CO₂ e)		622,078	447,619	204,486	461,776	231,177
Total (tonnes CO₂ e)		622	448	204	462	231
% reduction		50%				





Thank you