

Net Zero roadmap

September 2025



South Staffordshire Plc

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Our commitment

Our commitment

South Staffordshire Plc's Group of businesses include some as old as 170 years, which have been providing critical infrastructure services, including the design, build, maintenance, optimisation and delivery of high-quality water for all that time. During that time the world has changed so much. Our environmental, social and governance (ESG) strategy clearly sets out the Group's ambition to support its people, customers, clients, partners and the planet, now, for the next 170 years and beyond.

We aim to make South Staffordshire Plc Group truly sustainable, placing our passion for people and the planet at the heart of everything we do. We also commit to supporting our customer and client businesses to do the same.

Our Group businesses are broad in nature, including water asset owners, essential service and infrastructure providers covering software, compliance, asset health and water provision as well as infrastructure design, installation and maintenance for sectors including water, gas, rail, air, commercial, industrial and public. Our combined ambitions remain the same, though our individual journeys to Net Zero will differ. The pace in which that can be done will be different for the sectors we serve, as each moves through its own journey to Net Zero. However, we will always collaborate to ensure we have the best approach and ideas to achieve Net Zero as fast as practicable.

Approved by our Shareholders, our Net Zero Carbon Reduction Plan has been developed to be compliant with the Transition Plan Taskforce Disclosure Framework (TPT Framework). Ensuring we have the environment at the core of our operations means we will have a positive impact on our planet.



Vision

To help create a world where essential services and infrastructure deliver for customers, clients and our planet.

Mission

We are one Group; together greater than the sum of our parts. We provide, and help others provide, critical essential services in the UK and overseas. We do this reliably, safely and sustainably, creating value for our investors. Being a great place to work, our people drive a culture of inclusion, engagement and growth.

We are a trusted go to partner. We share our expertise, experience and ingenuity with our clients, customers, stakeholders and the communities we serve, so that the essential services of today and the future run smoothly and efficiently.

ESG

To make our businesses, and to support our customers and clients, in being truly sustainable, by placing our passion for our people and planet at the heart of all we do.

Environmental

To have a positive impact on our planet by ensuring we have the environment at the core of our operating.

Social

To build a caring Group, where our people are rewarded fairly, given an opportunity to grow and everyone is welcome. Our People's passion will support in excellent delivery for our Customers and Clients.

Governance

To ensure we operate to the highest of ethical standards and support others to do the same, building a relationship of trust with all our partners.

Values

 Professional
  Trusted
  Impactful
  Community focused



Climate change is one of the greatest environmental challenges faced today. It is also one of the Group's greatest risks, however it is a risk that provides unique opportunities for the future of the Group.

Being transparent

We commit to:

- being transparent
- providing regular reporting
- have effective Board level oversight
- focusing on emission reductions rather than offsetting
- This approach will help us drive real change.

By working in the utility sectors and being trusted stewards of water assets, it is important that South Staffordshire Plc uses its influence and networks to not only reduce its own impact but work to ensure others can easily do the same, inspiring them to take positive action.

This plan sets out our current position and commitment to achieving Net Zero by 2050 in line with the Science-Based Targets Initiative (SBTi) methodology. As part of that, transparency is key to building support and understanding of our actions and will make our progress clear.

The Greenhouse Gas (GHG) Protocol defines three categories of emissions, which it refers to as 'Scopes':

- Scope 1 – Direct emissions from sources that an organisation owns or controls
- Scope 2 – Indirect emissions from the generation of purchased electricity, steam, heating and cooling consumed by the organisation
- Scope 3 – All other indirect emissions that occur in the organisation's value chain

Our plans for Scopes 1 and 2, where we are more able to control our emissions directly, will be more substantive. Where we have Scope 3 emissions, we will influence as far as practicable and continue to record and report on progress.



Working together

Our people and partners will be key to our carbon reduction plans and we will ensure they are communicated with regularly and engaged in our plans and actions.

Striving for Net Zero is a hugely positive step. It not only supports our ambitions for the planet but can also increase resilience, improve efficiency and supports future-proofing our own businesses and our partners against the impacts of climate change.

As trusted experts we will support the opportunity brought by Net Zero and use innovation to enhance what we do, drive further investment and support the growth of talent into our business areas and sectors.

We recognise that technology and innovation we do not currently utilise will be needed to meet our near-term targets as well as deliver our Net Zero long-term ambition. By continuing to be transparent about our challenges and dependencies, for the plan as a whole and the specific actions within it, we can help to accelerate the changes needed to keep our Group on track for Net Zero and support our planet goals.

We know that governments and regulators will also have a large part to play in ensuring Net Zero works for all. At South Staffordshire Plc, we believe in leading by example and implementing tangible actions now to make a positive difference where we can. We recognise the work of the Task Force for Climate Related Disclosures (TCFD) and, while not under this legislation's remit, take guidance from it in our plan. We endeavour to take the same approach with new, relevant standards as they are published.

We hope you enjoy reading our plan and would welcome your engagement on any part of it, whether you're a colleague, client, customer or partner, from our community or our wider supply chain.

Social

To build a caring Group, where our people are rewarded fairly, given an opportunity to grow and everyone is welcome. Our People's passion will support in excellent delivery for our Customers and Clients.



Governance

To ensure we operate to the highest of ethical standards and support others to do the same, building a relationship of trust with all our partners.



Our plan



Our plan

Our ultimate ambition is to deliver emission reductions consistent with the 1.5°C temperature goal aligned to the SBTi methodology of reaching Net Zero no later than 2050. The focus of our efforts will be GHG reductions, even as we grow. This growth might mean there are times when our total carbon will increase, but our overall ambition and plan will remain the same. Our reporting will be clear on this and help our partners and customers to understand and support us as we head towards 2050.

This plan covers the GHG emissions from our operations (Scopes 1 and 2) as well as the key emissions added by our wider value chain (Scope 3).

We understand that we cannot achieve this target alone. Around 73.7% of our emissions occur upstream or downstream of our operations. Here we will seek to influence, but we cannot control the pace of change. For this reason, this plan will set out our actions to influence wider change, working with our people, customers, communities and partners to support the overall goal. These are clearly defined in the plan summaries.

Our path to net zero

Our journey to Net Zero begins from our baseline year of 2023/24. From here, we commit to reaching Net Zero by 2050 across all our operations and throughout the supply chain. No matter how we grow or change, we are committed to an absolute reduction. We will push forward with our key actions to drive down GHG emissions in our carbon intensive areas. We will be proactive and regularly review our situation to decide where are focus needs to be to be most effective.

Total emissions: 124,153.95 tCO₂e

Our key actions:



Explore alternative fuels for our gas engine and generators



Achieve natural reductions through boiler and equipment upgrades



Switch to alternative fuelled vehicles where possible



Use telematic monitoring to conserve fuel



Switch to greener refrigerants where possible



Purchase renewable energy for the remaining sites



Risk assess our suppliers for net zero ambitions



Engage with our suppliers, or switch, to reduce carbon



Save water and reduce leakage



Support stakeholders with their net zero ambitions



Support sustainable methods of travel

Category	2023/2024 Baseline (tCO ₂ e)
Scope 1 total	32,319.5
Scope 2 total	333.7
Scope 3 total	91,500.7
Total	124,153.90

By 2050, we will reach
net zero

2023

2035

2050

Our leadership accountability commitment

As a leading provider of critical infrastructure services, South Staffordshire Plc recognises the importance of accountability. We are already committed to being transparent regarding ESG issues and to publishing an annual ESG Report. This extends to our Net Zero ambitions.

In support of this, our Board, including Shareholder representatives, has agreed with the Group Executive Team a structure on which to focus delivery of the Net Zero plans.

The Board has appointed a senior business leader to overview and monitor the Net Zero plan, overseeing and supporting the implementation of activities and initiatives needed to achieve it. Every business leader in the Group has been given an objective of achieving the Net Zero plan and this is included in our remuneration process. With such a diverse skill set present in the Group, additional resources are not required to set and deliver our ambitions beyond the expertise we have already sought externally.

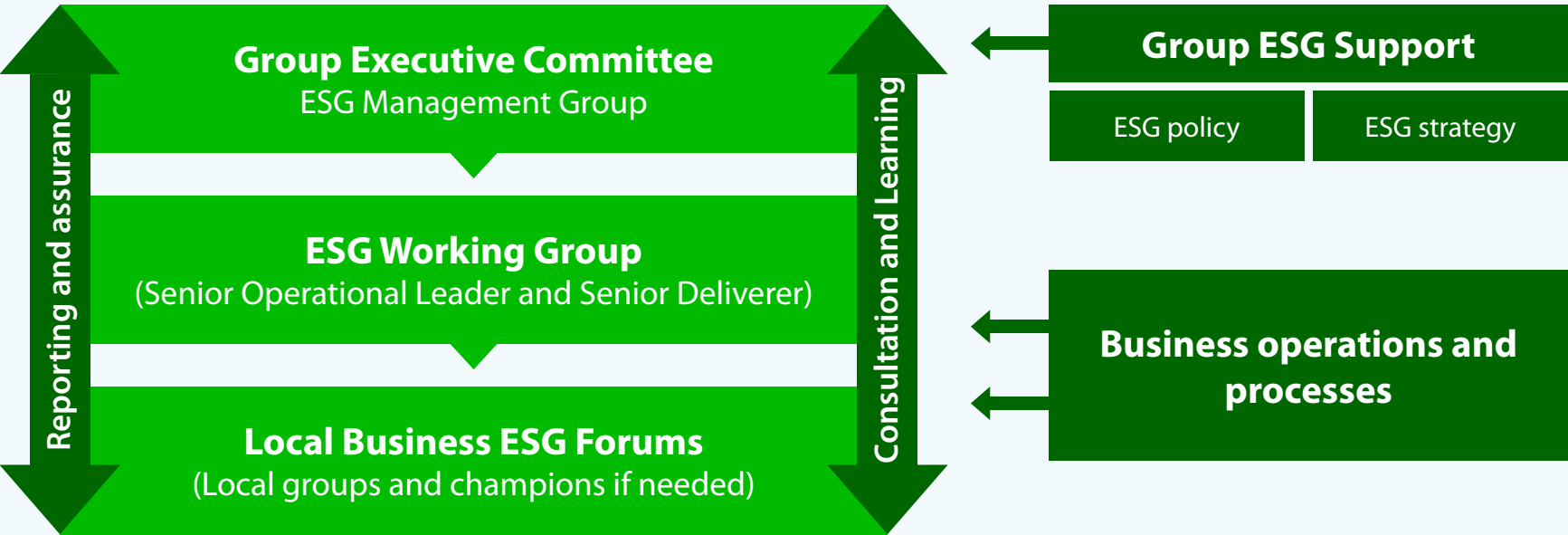
The ESG Management Group has been formed, and a Groupwide diverse set of individuals has been co-opted to form an ESG Working Group.

Members of the ESG Working Group are trained in the necessary understanding to create, monitor and drive true carbon reduction planning and actions.

Combined, these dedicated teams are responsible for supporting the implementation of our ESG and Net Zero objectives, and will report on progress to the South Staffordshire Plc Board of Directors at least twice a year.

This approach embeds our Net Zero commitment within our annual strategic planning and budgeting and is in all business risk registers. This ensures approvals and forecasts for investment are understood so we can minimise challenges and maximise the opportunities from Net Zero.

As the needs of any long-term plan change as it is delivered, it is in this structure that additional investment needs will be identified, reviewed and approved, ensuring we have the right authorities, skills and tools needed, at each individual stage of our plan.



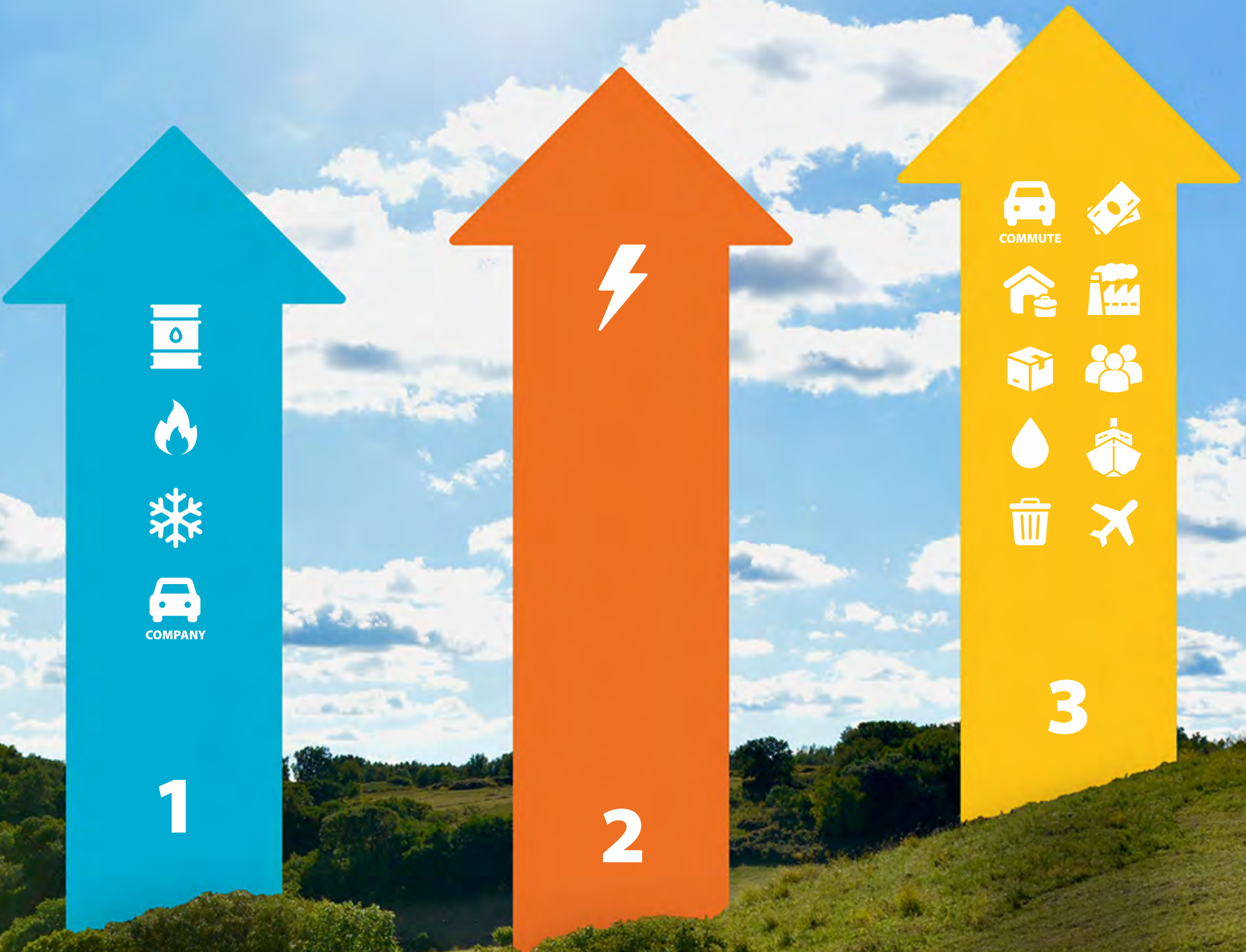
Our current position

Our current position

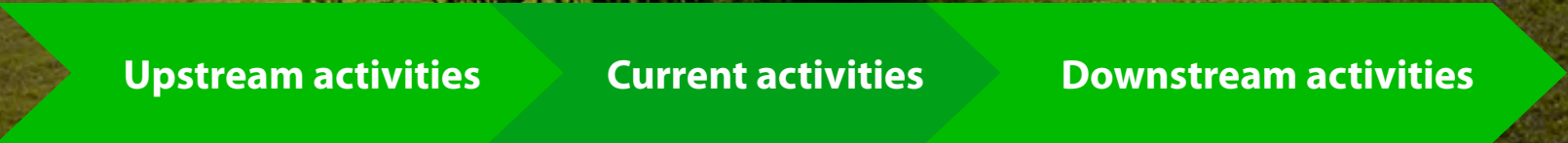
Measuring emissions is a challenge for everyone. For us, it relies on information we can obtain directly, information we source from others and some which is estimated.

We have produced our first GHG inventory for our financial year 2023/24, which will form the baseline for our plan.

We defined our footprint methodologies and calculated the baseline in partnership with Future Leap, an external consultant, and supported this work with an upskilling programme for our leaders.



Scope 1	Scope 2	Scope 3	
• company vehicles • refrigerants • gas combustion • oil combustion • solid fuel combustion	• electricity	• waste • water • suppliers • business travel • working from home • staff commute	• processing of products • transportation of products • use of products • end of life treatment • company investments



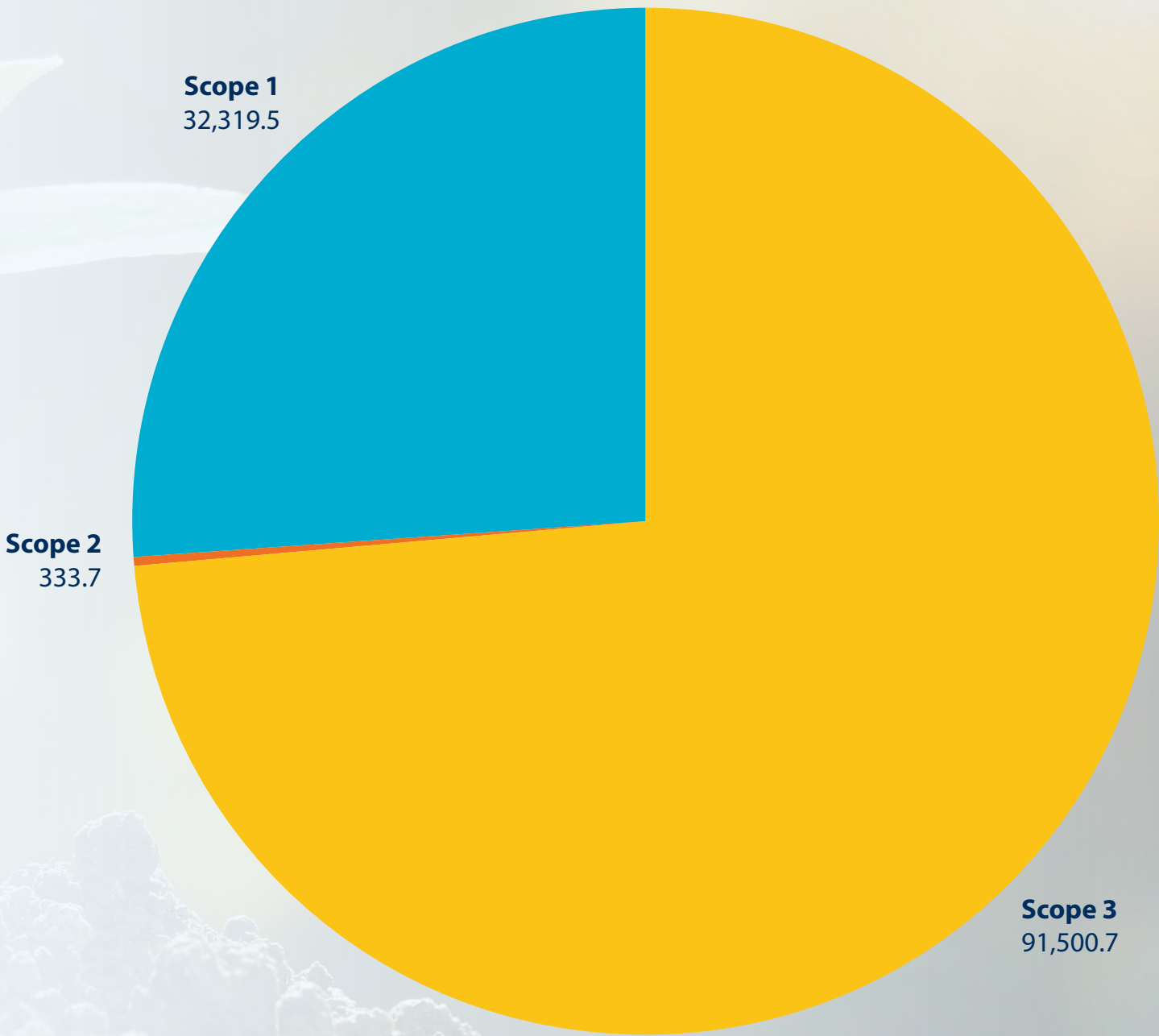
Our carbon baseline

We are using 2023/24 results as a baseline and the first year with data after our full GHG inventory work. The breakdown of that year is to the right.

We have implemented a new IT tool to support improvements in GHG emissions measurement, standardising the way we collect data and helping this be as complete and accurate as possible for the three GHG Scopes.

Whilst we have not signed up to the SBTi target criteria yet, we are monitoring the planned changes to the standard to ensure alignment, and signing up is an aspiration in our Net Zero journey. The practicalities of the way we self-generate power for the benefit of our water company customers means that an annual absolute reduction target isn't currently possible. The changes needed were not funded in the latest Final Determination from the water regulator. We are actively seeking alternative fuels and will review this approach when that is resolved.

We commit to sharing and publishing our progress towards Net Zero, which will be measured against our 2023/24 GHG baseline emissions. Should we need to re-baseline against new or improved methodology, we commit to doing so with transparency.



Our carbon reduction targets

For our reduction targets, we have followed the SBTi criteria and methodology and the GHG protocol, to ensure we have a clearly defined pathway for future-proofing our growth with reductions in our GHG emissions.

As we enhance our ability to identify and measure emissions and better use the data we have collated, our monitoring will improve. We will no doubt see faster reductions in our total carbon from this refinement and better measurement of the estimates we have in place for the 2023/24 year. We accept our plan will evolve and be adapted as time progresses, allowing for advancements in technology and legislative changes. The ESG Management Group will continue to monitor and agree when this is appropriate.

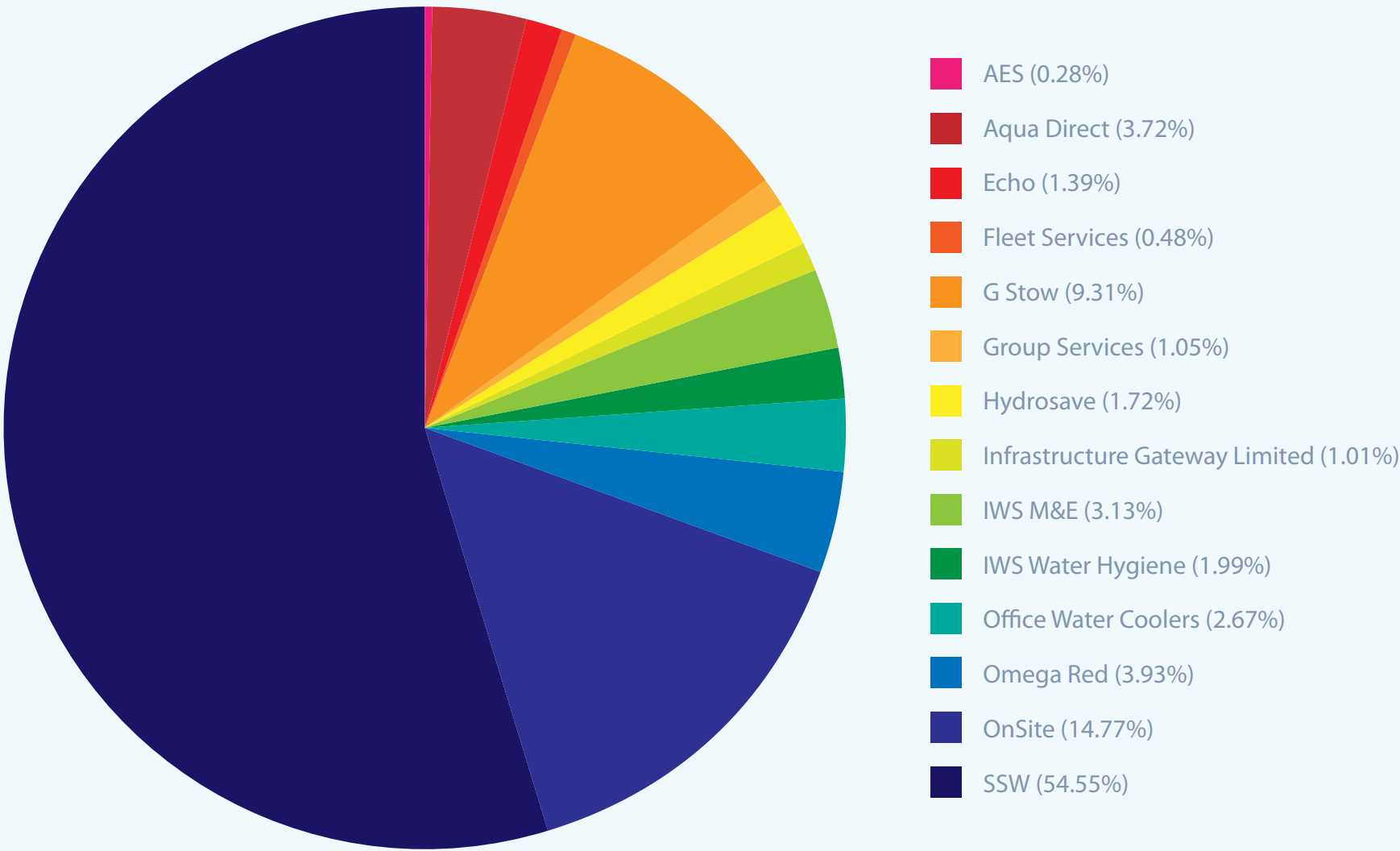
Our operations (scope 1 and scope 2)

We will reduce in absolute terms our operational emissions (Scopes 1 and 2) by 63% by 2035, against a 2023/24 baseline.

We will reduce in absolute terms our operational emissions (Scopes 1 and 2) by 100% by 2050, against a 2023/24 baseline (SBTi aligned to the 1.5°C goal), assuming our residual carbon emissions will need to be offset at that time, as expected within the SBTi methodology. For this plan, we will not use carbon credits and any eventual offsetting will need to be at an SBTi-approved standard when the need occurs.

Our value chain (scope 3)

We know our impact on the Scope 3 emissions is not direct and we will continue to influence these where practicable, whilst being transparent in our approach and progress towards this from our 2023/24 baseline.



Our partners

Our partners

We will need the support of our partners as we work towards Net Zero, which will require a different approach for each core group. Regardless of the approach, we will continue to hold our core principle to remove as much of our carbon as possible before we review offsetting residual amounts.

We recognise that, as part of the wider UK Net Zero planning, carbon pricing will be key for government policies, now and in the future. As a key partner, we support this approach and will engage with government efforts made to normalise this in the general UK Net Zero plan, but this is not a feature of our specific planning.

Our supply chain

We will concentrate our efforts on Scope 1 and Scope 2 emissions first, primarily focusing on our largest emissions. We will then influence where needed to reduce our supply chain Scope 3 emissions, again focusing on the largest emissions first.

We will ensure our supply chain partners know our ambition, and our alignment to a science-based Net Zero target is understood and communicated regularly in all our policies. Our annual supplier reviews will include Net Zero related discussions on progress and improvement.

We will work to ensure our supplier selection and onboarding processes include clear questions about their alignment with our ambitions, and we will provide information on how they can support us in achieving our goals. For more general procurement, we will focus on purchasing locally and with suppliers that have lifecycle assessments for emissions in place and an active Net Zero plan. Where practical, we will add sustainability-related clauses into supplier contracts to safeguard Net Zero alignment for its duration.

Supply chain partners will be actively engaged with on a regular basis to validate their commercial competitiveness and full alignment to our ESG goals. Through this engagement process, we will actively seek out and participate in trials for innovations that will help our Net Zero journey. As part of this, we will encourage self-teaching via online climate schools and other resources and provide clarity annually by publishing our Net Zero plan, reporting on emissions and being clear to our partners about their impact on this.





Our regulators and government bodies

As essential service providers, we are held to account by a multitude of regulators and government bodies. Some of the most critical organisations are those under Department for Environment Food & Rural Affairs (DEFRA) covering Ofwat, the EA and DWI, Great British Rail and the Department for Transport, the Department for Energy Security and Net Zero (DESNZ) covering Ofgem, the Information Commissioner's Office, the National Cyber Security Centre (NCSC) and the Financial Conduct Authority (FCA).

These agencies control the clients we work with and set the standards we need to achieve, which directly impacts our actions and emissions. For our water asset holding companies and the clients we work with, some of them also set the funding available for Net Zero. Our approach to managing this will be to proactively engage with industry bodies, which may change from time to time, making sure Net Zero is a priority and features where necessary and relevant in our replies to consultations and engagements with partners.

South Staffordshire Plc Group currently supports and engages with a key set of associations which include:

- Water UK
- Legionella Control Association (LCA)
- Institute of Water
- Pipeline Industries Guild
- Institute of Customer Service (ICS)
- Association of Technical Lightning and Access Specialists (ATLAS)
- Association of Plumbing and Heating Contractors (APHC)
- Future Water Association
- UK Society for Trenchless Technologies (UKSTT)
- Well Drillers Association

Our trade unions

Our businesses that recognise a trade union already have its full support in our Net Zero ambitions. All major UK unions have publicly supported the change around the 'just transition', which ensures that, as we move to a low-carbon economy, workers are not forgotten or left behind. This plan is aligned to the current government strategy and to supporting our partners in delivering Net Zero. The Group sees this as both an opportunity and a risk.

We will continue to focus on Net Zero through our ESG Management and Working Groups and align the investment needs for Net Zero with our Groupwide HR transformation plans. This already includes a commitment on pay, through our trade union contract, and a commitment on fair taxation that works towards ensuring our union partners can continue their work on the 'just transition' with our support.

While our own innovations will result in more skills and 'green jobs' for our clients and the sectors they operate in, we will continue to engage with the government on public investment related to those innovations. We will make sure our apprentice programmes and partner links, such as the Armed Forces Covenant, also help recruit and upskill workers into our sectors.



Our communities

One of our HR policies focuses on volunteering, which allows our colleagues to support their local communities. We will engage community partners by supporting our teams to focus volunteering on education, especially science, technology, engineering and maths-based, and to look to where we can support our industry body partners.

Educating school children about the need for Net Zero has a profound long-term impact and will ensure our communities can support our Net Zero ambitions.

Our water business runs specific initiatives focused on water use reduction, measured as 'per capita consumption' (PCC), and the results are published each year by the water regulator. These initiatives will help individual community groups engage in reducing the need to abstract and treat water, which will help stabilise our emissions as the general population grows.

This is a complex topic, where higher temperatures from climate change will mean more pressure on water resources over time. However, our successful campaigns in Cambridge, 'Can for the Cam', and the award-winning 'water efficiency in diverse and faith communities' programme are two such examples, where local and regional communities have been supported by us to actively contribute towards our Net Zero ambitions.

How do we know if our plan is working?

How do we know if our plan is working and what will we do if it is not?

We are confident, as the world's understanding of human impact on the environment and climate improves, our own understanding of this plan will change. The approach set out in this plan is accountability. We will take direct action where we can and only rely on others where we don't have direct influence.

We have invested in training, IT tools, the development of analytics and leadership time to make our approach consistent and embedded across the Group. This use of resource is to make certain we understand our position and can support future decision making on our Net Zero plan.

In support of our ambition, we will look for external assurance by:

- verifying our data with consultants where needed
- having our financial audit partners ensure we are reporting as necessary and understanding future reporting needs
- using international standards for reporting, like current International Organisation for Standardisation (ISO) standards and our view of the SBTi needs
- benchmarking ourselves against reporting standards, like TCFD and International Sustainability Standards Board (ISSB), where we are not currently required to report
- publishing our progress and data so our partners can review and feed back to us

The governance processes from the Board, including our Shareholders, the ESG Management Group and our focused ESG Working Group will consistently report upwards. This will hold us to account on progressing through the Net Zero plan, and, if necessary, to agree other courses of action to meet our targets.



Our actions

Our actions



Explore alternative fuels for our gas engine and generators



Achieve natural reductions through boiler and equipment upgrades



Switch to alternative fuelled vehicles where possible



Use telematic monitoring to conserve fuel



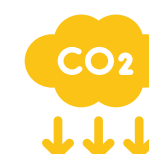
Switch to greener refrigerants where possible



Purchase renewable energy for the remaining sites



Risk assess our suppliers for net zero ambitions



Engage with our suppliers, or switch, to reduce carbon



Save water and reduce leakage



Support stakeholders with their net zero ambitions



Support sustainable methods of travel



Scope 1



Scope 2



Scope 3

Summary of our reduction action plan

Category	2023/2024 Baseline (tCO ₂ e)	2035 Target (tCO ₂ e)	2050 Target (tCO ₂ e)
Scope 1 total	32,319.5	11,958.2	3,232.0
Stationary combustion	20,543.0	7,600.9	2,054.3
Mobile combustion	10,315.3	3,816.7	1,031.5
Others	1,461.20	540.70	146.10
Scope 2 total	333.7	123.5	33.4
Scope 3 total	91,500.7	33,855.3	9150.1
Purchased goods and services	32,273.6	11,941.2	3,227.4
Use of sold products	10,164.9	3,761.0	1,016.5
End-of-life treatment of products	23,909.9	8,846.7	2,391.0
Others	25,152.40	9,306.40	2,515.20
Total	124,153.90	45,937.00	12,415.50



Our reduction approach

The following approach may change in the future due to new developments but, with transparency, it will hold us to account for progress and delivery. It is split into two types of approach:

- low-regret and indirect reductions through accounted spend
- reductions from additional capital spend

It is important to recognise both, as there are many measures that can have a significant impact on GHG emissions with little additional cost or can be a hidden benefit for already planned works.

Low-regret and indirect emissions will take place over the short- to long-term, from a few months, up to our 2035 and 2050 targets. Capital spend related reductions will mainly happen in the medium- to long-term, from at least a year, up to our ultimate target dates. Capital investment takes longer to scope and implement, especially with the rapid evolution of green technologies that is occurring.

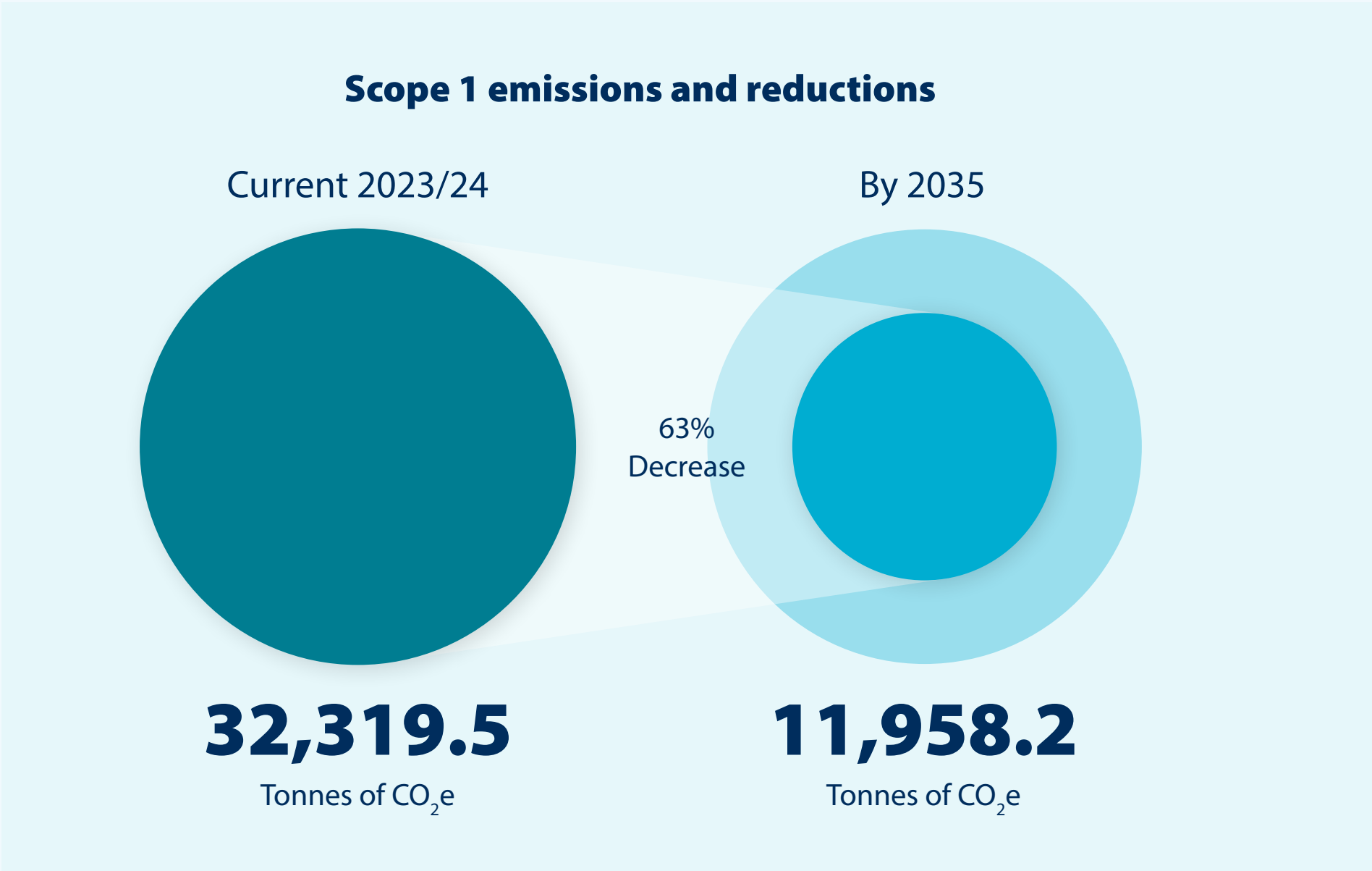
The individual category reductions shown here are indicative within our plan as we understand it today. However, reductions can come from any Scope to achieve our goals as the plan evolves. To support that, each business in the Group has detailed its internal carbon reduction plan and actions that will contribute to the Group's overarching ambitions.

Our direct impact (scope 1)

Direct impact emissions are what we have the most control over, so this is one of our core focus areas. This includes GHG emissions resulting from the services provided through our fleet, the processes to treat wholesome potable water and the generators used to power onsite work.

Such emissions make up 26.03% of our overall emissions and is indicative of the noticeable impact we have on the environment around us.

Category	2023/2024 Baseline (tCO ₂ e)	2035 Target (tCO ₂ e)	2050 Target (tCO ₂ e)
Stationary combustion	20,543.0	7,600.9	2,054.3
Mobile combustion	10,315.3	3,816.7	1,031.5
Process emissions	1,268.4	469.3	126.8
Fugitive emissions	192.8	71.4	19.3
Scope 1 total	32,319.5	11,958.2	3,232.0



Stationary combustion | Our gas engine and generators

South Staffordshire Water Plc ('South Staffs Water', including Cambridge Water) uses a natural gas-powered engine to generate power for the treatment and transportation of water, which is a large cost saving for its customers. This accounts for around 95% of the emissions in stationary combustion. The rest is created from the Group's constructing entities, which currently use diesel-powered generators for work in remote areas and in urban roadside activities without an alternative power supply available. Currently there is no cost-effective alternative source of energy, or a readily available alternative fuel, for the power requirements South Staffs Water has.

Our key actions for review and implementation are focused on:

- **Low-regret efficiency actions and indirect reduction** | Efficiency measures through direct actions, like lowering thermostats by a degree, and natural reductions achieved through boiler upgrades.
- **Innovation and additional capital spend** | To explore insulation improvements, heat pumps, battery and hydrogen powered generators as well as alternatives to the gas-powered engine and the potential for alternative fuels.

Exploring solutions to reduce the emissions from our gas-powered engine is a high priority, as this is 63.6% of the baseline year emissions in Scope 1, and will be our main focus alongside generators and boilers.

Core dependencies and actions:

Technology will be the key dependency, to provide us with an alternative to our gas-powered engine. We have reviewed technologies for wind and solar and are currently in conversation with relevant suppliers about both. We have also explored examples from innovative start-up companies, providing reliable refuse-driven fuel (RDF) and those that can provide a source of green hydrogen.



Mobile combustion | Our vehicles

Many of the services we provide for our customers, clients and partners require our colleagues to be in specific urban and remote locations across the UK, Australia and the continental United States. This is true whether we are in the Scottish islands or the centre of London, managing complex infrastructure services and works.

While this category has had many technological developments over the past decades, there are still missing gaps for suitable vehicles with many miles to drive and a heavy tonnage to carry. For a fleet as large as ours, circa 2,000 vehicles, having access to home electric vehicle (EV) charging and any alternative greener fuels needs the infrastructure to be in place. This is something we continue to monitor to ensure we understand the right time to invest in new vehicles. Having moved all our company-supplied cars to EV or hybrid, our current, shorter-term focus is on the LGV vehicles within our fleet.

Our key actions for review and implementation are focused on:

- **Low-regret efficiency actions and indirect reduction** | Conserving fuel by continuing the use of telematics Groupwide, job clustering and reviewing the available options for our lighter fleet vehicles as the technology evolves, as part of the natural vehicle replacement cycle.
- **Innovation and additional capital spend** | Exploring alternative technologies for heavy tonnage vehicles and switching to EVs sooner, where the business case benefits our customers and clients. Office Watercoolers will review its business model and engage with its customer base to swap bottle-fed to main-fed coolers where possible. This will result in fewer vehicle journeys.

Core dependencies and actions:

We will review the long-term need for our heavy (HGV) fleet and the potential to replace these with compressed natural gas (CNG) or hydrogen-based vehicles as the technology and wider UK infrastructure evolves. Whilst we know these vehicles are in active use, the infrastructure is in its infancy. With such a broad reach across the UK, we will need this to evolve further to be a viable solution for the Group, our clients and customers.

Process and fugitive emissions | Our processes and air conditioning

South Staffs Water is the Group's only company that produces process emissions, as a by-product of water treatment. We know the level of these emissions is more than five times that of other fugitive emissions in the Group. The water sector, led by Water UK, is working collaboratively to find a solution which is viable and can be implemented on our asset types. However, through reducing leakage and water consumption, these will be indirectly reduced.

We are seeing a trend of hotter summers, so all Group companies utilise air conditioning units. These are known to naturally leak refrigerants over time, which has been accounted for in our GHG inventory, and we have an opportunity to move to free refrigerants.

Our key actions for review and implementation are focused on:

- **Low-regret efficiency actions and indirect reduction** | By reviewing our centralised office use, establishing a core requirement for more frequent checks of air conditioning units and reducing water consumption through related efficiency programmes.
- **Innovation and additional capital spend** | Explore replacing refrigerants for 'green' ones with lower global warming potentials.

Core dependencies and actions:

Our process emissions are under constant review, as the effectiveness of water production is critical to the success of South Staffs Water. Only new technology will make a step change in emission reduction, so this is a core focus, not just for our Group but for the whole water sector. Additionally, having the right number of green refrigerants available in the market, and being allowed to use them in leased properties, are our current dependencies. These are being proactively reviewed, firstly at our largest site, Green Lane in Walsall, and then to our other locations.

Our power (scope 2)

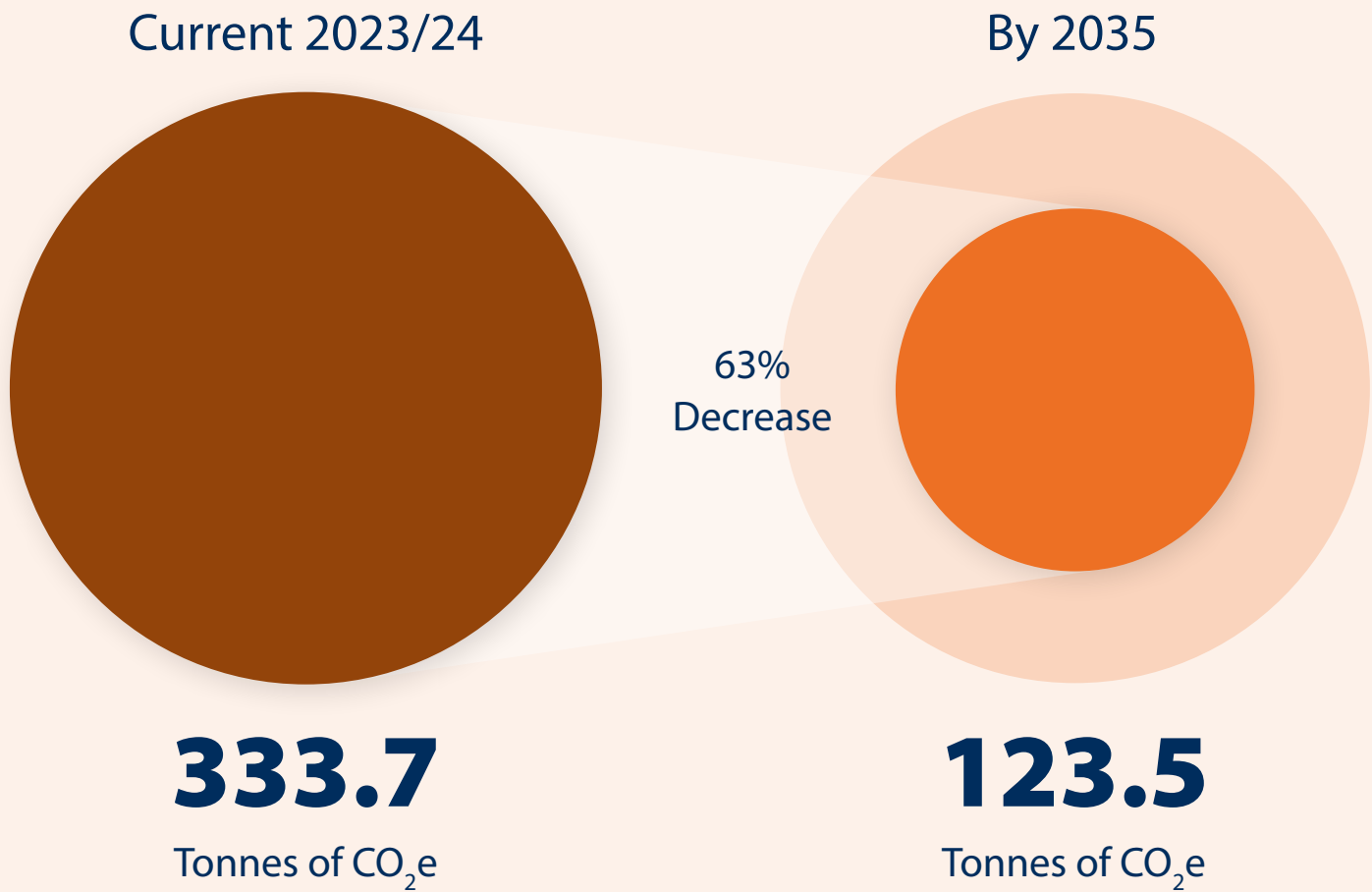
Scope 2 emissions come from the electricity we purchase. We are currently measuring this as market-based, which considers where we have chosen to purchase renewable electricity.

This scope also includes GHG emissions created by the electricity generation that powers our sites, enabling us to provide services to our customers. Categories like purchased steam have been omitted as we are currently not exposed to it.

Because of the work already delivered, Scope 2 makes up 0.27% of the Group’s overall emissions.

Category	2023/2024 Baseline (tCO ₂ e)	2035 Target (tCO ₂ e)	2050 Target (tCO ₂ e)
Purchased electricity	333.7	123.5	33.4
Scope 2 total	333.7	123.5	33.4

Scope 2 (market-based) emissions and reductions



Our power actions

Many of the Group's businesses purchase renewable energy tariff electricity, which is why GHG emissions are small for a Group our size. Purchased electricity can be measured as location-based, based on the energy mix of the UK grid. As the UK government aims for 100% renewable energy, this location-based number will reduce. During that time we will take efficiency-saving actions to reduce the energy we use.

Our key actions for review and implementation are focused on:

- **Low-regret efficiency actions and indirect reduction** | Replacing old electrical equipment with more efficient models at end-of-life, turning off unused appliances and installing automatic lighting and smart metering where it is viable and sensible to do so. To ensure green infrastructure can be delivered, we will continue to develop our colleagues and new apprentices to ensure these skills are available in the market.
- **Innovation and additional capital spend** | Switching our remaining businesses to renewable energy tariffs wherever possible whilst also exploring onsite renewable energy generation.

Core dependencies and actions:

The UK needs to continue its drive towards Net Zero and the decarbonisation of the power grids. We will continue to support industry-wide initiatives through partner organisations, like the Pipeline Industries Guild, trade unions, Water UK and the Institute of Water, and through the Group's direct involvement in the delivery of infrastructure schemes, to achieve 100% renewable power in the UK.

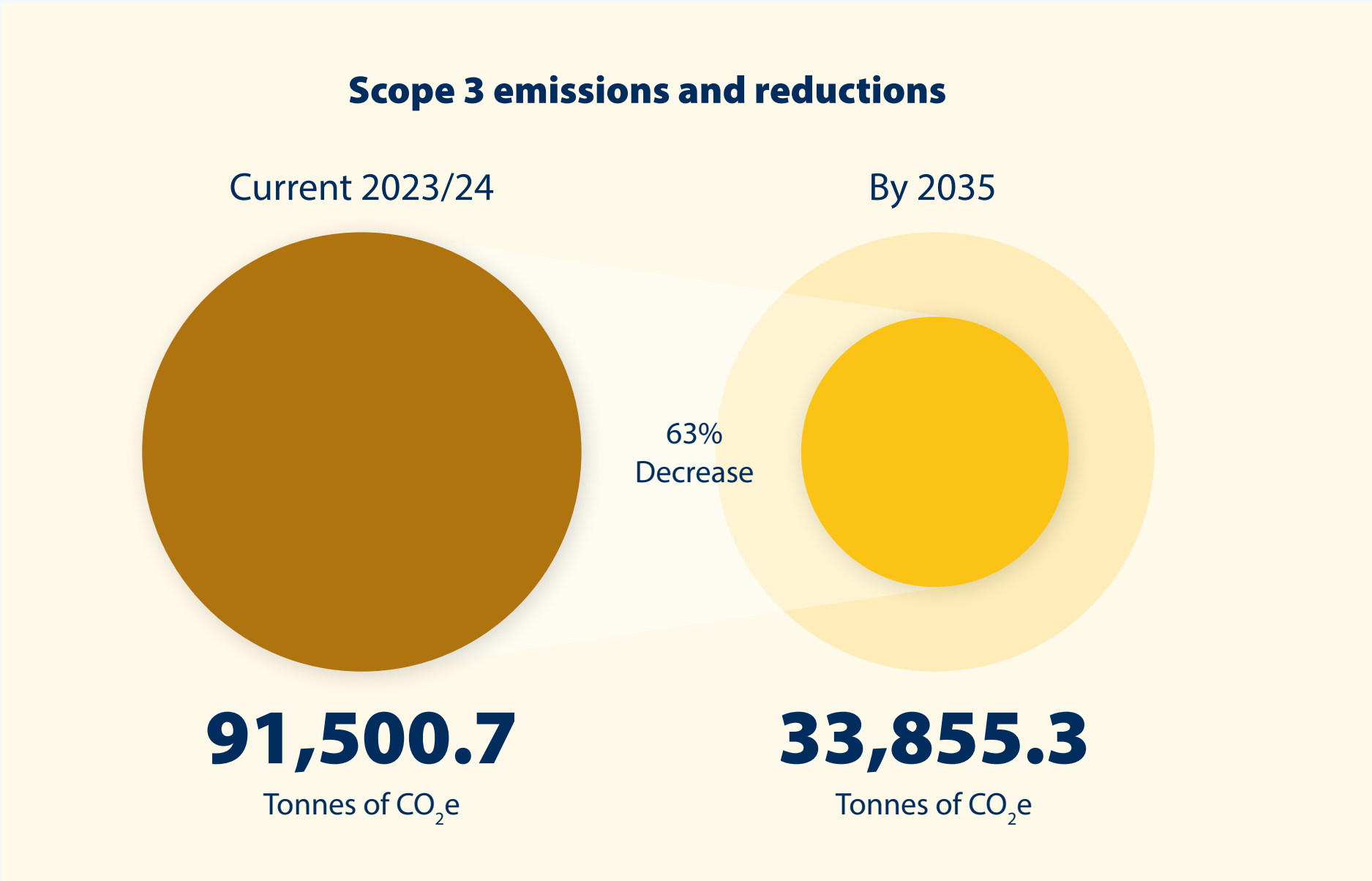


Our indirect impact (scope 3)

Scope 3 emissions are the areas throughout the value and supply chain that we have the least control over. This includes GHG emissions created through the goods and services we buy, business travel by our colleagues and the eventual wastewater treatment of the clean water we supply.

These account for 73.7% of our overall emissions and is our biggest challenge in reaching Net Zero. Unlike the other Scopes, there are limited direct actions we can take. We will focus our efforts on working with our partners to find reductions, but this will rely on changes outside of our control.

Category	2023/2024 Baseline (tCO ₂ e)	2035 Target (tCO ₂ e)	2050 Target (tCO ₂ e)
Purchased goods and services	32,273.6	11,941.2	3,227.4
Capital goods	6,815.8	2,521.8	681.6
Fuel and energy-related emissions	6,095.1	2,255.2	609.5
Upstream transportation	2,483.0	918.7	248.3
Waste generated in operations	206.0	76.2	20.6
Business travel	780.4	288.8	78.0
Employee commuting	2,546.2	942.1	254.6
Downstream transportation	0.3	0.1	0.0
Processing of sold products	2654.0	982.0	265.4
Use of sold products	10,164.9	3,761.0	1,016.5
End-of-life treatment of products	23,909.9	8,846.7	2,391.0
Downstream leased assets	3,571.6	1,321.5	357.2
Scope 3 total	91,500.7	33,855.3	9150.1



Purchased goods and services, capital goods, fuel and energy related emissions, upstream transportation, waste generated in operations, downstream transportation | Our purchases

Purchased goods and services is the largest single GHG emission category for the Group and accounts for 35.3% of our Scope 3 emissions. This affects each of our businesses as well as associated emission categories, like those from waste and the transportation of those goods and services. The impact of these categories is generally caused by the type of work we undertake, for major utility and government clients, as we are contracted to deliver and often must procure to the client's specifications from the wider supply chain.

We calculated our purchased goods and service emissions using the spend-based methodology. This is due to smaller supply chain partners generally not having the detailed information needed or published actual figures. Consequently, our figures do have an error margin, which we will work with our partners to improve. In the long-term, we will have more confidence in the reporting accuracy.

Our key actions, accepting the challenges for control in this category. We aim to use three approaches:

- **Understanding our supply chain** | Risk assessing our spend portfolio against the highest spend or carbon intensive suppliers. By understanding what ambitions they have, such as possessing a Net Zero plan, we can be more certain that our value supply chain's emissions will decrease over time.
- **Stopping the problem growing** | Putting carbon considerations into our supplier vetting processes, ensuring any new suppliers hold the same values as we do and, where it is material, aim to achieve Net Zero. By doing this, we will try to make sure that we don't grow our value supply chain emissions outside of our current suppliers.
- **Making targeted reductions** | Working with suppliers, either directly or through industry groups, to reduce their emissions. This could be through lifecycle assessments, choosing lower emission products, improving processes or, where appropriate, switching to a different or more local supplier. By doing this, we will make intentional reductions on top of suppliers who are carrying out their own Net Zero plans.

Core dependencies and actions:

The wider cultural shift in the UK supply chain must continue, driven by larger clients and government, and the Group doing its part. It is critical that our suppliers create Net Zero plans and lifecycle assessments, then follow and achieve their plan.



Our products | Use of sold products, processing of sold products, end-of-life treatment of sold products and downstream leased products

We provide essential services and support which covers software, compliance, asset health, water provision as well as infrastructure design, installation and maintenance across sectors including rail, water and gas. The related emissions from these are mainly concentrated in four of our businesses. South Staffs Water provides clean water that will eventually be treated as wastewater. Aqua Direct sells water to beverage companies which then carbonate it. G Stow installs and maintains water pumps, which have high electrical use during their lifetime, and Office Watercoolers supply bottled and mains-fed water coolers.

Each of these have their own challenges relating to Scope 3 emissions. Aqua Direct relies on its customers achieving Net Zero and reducing their emissions. For Office Watercoolers and G Stow, we will continue to explore energy efficiencies in these products, but we will rely heavily on the UK grid decarbonising to remove the associated Scope 3 emissions.

South Staffs Water has the most challenging reduction for Scope 3 as the provision of water is essential to life and a legal human right in the UK. There are actions already being undertaken, and more in the planning stage, which will indirectly impact this. Our initiatives to reduce customer demand, through behaviour change, will reduce the amount of water that ends up as wastewater, with an aim to reduce PCC from 140 litres to 110 litres per person per day by 2050.

Core dependencies and actions:

The UK must continue to decarbonise its power grids, and our customers must push for Net Zero as well as become more water efficient overall. As with our wider ESG strategy, we will work with our partners to support these initiatives and bring innovation and learning to all involved, where we can have a positive influence on our Net Zero ambition.

Business travel and employee commuting | Our work-related travel

Much of the emissions from vehicles is in Scope 1. Scope 3, however, contains the two additional areas of business travel and employee commuting.

Business travel is much more under our control in contrast to the other elements of our Scope 3 plan. We will explore ways to increase hybrid working, flexible working conditions and sustainable travel, including use of bicycles, public transport and car sharing. With our global reach, we will reduce the need for air travel and explore offsetting the emissions of any flights deemed necessary. We know this is one of the most carbon intensive modes of transportation and, where we can influence, we will support the drive for the development of sustainable aviation fuels. This may be through positive government engagement or the provision of our services to support the infrastructure needed to deliver those.

Employee commuting has a cultural element. We will review and introduce employee incentives for sustainable travel, such as EV salary sacrifice schemes and charging points at business premises for personal use, benefiting from our green energy procurement, as well as flexible working to encourage our people to use lower emission forms of travel. It is our role to support our leaders and people to choose these methods, but we do also recognise that they should make their own choices. As the UK electrifies cars and makes the power grids greener, it will remove the residual emissions.

Core dependencies and actions:

The UK must continue to phase out polluting vehicles and we must rely on a cultural shift in travel for many of our locations to achieve rapid reduction of emissions, beyond the actions in government policy.





South Staffordshire Plc

September 2025