



# Carbon Footprint Report and Carbon Reduction Plan

2025-26



**business stream**  
A SCOTTISH WATER COMPANY



# Introduction

This is our greenhouse gas (GHG) emissions report for the 2025-26 financial year. We voluntarily report our GHG emissions annually and we set internal GHG emissions reduction targets to support our goal of reaching net zero across our operations by 2030. This report presents our carbon footprint results for 2025-26.

To compile our greenhouse gas (GHG) emissions inventory we follow the methodology outlined in the Greenhouse Gas Protocol Corporate Standard, Scope 2 guidance, and the Corporate Value Chain (Scope 3) Accounting and Reporting Standard. We use the UK Government conversion factors for the relevant year. To ensure transparency and accuracy, we have had our carbon footprint externally verified and we use feedback from this process to make ongoing improvements to our emissions inventory and data management processes.



# Greenhouse gas emissions inventory

Our GHG emissions inventory includes sources from our operations conducted from our leased office in Edinburgh. We are a water retailer and as such, most of our business activities are office based. We are a wholly owned subsidiary of Scottish Water; however, we operate as a stand-alone entity with separate governance arrangements and funding. 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.

In line with the guidance in the GHG Protocol, our greenhouse gas emissions inventory are shown in Table 1.

**Table 1 | Greenhouse gas emissions inventory inclusions**

| Scope          | Activity  | Included/excluded  |
|----------------|---|--|
| 1              | Gas   | Included   |
| 2              | Electricity   | Includes office electricity and electric vehicles  |
| 3 - Upstream   | Category 1 - Purchased goods and services               | Includes paper use in office, business activities (billing and customer communications) and water use. |
|                | Category 2 – Capital goods                              | Excluded as no significant purchases of capital goods  |
|                | Category 3 – Fuel and energy related activities         | Included   |
|                | Category 4 - Upstream transportation and distribution   | Excluded – not applicable  |
|                | Category 5 - Waste and waste water                      | Included   |
|                | Category 6 - Business travel                            | Included   |
|                | Category 7 – Employee commute                           | Included   |
|                | Category 8 – Upstream leased assets                     | Excluded – not applicable  |
| 3 - Downstream | Category 9 - Downstream transportation and distribution | Excluded – not applicable  |
|                | Category 10 - Processing of sold products               | Excluded – not applicable  |
|                | Category 11 - Use of sold products                      | Excluded – not applicable  |
|                | Category 12 - End-of-life treatment of sold products    | Excluded – not applicable  |
|                | Category 13 - Downstream leased assets                  | Excluded – not applicable  |
|                | Category 14 - Franchises                                | Excluded – not applicable  |
|                | Category 15 - Investments                               | Excluded – not applicable  |

We do not have any downstream emissions which are relevant to our company operations as we are predominantly an office-based business and don't have any production, transportation or manufacturing processes.

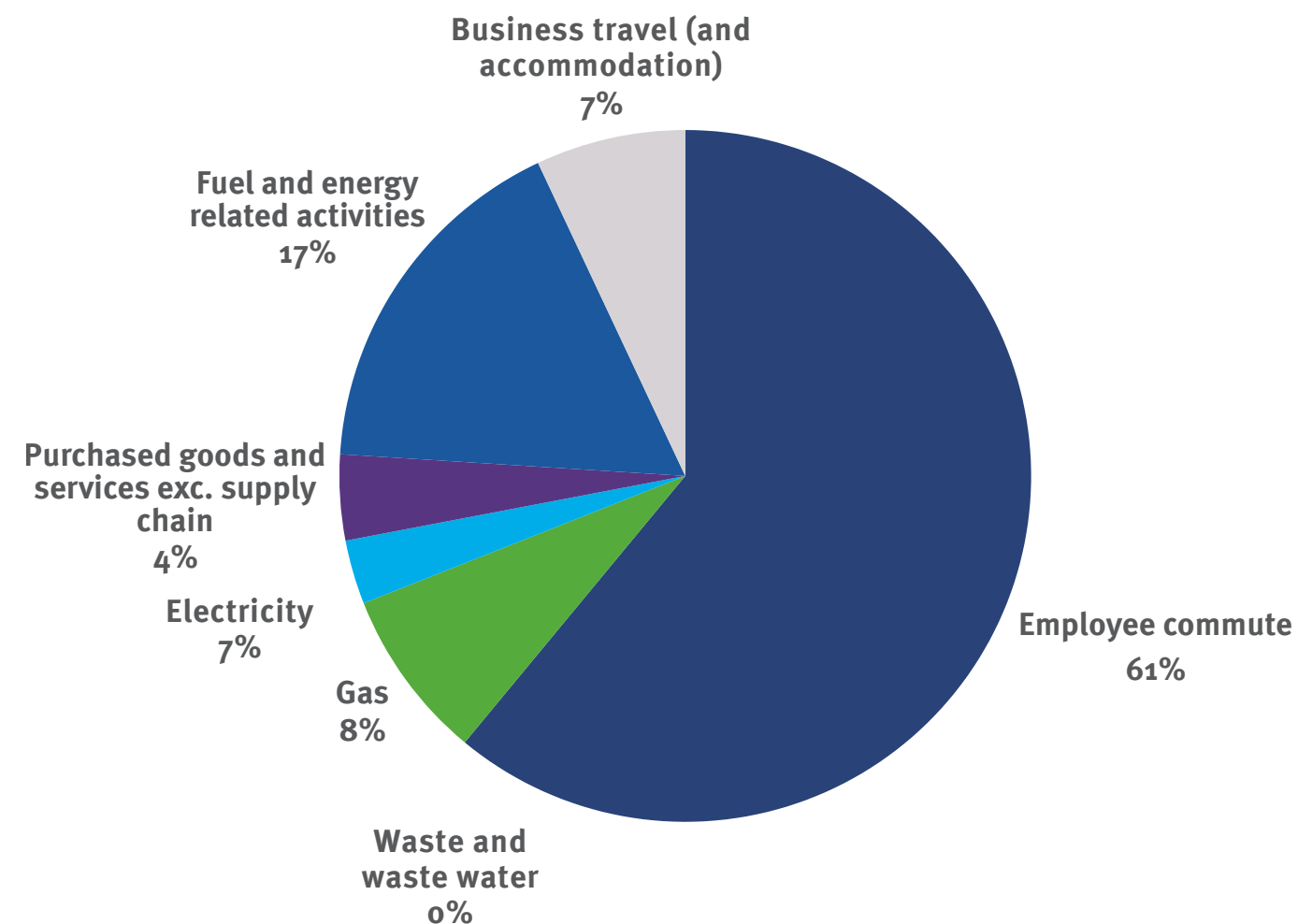
# Carbon footprint results

Our carbon footprint for the 2025-26 financial year is shown in Table 2 and Figure 1. We have a comprehensive GHG inventory and have included as many optional scope 3 categories as possible to ensure that we don't have any significant exclusions.

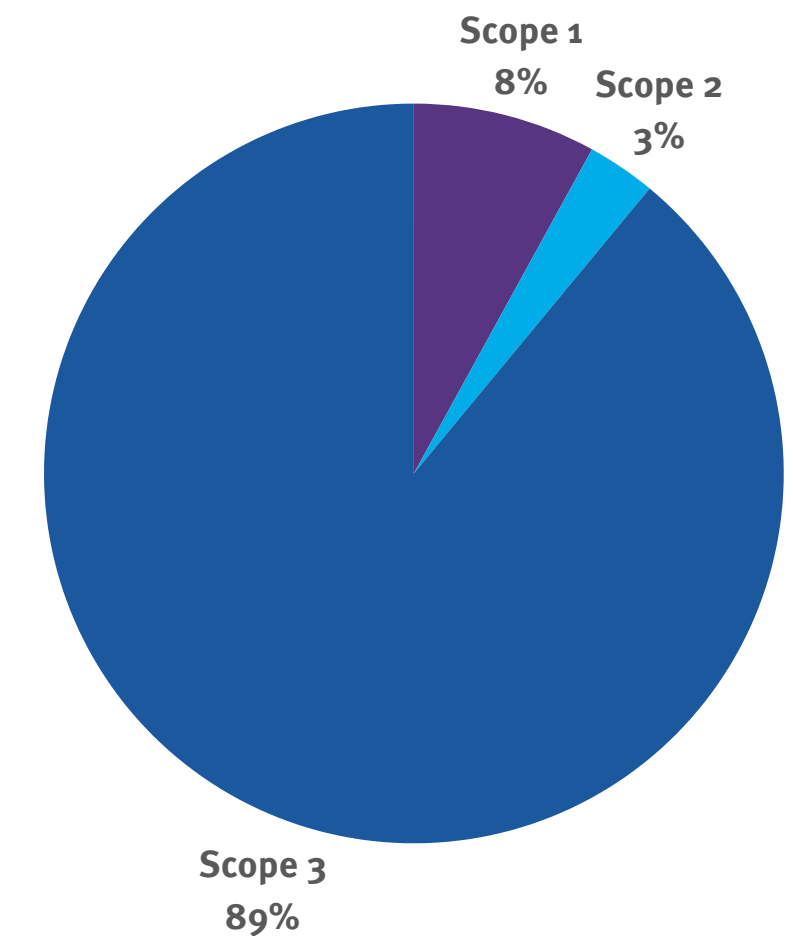
**Table 2 | Total carbon footprint for 2025-26**

| Scope          | Activity                                       | tonnes CO <sub>2</sub> e |              |
|----------------|--|--------------------------|--------------|
|                |  | Location based           | Market based |
| 1              | Gas  | 36.7                     | 36.7         |
| 2              | Electricity                                    | 16.2                     | 1.9          |
| 3-<br>Upstream | Purchased goods and services exc. supply chain | 17.3                     | 17.3         |
|                | Fuel and energy related activities             | 81.9                     | 81.9         |
|                | Waste and waste water                          | 0.3                      | 0.3          |
|                | Business travel (and accommodation)            | 33.8                     | 33.8         |
|                | Employee commute                               | 298.2                    | 298.2        |
|                | Totals   |                          |              |
|                | Scope 1  | 36.7                     | 36.7         |
|                | Scope 2  | 16.2                     | 1.9          |
|                | Scope 3  | 431.5                    | 431.5        |
|                | CO <sub>2</sub> e                              | 484.3                    | 470.0        |

**Figure 1 | 2025-26 carbon footprint (tonnes CO<sub>2</sub>)**



**Figure 2 | 2025-26 carbon footprint by scope**

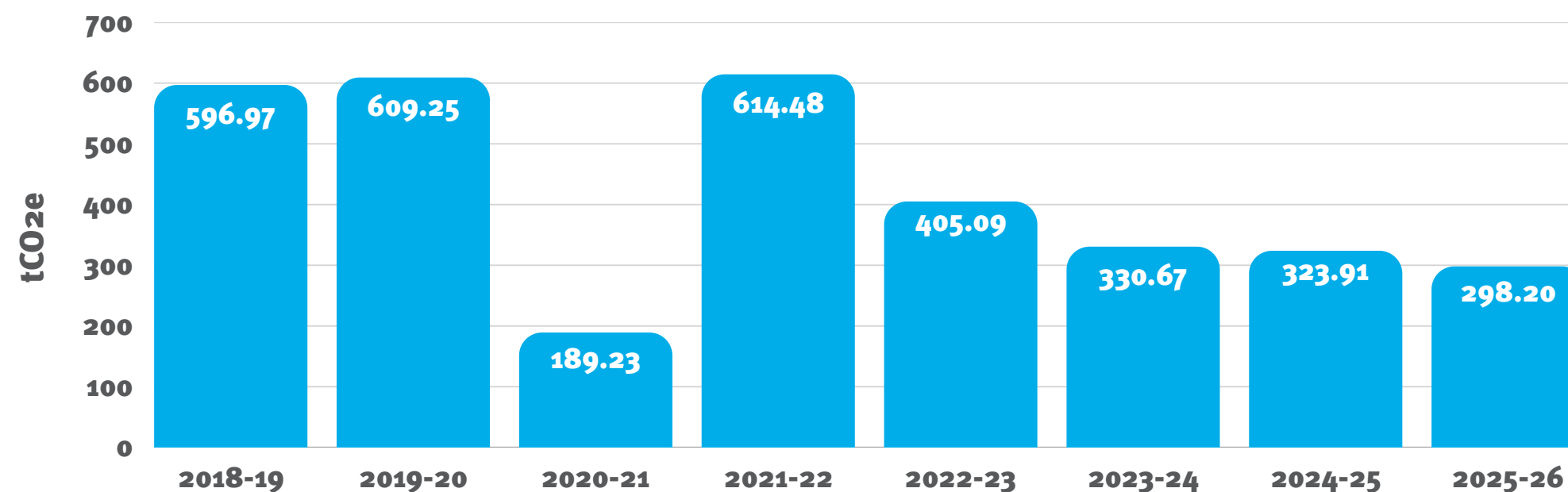


# Changes since the previous report

This year, we added employee commute data to our carbon inventory. To do this we conducted a survey of current colleagues to determine how they travel to work, with just under 70% of colleagues responding. We identified contracted home and hybrid workers from personnel data so that we could separately calculate the impact of those working at home. As we were adding a new scope 3 category to our inventory, in line with our re-baselining policy, we also calculated historic commute emissions. We did this through obtaining postcode data for all workers in historic years and applying the percentage split of travel patterns from the survey to the historical data. Additionally, we calculated the impact of well-to-tank and transmission and distribution losses associated with commute data. These emissions were added to category 3 (fuel and energy-related services).

Figure 3 shows the GHG emissions associated with commute and home working.

Figure 3 | Historical commute and homeworking emissions



## Additional changes

A minor amendment to the categorisation of water supply emissions was made. This was added to category 1 (purchased goods and services) and waste water treatment and office waste was retained in category 5. Waste emissions, although insignificant, were added back in for completeness.

# Performance against targets

During the 2025-26 financial year, we set reduction targets for scope 1, 2 and 3 greenhouse gas emissions (GHG emissions). These were:



## Scope 1

We had a target to reduce our scope 1 GHG emissions by 1%. We exceeded this target and **achieved a 13% reduction** in scope 1 GHG emissions. This reduction was attributable to the sustainable energy management system we have installed across our campus.

## Scope 2

We set a target to reduce our scope 2 GHG emissions by 1% and we **achieved a 5% reduction**. Our scope 2 emissions include electricity from our office and from our electric company cars. We achieved a reduction in emissions over both areas. Last year, solar panels were installed which are, on average, providing around 4% of electricity generation.

\*Based on 2024-25 figures

## Scope 3

We set a target to reduce our scope 3 GHG emissions by 9% but **achieved a 6% reduction** this year. We achieved an 11% reduction in category 1, primarily due to the ongoing efforts to reduce the amount of paper used in our billing and customer communications. Additionally, for category 5, there was a 7% reduction which is related to reductions across our scope 1, scope 2 and employee commute.

However, we had an increase in business travel emissions. In part this was due to a higher demand on hotel stays as a result of us switching to rail travel more frequently, meaning many journeys can't be done in one day. 77% of travel made across the year were by rail, which is an increase from 68% in 2024-25.

## Emissions over time

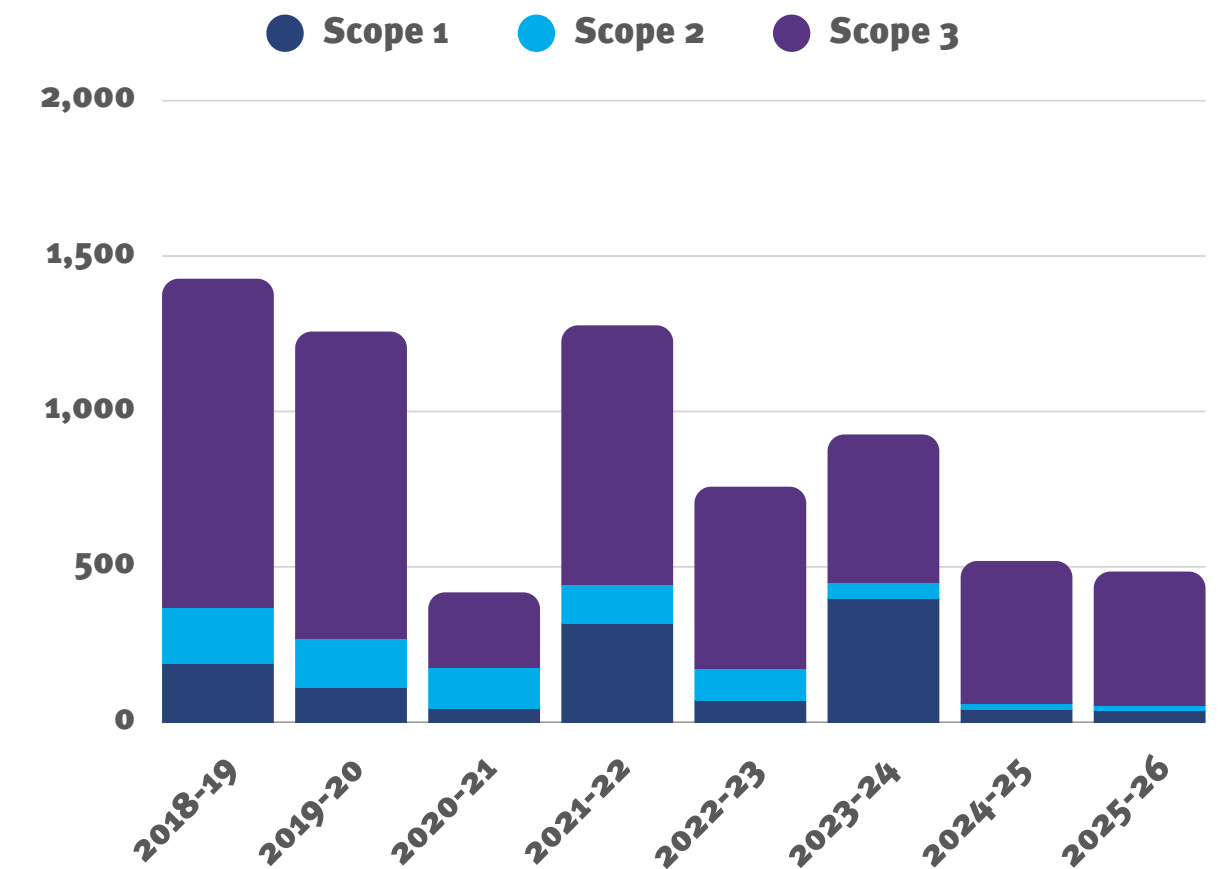
Our base year is the 2018-19 financial year and our emissions over time are shown in the table and figure below. Since 2018-19, we have made substantial reductions in GHG emissions across all scopes. To date, we have reduced our total carbon footprint by 66% since the base year of 2018-19 and total emissions in 2025-26 decreased by 7% compared with 2024-25. Our emissions over time are shown on the next page on Table 3 and Figure 4.

# Performance against targets

Table 3 | Carbon emissions since 2018-19

| Scope        | Activity                                       | tonnes CO2e |         |         |         |         |         |         |         |
|--------------|--|-------------|---------|---------|---------|---------|---------|---------|---------|
|              |  | 2018-19     | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 2024-25 | 2025-26 |
| 1            | Fugitive gas                                   | 61.2        | 7.8     | 3.8     | 297.5   | 50.9    | 372.8   | -       | -       |
|              | Gas  | 0.2         | 0.2     | 0.2     | -       | -       | 25.4    | 42.3    | 36.7    |
|              | Generators                                     | 0.2         | 0.2     | 0.2     | 0.2     | 0.2     | 0.1     | -       | -       |
|              | Company vehicles - all                         | 127.2       | 103.5   | 40.4    | 21.8    | 18.1    | 0.2     | -       | -       |
| 2            | Electricity                                    | 178.9       | 159.4   | 132.4   | 124.8   | 103.7   | 50.4    | 17.1    | 16.2    |
| 3 - Upstream | Purchased goods and services exc. supply chain | 13.5        | 12.0    | 7.4     | 8.1     | 12.3    | 14.8    | 19.5    | 17.3    |
|              | Fuel and energy related activities             | 230.3       | 215.8   | 40.2    | 198.1   | 136.6   | 98.9    | 88.3    | 81.9    |
|              | Waste and waste water                          | 1.3         | 1.3     | 0.1     | 0.4     | 0.5     | 0.5     | 0.3     | 0.3     |
|              | Business travel                                | 216.9       | 147.3   | 3.9     | 12.0    | 30.1    | 31.9    | 27.5    | 33.8    |
|              | Employee commute                               | 597         | 609.3   | 189.2   | 614.5   | 405.1   | 330.7   | 323.9   | 298.2   |
| Totals       | Scope 1  | 189         | 112     | 45      | 319     | 69      | 399     | 42      | 37      |
|              | Scope 2  | 179         | 159     | 132     | 125     | 104     | 50      | 17      | 16      |
|              | Scope 3  | 1,059       | 986     | 241     | 833     | 585     | 477     | 460     | 432     |
|              | CO2e   | 1,427       | 1,257   | 418     | 1,277   | 758     | 926     | 519     | 484     |

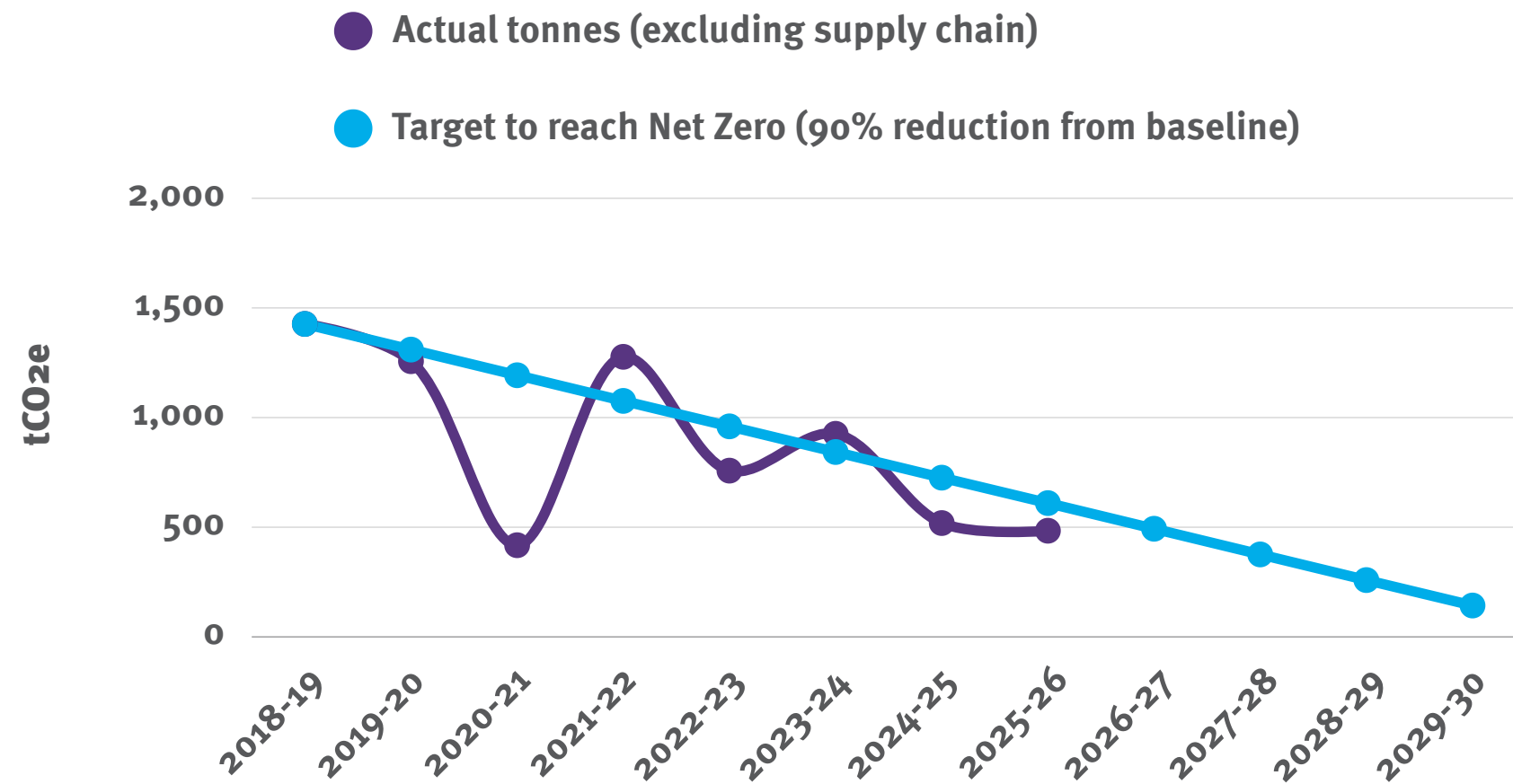
Figure 4 | Total scope 1, 2 and 3 emissions since 2018-19



# Progress towards net zero

We have a target to reach net zero by 2030 from a base year of 2018-19 which includes the parameters outlined in Table 1 of this report. Our progress to date and our required net zero trajectory is shown in Figure 5.

Figure 5 | Progress towards required net zero trajectory



To support our continued efforts, in 2025 we became the first water retailer to formally commit to setting targets through the Science Based Targets initiative (SBTi) and we will submit those targets in 2026-27.

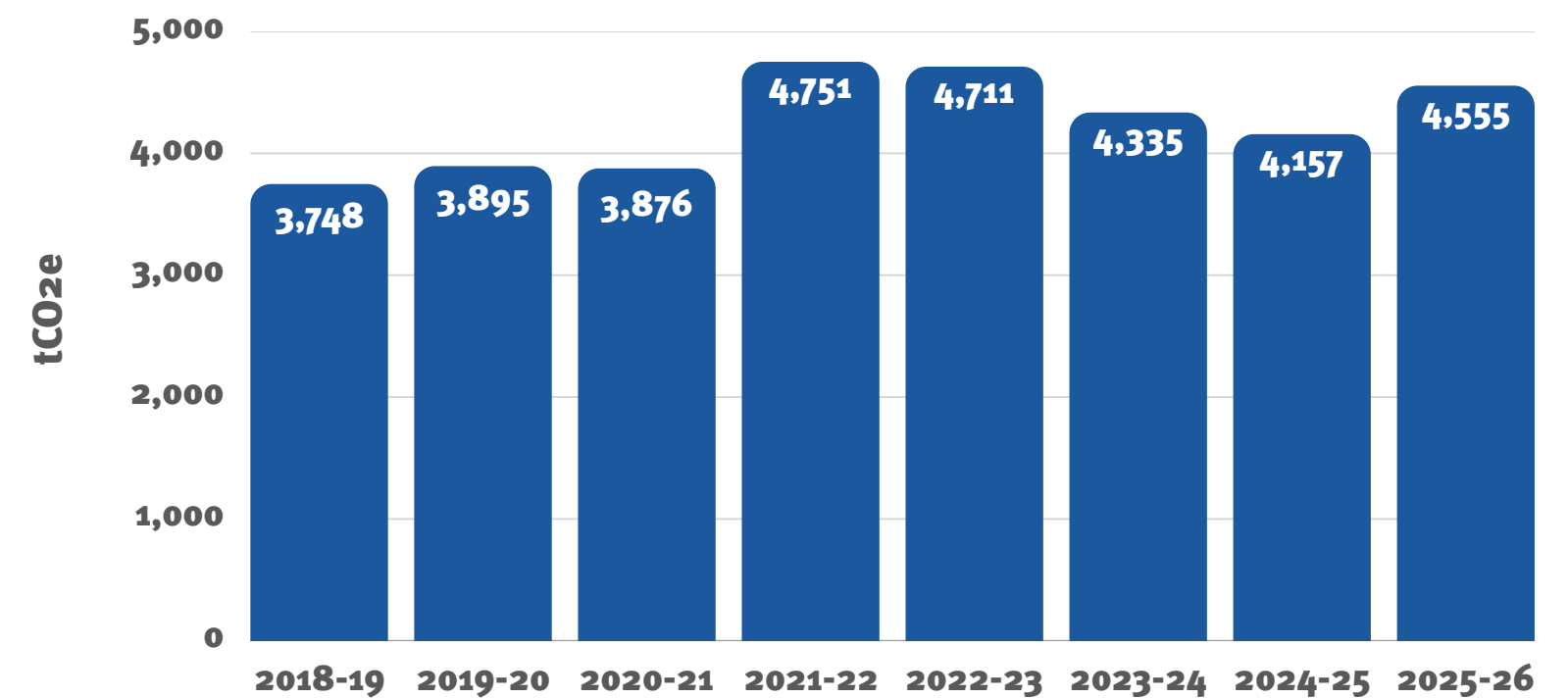
# Supply chain

This year we are reporting on our estimated supply chain emissions. Category 1 supply chain emissions are notoriously difficult to calculate as they rely on data from third parties, some of whom may not have calculated any GHG emissions yet. In line with GHG scope 3 guidance, we have begun the process of calculating our supply chain through spend-based estimates for the suppliers for whom we do not have activity data. For some of our suppliers, we already include activity data within our footprint, and those suppliers have therefore been excluded from this process. We will not be including these emissions in our net zero target at this time as we recognise that all organisations are at a different stage in their own journeys towards net zero; but we will work closely with our key suppliers to better understand their carbon reduction plans and provide support where possible.

We have obtained spend data for the remaining suppliers and applied the principles in our Supply Chain Strategy to include or exclude suppliers according to the services provided, the materiality of their services and the financial value. We have then applied the UK Government spend-based conversion factors to each selected supplier. Making use of spend-based emissions estimates does carry a lower level of certainty in the results, however, we have included 74% of all suppliers during 2025-26 and an average of 67% since 2018-19 so our exclusions are minimal. Over the coming years, we will be working to enhance our supply chain inventory with more detailed activity data where possible and will be working with our suppliers to better understand their carbon reduction plans, to identify opportunities to work collectively and, where needed, support smaller suppliers to improve their own reporting processes.

The results of this project are presented in Figure 6.

Figure 6 | Estimated supply chain GHG emissions



# Carbon reduction projects and activities

Our carbon emissions have reduced substantially since our base year of 2018-19 due to the implementation of several initiatives designed to reduce our greenhouse gas emissions. A summary of our carbon reduction projects and activities are shown in the tables below.

## Performance and targets

| Action  | Status          |
|---|-----------------|
| Implement an Environmental Management System which is certified to ISO 14001: 2015.                   | Achieved – 2020 |
| Compile our carbon inventory following the Greenhouse Gas Protocol                                    | Achieved - 2021 |
| Understand our carbon emissions through measuring and monitoring our carbon emissions monthly.        | Ongoing         |
| Set annual emissions reduction targets in line with the net zero trajectory.                          | Ongoing         |
| Publish an annual Sustainability Report which outlines our progress towards net zero.                 | Ongoing         |
| Communicate our progress internally and externally.   | Ongoing         |
| Continue with our monthly office inspections by our Green Champion team.                              | Ongoing         |
| Provide all colleagues with training and awareness on how they can contribute to our net zero target. | Ongoing         |
| Reduce paper use associated with our billing processes by 20% based on 2025-26 data                   | Target - 2027   |
| Get carbon reduction targets validated by SBTi  | Target - 2027   |

## Sustainable travel

| Action  | Status          |
|---|-----------------|
| Implement and maintain a Climate Conscious Travel Policy.                                       | Achieved - 2021 |
| Change vehicle fleet to electric vehicles.  | Achieved - 2023 |
| Reduce our emissions related to travel through investigating an internal carbon pricing scheme. | Target – 2027   |
| Investigate the impact of employee commute.   | Achieved - 2026 |
| Include employee commute in our carbon footprint  | Achieved - 2026 |
| Promote the uptake of more sustainable modes of travel where possible.                          | Ongoing         |

## Energy efficiency

| Action  | Status                                      |
|---|---|
| Move our IT services to the cloud, reducing energy use and improving data security.       | Achieved - 2022                             |
| Monitor energy consumption monthly.   | Ongoing                                     |
| Work with our landlord to drive forward energy efficiency improvements within the office. | Ongoing                                     |
| Work with the landlord to drive forward renewable energy projects within the office.      | Achieved. Solar panels installed April 2025 |
| Continue to encourage switching off equipment.  | Ongoing                                     |
| Implement further energy efficiency measures where possible within the office.            | Ongoing                                     |
| Implement additional water efficiency measures where possible within the office.          | Ongoing                                     |

## Sustainable procurement

| Action   | Status          |
|--|-----------------|
| Understand and embed the principles of sustainable procurement into all procurement processes. | Achieved - 2023 |
| Improve the accuracy of emissions data from suppliers.   | Ongoing         |
| Consider the environmental performance of any purchased goods.                                 | Ongoing         |
| Calculate carbon emissions associated with our value chain.                                    | Achieved - 2026 |
| Work with suppliers to understand the full impact of our supply chain.                         | Target - 2028   |
| Implement incentives to encourage suppliers to reduce their carbon emissions.                  | Target - 2028   |

## Offsets and removals

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



*Thank you for reading!*



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