

# Carbon Strategy

We set out our Carbon Management strategy in 2007.

Our aims are to:

- Reduce our owned carbon emissions by 26% by 2012 on our 2005/06 baseline
- Halve emissions by 2035
- Influence external stakeholders in support of our aims, and
- Make carbon integral to the way we do business.

To achieve the short term reduction target we proposed the purchase of certified renewable energy to provide 18% of the reduction, with the rest being made up of operational reductions through renewable energy generation and energy efficiency. We've continued these approaches during 2008/09.

However, since we set our strategy the way that the UK government instructs organisations to count their carbon has changed. While the benefit to the environment as a whole is not diminished, we can no longer count all of our efforts as reductions on our own footprint. During the next year we intend to review our carbon strategy to reflect these changes and other impacts such as the forthcoming Carbon Reduction Commitment.

Our proposed investment programme for 2010 to 2015 will see us start to meet our longer term reduction objectives. Carbon assessment tools have helped us with project selection and definition to identify a carbon reduction of nearly 21,000 tonnes carbon dioxide equivalents. We're currently waiting approval for our draft programme from our regulator, Ofwat.

In terms of external influencing, we aim to influence others to ensure we can reduce our carbon footprint through memberships of industry bodies such as Water UK. We also consult with policy makers and regulators. Engagement with external bodies such as Business in the Community (BiTC) and the Prince's May Day network and our involvement in the Carbon Disclosure Project Leadership Index demonstrates our commitment to promoting responsible business practice to others.

In support of our carbon reduction aims, our external influencing also extends to the contracts we operate, to our project partners (such as MWH and Balfour Beatty) and through our supply chain. External measurement and recognition is valuable to the company as it sets standards for us to achieve and we are pleased that our carbon management work in our water business achieved the Carbon Trust Standard this year.

Our approach to internal engagement aims to make carbon an integral part of our culture. Examples include our carbon champion network, Think Carbon leadership programme and embedding carbon into decision making and process.