

# Progress on our strategy

There are four elements to our carbon strategy. Two relate to carbon reduction and the other two relate to engagement to stimulate change.

## Carbon reduction

In 2007 we set out our aim to reduce our owned carbon emissions by 26% by 2012. At this time we predicted that we could achieve 18% of this through the purchase of certified renewable energy and the remaining 8% through the generation and use of our own renewable energy and improving energy efficiency.

We've continued to pursue this approach over the last two years. Since the strategy was agreed, we have maintained our purchase of certified renewable energy and also generated additional renewable energy equivalent to nearly 14,000 tonnes carbon dioxide equivalents (tCO<sub>2</sub>e) through our combined heat and power engines. These convert sewage gas into power for use within our treatment process. Together, these two activities equate to 87% of the carbon emissions we pledged to reduce by 2012.

However, we are faced with a problem. While there is no issue with the carbon reductions from reducing the amount of energy we use from programmes such as pump efficiency, the methodology the UK government sets for accounting for emissions has changed since we set our target. This means that we can no longer count our purchase of certified renewable energy or our generation of it, where we sell on the associated renewables obligation certificates (ROCs), as reductions against our footprint (please see the [carbon footprint](#) section for analysis on how this has impacted this year's footprint).

So, while we have continued to pursue these actions, believing them to be the right approach for our business and the wider environment, our immediate challenge is to review our strategy in light of the accounting changes to determine what effect this has on our approach and aims (see [future challenge](#) section for further discussion).

Our strategy also set a target for a 50% reduction in CO<sub>2</sub>e emissions by 2035. Our approach to achieving this is closely linked to our [Strategic Direction Statement](#) aims – we want to reduce the carbon associated with the operation of our water assets through our investment programmes. Over the last year, we have made the first steps towards this longer term goal by including carbon reduction aims in our draft investment plan for 2010-2015.

## Engagement

The other two elements of the strategy refer to engagement. Firstly, we want to ensure our employees help deliver the necessary carbon reductions and make carbon integral to our activities. Secondly, we also engage with our external stakeholders to help ensure a political and regulatory environment that allows us to make the reductions.

In terms of employees, we've continued to roll out our Think Carbon programme with a series of carbon leadership workshops. These aim to equip our employees with the knowledge, confidence and tools to inspire others to take actions to reduce carbon impacts. We delivered 10 workshops in

2008/09 and will deliver 20 overall in 2009/10 involving around 400 employees. We have maintained and expanded our network of carbon champions who support and inspire carbon actions across the business.

We have continued discussions with external regulators regarding the carbon reductions we wish to make in our AMP5 capital investment programme. We continue to engage externally through Water UK and also directly on government policy on carbon reduction and accounting