

# Net Zero roadmap

December 2025

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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

A soft-focus background image showing a pair of hands gently cradling a small globe. The globe is light blue and green, representing the Earth. Several green leaves are visible, some resting on the hands and others floating around the globe, symbolizing environmental care and the natural world.

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

## 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 AES and South Staffordshire Plc use their influence and networks to not only reduce their 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 AES and the 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 AES, 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.



# 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 83.07% 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

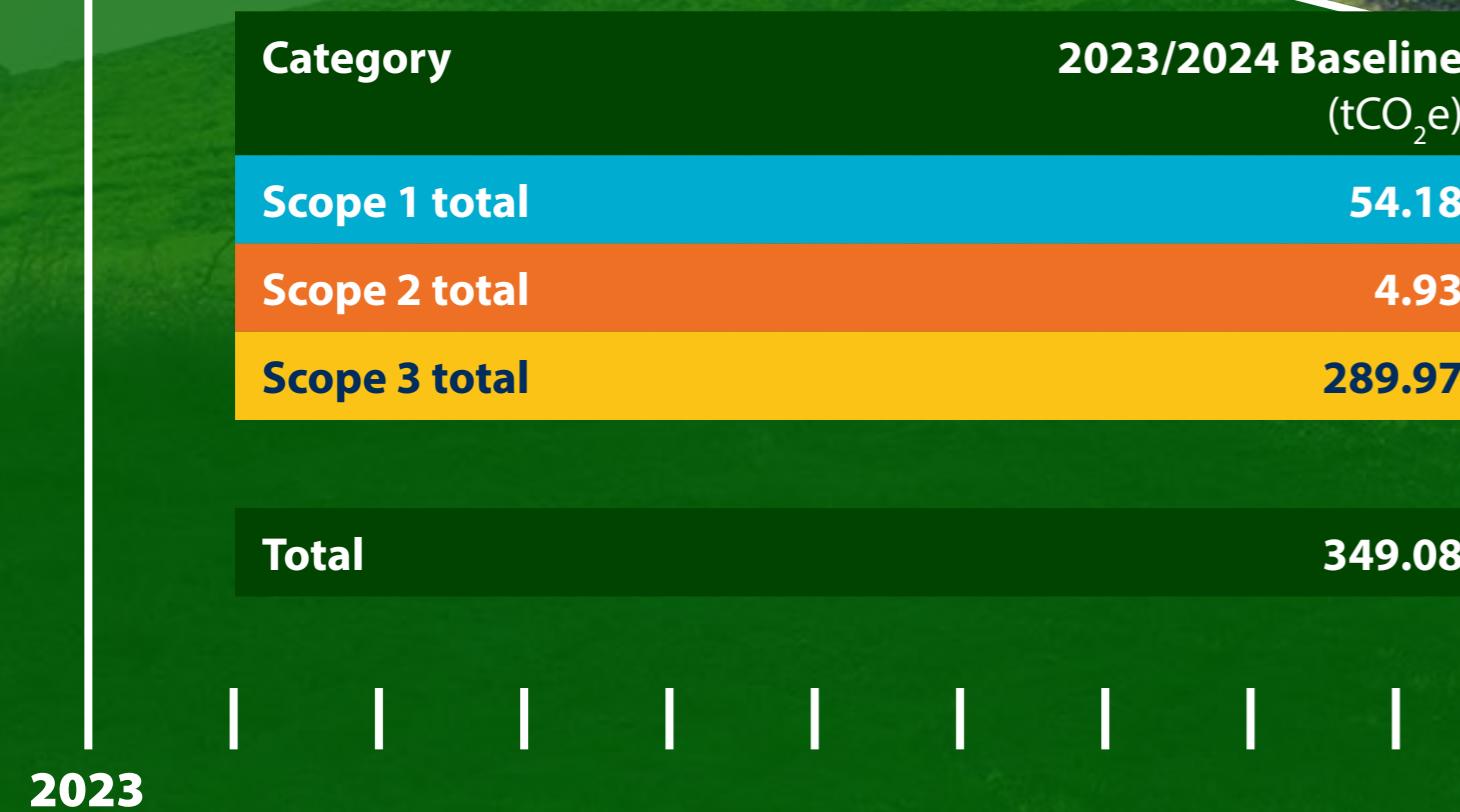
Our journey to Net Zero begins from our baseline year of 2023/24. From here, we commit to reaching Net Zero by 2050 across all our operations and throughout the supply chain. No matter how we grow or change, we are committed to an absolute reduction. We will push forward with our key actions to drive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

**Total emissions:** 349.08 tCO<sub>2</sub>e

## 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
-  Support stakeholders with their net zero ambitions
-  Support sustainable methods of travel

By 2050, we will reach  
**net zero**



## 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.

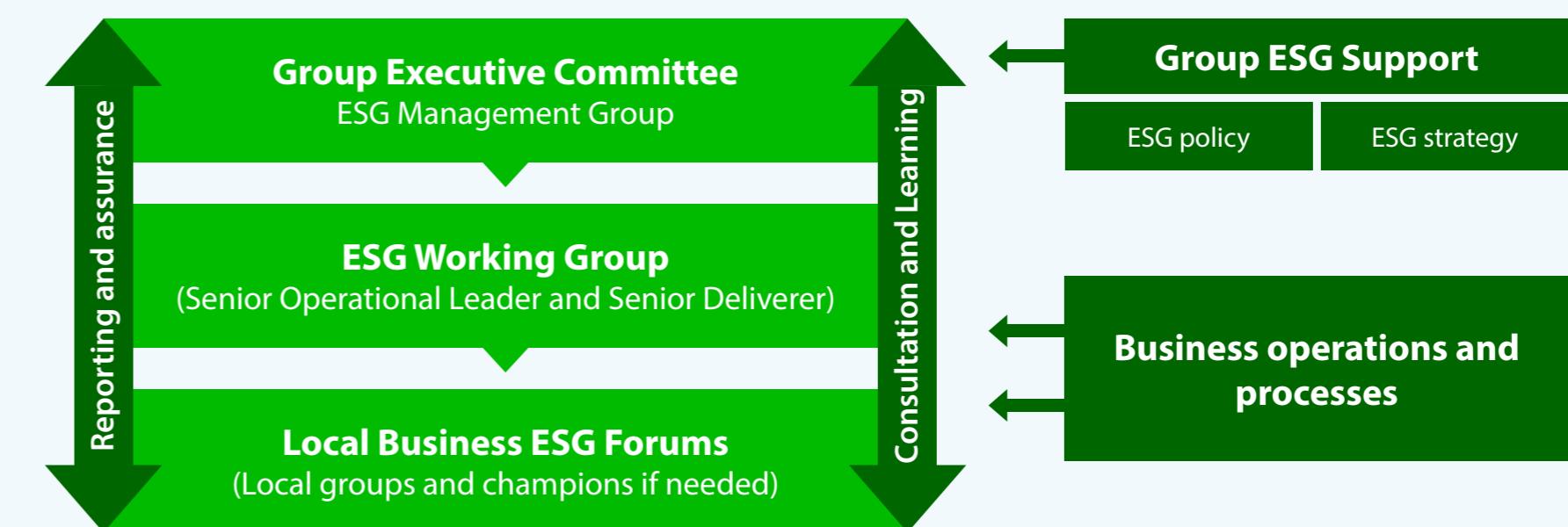
The ESG Management Group has been formed, and a Groupwide diverse set of individuals has been co-opted to form an ESG Working Group.

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

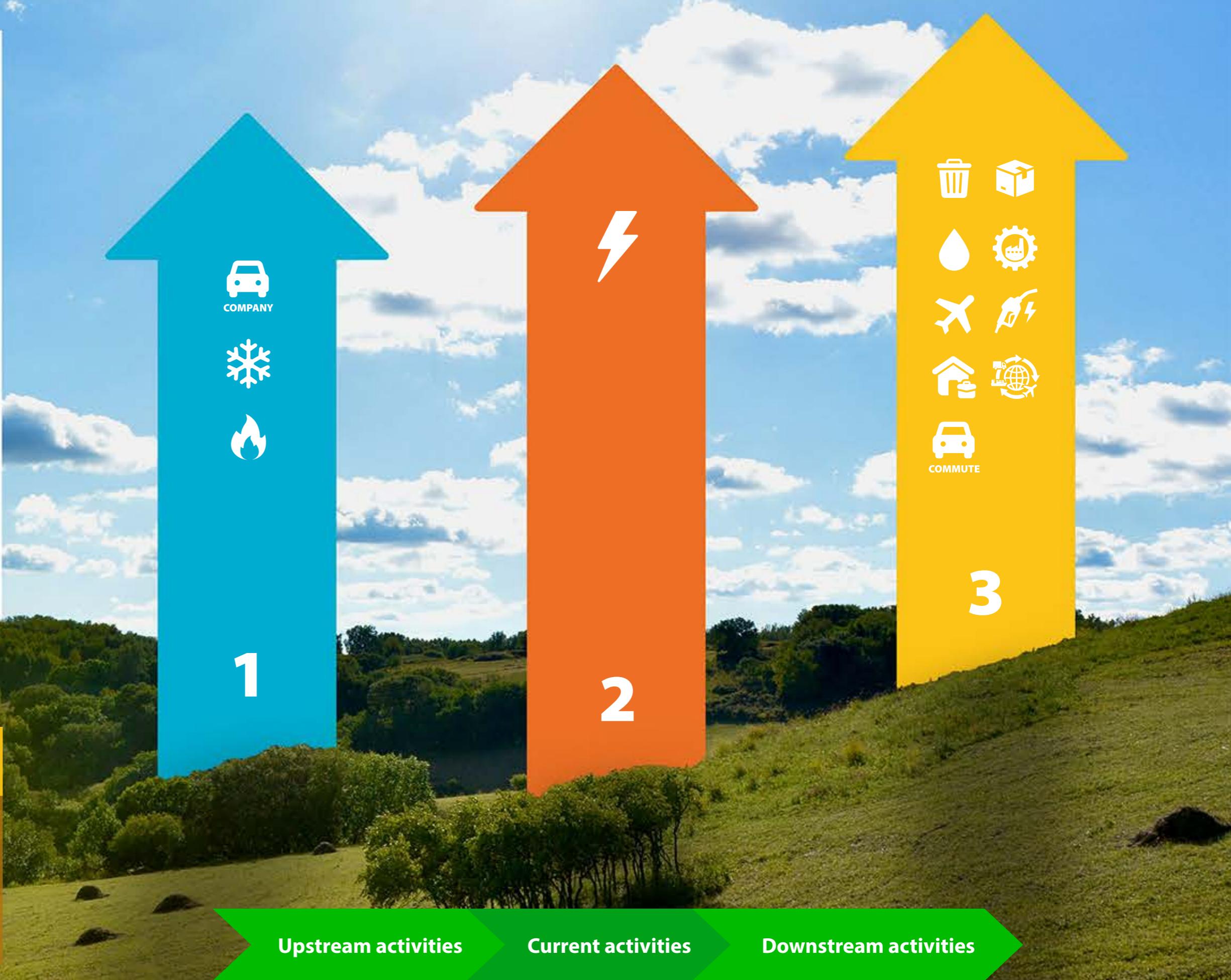
# Our current position

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
<ul style="list-style-type: none"><li>company vehicles</li><li>refrigerants</li><li>stationary combustion</li></ul>	<ul style="list-style-type: none"><li>electricity</li></ul>	<ul style="list-style-type: none"><li>waste</li><li>water</li><li>business travel</li><li>working from home</li><li>staff commute</li><li>purchased goods and services</li></ul> <ul style="list-style-type: none"><li>capital goods</li><li>fuel and energy related activities</li><li>upstream transportation</li></ul>



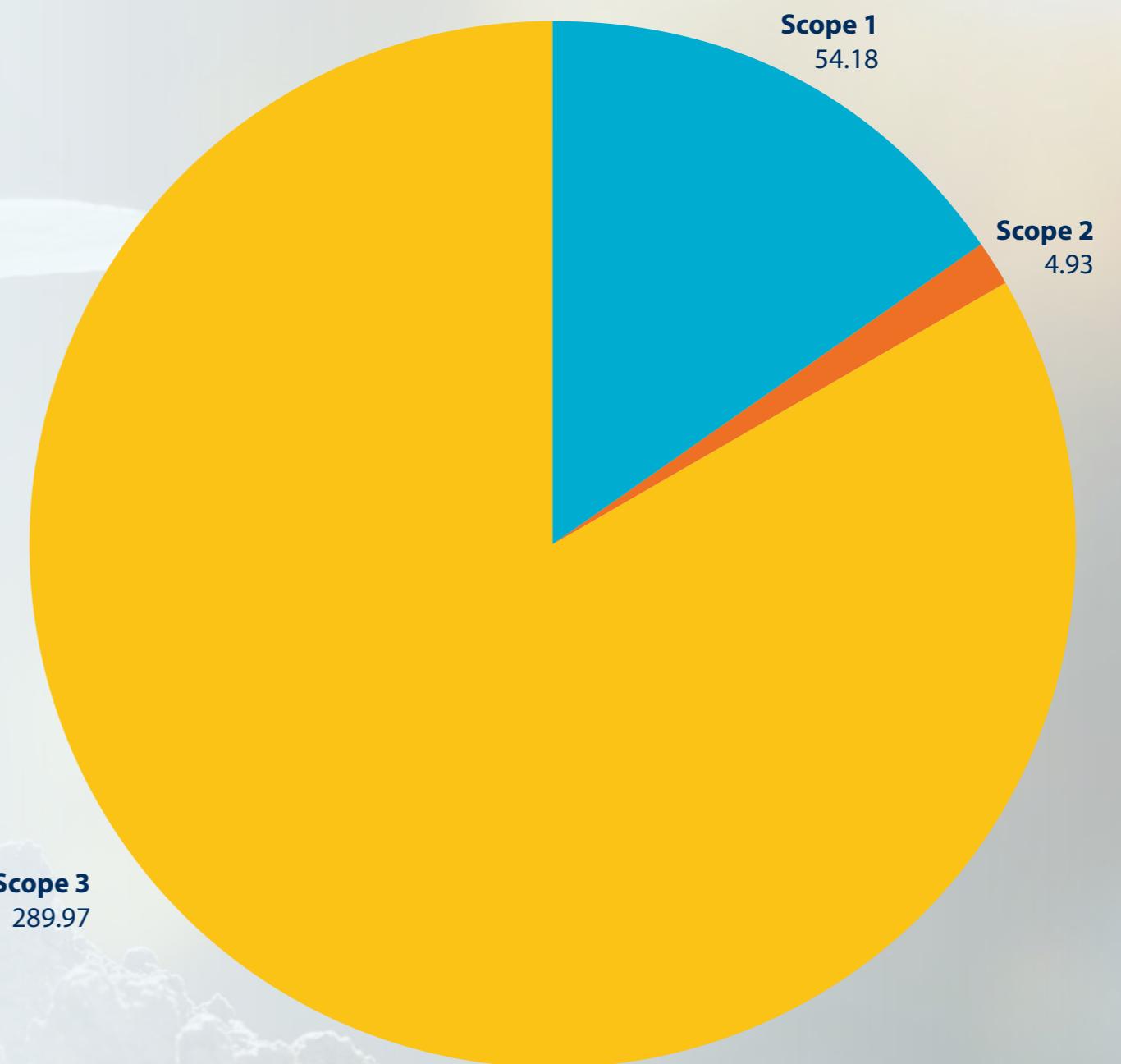
## Our carbon baseline

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.

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.

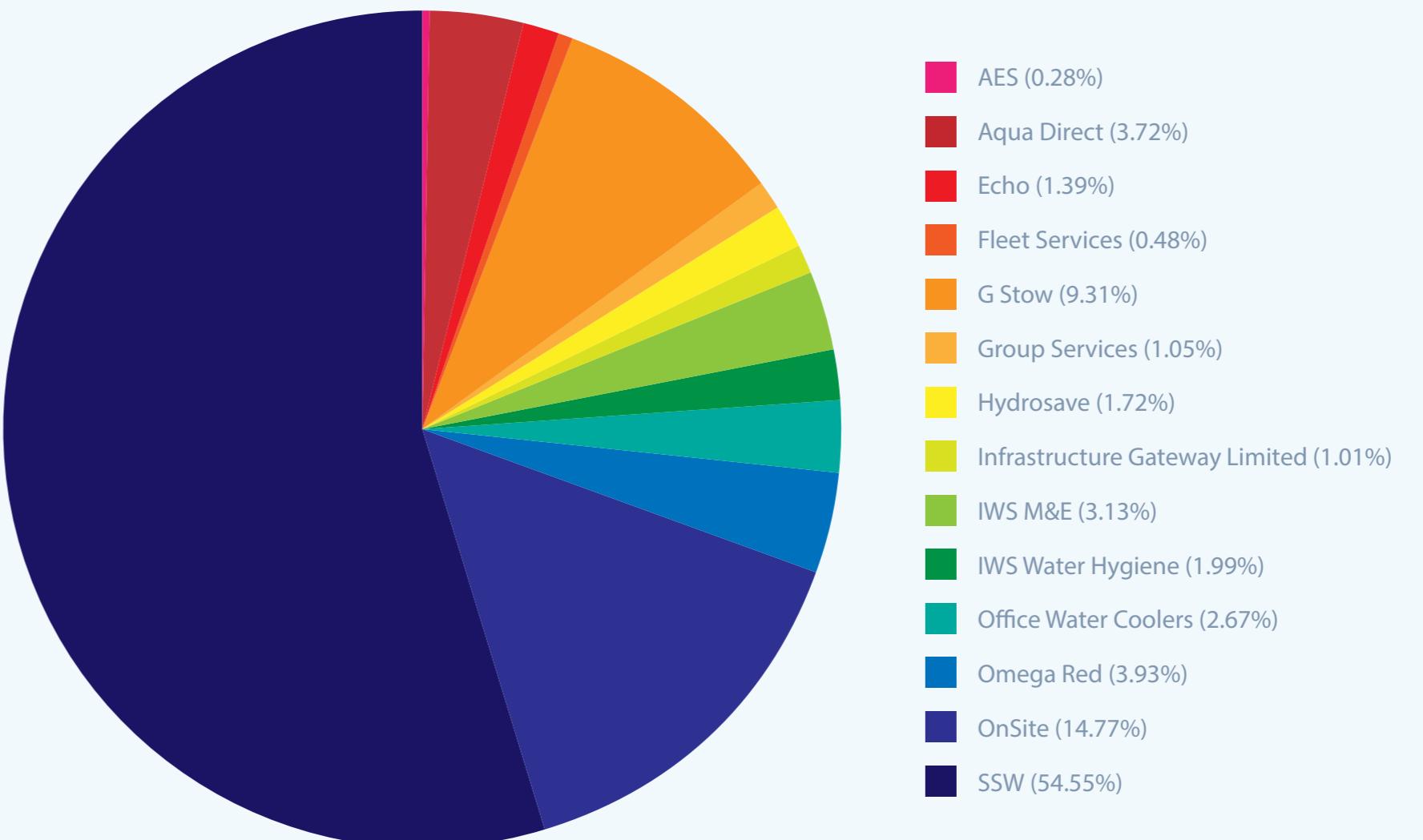
### Our operations (scope 1 and scope 2)

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

AES will aspire to reduce our operational emissions (Scopes 1 and 2) by 90% 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.

## 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, businesses within the Group 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

## Trade unions

While trade unions are not a key stakeholder for AES, we acknowledge they may be a key stakeholder to our partners and, therefore, our plan is aligned to the current government strategy and to supporting our partners in delivering Net Zero.

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.

We will make sure our apprentice programmes and partner links, such as the Armed Forces Covenant, 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.



# 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



# Summary of our reduction action plan

Category	2023/2024 Baseline (tCO <sub>2</sub> e)	2035 Target (tCO <sub>2</sub> e)	2050 Target (tCO <sub>2</sub> e)
<b>Scope 1 total</b>	<b>54.18</b>	<b>20.05</b>	<b>5.42</b>
Stationary combustion	12.52	4.63	1.25
Company vehicles	36.64	13.56	3.66
Fugitive emissions	5.02	1.86	0.50
<b>Scope 2 total</b>	<b>4.93</b>	<b>3.12</b>	<b>0.49</b>
<b>Scope 1 &amp; 2 total</b>	<b>59.11</b>	<b>21.87</b>	<b>5.91</b>
<b>Scope 3 total (emissions intensity) (per £1000 of revenue)</b>	<b>0.1002</b>	<b>0.0626</b>	<b>0.010</b>
Purchased goods and services	0.0695	0.0434	0.0070
Upstream transport	0.0124	0.0077	0.0012
Employee commute	0.0085	0.0053	0.0009
Others	0.0099	0.0062	0.0010
<b>Scope 3 total (absolute)</b>	<b>289.97</b>	<b>108.74</b>	<b>29.00</b>
Purchased goods and services	200.96	75.36	20.10
Upstream transport	35.89	13.46	3.59
Employee commute	24.59	9.22	2.46
Others	28.54	10.70	2.85



## 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, AES 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 heating of the building and a small air conditioning unit.

Such emissions make up 15.5% of our overall emissions and is indicative of the noticeable impact we have on the environment around us.

Category	2023/2024 Baseline (tCO <sub>2</sub> e)	2035 Target (tCO <sub>2</sub> e)	2050 Target (tCO <sub>2</sub> e)
Stationary combustion	12.52	4.63	1.25
Company vehicles	36.64	13.56	3.66
Fugitive emissions	5.02	1.86	0.50
<b>Scope 1 total</b>	<b>54.18</b>	<b>20.05</b>	<b>5.42</b>



## Stationary combustion

AES uses fossil-fuel-related heating and generators for operating site work. Our key actions for review and implementation are focused on:

**Innovation and additional capital spend:** exploring insulation improvements and heat pumps.

**Low-regret efficiency actions and indirect reductions:** implementing efficiency measures through direct actions such as lowering thermostats by one degree, as well as achieving natural reductions through boiler and heater upgrades.

### Core dependencies and actions:

Technology will be the key dependency in providing a cost-effective alternative to a gas-powered heating system.



## 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, therefore, the majority of our mobile combustion is due to company vehicles. A small proportion also comes from mobile generators and the forklift truck. For a growing company, we understand the importance of alternative fuels so that AES's growth is not restricted.

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. Having access to 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 replacing our vans we to upgrade them so they are more energy efficient. In the longer term we will be investigating the available options for suitable vehicles which run off alternative fuel.

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 the associated risks of mobile generators and forklift trucks using alternative fuel.

### Core dependencies and actions:

Whilst we are strongly reliant on diesel vans to provide our services across the country, we will review 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 AES, our clients and customers.

## Fugitive emissions | Air conditioning

While AES do have a small air conditioning unit the fugitive emissions are minimal. This unit is subject to 6 monthly servicing to ensure the emission's are kept to the minimum.

Our key actions for review and implementation are focused on:

- **Innovation and additional capital spend** | Explore replacing refrigerants for 'green' ones with lower global warming potentials.

# 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 1.41% of the AES's overall emissions.

Category	2023/2024 Baseline (tCO <sub>2</sub> e)	2035 Target (tCO <sub>2</sub> e)	2050 Target (tCO <sub>2</sub> e)
Purchased electricity	4.93	3.12	0.49
Scope 2 total	4.93	3.12	0.49



## Our power actions

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 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.

# 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, delivery of the goods we purchase and employee commuting.

These account for 83.1% 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.

The target for scope 3 will be measured as an economic emissions intensity with revenue as the economic output for intensity calculations to more accurately record the progress of a growing company (Absolute values have been included in this document for reference).

Scope 3 (absolute)	2023/2024 Baseline (tCO <sub>2</sub> e)	2035 Target (tCO <sub>2</sub> e)	2050 Target (tCO <sub>2</sub> e)
Purchased goods and services	200.96	75.36	20.096
Capital goods	6.96	2.61	0.696
Fuel and energy-related emissions	12.61	4.72875	1.261
Waste generated in operations	0.79	0.29625	0.079
Business travel	8.18	3.0675	0.818
Upstream transportation	35.89	13.45875	3.589
Employee commuting	24.59	9.22125	2.459
<b>Scope 3 total</b>	<b>289.98</b>	<b>108.74</b>	<b>29.00</b>

Scope 3 total (emissions intensity) (per £1000 of revenue)	2023/2024 baseline	2035 target	2050 target
Purchased goods and services	0.0695	0.0434	0.0069
Capital goods	0.0024	0.0015	0.0002
Fuel and energy-related emissions	0.0044	0.0027	0.0004
Waste generated in operations	0.0003	0.0002	0.0000
Business travel	0.0028	0.0018	0.0003
Upstream transport	0.0124	0.0077	0.0012
Employee commute	0.0085	0.0053	0.0008
<b>Total</b>	<b>0.1002</b>	<b>0.0626</b>	<b>0.010</b>

## 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 AES and accounts for 69.3% of our Scope 3 emissions. This affects 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 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 AES doing its part. It is critical that our suppliers create Net Zero plans and lifecycle assessments, then follow and achieve their plan.



## 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.

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. 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 to achieve rapid reduction of emissions, beyond the actions in government policy.



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