
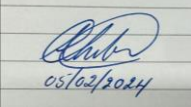
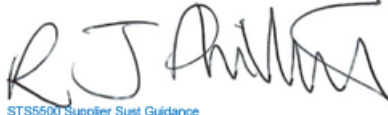




## SEVERN TRENT SERVICES

Contract	All STS Subcontracts
Document title	STS Supplier Sustainability Guidance (the basis for future Supplier Sustainability Standards in STS)
Document number	STS 5500
Project Name	All Projects for Goods, Works and services
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Revision number	Issue date	Description of revision	Section / pages revised
1.0	26Oct23	First issue	All
2.0	31Jan24	Updated to reflect comments, feedback and STS Sustainability Plan. Specifically: Reporting requirements	

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# Guidance

<b>Title</b>	<b>STS 5500 STS Supplier Sustainability Guidance</b>
<b>Why</b>	<p>This document provides the necessary guidance to ensure that STS Suppliers remain aware of, and compliant with, the evolving requirements for sustainability in STS business operations. This document reflects the current requirements of Severn Trent PLC, STS Customers, and industry good practice for all aspects of sustainability.</p> <p>Due to the evolving and increasing awareness of sustainability, this guidance document will be regularly reviewed and updated to reflect best practice. In time, this guidance document will develop into a standards document which will become mandatory for future goods, works and services provided under contract.</p>
<b>Who</b>	This guidance incorporates Severn Trent Group company requirements and applies to Severn Trent Services (STS) and all STS suppliers engaged on STS supplier subcontracts.

<b>Must Have's</b>	
<ul style="list-style-type: none"> <li>• Access to the latest version of this guidance document/future standard document;</li> <li>• Recognition of the broad scope of sustainability in STS which includes Net Zero ambitions and Social Value commitments;</li> <li>• Awareness of current sustainability requirements of Severn Trent Group for sustainability and Environmental, Social and Governance (ESG) reporting;</li> <li>• Access to the published sustainability requirements of STS customers;</li> <li>• A willingness to adopt good practice, implement innovations and share ideas in relation to all aspects of sustainability.</li> </ul>	

<b>Summary Must Do's</b>	
<ul style="list-style-type: none"> <li>• This guidance document/future standard must be read in conjunction with the Records, Appendices and References specified.</li> <li>• In the interests of encouraging sustainable business, suggestions are invited from all parties on improvements to this document which better support sustainability;</li> <li>• Seek advice in the event of any queries relating to this guidance document;</li> <li>• Provide sustainability, Net Zero and Social Value data when requested.</li> </ul>	

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## Background

As recognised by Severn Trent PLC, the topic of sustainability is vitally important to our many stakeholders and is integral to the resilience of all organisations and businesses for the long term. Severn Trent Services (STS) are fully committed to sustainable operations and an increasing number of STS Customers are also developing their own sustainability plans and priorities. STS customers have a growing interest in how we (STS, and the STS supply chain) can support them in achieving their own sustainability objectives. Increasingly over time, STS and STS suppliers will be required to demonstrate their sustainability commitments and credentials in pursuit of new business opportunities and to support retention of existing contracts.

As a water and wastewater services organisation, we have first-hand experience of the impacts of climate change which provides our focus on water and the environment, and which underpins our purpose to “take care of one of life’s essentials”. It is our firm view that we all have a part to play in operating sustainably, whether this is by minimising the impacts of climate change, reducing our carbon footprint or improving the environment and communities we serve. In particular, we see our suppliers as supply chain partners who have an equally important role in meeting the climate change challenges which lie ahead.

The purpose of this document is to explain our approach to sustainability, to engage with all STS suppliers and to recognise that we need to adopt an open and flexible approach to ensure that innovation and best practice is shared for the benefit of all. This document will evolve over time and readers are invited to contribute to ensure that the sustainability aims and objectives remain clear, meaningful, current and proactive. This document will initially provide guidance on the STS approach to sustainability and over time will evolve into a standard document which will be mandatory when forming part of STS supplier contracts.

## Sustainability in Severn Trent Services

Sustainability is a broad and wide-ranging topic, spanning climate, social, environmental and commercial challenges so we have structured an approach which is designed to be practical and meaningful to all, regardless of the size of the supplier organisation, as we all have a part to play in sustainability. As well reflecting the requirements of the Severn Trent Group, STS needs to ensure that our sustainability plan aligns with that of our key customers in terms of scope and definitions.

**SEVERN TRENT SERVICES: FOCUS ON FIVE** is the name of our sustainability plan, which underpins everything we do. We’re focused on five goals that will guide us to become a more sustainable business and help our customers and suppliers to do the same.

### 1. Becoming operationally net zero by 2030

- As we do our work, we produce greenhouse gases that warm the planet and cause dramatic changes in weather patterns that adversely impact society.
- We aim to cut our emissions in several ways, for example, by working with our customers to use renewable energy sources.
- Each STS business unit is different due to the customers they serve but all parts of STS have the ambition to achieve operational Net Zero emissions by 2030. We are developing a clear definition of operationally Net Zero to ensure consistency of approach across organisations and this will align with the approach adopted by all Severn Trent Group companies.

### 2. Decarbonising our vehicle fleet by 2030

- The petrol and diesel vehicles we all use to do our jobs are big emitters of carbon dioxide – one of the greenhouse gases accelerating the climate crisis.
- To combat this, we plan to migrate to an all-electric fleet of small vans and company cars and influence our biggest suppliers to follow our lead.
- We recognise that technology is emerging and that for some vehicles and suppliers, there are few alternatives available at this time. However, we believe that we all have a role to play in decarbonising our fleet and at least starting the discussion to do so.

### 3. Creating and investing in a diverse, talented and inclusive workforce

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- STS seeks to reflect the diverse communities that it serves. We are keen to work with suppliers that share our high standards and values, and who are equally committed to our customers, communities, and the environment.
- STS is committed to building opportunities for people in the regions we work and will contract with local suppliers wherever possible.
- Our continued commitment to investing in our people and providing them with work that truly makes a difference is something that we wish to encourage within our supply chain.

**4. Adding greater value to the communities we work in**

- Our day job is to deliver value to our customers using our water and wastewater expertise. But we aim to go much further than that. We want the regions we work in to benefit from our wider skills and resources too.
- Whether that’s through inspiring school children to conserve water or by rolling up our sleeves to get involved in community projects – we’re committed to making a tangible difference to wider society.

**5. Identifying and delivering sustainable solutions for our customers**

- As the experts for anything related to water or wastewater, we have a big part to play in improving our customer’s environmental performance.
- From supporting them to reduce their water footprint to helping them to prevent pollution. Through innovating and exploring the latest technologies, the opportunities are endless.
- We recognise that our suppliers are experts in their field and are well placed to identify ideas, opportunities and innovations. As a result, we are keen for suppliers to share their ideas on how we can all improve sustainability by working towards Net Zero and improving Social Value.

During 2023 we developed our STS Sustainability Plan so that metrics within each of the five pillars can be measured and monitored within the STS Sustainability Scorecard. As reporting develops further, we will seek to introduce sustainability reporting metrics for key suppliers, in a way which utilises existing data sources, rather than creating an additional administrative burden.

**Sustainability in STS Customer Organisations**

STS has contracts with public and private customers in most sectors across the UK. Whilst none have defined terms for sustainability in existing contracts, we are seeing an increasing trend of a greater focus being placed on sustainability. For example, some local councils and regulated water companies are allocating up to 30 percent of the available tender evaluation marks to the contractor’s commitment and approach to Net Zero and Social Value.

In practice, there is no single standard emerging from STS customers and our approach is to capture all aspects which are likely to be required by existing and new STS customers. Where customers have not defined an approach, our aim is to recommend the STS Sustainability Scorecard as a methodology for recording and monitoring progress towards achieving Net Zero and in delivering Social Value.

As one of life’s essentials, water is integral to the Climate Change challenge, and it is becoming more visible on the sustainability agendas of our key customers and stakeholders. STS wishes to position itself and its supply chain to be able to deliver sustainable, innovative solutions to meet customer requirements. Early investment in this area will ensure that from a business point of view, the STS and STS supplier organisations remain more sustainable in the long term.

**Sustainability Across Severn Trent PLC Organisations**

It should be noted that if a supplier to STS is also a direct supplier to Severn Trent Water Limited, the STS supplier sustainability requirements will be deemed to have been met, without the need to demonstrate a separate sustainability commitment to STS. However, this is subject to:

- Sustainability reports and data shall be specific for STS; and
- If specific STS Customers require higher levels of reporting, the higher standard shall apply.

## Supplier Sustainability Commitments and Requirements

Our view is that STS suppliers have a key role to play in supporting the sustainability objectives of STS and STS Customers. This is an evolving area so whilst not mandatory, the expectation is that STS suppliers will comply with the following requirements.

Requirement	Purpose	Timeline
Nominated Senior Person for Sustainability (does not need to be a dedicated role)	To be the lead contact for sustainability within the supplier organisation	To be nominated no later than contract commencement date.
Sustainability Plan, Policy Statement and/or Commitment	To demonstrate the STS supplier's commitment to sustainability	Shared no later than contract commencement date
Sustainability awareness training for supplier staff	To raise awareness and understanding of the importance and value of sustainability.	Demonstrated during the contract period.
Sustainability (Net Zero and Social Value aspects) data sharing	To assess the current position and monitor future progress	As required by the contract

## Priority Areas for Supplier Sustainability – Net Zero Ambition

For the water and wastewater services provided by STS, the following have been identified as priority emission areas and are therefore expected to be, or become, areas of focus for STS suppliers. It should be noted that all STS supplier emissions are classed as Scope 3 emissions for STS.

Priority Area	Purpose	Comments
Operational Carbon - Transport	How to decarbonise vehicle and plant fleet over time	Severn Trent has committed to decarbonising it's fleet by 2030.
Operational Carbon - Chemicals	Understand and minimise the Carbon cost of chemicals	To include all aspects from raw materials to delivery
Operational Carbon – Waste	Minimise wastage, minimise waste to landfill, maximise recycling/reuse and repurposing of surplus materials.	This is a focus area for most STS Customers
Embedded (aka Embodied) Carbon – Construction	Ensuring Carbon cost assessments are undertaken pre-construction	May be undertaken by STS at project feasibility or design stages
Commitment to developing an overall Net Zero target	A current or future commitment to achieving Net Zero	Dependent on the nature of the goods, works and/or services.

## Priority Areas for Supplier Sustainability – Social Value Ambition

For the water and wastewater services provided by STS, the following have been identified as the priority areas for suppliers.

Priority Area	Sub Topic	Comments
People & Values - Diversity & Inclusion	Demonstrating equal opportunity through no discrimination for Gender, Ethnicity, Orientation, Disability etc	Any/all data to be anonymised
People & Values - Developing Talent	Investing in Apprentices, Graduates, Career Development	This is a focus area for STS Customers
Community Value	Encouraging staff to volunteer and support local communities	With STS or separately
In addition, suppliers will be expected to demonstrate compliance with broader standard policies such as Modern Slavery Act (MSA) and Real Living Wage (RLW) requirements.		

## Sustainability Reporting Requirements for STS Suppliers

The evolving nature of this subject means that sustainability reporting requirements are evolving and will inevitably increase over time. Whilst reporting requirements are still being developed by most STS Customers, STS considers that it is good practice to report performance against key metrics where the information is available and/or where there is value in demonstrating improvements towards Net Zero and Social Value sustainability ambitions.

In listing these sustainability reporting requirements for STS suppliers, STS is keen to avoid additional work for supplier organisations. Consequently, where a supplier is already preparing sustainability reports for other customers, STS is willing to review the format and frequency of sustainability reporting and to adopt alternative formats if this is easier or more efficient.

Using the five pillars of the STS sustainability plan, the following tables summarise the proposed standards for sustainability reporting by STS suppliers. All reporting should be on a financial year basis, with each year starting on 1<sup>st</sup> April and should relate to, or be associated with, the services specifically provided to STS by the Supplier. Reporting frequency varies according to the value of work with STS.

### Carbon emissions data

STS Sustainability Pillar	Reporting Category	Supplier Type	Frequency
STS Pillar 1: Operationally NZ by 2030	<b>Basic Reporting</b>	<b>ALL</b>	-
	Scope 1 & 2 emissions (and turnover)	ALL (unless already determined carbon footprint can be produced, as below) – excluding key suppliers (see below)	Annually
	Carbon footprint of services provided or Life cycle assessment for products.	ALL (unless data is not available in which case attribution of emissions will be used, as above) – excluding Key Suppliers where enough accurate information is supplied as below.	Annually
	<b>Detailed Reporting</b>	<b>Key Suppliers: Top 50 (and high emissions impact areas)</b>	-
	Amounts of Waste generated or collected as part of services by destination e.g. Landfill, Recycled, Energy from Waste etc	Key suppliers	Monthly
	Carbon emissions from electricity usage in supplying goods & services (attributed supplier Scope 2)	Key suppliers	Quarterly
	Recycled Materials Use	Key Suppliers	Quarterly
	Progress to NZ commitment (if applicable)	Key suppliers	Annually
	Volumes of Chemicals supplied	Key Suppliers – Chemicals Only	Monthly
	STS Pillar 2 – Decarbonise Vehicles by 2030	Carbon emissions from fuel* used in supplier of goods or services (attributed supplier Scope 1 - fuel use)	Key suppliers
Supplier progress on decarbonising fleet		Key suppliers	Quarterly



**Social Value Reporting**

STS Sustainability Pillar	Reporting Category	Supplier Type	Frequency
STS Pillar 3: Social Value: Diverse and Talented Workforce	Gender Diversity (%)	Key suppliers	Annually
	Ethnic Diversity (%)	Key suppliers	Annually
	New Talent: number of apprentices, graduates and interns	Key suppliers	Annually
	Disabilities (%)	Key suppliers	Annually
	Mental Health and Wellbeing programmes/initiatives	Key suppliers	Annually
STS Pillar 4: social Value: Value to Communities	Community Projects (Nr & Value)	Key suppliers	Quarterly /Annually
	Compliance with existing standards (MSA, RLW)	<b>All Suppliers</b>	Annually

**Sustainable Solutions**

STS Sustainability Pillar	Reporting Category	Supplier Type	Frequency
STS Pillar 5: Sustainable Solutions	Innovations Implemented	<b>Key Suppliers:</b> Top 50 (and high emissions impact areas)	Quarterly
	Industry/Sector Innovations	<b>Key Suppliers:</b> Top 50 (and high emissions impact areas)	Quarterly

Where meetings are held with suppliers for key goods and services frameworks or construction projects, sustainability shall be included as a standard item on meeting agendas as soon as practicable. Reporting requirements will vary according to the goods, works or services being supplied.

STS is keen to ensure that sustainability reporting does not become a burden for the supplier so reporting requirements shall be discussed, and better alternative formats developed, especially where other customers of the supplier have defined alternative formats.

Please note that Severn Trent Services (STS) operates as a separate business and different legal entity to Severn Trent Water (STW), with additional requirements which meet the needs of STS customers. If you are a supplier who also supplies Severn Trent Water, any data requested by Severn Trent Services is to be treated as a separate request, though STS will usually be happy to receive data in the STW format.



<b>Appendices</b>
<p>A. STS Sustainability Policy (Plan extract)                      B. STS Supplier Onboarding Sustainability Requirements                      C. Sustainability Guidance and Information Resources List</p> <p>Further appendices being developed by STS:</p> <ul style="list-style-type: none"> <li>• STS specific Carbon reduction plan</li> </ul>

<b>References</b>
<p>Severn Trent Services and Severn Trent PLC reference Documents and hierarchy:</p> <ul style="list-style-type: none"> <li>• <a href="#">ST PLC Sustainability Plan – Jun23</a></li> <li>• <a href="#">Severn Trent PLC Supply Chain Charter – Dec21</a></li> <li>• <a href="#">Severn Trent PLC Sustainable Procurement Statement – May23</a></li> <li>• <a href="#">Severn Trent Services Supplier Management Homepage – Date as webpage</a></li> <li>• Severn Trent Services Sustainability Homepage – Link to be created in Jan24</li> </ul>

Appendix A – STS Sustainability Policy (STS Plan Extract)

# SECURING A FUTURE

We have a vision to become the leading provider of water and wastewater services and products in the UK. We'll achieve this by consistently delivering great service, and through the commitments we make to our customers, communities, and the environment.

The five goals we set out to achieve are predicated on who works for us and how we behave – not just what we do. That's why we're creating and investing in a workforce that represents the wonderful diversity of the UK and shares the same values and appetite for making positive and long-lasting societal changes.

There's never been a more pressing time to pick up speed on sustainability. Climate change is already impacting our lives. Working in the water industry, we see first-hand how temperature changes affect water demand, supply, and treatment. For example, heavier rainfall and storm events place greater pressure on the water and wastewater assets we manage.

The good news is that we've always strived to run an efficient and sustainable business that cares deeply about the future repercussions of what we do today. And while we've got plenty more to do, we won't stop until all five outcomes become a reality.

But how do we muster up the energy every day to turn our vision into a reality? We do this by creating meaningful work that allows our people to improve our local communities while remaining focused on becoming operationally net zero by 2030.

For us, that's what running a more sustainable organisation looks and feels like. It's about caring for the long-term impacts of what we do and helping our customers to do the same. As Severn Trent Service's first Head of Sustainability, my job is to accelerate the five outcomes that we believe will make the biggest difference.

**FOCUS ON FIVE** is the name of our sustainability plan. It's a basket of bold commitments anchored around achieving net zero operational performance, adding greater value to our communities, and offering our customers more sustainable and high-performing solutions that help improve their environmental performance too.

**Robin Phillips**  
Head of Sustainability,  
Severn Trent Services

**Appendix B - STS Supplier Sustainability Requirements During Onboarding**

All suppliers of goods, works or services must be registered on the Severn Trent Group SAP Ariba system. Regardless of whether instructed under an STS contract or using a Purchase Order/Purchase Requisition, payments cannot be made by STS to Suppliers unless a supplier is already registered on SAP Ariba. Any work requests made by STS without supplier pre-registration shall be referred by the Supplier to the STS originator and the STS Supplier Contract Management team.

The following elements relating to sustainability are included either within the SAP Ariba onboarding process or within the STS Tender and Contract award process:

Sustainability Related Requirement	Where Stated or Stipulated			
	Technical & Commercial Pre-Selection	SAP Ariba Onboarding	STS Contract Ts&Cs	STS Purchase Order/ Requisition Ts&Cs
Doing the Right Thing	N/A	Doing the Right Thing – The Severn Trent Way	Any additional requirements specified in STS Contract	N/A for smaller contracts
Ecovadis Assessment	N/A	Severn Trent PLC Supply Chain Charter Dec21 (p2)	Any additional requirements specified in STS Contract	N/A for smaller contracts
Commitment to SBTs for High Impact Suppliers	N/A	Severn Trent PLC Supply Chain Charter Dec21 – Page 3	Any additional requirements specified in STS Contract	N/A for smaller contracts
Modern Slavery Act (MSA) 2015 Compliance	STS Supplier Appraisal Questionnaire(s)	Severn Trent PLC Supply Chain Charter Dec21 – Page 4	Specified in Contract Requirements (STS 2310)	Satisfied by SAP Ariba Onboarding
Commitment to the Real Living Wage (RLW)	N/A	Severn Trent PLC Supply Chain Charter Dec21 – Page 4	Specified in Contract Requirements (STS2310)	Satisfied by SAP Ariba Onboarding
Equal Opportunities (Diversity & Inclusion Commitment)	STS Supplier Appraisal Questionnaire(s)	Severn Trent PLC Supply Chain Charter Dec21 – Page 4	Satisfied by SAP Ariba Onboarding	Satisfied by SAP Ariba Onboarding
Commitment to STS Supplier Code of Conduct Requirements	STS Supplier Appraisal Questionnaire(s)	N/A	Important requirements to be included in contract <u>and</u> reviewed regularly (annually)	N/A for smaller contracts
Reporting of Sustainability Data	N/A	N/A	Specified in Contract Requirements (STS 2312)	N/A for smaller contracts

**High Sustainability Impact Supplier Categories**

The following categories are considered to be high impact from a Net Zero (Carbon) and/or Social Value perspective and will provide the focus and priority for reporting returns.

- Waste
- Sewage & Tankering
- Chemicals
- Fleet
- Construction

## Appendix C - Sustainability Guidance and Information Resources List

The following provides a resource list for sources of sustainability information and guidance which may be of use to STS suppliers.

### Guidance – Net Zero:

- [Home - Supply Chain Sustainability School \(supplychainschool.co.uk\)](https://supplychainschool.co.uk)
- [Guidance | GHG Protocol](#)
- [UK - SME Climate Hub \(businessclimatehub.org\)](https://businessclimatehub.org)

### Emissions Factors & Carbon Calculations:

- [Greenhouse gas reporting: conversion factors 2023 - GOV.UK \(www.gov.uk\)](https://www.gov.uk)
- [SME Carbon Footprint Calculator | The Carbon Trust](#)
- [Environment Agency carbon calculator tool | Institution of Civil Engineers \(ICE\)](#)

### Social Value

- [The National TOMs - Social Value Portal](#)
- [UK Government Social Value Model](#)
- Social Value/Supplier Specific Resources (particularly relevant where STS Customers require the TOMs Social value model to be used):
  - [10 Steps to Cyber Security - NCSC.GOV.UK](https://www.ncsc.gov.uk)
  - [Cyber Essentials scheme: overview - GOV.UK \(www.gov.uk\)](https://www.gov.uk)
  - [Good Work Plan - GOV.UK \(www.gov.uk\)](https://www.gov.uk)
  - [The Mental Health at Work Commitment – Mental Health At Work](#)
  - [Thriving at Work: the Stevenson/Farmer review on mental health and employers \(publishing.service.gov.uk\)](https://publishing.service.gov.uk)

Additional information and guidance is available from STS by contacting the STS Sustainability Team at: [sustainability@stservices.co.uk](mailto:sustainability@stservices.co.uk). Should you have any suggestions for sources to be added to this list, please let us know using the above email address.

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