

WONDERFUL ON TAP

SEVERN  
TRENT

**OUR COMMITMENT  
TO SUSTAINABLE  
PROCUREMENT**



# AN INTRODUCTION

This is our first Sustainable Procurement Statement; outlining our commitment, approach and ambitions for the future. It is supported by our Sustainable Supply Chain Charter which sets out the key principles and behaviours we expect all suppliers to live by and reflect through their work with us.

## ABOUT US

We provide fresh clean water to 4.8 million households and businesses across the Midlands and North and Mid-Wales. Collecting around 2 billion litres daily from reservoirs, rivers and underground boreholes, we clean it to the highest standards of drinking water quality, before sending it through an extensive network of pipes to our customers.

At the same time, we remove wastewater – safely, sustainably, and reliably - through our network of sewers and treatment stations. These sewage works carefully screen, filter and treat the wastewater to stringent environmental standards before returning it to the water system. We recycle some waste products to fertilise farmland and use circular principles to reintroduce other types of waste into the value chain.

Our Green Power business generates renewable energy, and we deliver water and waste treatment services to other organisations through our Business Services division.

## OUR SUPPLY CHAIN

None of this would be possible without around **2,000 partners** supporting our Group companies, delivering a range of services, from building treatment works to the cleaning and maintenance of our sites and offices. Our partners range in size, from global-level operations to a wide range of SMEs. Each year we spend around **£1.4 billion** through our supply chain, **over 99%** of which is based in the UK.

Sustainability is a vital goal for our business, and our suppliers are critical in helping us reach the ambitious goals we set ourselves in this area. We work closely and collaboratively to make sure they understand our goals and can support us; helping them to build their own knowledge and capabilities at the same time.

Our dedicated Supply Chain Sustainability team is responsible for developing this strategy. The team works with Procurement, Contract Management and Capital Commercial teams in building relationships with suppliers and delivering our ambitious commitments.



Our supply chain is an integral part of our business. With sustainability built into everything we do at Severn Trent, I'm delighted that we have the expertise and support of our supply chain partners on our journey.

This is our first Sustainable Procurement Statement and I'm proud of the progress we've made so far. There's more to do and we'll continue to focus on this, aiming to make a positive difference for our stakeholders, customers and the world around us.



**Helen Miles**  
Designate Chief  
Financial Officer

# DELIVERING SUSTAINABILITY

## OUR PURPOSE: TAKING CARE OF ONE OF LIFE'S ESSENTIALS

Sustainability is important to everything we do as a company. Our business plan is to meet our customers' needs today, but without compromising the ability of future generations to do the same.

To see the sustainability section of our corporate website [CLICK HERE](#)

Our Sustainability Framework integrates our environmental, social and governance ambitions and establishes sustainability as an integral part of our business plan.

Working closely with our supply chain is integral to the delivery of our purpose:

- Ensure we take care of the environment;
- Help people to thrive; and
- Continue to be a company you can trust.



### TAKING CARE OF THE ENVIRONMENT

Our customers expect us to ensure a sustainable water cycle, and we are committed to doing so while maintaining and supporting the health of our natural environment. We have also made specific pledges to restore and protect our rivers. We make the most of our resources through conservation and innovation, and aim to adapt to and mitigate climate change.



### HELPING PEOPLE TO THRIVE

We are more than a service provider – we are committed to helping the people of the region we serve. We support them by making sure our service is affordable for everyone and making a positive difference in the community, especially for the most vulnerable among us. We provide a fair, inclusive and safe place to work, and we invest in skills and knowledge for our employees and our wider community.



### BEING A COMPANY YOU CAN TRUST

As a business that lives our values, we are open about what we do and we share what we know for the betterment of our industry and our region.

We run our company for the long-term, prioritise strong governance and balance the interests of all our stakeholders in all our business decisions.

The United Nation's Sustainability Development Goals are a 2030 blueprint for a better and sustainable future for all. As a significant UK business, we have committed to these goals. You can find more about this in our latest Sustainability Report, which you can view [HERE](#).

# OUR COMMITMENT TO SUSTAINABLE PROCUREMENT

## OUR AMBITION

To make sustainability a natural part of our business planning and strategic decision-making.

## HOW WILL WE DO THIS?

### **Working closely with our supply chain:**

We will make sure that at the same time as meeting our needs for goods and services, our supply chain partners deliver against our commitments.

To do this, we'll look to our suppliers to help us drive positive action for the communities we serve, the people we work with and our environment.

### **Sustainability throughout the process:**

We will have discussions – and make decisions – based on sustainability factors, right at the start of the design and procurement process.

This will make sustainability a central part of the entire life cycle of our contract with each supplier.

### **Have a minimum standard for all suppliers:**

Our [Sustainable Supply Chain Charter](#) sets out what we expect from every supplier; recognising that some aspects will be more relevant than others.

### **Look to the areas of greatest impact:**

Over and above our Charter, we'll work even more closely with suppliers where we identify there being higher potential areas of risk and the chance to have a greater impact.

## OUR DRIVERS

### **What will make this work for Severn Trent and our supply chain?**

#### **DAY-TO-DAY TEAMWORK**

Engaging, communicating and working closely with all stakeholders

#### **PARTNERSHIPS**

We're committed to joining up with industry groups, NGOs and experts, to learn best practice and improve our approach

#### **RESPONSIBILITY**

Everyone across the Severn Trent Group who works with our supply chain partners has a shared responsibility to make this happen

#### **TRANSPARENT REPORTING**

We'll be open in reporting progress against our plan and the decisions we make as a result

# OUR COMMITMENT TO SUSTAINABLE PROCUREMENT [cont.]

## KEY OUTCOMES – WHAT DOES SUCCESS LOOK LIKE?

We will:

- **Deliver better outcomes** – for our customers, our colleagues, our supply chain, our investors, the society we live in and the environment we depend on
- **Improve how we manage risks** –including supply chain resilience, modern slavery and labour welfare, climate change, health of our natural environment and resource scarcity, as well complying with regulations and laws
- **Continue to provide value for money for our customers** - through innovative, more efficient and sustainable solutions; and
- **Uphold our long-standing commitment to sustainability** – deliver against our ambitious sustainability commitments and goals.



# THE DETAIL – HOW WE ARE MAKING A DIFFERENCE TOGETHER

The activity to deliver sustainability sits with a range of people – inside and outside of Severn Trent. Working together, we can all deliver an approach that is ambitious, but also accountable and responsive.

## PROCUREMENT, CONTRACT MANAGEMENT AND CAPITAL COMMERCIAL TEAMS

Our strategy – and its delivery – is a responsibility of the entire business. This is even more the case for those who work directly with our suppliers and has been reflected in their personal objectives since 2021. At the same time, we introduced sustainable procurement into certain key job descriptions.

All roles are required to complete expert-led Modern Slavery Awareness, Sustainable Procurement and Ethics Training as a minimum, and we continue to work closely with the Supply

Chain Sustainability School to upskill across other areas of sustainability relevant to each role.

We formed a Supply Chain Sustainability Team to support our strategy. They help to build knowledge and capability – in external teams and with suppliers – using regular training and engagement. At the same time, the Team has developed tools and processes to make sure we always think about sustainability, truly embedding it and making it easier to adopt.

## SUPPLIERS

It's important to us that suppliers know what we want and that support is available. Suppliers need to build their own approach and we help them to develop their knowledge and capability. At the same time, we seek their own expert knowledge to help us with our own challenges. We embrace working with SME's and work closely to form partnerships that are supportive and collaborative.

We deliver this through our partnership with the Supply Chain Sustainability School, In-person Supplier Summits, Supplier onboarding events, 1:1 engagement, training events and dedicated supplier communications. Through these channels we make sure that what we expect is relevant and appropriate to the supplier activity and their environmental and social impact.

## STRATEGIC PARTNERSHIPS

We recognise the importance of calling upon experts outside of Severn Trent to guide and challenge our approach, as well as work in collaboration with like-minded organisations to drive shared ambitions.

Examples include:



# THE SUPPLIER JOURNEY



## RELEVANCY MATRIX

Launched in 2022, this tool highlights the sustainability issues most likely in key supplier categories; allowing contract owners to adopt a tailored approach to sourcing strategies and supplier selection. This also plays a part within IGP objectives as well as mandatory training.



## SUPPLIER SELECTION

In 2022, we fully reviewed our standard supplier selection questions and contract clauses to match our ambitions, including a new requirement to set and deliver against a Science-based Target.



## OUR SUSTAINABLE SUPPLY CHAIN CHARTER

Since 2018, our Charter sets out the key principles and behaviours we expect all suppliers to live by and reflect through their work with us. In 2022, 100% of contracted suppliers actively signed-up to the Charter.



## ECOVADIS ASSESSMENT

Upon contract award, we ask suppliers to complete assessment through EcoVadis; a sustainability ratings platform. This independently assesses suppliers based on their environmental and social impact, management approach and performance.



## DEDICATED SUSTAINABILITY ENGAGEMENT

Our expert Supply Chain Sustainability Team prioritises and engages with high-impact suppliers on specific initiatives including carbon and Modern Slavery.



## CORRECTIVE ACTION PLANS

Managed by contract owners, supplier-specific corrective action plans are developed using their EcoVadis Assessment Scorecard. We work in collaboration with suppliers to identify and address opportunities for improvement.

# PRIORITIES AND PERFORMANCE

Our Sustainability Framework outlines the broad range of environmental, social and governance ambitions we're committed to delivering against as a business, however we recognise the importance of setting priorities in Sustainable Procurement. Our current priorities reflect where we can currently make the most impact and drive tangible change across our supplier base.

Priority Area 2023/24	Our commitment	Performance measure	Aspirations
 <p><b>Improving Sustainable Procurement Practices</b></p>	<p>We are committed to embedding environmental and social considerations within our processes; ensuring effective and targeted delivery of our sustainability ambitions through our supply chain.</p> <p>This includes adopting a tailored approach to effectively manage supply chain sustainability risks and opportunities.</p>	<ul style="list-style-type: none"> <li>• Demonstrate improvement in our 2020 score against the ISO20400 benchmark</li> </ul>	<p>With a number of initiatives and tools launched this year, we will focus efforts on embedding and ensuring adoption of these; including our relevancy matrix and Corrective Action Plans through EcoVadis.</p> <p>We will also look to prioritise key activities to drive improvement against ISO 20400.</p>
 <p><b>Carbon and Climate Change</b></p>	<p>Scope 3 is a major source of our emissions, and therefore dedicated engagement and collaboration with our suppliers is key to better understanding and ultimately reducing our emissions. We have prioritised our two largest sources of indirect emissions; capital construction and purchased goods and services. Digital reporting solutions, training and engagement, toolkits and commercial mechanisms will help us achieve this.</p>	<ul style="list-style-type: none"> <li>• 70% of suppliers, by emissions, to have set a Science-based Target by 2026.</li> <li>• Embed the use of our Capital Design Toolkit.</li> </ul>	<p>Build upon our progress made to date through improved accuracy of reported emissions, delivery against our SBT and start to embed carbon considerations as part of the decision-making process through training and the development of incentivisation mechanisms .</p>
 <p><b>Circular Economy</b></p>	<p>By adopting a circular economy approach in all areas of our business, we are able to use less of the world's finite material resources and reduce the impact of their extraction on nature. We will influence this shift through informed purchasing decisions and supplier collaboration to drive innovation.</p>	<ul style="list-style-type: none"> <li>• In development.</li> </ul>	<p>Launch a new strategy which ensures complete and accurate waste data from our supply chain, develop tools to assess and embed circular economy commercial opportunities and upskill our teams and suppliers, on how we can manage our waste more sustainably.</p>
 <p><b>Labour rights and Worker Welfare</b></p>	<p>The threat of modern slavery and poor worker welfare remains high, and we maintain our serious commitment to identifying and addressing this within business activities and our supply chain. We expect all suppliers to adopt this same level of commitment through their work with us, including due diligence, risk assessment, training and awareness, and for relevant suppliers, adopting a Real Living Wage.</p>	<ul style="list-style-type: none"> <li>• Launch our enhanced approach to Modern Slavery Supplier Due Diligence and assessment.</li> <li>• All applicable suppliers and their subcontractors to pay the Real Living Wage as a minimum.</li> </ul>	<p>With guidance from expert partners, Slave-free Alliance, we will continue to evolve our approach to ensure it remains effective. This includes maintaining a robust training programme and developing a new approach to supplier due diligence and assessment.</p>



# OUR FUTURE PLANS

We will continuously develop and adapt our approach to ensure it remains effective in addressing environmental and social impact through our purchasing decisions, and contributes positively to the environment, colleagues, communities and customers we serve. Recognising that many of the challenges we're faced with are not isolated to just our business, or even sector, we aim to collaborate more with organisations who share similar ambitions and goals going forward.

Over the last year we've launched several key initiatives, including our Relevancy Matrix and EcoVadis Corrective Action Planning, and we now need to focus efforts to ensure initiatives like this are embedded, utilised and consistently driving impact. Building upon this, we will explore how we address Total Value as part of our purchasing decisions whereby carbon impact is considered alongside cost and quality.

As our strategy develops in other areas such as addressing circular economy and social value within our supply chain, we'll look to build in these considerations too. This will require stepping up engagement and training opportunities to ensure both internal teams and suppliers are equipped with the knowledge and skills to understand and in turn deliver across these areas.

Climate change remains a key challenge of our generation, and our role in taking positive action to both mitigate climate change and ensure we're resilient to its impact is paramount. Whilst we've made good progress against our Science-based Target (SBT), we know we still have work to do to improve accuracy of our scope 3 emissions reporting. As this understanding grows, we'll need to explore software solutions to ensure we can measure and track emissions accurately, so that we can effectively demonstrate reductions in key areas. In our efforts to transition away from carbon intensive resources and activities, we must also recognise the human cost – ensuring we transition in a fair and inclusive way. We'll work in collaboration with our expert partners to establish how we best address this.



For more information on our approach, or to **collaborate** with us, contact [supplychaincsr@severntrent.co.uk](mailto:supplychaincsr@severntrent.co.uk)

And check out our:

- [Annual Sustainability Report](#)
- [Modern Slavery Statement](#)
- [Annual Report](#)
- [Sustainable Supply Chain Charter](#)

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