

Annual Environmental Report 2025/26

Keeping people warm,
while protecting

the planet

Cadent
Your Gas Network



Welcome to our final Annual Environmental Report of RIIO-2.

This covers the reporting period from 1 April 2025 to 31 March 2026 and aims to inform our stakeholders, customers, and members of the public about our environmental performance and progress over RIIO-2. RIIO-2 is a five-year price control period set by Ofgem, the regulatory period runs from April 2021 to March 2026.

The report is prepared in accordance with Ofgem's RIIO-2 Environmental Reporting guidance, and data contained within includes all of our networks, unless a specific network breakdown has been stated.

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Who we are

We are responsible for looking after our gas network so that we can continue to deliver safe, reliable, affordable, and low-carbon energy for years to come. That means continually exploring innovation in sustainable ways across our networks and delivering work in an environmentally conscious manner. We deliver the high-quality service that 11 million homes and businesses expect and transport gas to keep our communities safe and warm.



We play a vital role in the UK's gas supply chain by delivering gas to consumers. Although we don't produce, own, or sell the gas that flows through our pipes, our skilled teams work tirelessly to ensure that gas is delivered to every corner of our network, taking care of the environment in the process.

We don't repair gas appliances, and the cost of our services is included in customers' gas bills, but our role encompasses comprehensive maintenance, monitoring, and significant investment in infrastructure to enhance resilience and efficiency. Safety is paramount, with robust quality assurance systems in place to protect employees, customers, and the environment.

These efforts are all driven by our RIIO-2 commitments:

- › **Delivering a quality experience for all of our customers and stakeholders** – We promise to provide a service experience of the highest quality to all of our customers, tailored specifically to their needs.
- › **Providing a resilient network to keep the energy flowing** – We are focused on delivering a resilient network to keep the energy flowing safely and reliably to all of our customers.
- › **Tackling climate change and improving the environment** – We are committed to meeting the decarbonisation challenge and supporting the transition to a resilient energy system.
- › **Trusted to act for our communities** – We are strengthening our reputation through the actions we take, ensuring our service is transparent, valued, and trusted.
- › **Turning insight into action** – We use stakeholder insights to prioritise the actions we take across our business.

Underpinned by our values

Our values guide every decision and action we take to ensure integrity, safety and sustainability in all aspects of our work.

We work

together

We take

responsibility

We drive

performance

We shape

the future

Who we are continued

What we do

We place a strong emphasis on innovation to drive future investment, exploring new technologies and methodologies as we continuously strive to improve network efficiency, sustainability, and resilience.

We work as one of four Gas Distribution Networks (GDNs). The remaining three are owned and managed by the following companies: Northern Gas Networks, Wales and West Utilities, and Southern Gas Networks.

Additionally, National Gas Transmission owns and operates the high pressure National Transmission System that transports gas through a central backbone in the UK.

Did you know

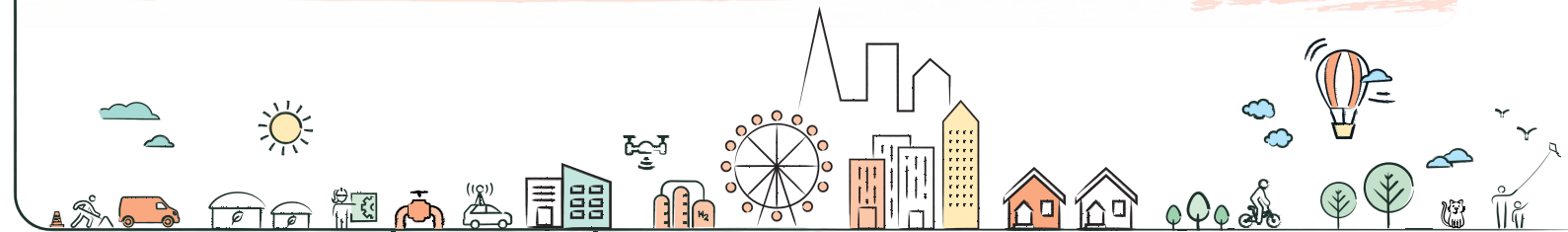
1,621 km

of Polyethylene (PE) pipe was installed in 2025/26 as part of our ongoing mains replacement work, helping to reduce emissions, and to enhance the safety, resilience and reliability of our networks.



We play a vital role in the UK's gas supply chain by delivering gas to consumers.

Although we don't produce, own or sell the gas that flows through our pipes, our skilled teams work tirelessly to ensure that gas is delivered to every corner of our network, taking care of the environment while we do so.



Production & Importation

Other companies extract, produce and import gas.

Transmission

National Gas owns, operates and maintains the gas National Transmission System (NTS), comprising high-pressure pipelines and associated assets.

Cadent and other gas distribution networks

Management and safe delivery of gas to communities

- Transport gas to 11 million homes and businesses.
- Connect and disconnect homes and businesses to the gas network.
- Invest in and maintain the gas network.
- Manage the National Gas Emergency Service.

Supply

Other companies:

- Own and sell the gas that travels through the gas distribution network; and
- Send gas bills to customers.

Who we are continued

Our networks

We look after over 131,000km of pipeline and almost 50% of Great Britain's gas customers. We deliver our services from 28 operating areas across four networks, each with its own geographical and social requirements.

North West

Sitting between the Pennines and the West Coast, encompassing Ambleside in Cumbria at its northernmost tip, and Whitchurch in the south. The gas distributed in the North West network is used by 2.7m homes, businesses, and for industrial purposes; this is far higher than any other gas distribution network in Great Britain.

2.7m

homes and
businesses

1,453

employees

West Midlands

The only network without a coastline, landlocked amidst neighbouring networks – North West, Eastern and Wales, and West. The network is based in the UK's second-largest metropolitan area of Birmingham and incorporates major cities, large towns, and smaller urban areas.

1.9m

homes and
businesses

1,007

employees

Where we operate

Eastern: East Midlands and East of England

Serving customers across the Eastern region, from Humberside down through Lincolnshire, Norfolk, and Suffolk. The networks also serve the cities of Sheffield in the North, Derby, Nottingham, Leicestershire in the East Midlands, and Cambridge in the South, as well as the northern part of the M25 corridor.

4.0m

homes and
businesses

2,053

employees

North London

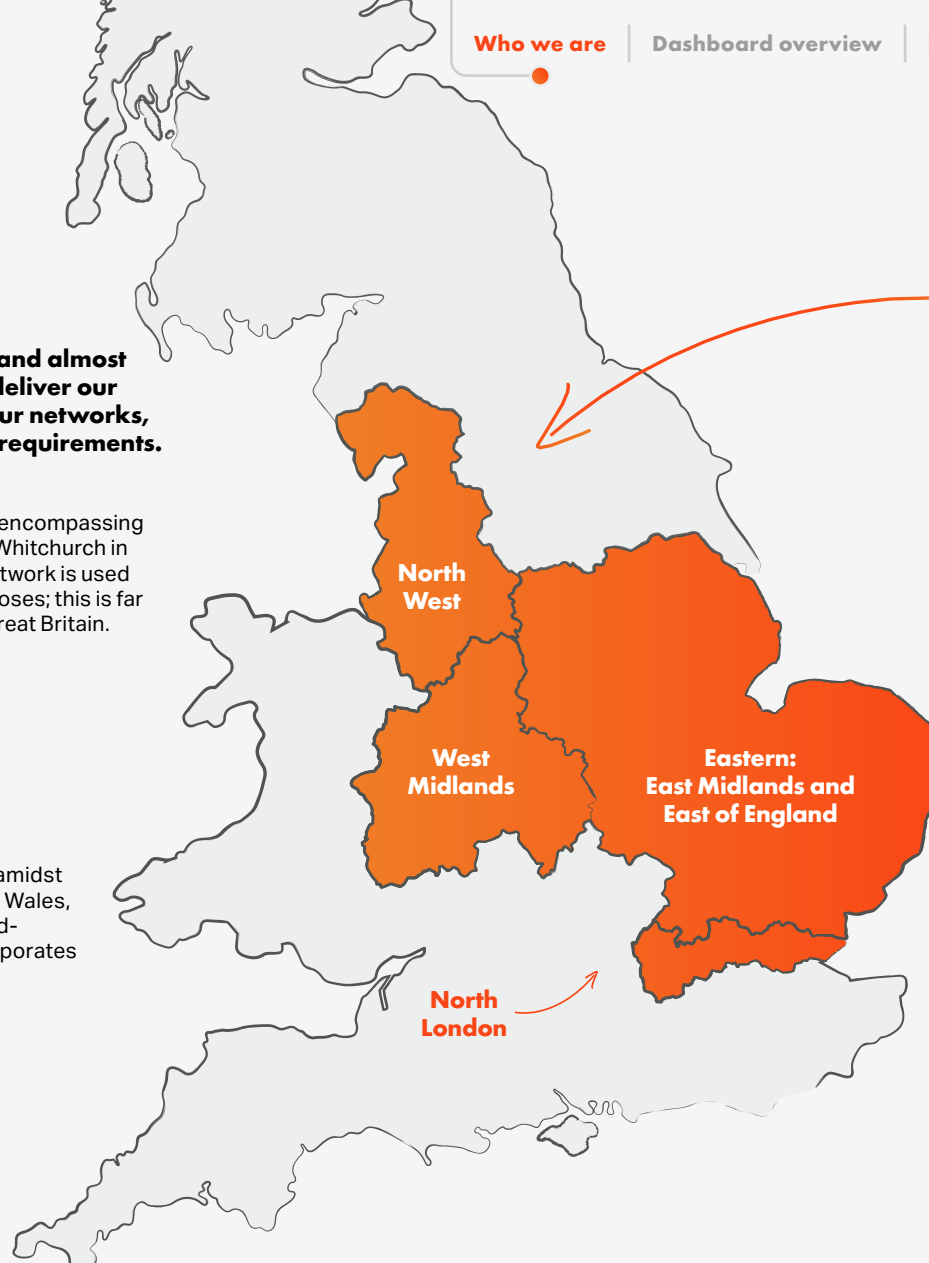
The network has the largest population of high-rise multi-occupancy buildings in the UK. Whilst it is stacked high, it also has many layers of buried infrastructure going back hundreds of years. The network extends from Central London, covering the north of the River Thames, to High Wycombe in the West and Southend-on-Sea in the East.

2.2m

homes and
businesses

1,410

employees



CEO Message



As we move into RIIO-3, we will advance our new Environmental Action Plan and targets, continuing our work to keep people warm while protecting the planet.”

Steve Fraser

Chief Executive Officer

We deliver an essential service every day to over 11 million homes and businesses in the UK. As the UK’s largest gas distribution network, delivering around 35% of the nation’s energy, we understand the impact that our operations and activities have on the environment and climate.

Our purpose is to keep people warm while protecting the planet by making things ‘easier, fairer and greener’ for the communities we serve.

We play a vital role in the transition to net zero, supporting energy system resilience across all decarbonisation pathways. During the year, we continued to reduce methane emissions through our mains replacement programme and the rollout of advanced technologies.

In 2025/26, we maintained our robust Environmental Management System and received recertification to ISO14001 in February 2026. We also achieved a five-star, 100-score GRESB rating, reinforcing our position as a global infrastructure leader, alongside continued strong performance in benchmarks such as MSCI and Sustainalytics.

The close of the 2025/26 financial year also finalised the work against our RIIO-2 Environmental Action Plan, which set out 30 targets to improve our performance against key environmental areas.

Over the past five years, we have delivered significant improvements across the topics of climate, waste, resource use and biodiversity. We have:

- › Outperformed our reputational output incentive shrinkage target.
- › Transitioned commercial vehicles to electric where possible and company cars to electric or hybrid.
- › Rolled out leak detection vehicles to support our Advanced Leakage Management Approach, alongside development of a Digital Leakage Analytics platform to categorise leaks and inform interventions, with further enhancements planned under our RIIO-3 Environmental Action Plan.
- › Increased biomethane injection capacity and secured additional RIIO-3 funding to reinforce the network for biomethane, which is increasingly recognised as strategically important in national energy scenarios.

- › Continued engagement with government and stakeholders on HyNet to address funding, regulatory and sequencing challenges, supporting hydrogen network deployment in line with national targets for the early 2030s.
- › Achieved The Wildlife Trusts’ Biodiversity Benchmark award at two sites, with ongoing enhancement plans at others.
- › Hosted our second Sustainability Supplier Awards, recognising and celebrating our supply partners delivering positive impact across our sustainability pillars: Easier Warmth, Fairer Opportunities and Greener Society.

Our RIIO-3 plan builds on the strong progress made in RIIO-2, taking the next step in delivering for our customers and the environment. It sets out the vital role our networks will play in achieving net zero in the decades ahead. As we move into RIIO-3, we will advance our new Environmental Action Plan and targets, continuing our work to keep people warm while protecting the planet.

Our environmental impact and responsibilities

ISO 14001 Environmental Management System

Our Environmental Management System is the framework in which we identify, manage and minimise our environmental impact. A crucial part of this is identifying environmental risks and the associated controls to mitigate as far as practicable the wider impact of our operations and activities. Our policy outlines our key focus areas. This policy is embedded through our suite of management procedures and communications to ensure we not only comply with legislation but also adopt best practices to prevent harm to the environment. Our Environmental Management System is externally audited to ISO 14001:2015 and in our most recent audit in February 2026, there were no major non-conformances. We maintain a rigorous internal audit programme to maintain compliance and continually improve our system.



You can read our latest Sustainability Report [here](#) 

Our Environmental Strategy

Our five-year business strategy document described the details behind our Environmental Action Plan (EAP) and our commitments over the RIIO-2 price control period, which ended with the 2025/26 financial year. You can read the final updates on the 30 commitments of RIIO-2 on page 10. The next Annual Environmental Report (2026/27) will summarise the first year of progress against our RIIO-3 commitments.

Our Decarbonisation Roadmap

Our current GHG reduction target, developed with The Carbon Trust, is to reduce Scope 1 and 2 emissions (location-based) by 43% by 2036. This was calculated from a 2019/20 base year and equates to a Well Below 2-Degree pathway as per the Paris Agreement. This target was set and based on our current RIIO-2 regulatory settlement and is supported by initiatives and commitments in our EAP.

The Science Based Targets initiative (SBTi) Oil and Gas methodology is currently on pause, meaning we are unable to externally verify our targets and emission reduction pathway with this body at this point. We continue to work with The Carbon Trust to have our Scope 1, 2 and part of our Scope 3 data externally audited.



As we now embark on RIIO-3, our Environmental Action plan is even more ambitious and impactful than what we have delivered to date. We will leverage our experience and innovations from RIIO-2 to make a step-change in methane leakage reduction across our networks. Through our Advanced Leakage Management Approach, we will use new technology to measure, analyse, target and intervene on our assets in ways never before applied at scale in the UK."

Dave Garner

Chief of Health, Safety and Engineering

Sustainability Benchmarking

We regularly assess our sustainability maturity by benchmarking ourselves against our peers, through several internationally recognised benchmarks. Once again, we have been assessed against three leading Environmental, Social, and Governance (ESG) benchmarks through 2025/26, the Global Real Estate Sustainability Benchmark (GRESB), Sustainalytics, and the Morgan Stanley Capital International (MSCI). We also disclose to the Carbon Disclosure Project (CDP).



We were delighted to achieve the maximum score of 100 and five stars for our GRESB assessment, and we are now recognised as a global leader in the infrastructure asset class, setting industry benchmarks for sustainability and being awarded the 5-star rating, reserved only for the top 20% of participants in the benchmark.

Our environmental impact and responsibilities continued

The UN Sustainable Development Goals

In September 2015, the UN 2030 Agenda for Sustainable Development was launched to create a fairer and more sustainable world. World leaders agreed on a set of targets which included an aim to end poverty, combat inequality, and address the urgency of climate change.

In 2025, we updated our Double-Materiality Assessment to ensure we focus our efforts on the highest priority sustainability issues to aid and develop our non-financial reporting. The sustainability topics were decided upon by reviewing our current strategy and work undertaken across the value chain. The wider industry context was also examined. Internal and external stakeholders, such as our investors, suppliers, customers, employers, and leaders were involved in the assessment to ensure the review of sustainability issues was comprehensive, and so that the results produced were representative of the considerations of various members and interested parties.

The priority topics identified were: Climate change mitigation › Climate change adaptation › Energy › Pollution › Health and safety › Access to products and services › Cyber security › Management of strategic critical supplier relationships.

The results of the assessment provide vital context, reasoning and evidence for work undertaken towards any non-financial objectives. Reviewing issues from these inward and outward facing perspectives is what makes this process a double materiality assessment. This differentiates it from traditional materiality assessments that look solely at the impact of issues on the business and its stakeholders.

United Nations Department of Economic and Social Affairs – [Sustainable Development](#) 

We used the results to develop SDGs of high impact and high importance to form the foundation of our Force for Good strategy and the basis of corporate reporting.

We work with Support the Goals to ensure that we are delivering against the Sustainable Development Goals (SDGs). The resulting SDG Ambition Rating rewards businesses for supporting key sustainable development areas outlined by the UN Sustainable Development Goals. With five criteria, businesses gain stars for developing a strong sustainability strategy aligned with the SDGs, communicating their targets against this and showcasing their actions. We have maintained a 5-star rating.

See more – [Support the Goals](#) 

Double Materiality

Priority Topic	Aligned SDG	Priority Topic
Climate change mitigation	  	Greener Society
Climate change adaptation	  	Greener Society
Energy	 	Easier Warmth, Greener Society
Pollution	 	Greener Society
Health and safety	 	Fairer Opportunities, Easier Warmth
Access to products and services	   	Easier Warmth
Cyber security		Fairer Opportunities, Easier Warmth
Management of strategic critical supplier relationships		Fairer Opportunities, Easier Warmth

Statement from our Sustainability Challenge Group

Our Sustainability Challenge Group (SCG) welcomes the opportunity to contribute to this Annual Environmental Report and to set out the role we play and will continue to play in shaping Cadent's environmental ambition and delivery.

The SCG exists to provide independent, expert challenge on the sustainability and environmental strategy. Our remit spans the full sustainability agenda: from emissions and leakage, to social purpose through to the longer term transition of the gas network. This aligns closely with the "Force for Good" pillars: Easier Warmth, Greener Society, and Fairer Opportunity.



Challenge is central to our purpose. We scrutinise the evidence, assumptions and trade-offs that underpin Cadent's plans and performance. In practice, this means testing whether environmental and social ambitions are credible and deliverable, probing the data and baselines behind targets, for example on emissions and leakage, to ensure they are robust, and challenging how Cadent balances cost, risk and impact, especially where there are tensions between near term affordability and longer term environmental outcomes. We also pay close attention to how stakeholder insights from customers, communities, regulators, and partners are reflected in decisions. This kind of independent, evidence based challenge strengthens the quality and credibility of the Environmental Action Plan. It helps ensure that investment in innovation and emissions reduction is targeted where it will make the greatest difference.

During the development of this RIIO-3 Environmental Action Plan, the SCG has been closely involved in testing the ambition, coherence and practicality of Cadent's proposals. Our contribution has included scrutinising plans for advanced leakage and emissions management and encouraging a focus on the largest and most consequential sources of emissions; challenging how new data, digital tools and modelling are being integrated into day to day decision making; and calling for transparent, consistent reporting so that progress can be tracked over the RIIO-3 period. We have also tested how environmental commitments sit alongside the social objectives within the Force for Good strategy.

Our work does not end with the publication of this Plan. As we look towards the next price control period, the SCG will continue to monitor delivery against environmental and social commitments, bring external perspectives into Cadent's thinking, and use learning from RIIO-3 to inform future proposals. Our role is to keep asking the difficult questions, insist on evidence and transparency, and support Cadent in making choices that stand up for customers, communities and the environment now and into the future.



We play close attention to how stakeholder insights from customers, communities, regulators, and partners are reflected in decisions. This kind of independent, evidence based challenge strengthens the quality and credibility of Cadent's Environmental Action Plan."

Leanne Case

Chair of the Sustainability Challenge Group

Key environmental performance indicators

Table 1 – Dashboard Indicators

	Environmental Impact and KPI	Unit	2025/26 Data	Find out more
Contribution to energy system decarbonisation	Annual addition of low carbon and renewable energy capacity to the network	Standard Cubic meters per hour (SCMH)	25,313	Pg 18
	Annual investment in ongoing innovation activities that are primarily supporting decarbonisation and/or protecting the environment	£m	4.02	Pg 18
Climate change impacts	Licensee's long-term greenhouse gas reduction target, aligned with a science-based methodology, and where possible validated externally such as with the SBTi or equivalent	% reduction from a 2019/20 baseline (SBTi aligned) by 2036	-43	Pg 22
	Annual change in licensee's business' Scope 1 and 2 emissions excluding shrinkage	% reduction from previous year	-5	Pg 25
	Annual change in total shrinkage	% reduction from previous year	-13	Pg 26
Resource use and waste	Annual total waste	tonnes	601,395	Pg 35
	Fate of waste: Reduced	% of total waste	0.00	Pg 36
	Fate of waste: Prepared for re-use	% of total waste	0.00	Pg 36
	Fate of waste: Recycled	% of total waste	93.00	Pg 36
	Fate of waste: Other recovery	% of total waste	3.00	Pg 36
	Fate of waste: Landfilled	% of total waste	3.00	Pg 36
Sustainability procurement	Proportion of suppliers meeting the licensee's environmental supplier code or equivalent	%	86	Pg 33
Local environment	Annual investment in schemes to enhance/ restore local environmental quality	£m	–	Pg 40
	Land area being treated in schemes to enhance/ restore local environmental quality	hectares	83 baseline surveys completed over RIIO-2.	Pg 40
	Net change in biodiversity units from network development projects granted planning consent in the year that impact the local environment	% change	Not reported in 2025/26 (4 projects completed mandatory Biodiversity Net Gain).	Pg 40
	Number of reportable environmental incidents	Number	3	Pg 46

Environmental Action Plan Commitments

Our EAP consists of 30 targets that guide us in minimising impacts on the environment and climate. These targets are grouped under the following headings:

- Decarbonising our business operations (11 actions).
- Reducing our environmental impact (5 actions).
- Facilitating the low-emissions energy system transition (14 actions).

Status updates against these targets are shown below.

Status update on EAP commitments

EAP Commitment	Description and expected benefit	Target year	Implementation milestones	Status	Status update
Part 1: Decarbonising our business					
1 – Accreditation of environmental goals	We will regularly review our long-term targets beyond RIIO-2 and pursue accreditation of our goals and programmes from the Science based Targets initiative.	2026	Regularly review and report internally and externally our Business carbon Footprint against the SBTi target. Work with The Carbon Trust to review and monitor our decarbonisation pathway based on the SBTi target.	Blue	Action updated to closed following the 2025 Net Zero model update. Oil and Gas SBTi methodology is on pause. We have worked with The Carbon Trust in 2025 and reviewed our net zero pathway and aligned it with our RIIO-3 Business Plan. Our 2025/26 carbon emission covering Scope 1, Scope 2 and Scope 3 Categories 1 (partial ¹), 3, 4 (partial ²) and 6 have been verified in accordance with the GHG Protocol.
2 – Shrinkage reduction	We will achieve and strive to outperform our reputational shrinkage incentive target for RIIO-2. We will report progress and the specific actions we have taken to achieve this in our Annual Environmental Report.	2026	Pressure maintenance and Monoethylene glycol (MEG) leads are maintaining performance and a focus on two key areas for shrinkage reduction.	Blue	The 2025/26 figure for shrinkage was 922 GWh against a target of 970 GWh.
3 – Theft of Gas	As one of the components of shrinkage, we will maximise the benefit to customers and stakeholders from a theft of gas incentive, and our ambition is to recover at least £8m over the RIIO-2 period.	2026	An additional MPRN management team to aid proactive detection of theft of gas through investigation of wider industry reporting.	Blue	£9.6 million recovered over RIIO-2, exceeding the target.
4 – Energy Efficiency	We will reduce all utility energy consumption by at least 10% by 2024.	2024	Based on a baseline from 2019/20, we have reduced our overall gas and electricity consumption by 38.6% based on data received in 2024.	Blue	Based on a baseline from 2019/20, we have reduced overall gas and electricity consumption by 38.6% by 2024.
5 – Renewable Energy	We will procure 100% certified renewable energy to meet our energy needs by 2026.	2026	100% certified renewable energy procured.	Blue	In 2025/26, we maintained both gas and electricity contracts for 100% renewable energy, supported by Renewable Energy Certificates.

1 Includes PE Pipe and Aerial Survey Gas only.

2 Includes Local Delivery Partner Commercial Vehicles only.

● Blue – Action has been completed

● Green – Action has been completed, but not fully addressed

● Grey – Following the prioritisations review, including a cost-benefit assessment, this initiative was not taken forward during RIIO-2

Environmental Action Plan Commitments continued

Status update on EAP commitments

EAP Commitment	Description and expected benefit	Target year	Implementation milestones	Status	Status update
6 – Business Mileage	We will deliver a 15% reduction in our business mileage emissions intensity through RIIO-2.	2026	15% reduction in business mileage emission intensity met.	Blue	At the end of 2025/26, there had been a 44% reduction from the baseline year (2019/20) in business mileage emission intensity. Our fleet of 1,135 company cars consists of 68% EV and 32% PHEV. Our average CO ₂ per vehicle across our fleet is an impressive 9.2g.
7 – Vehicle fleet	We will target a zero emission first responder vehicle fleet across all of our networks by the end of RIIO-2.	2026	Zero emission first responder vehicle fleet.	Green	We have 505 Electric First Responder vehicles within our fleet. We also have 21 large vans being trialled across our networks. The EV fleet has been rolled out as strategically as possible. The availability of suitable commercial EV vehicles that can meet the required range and the lack of public charging infrastructure in some parts of our network are barriers to progressing further with this.
8 – Embedded carbon in pipes and fittings	We are targeting a reduction in carbon intensity of our pipes and fittings throughout RIIO-2 by delivering the recommendations of a report to be published by 31 March 2021, setting out the opportunities and barriers to reducing the carbon intensity of PE pipe and fittings.	31-Mar-21	Embodied PE pipe is measured in our scope 3 emissions.	Blue	Regular engagement with PE pipe suppliers and the reporting of data through the Carbon Reporting Tool. From the 15,000tCO ₂ e baseline published in our RIIO-2 EAP, we have seen a 22% reduction in emissions associated with PE pipe over the price control period.
9 – Work with suppliers to reduce emissions	We will work with our suppliers to extend the measures of, and continually reduce, Scope 3 indirect emissions.	2026	Partner of the Supply Chain Sustainability School to facilitate engagement. Metrics agreed, and monthly reporting was initiated.	Blue	We hosted the 2025/26 awards event, which celebrated the exceptional achievements and positive impact our supply partners are making across our three sustainability pillars of Easier Warmth, Fairer Opportunities and Greener Society. Suppliers are asked to support us by partnering with the Supply Chain Sustainability School and using resources and e-learning to upskill through suppliers.
10 – Measuring the carbon intensity of major projects	We will develop our methodology to measure and report on the carbon intensity of major construction projects.	2026	Full Life Cycle Analysis was carried out against baseline design and reduced carbon intensity designs. Potential reduction of 84.3% carbon. The concept development phase was imminent. Exploring innovation funding for the Decarbonisation scope.	Blue	Completed a Carbon Life Cycle Assessment (LCA) at the Burwell AGI to establish a baseline carbon impact of the project. Throughout the design stage, the LCA was continuously updated to assess the potential carbon savings and identified that up to 84% of carbon reductions could be made if all solutions were implemented. Now looking to move from conceptual design to detailed design and build.
11 – Carbon offsetting	We will offset all residual unavoidable emissions to become a certified net-zero company using UN certified UK based schemes.	2026	Following the prioritisation review, including a cost-benefit assessment, this initiative has not been taken forward during this price control period.	Grey	Not progressed during RIIO-2.

● Blue – Action has been completed

● Green – Action has been completed, but not fully addressed

● Grey – Following the prioritisations review, including a cost-benefit assessment, this initiative was not taken forward during RIIO-2

Environmental Action Plan Commitments continued

Status update on EAP commitments

EAP Commitment	Description and expected benefit	Target year	Implementation milestones	Status	Status update
Part 2: Reducing our environmental impact					
12 – Waste from excavations	During RIIO-2, less than 5% of our waste from excavations will be sent to landfill.	2026	Less than 5% of excavation waste sent to landfill.	Blue	In 2025/26, 3.46% of our waste from excavations was sent to landfill, against the target of less than 5%.
13 – Minimising use of first use aggregate	During RIIO-2, less than 10% of our backfill will be first use aggregate in the North West and East of England, and 5% in the West Midlands and North London.	2026	Targets met per network for first use aggregate use.	Blue	All of our networks met their targets for using less first-use aggregate for backfill: - North West: 0.01% against a 10% target. - East of England/ East Midlands: 1.63% against a 10% target. - West Midlands: 2.85% against a 5% target. - North London: 2.08% against a 5% target.
14 – Sustainable Procurement	In our annual environmental reporting, we will include a summary of the environmental and sustainability criteria we have used in all significant procurement events.	2026	Continuously covered through PPQ (sustainability of a contractor) and Supply Chain Sustainability School onboarding for suppliers, including the tendering process.	Blue	Supplier Code of Conduct, available on our external website. This details several sustainability criteria for the supply chain, including health and well-being, safety, protecting the environment, human rights, slavery, trafficking, and conflict minerals. We have included a supply chain section with our Annual Environmental Report.
15 – Reducing our employees carbon footprint	We will work with our employees to help them, and their communities deliver a reduction of 5,000 tonnes CO ₂ e a year by the end of RIIO-2.	NA	Following the prioritisations review, including a cost-benefit assessment, this initiative has not been taken forward during this price control period.	Grey	We encourage our employees to use two volunteering days per year to give back to their communities, including the local environment, and since 2022 have offered a car share scheme.
16 – Key site environmental enhancement plans	We will publish our key site environmental enhancement plans as part of our environmental and sustainability annual reporting before the start of RIIO-2. We will then update these plans, and report on performance and delivery annually through the RIIO-2 period. We will undertake The Wildlife Trust biodiversity benchmarking process to ensure that our plans are robust and confirm to these externally assessed standards.	2026	Key site enhancement plans are in development for 5 flagship sites, undertaking external benchmarking next summer. Biodiversity Management System in development.	Blue	A North London and West Midlands site has progressed its enhancement plan, which has been externally assessed and has achieved The Wildlife Trust's Biodiversity Benchmark certification. The Biodiversity Benchmark Manual has been created, which outlines how we can achieve the benchmark.

Blue – Action has been completed

Green – Action has been completed, but not fully addressed

Grey – Following the prioritisations review, including a cost-benefit assessment, this initiative was not taken forward during RIIO-2

Environmental Action Plan Commitments continued

Status update on EAP commitments

EAP Commitment	Description and expected benefit	Target year	Implementation milestones	Status	Status update
Part 3: Facilitating the low emissions energy system transition					
17 – Review of distributed gas entry arrangements	We will lead an industry review of distributed entry gas commercial arrangements to establish methodologies that are robust, sustainable, and scalable, with the ambition of presenting initial change proposals to Ofgem prior to the commencement of RIIO-2.	Before RIIO-2	Submission of revised connection charging methodology to Ofgem.	Blue	Throughout RIIO-2, we have sought to develop a new set of connection charging rules for distributed entry gas that would apply to all GDNs, as our customers do not limit their operations on GDNs territory. This inevitably resulted in a slow pace of progress as not all the GDNs placed the same priority on this work. An all-network consultation was completed in 2022, and the networks then worked together to determine our preferred approach. We have taken the changes to the next stage, engaging with Ofgem to remove the sole 'triggering party pays' approach to entry reinforcements, and introduces financial securities to address risks of asset stranding. Ofgem approved our charging change in December 2025. Ofgem have confirmed different and additional mechanisms supporting Biomethane entry reinforcements in the RIIO-3 Final Determinations and subsequent guidance. This has some inconsistencies with the approved charging methodology, so we are working with Ofgem to expedite changes to ensure alignment, and effective support for customers.
18 – Funding for energy gas reinforcement	We will establish and utilise a flexible funding regime for energy gas reinforcements, supported by an appropriate uncertainty mechanism.	Before 2026	Submission and agreement to a Heat Policy Re-opener.	Blue	There is now a Use it or Lose It (UIOLI) mechanism for obtaining funding for biomethane projects, but there are still some gaps in funding, particularly for Opex beyond RIIO-3, that we are working through with Ofgem to ensure that costs of reinforcements are not blockers to customers wishing to enter biomethane into the network.
19 – Entry gas customer and stakeholder forum	We will establish an Entry Gas Customer and Stakeholder Forum to allow customers and stakeholders to raise issues, for the gas network to test issues we have identified, to identify and action knowledge sharing and to establish and maintain and activity schedule of framework changes.	Before 2026	The regular forums continue to be held quarterly and remain as channels for innovation ideas and key topics that are impacting the biomethane community of developers, operators and GDNs.	Blue	The Entry Customer Forum is established and has been running for a number of years now, supported by Future Energy Networks (run by the Institute of Gas Engineers and Managers, since the gas networks left the Energy Network Association. The Entry Customer Forum will continue to be a key channel for innovative ideas and key topics for the industry.

● Blue – Action has been completed

● Green – Action has been completed, but not fully addressed

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Environmental Action Plan Commitments continued

Status update on EAP commitments

EAP Commitment	Description and expected benefit	Target year	Implementation milestones	Status	Status update
20 – Entry gas connections methodology	We will establish an Entry Connections Standards Methodology statement and a supporting voluntary governance arrangement to enable customers and stakeholders to propose value adding improvements.	2026	This was being driven through the Entry Connections Technical Working Group through the Energy Network Association. Now transitioning to Future Energy Networks.	Blue	We are continuing the work through the Technical Working Group with priorities advised by our customer base via the Green Gas Task Force. Work with partners on the standardisation of UK Grid Entry Units is one of our top priorities. This project, being led by IGEM is called the Biomethane Grid Entry Design Optimisation and Harmonisation. Stakeholder questionnaires have been completed and workshops now held. All GDNs have a common view on the principle of standardisation and pre-approved sub-systems for future use, to reduce the engineering burden (and cost) on all parties. A common theme has emerged that key areas of technical differentiation are based on organisational treatment of risk.
21 – Off gas grid communities	We will conduct a trial to identify small communities where the gas network can be extended at a low cost.	2026	Following the prioritisation review, including a cost-benefit assessment, this initiative has not been taken forward during this price control period.	Grey	We submitted a Strategic Innovation Fund bid, in partnership with Northern PowerGrid, Electricity North West, Northern Gas Networks, National Grid ESO, and Energy Systems Catapult. We have no live plans to take forward an off-grid community project, but will continue to consider opportunities, mindful of the emerging policy decisions involving trials and pilots for hydrogen.
22 – Off grid gas communities	We will establish a community connection support service to identify and advise communities that could economically connect to the gas grid.	2026	Following the prioritisation review, including a cost-benefit assessment, this initiative has not been taken forward during this price control period.	Grey	Not progressed during RIIO-2.
23 – HyNet	Given a direction from Government and/or Ofgem, we will submit proposals to create a HyNet system operator function and to design and construct the hydrogen transformation network with a supporting commercial and operational framework, to meet customers and stakeholder requirements for hydrogen in the North West of England.	2026	The project completed FEED in early 2024, with the focus then on the delivery of the Development Consent Order (DCO) submission.	Green	Delays with the creation of the government's hydrogen transportation business model for the next phase of the project have led to the project slowing down, with the commissioning date now proposed by DESNZ to be between 2031 and 2033.

● Blue – Action has been completed

● Green – Action has been completed, but not fully addressed

● Grey – Following the prioritisations review, including a cost-benefit assessment, this initiative was not taken forward during RIIO-2

Environmental Action Plan Commitments continued

Status update on EAP commitments

EAP Commitment	Description and expected benefit	Target year	Implementation milestones	Status	Status update
24 – Hydrogen blending	We will ensure an efficient and effective hydrogen blending regime can operate at the earliest opportunity, with the end consumers protected financially by paying for the energy they received, and from unsafe gas blends.	2026	The work has been completed at Winlaton and we are progressing the work to complete the impact of blended gases on industrial use. We have a further research programme set up to explore the regulatory framework needed to facilitate a blending decision and a project to set out the blueprint for the kit and equipment needed to blend.	Blue	We have submitted the hydrogen blending safety evidence, which is currently under review, and no concerns have been raised to date. Department of Energy Security and Net Zero (DESNZ) has already given the green light for blending to act as an offtake of last resort and is waiting for the safety evidence as the final piece.
25 – Hydrogen conversion	We will support Government plans for large scale trials of Hydrogen conversion.	2026	Following the closure of our hydrogen village conversion project in 2023, we have focused efforts on the technical and safety evidence needed to support conversion and also supported the SGN project in Fife (H100).	Blue	We had supported the SGN-led project in Fife (H100), a hydrogen neighbourhood conversion project. This project supported the DESNZ in their decision-making around the role of hydrogen for heating.
26 – Emergency/back-up network role	We will ensure that network can support increasing use in emergency, back-up, and peak conditions, serving and protecting the whole energy system.	2026	This relates to enabling connections to support the UK's need for back-up power generation, a service which we offer through our connections processes under contract with third party Gas Transporters and utility infrastructure providers.	Blue	192 plants were connected to our network, generating approximately 2.3 GWh of electricity, with an additional 29 connections in the pipeline. We have also connected 45 biomethane injection points across its networks, providing resilience and security of supply during peak conditions. The gas network supports the growth of high-tech industries by providing a dependable alternative energy source to electrify Data Centres. We play a crucial role in meeting the energy needs of our customers.

● Blue – Action has been completed

● Green – Action has been completed, but not fully addressed

● Grey – Following the prioritisations review, including a cost-benefit assessment, this initiative was not taken forward during RIIO-2

Environmental Action Plan Commitments continued

Status update on EAP commitments

EAP Commitment	Description and expected benefit	Target year	Implementation milestones	Status	Status update
27 – Decarbonisation of heating	We will promote and build up the evidence that supports least cost, least disruptive options for our customers to decarbonise their heating.	2026	We continue to deliver a defined plan that explores the role of hydrogen and other solutions for the decarbonisation of home heating.	Blue	Developed our approach to three routes for decarbonising heating – biomethane, hybrid heating, and hydrogen. On biomethane, we have continued our work with the Green Gas Taskforce, a collaboration with other gas networks, biomethane producers and trade bodies, to establish what is needed to enable biomethane to grow to its full potential in the UK. We published a report that looked at the cost of biomethane-powered hybrids and are preparing to publish a report looking at the macro-economic benefits (e.g. GDP and jobs growth) that more biomethane provides to the UK. We have also been engaging with European gas network operators on how to scale up biomethane efficiently and quickly. EU regulators, governments and gas networks are working collaboratively on achieving their ambition on biomethane, driven by both security of supply and decarbonisation aims. We are sharing the learnings with our own external stakeholders to encourage greater ambition and coordination around scaling up biomethane in the UK. On domestic hybrid heating systems, we followed up our report setting out how hybrids are a cost-effective, low-carbon heating solution for British homes, with a report that looked into the potential for biomethane-powered hybrids. The report found that biomethane-powered hybrids were a cheaper net zero compliant heating solution for 30-45% of British homes. These are typically homes that are lower energy efficiency for which it is disruptive and expensive to upgrade the home's fabric and insulation to make them "heat-pump ready". We continue to support the role of hybrid heating systems as a positive choice and option for homes that cannot easily electrify and can both save customer money and reduce carbon emissions. On hydrogen for heat, we worked with the Health and Safety Executive (HSE) to support the publication of the full suite of technical and safety evidence required under the DESNZ hydrogen heat programme. The work programme in support of this Government programme is complete. We continue to support and collaborate on SGN's H100 hydrogen neighbourhood trial in Fife, which is expected to be operational in 2026. As noted in previous updates, we have taken several steps against this action, but the debate around how best to decarbonise heating is ongoing. We will continue to produce and promote evidence that supports the least cost, least disruptive options for our customers to decarbonise their heating in our RIIO-3 price control period.

● Blue – Action has been completed

● Green – Action has been completed, but not fully addressed

● Grey – Following the prioritisations review, including a cost-benefit assessment, this initiative was not taken forward during RIIO-2

Environmental Action Plan Commitments continued

Status update on EAP commitments

EAP Commitment	Description and expected benefit	Target year	Implementation milestones	Status	Status update
28 – Evidence for electrification	We will ensure all evidence for alternative options, including the wide scale electrification of heat, are challenged and based on robust analysis and information.	2026	Publication of the Hydrogen Vision report, with employees in the ENA. Report to summarise the energy system resilience benefits of hydrogen and the economic value of hydrogen for heat brings.	Blue	As noted in our response to target 27, we are: - Building evidence on the economic viability of biomethane as a complementary heating source to electricity. We published a report that found that biomethane-powered hybrids were a cheaper net zero compliant heating solution for 30-45% of British homes, typically lower energy-efficiency homes. - Continuing to circulate our evidence on the viability of hydrogen as a complementary heating source to electricity, particularly for hard-to-abate homes. We expect an update by government on its hydrogen strategy and the role it sees hydrogen playing in heating alongside electrification this year. - We are also engaging constructively with DESNZ, Ofgem and National Energy System Operator on discussions/consultations around peak heat and ensuring transition implications for customers (particularly vulnerable customers) are adequately captured. As noted in previous updates, we have done much against this action, but the debate about how the energy transition will evolve in the UK, and the role of electrification vs alternative decarbonisation approaches, is ongoing. We will continue to produce and promote evidence that supports a technology-agnostic view of how we deliver the energy transition, and the important role the gas networks can play, in our RIIO-3 price control period.
29 – Decommissioning plans	We will develop robust decommissioning plans and protocols to protect consumers during the transition, following the publication of the detailed strategy and programme to install alternative systems. This may not occur during RIIO-2.	2026	We are refining models to incorporate property, postcode, and asset level analysis to understand the viability of conversion at a granular level and understand the likelihood and confidence of whether, for example, an asset will convert from methane to hydrogen, continue supplying methane or decommission.	Blue	We are engaging with Ofgem and government on connection data and disconnections working group discussions. We also engaging with DESNZ ahead of a consultation expected in 2026 on how the UK manages the impact of the energy transition on the midstream sector, with a focus on how the role of the gas network could change if gas demand materially declines in the coming years. This consultations forms part of a series DESNZ is running on the future of the gas network, titled the Midstream Update to the Market. Until then, in the continued absence of a clear Government policy position on how and if it sees the future role of the gas network changing, and Government maintaining its position of not banning gas boilers, we maintain our watching brief on the topic of decommissioning of the gas network. We may choose to do further work on this action in our RIIO-3 price control period.
30 – Annual Environmental Reporting	We will report annually our environmental performance, including progress against the actions in our RIIO-2 EAP, and any additional regulatory requirements. We will seek stakeholder feedback to continually improve our reporting through RIIO-2.	Annually by 1st October	Publication of our Annual Environmental Report on our website.	Blue	The five Annual Environmental Reports of RIIO-2 have been published. We will be preparing to produce the first Annual Environmental Report of RIIO-3, to be published in 2027.

● Blue – Action has been completed

● Green – Action has been completed, but not fully addressed

● Grey – Following the prioritisations review, including a cost-benefit assessment, this initiative was not taken forward during RIIO-2

Innovating for decarbonisation and protecting the environment

We continue to innovate to support the UK's transition to a net zero energy system, while maintaining secure and affordable energy supplies for homes and businesses. We recognise that decarbonising homes and industry will require a range of solutions, across both gas and electricity.

Hydrogen pipeline projects

Hydrogen can play a critical role in decarbonising industrial clusters and supporting the UK's energy resilience. During 2025/26, we have continued to progress three major hydrogen pipeline projects that underpin the development of UK's hydrogen economy.

HyNet

HyNet remains the UK's flagship industrial decarbonisation programme, encompassing hydrogen production, carbon capture and storage, and new hydrogen transportation and storage infrastructure in the North West. Our role is to develop and deliver the pipeline needed to connect hydrogen producers with industrial users across the region.

We have continued to engage with central government and stakeholders to help address funding, regulatory and sequencing challenges, with the aim of enabling operation of hydrogen networks in line with national targets for the early 2030s. While we wait for the competition to start, we continue to work on further developing our project. Should we be successful in the competition, we will agree the final network plan with the Department for Energy Security and Net Zero (DESNZ) and consequently progress the Development Consent Order (DCO).

East Coast Hydrogen

We are collaborating with National Gas and Northern Gas Networks on the East Coast Hydrogen programme, which will support the decarbonisation of industrial clusters across the Humber, Teesside and wider east coast. We lead the H2East Humber to Nottinghamshire Pipeline project.

During 2025/26 we secured funding through an Ofgem Re-Opener process in order to complete the Front End Engineering Design (FEED) and commence pre-engagement for a DCO application.

East London Hydrogen Pipeline

The pre-FEED engineering design was completed for this pipeline project during 2025. The project connects the Thames Enterprise Park in Thurrock to several industrial gas users (including Tate & Lyle Sugar), two heat networks and London City Airport. We continue to work with DESNZ to develop projects like this to bid into future competitions for hydrogen pipelines.

Reducing our methane emissions

Alongside the development of low-carbon gases, we are reducing emissions from our existing network. We are investing in targeted gas leakage reduction through accelerated mains replacement, improved asset monitoring and data-led interventions to identify and address leaks more quickly. This includes the deployment of innovative advanced methane detection technology, to improve the accuracy and speed of leak identification.

Using high-resolution emissions data allows us to prioritise repairs more effectively, reduce methane emissions more quickly and deliver immediate environmental benefits while maintaining the safety and reliability of the network.

Biomethane and greener gas

We support the growth of biomethane as a proven, low-carbon gas that can deliver immediate emission reductions. Specifically, we are working to enable the increase of biomethane production and use in the UK through new gas connections, improving developer experience, and reducing connection barriers.

We are exploring innovative approaches to clustering green gas connection applications through our 'entry reinforcement assessment window' process. This will enable us to maximise the capacity for biomethane that can be unlocked from our allocated funding for network reinforcement.

Innovating for decarbonisation and protecting the environment continued

Biomethane low carbon, renewable gas connections

2025/26 has been a strong year for our biomethane programme. We have increased our connected biomethane injection capacity, secured additional Ofgem funding under RIIO-3 to reinforce the network, and put in place enhanced internal governance for our biomethane activities.

Biomethane is increasingly recognised as strategically important in national energy scenarios. Work completed in 2025 by Alder Bioinsights, a leading bioenergy consultancy, puts the biomethane potential at 120TWh by 2050, without any negative impact on domestic food production. To make our contribution to this potential, we have an ambition to enable 20TWh/year of biomethane by 2035 across our networks, supporting decarbonisation at the lowest system cost whilst maintaining security of supply.

DESNZ announced in December a two-year extension to the biomethane subsidy scheme (the Green Gas Support Scheme (GGSS)). This is a positive development and will give the sector certainty to increase investment. The expansion

of two biomethane plants, 122 initial enquiries and 22 biomethane connection studies during 2025/26 demonstrated the potential demand for industry growth.

Green Gas connection process

Production of biogas is performed by the producer, using anaerobic digestion. The biogas then goes through an upgrading process to remove any CO₂ and other contaminants present to leave a near pure source of methane for gas injection. Propane may be required to be added by the producer to raise the energy content of the gas to meet the average calorific value (CV) of gas in that network. The biomethane must then be sold to a shipper before it is injected into the grid. Once the biogas has been upgraded to biomethane, it will be transferred to the network

entry facility. From there, the gas will be metered, and the quality monitored. An odorant called Mercaptan will be injected to give the characteristic 'gas' smell. Once these stages have been completed, the gas can be injected into the distribution network for transportation.

A key component of our strategy is to help facilitate the demand for biomethane producers to connect to our network and deliver a step-change in green gas production.

To deliver this and respond to customer insight, we launched our 'Biomethane Scale-Up' mission project in 2025. The project is structured into six integrated workstreams addressing market development, data and modelling, network infrastructure, customer journey, commercial and regulatory frameworks, and performance management.

The cost of network reinforcement has been a key barrier for entry connections for biomethane producers. In 2026, we launched the first 'entry reinforcement assessment window' process to identify biomethane projects requiring reinforcement. 37 applications into this window

were received in the period from 5th January to 6th March. These applications have all been assessed to ensure the least cost and fit for purpose reinforcement solution is identified, and clustered together where one solution would solve the capacity issue for multiple developers.

To be able to meet connection and reinforcement needs, we need a greater understanding of low demand summer month flows on our networks to model reinforcement solutions that enable a constant flow rate. To address this, we have developed our network technologies in three key areas – flow metering, reverse flow stations and remote set point/ smart control.

We have defined a new end-to-end customer contact strategy aimed at improving customer experience and satisfaction from initial enquiry all the way through to commission and beyond. We are currently operating manual customer relationship management processes but expect the customer journey and experience to significantly improve with a new customer relationship management (CRM) system, to be implemented mid-2026.



Innovating for decarbonisation and protecting the environment continued

Engagement events, stakeholders, and best practice

In April 2025, a group for biomethane was formed of the largest UK biomethane producers and all the gas networks called the Green Gas Task Force. We have been working with this group and the technical subgroup to enable process improvement and best practices across the industry.

We have led industry-wide consultation over the last two years, which culminated in Ofgem approving a change to our connection charging rules which moves away from the principle that the connecting party pays all reinforcement costs to a model where elements of these costs are socialised below a calculated cap. This is in line with the electricity distribution charging and deals with a key barrier that our customers told us was influencing the uptake of biomethane connections in the UK.

We held a biomethane event in London on 16 September 2025 to present our strategy and hear feedback from the industry to shape our approach.

The event was well attended, and the four workshops in the afternoon: customer engagement, reinforcement assessment window, funding and securities and gas-to-grid projects were fundamental to the initiatives we implemented.

As a follow-up to the event held in London, we also hosted a webinar on 12 December 2025. This focused on updating the biomethane developer industry on the entry reinforcement assessment window that was to launch on 5th January. We talked through the process step by step, held a live Q&A and signposted to our website where the application form could be found.

Our work this year has been informed by learnings from our engagement with European gas network operators, particularly France and Denmark who are leading the way. Their gas network accepts higher levels of biomethane than the UK, and they have higher targets today. We will continue to develop these relationships as we scale up biomethane distribution.

Table 2 – Connections activity for low carbon sources of gas

	Unit	2021/22	2022/23	2023/24	2024/25	2025/26
Biomethane connections						
Enquires	Number	140	201	186	141	122
Connection studies	Number	35	36	36	39	22
Capacity of connection studies	SCMH	7,355	9,055	6,030	12,560	4,600
Connections	Number	5	2	2	3	2
Minimum contracted capacity connected	SCMH	1,700	0	900	300	0
Volume (energy value) of biomethane injected	GWh	1,632	1,829	2,551	2,077	2,381
Average monthly flow rate (all connections)	SCMH	17,215	19,698	19,431	21,839	25,313

Table 3 – Other green gas

	Unit	2021/22	2022/23	2023/24	2024/25	2025/26
Enquires	Number	0	0	0	0	0
Connection studies	Number	0	0	0	0	0
Capacity of connection studies	SCMH	0	0	0	0	0
Connections	Number	0	0	0	0	0
Capacity connected	SCMH	0	0	0	0	0
Volume (energy value) of other green gas injected	GWh	0	0	0	0	0
Average monthly flow rate (all connections)	SCMH	0	0	0	0	0

Innovating for decarbonisation and protecting the environment continued

Other innovations to support the low carbon transition

Innovation	Issues or barrier	Annual achievements	Expected benefits	Timescales
Low-cost flow metering development	Growing green gas volumes on our network is central to our 10 year strategy and there are many focus areas connected with doing this. One challenge we face is that to manage a network with vastly more supply points bringing in green gases like biomethane, we will need more information than we've ever had before about where the gas from those supplies is flowing to. This means we need more flow meters. Installing traditional flow meters at scale would be extremely expensive – perhaps prohibitive. We wanted to deliver low-cost metering so that we can solve part of the green-gas challenge efficiently.	Through partnering with YZ Systems & Bohr, who have some incredible and inspired thinkers, we have managed to create not one but two flow meter designs. One of which has been installed at multiple locations on our network already. The technologies work in different ways and can be retrofitted straightforwardly onto existing gas network pressure reduction stations, like district governors.	- Understand flow in greater detail to support decision making during network planning, design and operation. - For biomethane, flow data will help us to configure our network to help get the maximum flows from our biomethane customers.	Commercial rollout is now the main driver. Our stated ambition is to install ~200 meters (thermal mass and retractable) by Summer 2026, with the first Bohr phase covering up to 126 Bohr HyProbe retractable units (split 84 flanged and 42 threaded, plus auxiliary equipment and monitoring). The flanged version is fully signed off with commercial quantities already ordered. The threaded commercial order will commence once our approval process for new products is final.
Smart Pressure Control – manipulating network pressures to prioritise biomethane injection	The current gas network pressure management system operates on a reactive, threshold-based model, whereby field pressure sensors monitor network pressure and trigger adjustments only after pressures fall below predefined minimum levels. Due to data latency and system architecture, corrective action can take up to 24 hours to be fully realised across the network and even require manual adjustments on network assets.	Working with Utonomy we have set the parameters for a trial installation to purposefully test the Smart Pressure Control system on our live gas network. This trial will be undertaken on the East of England network to assist a biomethane plant with improved injection capability.	- Real-time or near real-time pressure monitoring and response. - Remote governor adjustments based on live network conditions. - Improved pressure stability across the day. - Reduction in low-pressure scenarios and customer impact. - Enhanced visibility of network behaviour to support smarter asset management. - Data-driven optimisation of network performance. - Support future connections to the gas grid such as biomethane. - Emission and leakage reduction through Smart pressure control.	Our trial will take place from April 2026 until January 2027, which will see the equipment fully operational for 9 months. A successful trial will open the door for further installations across our network to help manipulate network pressures to prioritise biomethane injection.
Thermal imaging of network	The technology currently used is an uncooled thermal camera, which requires a temperature differential between the subject and the ambient temperature to detect heat loss.	In 2025, a feasibility study was undertaken to understand if the technology was viable and how the business could use the findings. The reports showed detailed thermal emission reports, indicating where there was an issue with insulation. It was identified that the technology could be used at scale if integrated with existing Advanced Leak Detection surveying of the network.	- Support identification of buildings with significant thermal losses. - Provide information to support future whole system planning. - Support planning of heat decarbonisation and building interventions. - Provide useful data to local authorities regarding their housing/ building stock.	Firstly, we plan to test the combination of thermal scanning as part of our advanced leak detection fleet during 2026. We plan to explore the use of thermal image scans for the purpose of targeting appropriate heat decarbonisation plans over the next 2 years.

Climate change impact

Business carbon footprint – Scope 1 and 2

As part of our decarbonisation strategy, we aim to reduce our Greenhouse Gas (GHG) emissions in line with UK Government ambitions. We measure our Business Carbon Footprint in line with the Greenhouse Gas Protocol to monitor, review and reduce our emissions. There are three “Scopes” of emissions:

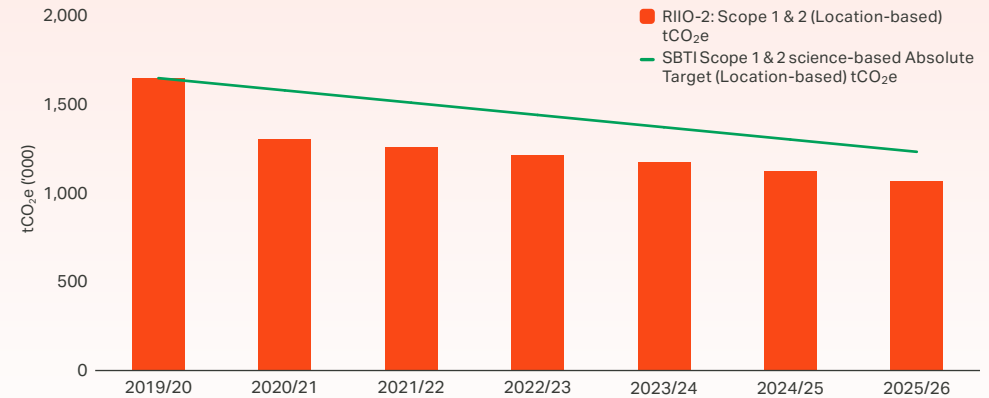
- **Scope 1** – Direct emissions that are owned or controlled by Cadent, for example, the combustion of fuel in vehicles, plant, and machinery.
- **Scope 2** – Indirect emissions from the energy purchased and used by Cadent. For example, the electricity used in our offices and buildings.
- **Scope 3** – Emissions not produced by Cadent, but from those in our value chain, for example, from materials and products from our suppliers or contractors. More information on our Scope 3 emissions is covered on page 30.

Whilst The Science Based Targets Initiative (SBTi) has paused the update to the Gas and Oil Sector Methodology. This means that our current net zero emission reduction targets cannot be verified; however, we have developed our Scope 1 and 2 emission reduction pathway necessary to meet the Paris Agreement of limiting global warming by Well Below 2 Degrees Celsius.

Our market-based Scope 2 (electricity procured for office and building use through contracts) is based on REGO-certified renewable electricity from our suppliers.

Our current GHG reduction target, developed with The Carbon Trust, is to reduce Scope 1 and 2 emissions (location-based), by 43% by 2036 (2019/20 base year, equating to a well below 2-Degree pathway). This target is set and based on our current RIIO-2 regulatory settlement and is supported by initiatives and commitments made in our Environmental Action Plan. We are dedicated to monitoring our performance and reviewing it, updating as necessary based on the latest climate science and models, as we recognise that the future energy landscape will change rapidly during this period.

Scope 1 and 2 (Location-based) tCO₂e against SBTi Emission Target



In 2026, we have been working with The Carbon Trust for a fourth year to verify our 2025/26 Business Carbon Footprint data. This is partial verification, with a modified opinion, of our total footprint for the financial period spanning April 2025 to March 2026.¹

¹ A modified opinion was issued due to non-conformities identified with reported Scope 2 and Scope 3 Category 4 emissions.

Climate change impact continued

CASE STUDY

Our new depot

We have finalised the construction of a new depot in our North London network. The site is designed to be a base for our support and engineering employees who serve the surrounding London communities.

- › Development of this new depot included the remediation of a brownfield site, which involved over 2,000 tonnes of waste being removed from the site before construction.
- › The site has rainwater harvesting, solar panels for building electricity supply, solar glare windows for heat conversion and a number of EV chargers.
- › The project achieved a BREEAM rating of A+ for both the office building and the store/workshop building. The methodology used to determine this rating considers the environmental impact of building products over their full lifecycle, taking into account their extraction, processing, use, maintenance and eventual disposal. The rating of A+ is for developments with the best environmental performance.
- › The site was developed with sustainability as a focus. By adopting sustainable alternatives for the energy and water supply of the buildings, this development aligned with our commitment to improve our energy efficiency and reduce use.



Climate change impact continued

CASE STUDY

Solar panels installed at Above Ground Installation (AGI) site

A solar installation project at our AGI site is nearing completion.

The project involved the installation of a 7kW solar system, with a 24kWh battery. This system is to remove the requirement of having a fixed diesel generator onsite for power resilience in the event of a fault on the electricity grid. The switch to solar from PV will reduce carbon emissions and is also expected to reduce costs in comparison to the installation and maintenance costs of a diesel generator.

The key consideration from a corrosion and integrity perspective is the potential for **DC stray current interference** from solar photovoltaic (PV) systems, and how that might interact with our cathodic protection (CP) systems.

- › Solar installations can introduce low levels of direct current (DC) leakage into the ground.
- › If unmanaged, this can interfere with nearby buried pipelines by altering the electrical conditions CP relies on to protect the steel from corrosion.

To address and overcome these concerns, the approach taken (aligned with industry good practice) includes:

- › **Early engagement and risk assessment**
Close coordination between the solar developer and pipeline engineers to assess the potential for interference at the design stage.
- › **Baseline monitoring before installation**
Surveys are carried out to understand the “normal” CP performance prior to the solar system being energised.
- › **Installation of additional monitoring facilities**
Test points, reference electrodes, and coupons are installed near the site to allow us to measure any changes in pipeline behaviour once the solar system is operational.
- › **Ongoing monitoring and verification**
Post-installation monitoring confirms whether any stray current effects are present and ensures CP continues to operate effectively.
- › **Mitigation where required**
If any interference is detected, measures can be implemented (e.g. adjustments to CP systems or additional mitigation) to maintain protection levels and prevent corrosion risk.

Overall, while solar installations can introduce additional electrical considerations, these are well understood and manageable through design, monitoring, and collaboration, ensuring pipeline integrity is maintained.



Climate change impact continued

Scope 1 and 2 emissions

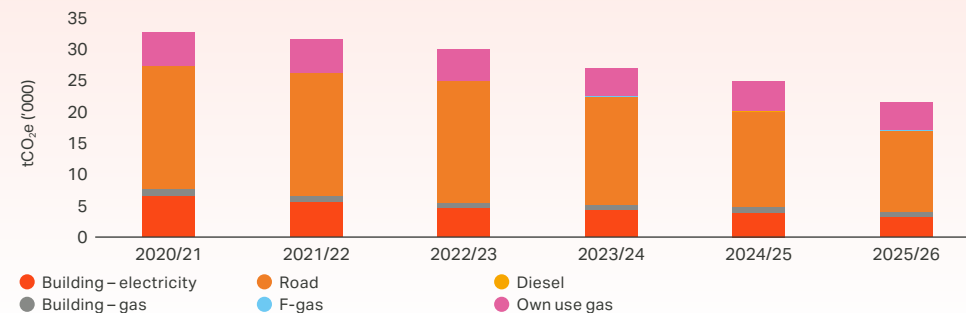
Table 4 – Scope 1 and 2 emissions

Emissions in tCO ₂ e	Specific area	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Building energy use (location-based)	Building – electricity	6,446	5,527	4,545	4,267	3,871	3,101 ²
	Building – gas	1,117	988	852	870	826	930
Operational transport	Road	19,684	19,676	19,539	17,205	15,243	12,922
Other	F-Gas	0 ¹	0 ¹	0 ¹	0 ¹	54	34
Fuel combustion	Diesel	0 ¹	0 ¹	0 ¹	88	84	66
	Own Use Gas	5,471	5,433	5,069	4,598	4,770	4,459
Gas Shrinkage	Gas shrinkage (including leakage and theft of gas)	1,283,862	1,244,705	1,197,878	1,162,064	1,113,548	1,056,718
Total	Excluding shrinkage	32,718	31,623	30,005	27,029	24,849	21,513
	Including shrinkage	1,316,579	1,276,328	1,227,883	1,189,093	1,138,397	1,078,230

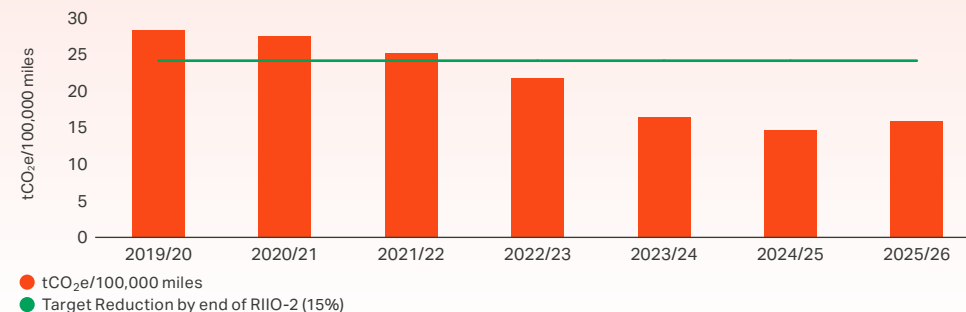
1 Category not yet calculated.

2 Non-conformities were identified during the verification which we will be addressing over the next year.

RIIO-2 Scope 1 and 2 emissions (excluding shrinkage)



CO₂e Intensity of an operational mile (company cars only)



Climate change impact continued

Shrinkage

Shrinkage refers to the gas that is lost from the gas distribution network, and is made up of leakage, own use gas (OUG) and Theft of Gas (ToG) values:

- **Shrinkage** is combusted gas that isn't metered and is used in either routine operations or lost through theft. This includes Own Use of Gas and Theft of Gas.
- **Leakage** is uncombusted gas escaping from the transportation system through leaking, venting equipment, or third-party damage to the pipes.

In 2025/26, Shrinkage represents 98% of our Scope 1 and 2 Business Carbon Footprint and is managed through many activities. Key emission reduction elements for Shrinkage include the mains replacement programme, where the old iron mains are being replaced with new Polyethylene (PE) Pipes, gas pressure management, and other initiatives and innovation projects.

We will be continuing to replace older and higher-risk iron pipes to meet our statutory obligations and additionally, reduce leakage of gas and prepare the network for the transportation of other green gases as part of the decarbonisation demands of society.

Table 5 – Leakage volumes

GWh	2021/22	2022/23	2023/24	2024/25	2025/26
Low pressure mains	620	594	583	558	521
Medium pressure mains	107	105	103	102	101
Services	85	73	60	48	38
Above Ground Installations	192	192	193	191	192
Interference	3	5	2	2	2
Total	1,007	969	941	901	855
Target Total	1,039	1,035	997	959	921

Table 6 – Leakage emissions

Conversion factor: 1,226.42 tCO₂e/GWh

tCO ₂ e	2021/22	2022/23	2023/24	2024/25	2025/26
Total	1,235,092	1,188,907	1,153,925	1,105,104	1,048,826
Target Total	1,274,180	1,269,379	1,222,866	1,176,331	1,129,418

Table 7 – Other shrinkage volumes

GWh	2021/22	2022/23	2023/24	2024/25	2025/26
Own Use	30	28	25	26	24
Theft	52	49	44	46	43
Total	82	76	69	72	67

Table 8 – Other shrinkage emissions

Conversion factor: 183.85 tCO₂e/GWh

GWh	2021/22	2022/23	2023/24	2024/25	2025/26
Own Use	5,433	5,069	4,598	4,771	4,459
Theft	9,615	8,971	8,139	8,443	7,892
Total	15,048	14,040	12,737	13,214	12,351

The following assumption is used to determine the quoted conversion factor:

- CV MJ/m³ natural gas: 39.6
- % of CH₄ in natural gas: 81.97%
- Density of CH₄ in kg/m³: 0.656
- Global Warming Potential of CH₄ in tCO₂e: 25
- The proportion of CO₂ in natural gas: 2.4%
- Density of CO₂ kg/m³: 1.98
- Conversion factor natural gas kg/kWh: 0.18385

Theft of gas is one of the components of shrinkage. We have maximised the benefits to customers and stakeholders through an anti-theft of gas incentive. We had an ambition to recover at least £8 million over the RIIO-2 period. In 2025/26, 734 successful cases were closed and a further £3 million was recovered. This brings the overall total recovered to £9.6 million across RIIO-2. We have therefore exceeded the £8 million target for RIIO-2.

Climate change impact continued

CASE STUDY

An update on Advanced Leak Detection (ALD)

Gas leak detection has traditionally relied on reactive methods – above all, relying on customer reports of a ‘smell of gas’. But with the urgency of climate targets, we have transformed our approach to cut greenhouse gas emissions faster.

In 2019, we challenged the market to help us innovate. By 2021, we began trialling Picarro’s vehicle-mounted methane detection technology in North London, supported by Transport for London. These vehicles enabled us to pinpoint emissions with precision, allowing for faster and more targeted interventions to cut leakage.

Since then, our approach has evolved significantly. We have created a Digital Platform for Leakage Analytics (DPLA), which is designed to ingest vast amounts of data, not only from the vehicle-mounted sensors but also from fixed sensors that can be mounted around our above ground gas installations and handheld sensors which can be carried by our engineers.

In our Business Plan for RIIO-3, we proposed a scale-up of vehicle mounted ALD. This was approved by Ofgem and as of March 2026, we have successfully procured and deployed an additional 21 systems while retaining the four systems we piloted in London. This takes our capacity to 25 vehicles, which will survey every one of the 127,000km of our Medium and Low-Pressure assets across our five networks every 12 months.

The operating model for deploying the systems includes 25 new vehicles with over 40 trained drivers who follow a strict protocol, driving six times over two different nights covering an agreed route as defined by a Survey Plan. The Survey Plan has been agreed with our engineers and there is a weekly debrief to ensure that all areas are surveyed.

The HSE has been fully engaged throughout the project and alongside our Engineering leaders have agreed on a Safety Action Threshold (SAT) whereby leaks meeting the threshold are checked within an hour. The Environmental Action Threshold (EAT) determines the leaks to be reviewed within 14 days. These thresholds are now part of the process followed by our operational teams when responding to leak indications that have been identified by the cars.



By identifying and addressing leaks earlier, we are reducing methane emissions and contributing to improved air quality and climate resilience in the communities we serve. By embedding this ‘proactive’ approach over time, we will be able to reduce the amount of reactive repairs and the associated disruption and cost too. During RIIO-3, we will expand proactive emission management right across our networks. Through leak detection tech, enhanced analytics, targeted repairs and replacement works, we will cut emissions faster than we have achieved before.

If you can already smell gas and/or think there could be a leak, you should call us immediately on 0800 111 999 at any time of the day or night.¹

More information at cadentgas.com/smell-gas 

¹ All calls are recorded and may be monitored.

Climate change impact continued

CASE STUDY

Hordon Leak Detection Alert

As part of the Digital Platform for Leakage Analytics trial to improve early detection of methane leaks at AGI's, five Qube devices and six Sensirion methane sensors were installed at our Hordon AGI site.

The aim of the trial was to assess the effectiveness of fixed, continuous monitoring in providing early alerts and supporting the operational response.

The deployed technology continuously monitors for the presence of methane while also capturing local wind field data, helping to indicate when abnormal conditions are present and where potential leaks may be originating. This approach allows site teams to be alerted to emerging issues without the need for routine manual inspections alone.

On 25 April 2025, the system generated an alert indicating elevated methane levels at the site. In response, an operational team was promptly dispatched to investigate. The source was quickly identified as a leaking heat exchanger valve, which was subsequently repaired, resolving the issue.

This event demonstrated the practical value of fixed methane monitoring in identifying issues at an early stage and enabling timely intervention before the problem could escalate.

Overall, the trial showed that combining fixed methane sensors with intelligent alerting can significantly enhance leak detection capability, support faster decision making, and improve asset management at AGI sites.

If you can already smell gas and/or think there could be a leak, you should call us immediately on 0800 111 999 at any time of the day or night.¹

More information at cadentgas.com/smell-gas 

¹ All calls are recorded and may be monitored.



The equipment was extremely helpful in identifying the issue early on. Having continuous monitoring in place meant we could respond quickly, locate the problem efficiently, and carry out repairs to reduce our emissions."

Curtis Hayes

Strategic Networks Senior Engineer

Climate change impact continued

Business Carbon Footprint – Scope 3 emissions

Scope 3 emissions are defined as all indirect emissions not included in Scope 1 or 2 and occur in the value chain (i.e., supply chain). This means emissions from the products and services used, contractor emissions and other sources not owned or controlled by us.

In March 2021, a screening exercise by The Carbon Trust was performed to highlight Scope 3 emission categories that are materially relevant to our operations. This screening activity has helped shape our efforts over RIIO-2 in establishing our Scope 3 footprint and identifying sufficient data collection processes to increase our reporting Scope 3 emissions.

Scope 3 Category Applicability Matrix

A Scope 3 category applicability matrix was used to determine both the quantitative and qualitative basis of our key Scope 3 emissions areas. The screening process followed the Greenhouse Gas (GHG) Protocol Corporate Value Chain Accounting and Reporting Standard, identifying Scope 3 emissions based on size, influence, risk, stakeholders, and sector guidance.

Upstream activities for Cadent



Purchased goods and services



Capital goods



Fuel and energy-related activities



Transportation and distribution



Waste generated in operations



Business travel



Employee commuting



Leased assets

Downstream activities to Cadent



Transportation and distribution



Processing of sold products



Use of sold products



End-of-life treatment of sold products



Leased assets



Franchises



Investments

Scope 3 hotspot areas and recommendations

The screening identified that our Scope 3 emissions largest sources are from the following:

- **Category 1** – Purchased goods and services. Operational costs were used in the assessment. Suggest seeking out supplier-embodied carbon for materials where possible.
- **Category 2** – Capital Goods. To start collecting raw data and seek out supplier-embodied carbon for materials used where possible.
- **Category 3** – Fuel and Energy-related activities
- **Category 4** – Upstream transportation and distribution. Data from our contract partners who deliver the mains replacement programme.
- **Category 5** – Waste Generated in Operations. Raw data is collected, such as tonnage of office waste, spoil from excavations and PE pipe and should be converted into tCO₂e.
- **Category 6** – Business Travel, including emissions from trains, flights, hotel stays and taxis.
- **Category 7** – Employee Commuting – data not yet collected or available for reporting.
- **Category 12** – End-of-life treatment of sold products.

Assumptions, methodology and the data sources used in the screening and reporting can be found in Appendix 1.

Climate change impact continued

Table 9 – Scope 3 emissions

Specific Area	2021/22	2022/23	2023/24	2024/25	2025/26
Purchased goods and services (PE Pipe)	9,785	4,971	6,864	15,294	11,712 ²
Purchased goods and services (Aerial Surveys)	97	90	96	104	88
Capital goods	0 ¹	0 ¹	0 ¹	0 ¹	0 ¹
Fuel and energy-related activities	0 ¹	0 ¹	0 ¹	0 ¹	4,090
Upstream transportation and distribution	21,527	26,818	27,379	22,542	25,528 ²
Waste generated in operations³	0 ¹	0 ¹	367	869	604
Business Travel – Private Vehicles	222	293	320	246	176
Business Travel – Rail	13	29	42	46	41
Business Travel – Air	0	40	102	108	64
Business Travel – Ferry	N/A	N/A	N/A	N/A	N/A
Business Travel – Hire Cars	11	22	19	8	4
Business Travel – Hotels	0 ¹	0 ¹	0 ¹	251	175
Employee Commuting	0 ¹	0 ¹	0 ¹	0 ¹	0 ¹
Upstream leased assets	0 ¹	0 ¹	0 ¹	0 ¹	0 ¹
Total Scope 3 emissions	31,655	32,264	35,190	39,467	42,481

1 Category not yet calculated.

2 Non-conformities were identified during the Carbon Trust verification which we will be addressing over the next year.

3 Waste data was not included in the scope of the Carbon Trust verification.

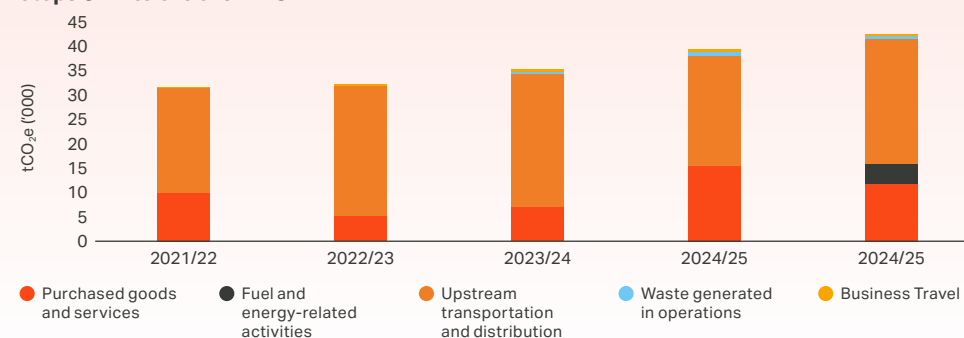
At present, we have not set a formal Scope 3 emission reduction target. This reflects the complexity of accurately quantifying and influencing emissions that occur outside our direct operational control. We have undertaken initial Scope 3 screening and prioritisation and will continue to strengthen data quality and materiality assessments.

Over RIIO-2, there has been an increase in total Scope 3 emissions, mainly due to the emissions associated with PE Pipe (which is dependent on the amount purchased for our works) and the inclusion of emissions from our waste from Year 3 onwards.

There was an increase in 2025/26 as we have included data for an additional category – Fuel and energy related activities. This improvement captures the well-to-tank, transmission and distribution related emissions associated with the fuel and energy we consumed in 2025/26. Without this category, the total Scope 3 would have been 38,391 tCO₂e, a reduction from the 2024/25 total. This year-on-year reduction is attributed to a reduction in emissions from the Business Travel category.

We continuously review our data sources to identify more accurate, granular and comprehensive data as it becomes available for Scope 3. We will continue to include updates on any improvements in future reports.

Scope 3 Emissions over RIIO-2



Climate change impact continued

Embodied carbon

Embodied carbon is defined in the UK Green Council “as the total greenhouse gas emissions produced in a built asset. This can include emissions from the manufacture, processing, transportation and assembly of products and elements to build assets”.

There are two approaches to embodied carbon that we can report on. The first is ‘final design’ and the other is based on ‘as built’. A project can often diverge from the ‘final design’ as a result of changes made to adjust and optimise construction work.

As per previous Annual Environmental Reports, a Life Cycle Assessment (LCA) was conducted for our Burwell project which was used to inform potential carbon savings. This project is now not progressing to build until the 1st year of RIIO-3 and therefore, we cannot yet provide an update on the “as built” embodied carbon of the project.

Sustainable procurement, resource use and waste

Supply chain

We value sustainability and are committed to responsible business practices. This means working collaboratively with local communities, protecting natural resources, meeting ethical standards, and complying with all relevant laws. The companies we work with play a vital role in this commitment, helping us to build a sustainable and reliable supply chain.

We have developed our Supply Chain Sustainability and Social Value framework for all of our suppliers, covering the full supplier lifecycle (pre-qualification, tender, contract delivery and post contract). Our Supply Chain Framework aligns with our Sustainability strategy, which is based on the UN Sustainable Development Goals and consists of three main pillars:



The framework recognises the diversity within our supply chain, both in terms of different types of supply (Goods, Works, Services and Consultancy) and also the size and complexity of the organisations with whom we do business. Our framework, therefore, is designed to provide clarity for all our supply partners as to what is expected from them in terms of our sustainability ambitions. This is in the process of being rolled out to our supply chain.

cadent.srgry.com

Our organisation is committed to embedding sustainability at the heart of our procurement practices. Our Procurement Policy guides buyers to actively consider environmental, social, and economic sustainability throughout all procurement activities. This is reinforced by our Supplier Code of Conduct, which outlines clear expectations for suppliers in these areas.

We require 100% of active suppliers and all participants in tender events to either accept our Supplier Code of Conduct or demonstrate that they have an equivalent policy in place that meets our standards. Sustainability considerations are integrated into our Procurement Standard, ensuring that relevant questions, evaluation criteria, and contract terms – including performance KPIs – are consistently applied throughout the tendering and contracting process.

Sustainable procurement, resource use and waste continued

These principles form the foundation of our purchasing values and inform our supplier selection and management decisions. We view this as a collaborative effort, and we expect all suppliers to:

- Comply with all applicable legal requirements and obligations.
- Operate an environmental management system aligned with recognised standards such as ISO 14001.
- Support and contribute to the United Nations Sustainable Development Goals (UN SDGs), focusing on those most relevant to their operations and our shared activities.
- Join the Supply Chain Sustainability School (SCSS) – a free resource that supports environmental learning and reporting across the supply chain.

We are actively engaged in sustainability working groups within the SCSS and have played a key role in the creation and development of Utilities Against Slavery (UAL). As a signed-up partner, we are helping to drive a coordinated, sector-specific approach to tackling modern slavery and promoting ethical practices across the utilities sector.

We have strongly promoted the take-up and usage of resources provided by SCSS.

Engagement between our suppliers and the SCSS in numbers during 2025/26:

- 1,577 supplier attendees completed training.
- 4,358 e-learning resources completed and passed.
- One speaking slot at an event.

Resource efficiency

Table 10 – Purchased goods ranked by spend

Material ranking	2021/22	2022/23	2023/24	2024/25	2025/26
1	PE Pipe	PE Pipe	Plastic & Metal	PE Pipe	Metal
2	Metal	Metal	PE Pipe	Metal	PE Pipe
3	Plastic	Plastic & Metal	Metal	Plastic & Metal	Tools, Chemicals, Appliances
4	Textile (PPE)	Fibreglass	Tools, Chemicals, Appliances	Tools, Chemicals, Appliances	Plastic & Metal
5	Steel	Cast iron	Cast Iron	Steel	Textile
6	Chemicals	Steel	Textile	Textile	Chemicals
7	Cast Iron	Plastic	Plastic	Cast Iron	Cast Iron
8	Fibreglass	Textile	Copper & Brass	Copper & Brass	Plastic
9	Copper and Brass	Chemicals	Steel	Chemicals	Pleated Paper, Activated Carbon and Polypropylene
10	–	Copper & Brass	Chemicals	Paper	Copper & Brass

Table 11 – Sustainable procurement performance indicators

Supply Chain	Unit	2021/22	2022/23	2023/24	2024/25	2025/26
The percentage of suppliers (by value) meeting the licensee environmental supplier code	%	100 (based on the assumption to opt-out)	90 (of relevant spend value)	91 (of relevant spend value)	90 (of relevant spend value)	86 (of relevant spend value)
The percentage of suppliers (by value) that have their own sustainability metrics or KPIs	%	Not available	Not available	Not available	50	45

Sustainable procurement, resource use and waste continued

CASE STUDY

Recognising the achievements of our Suppliers

In March 2026, we celebrated the achievements and positive impact suppliers continue to make to our Sustainability Strategy at our second awards event.

This awards ceremony celebrated the exceptional achievements of our supply partners who made a positive impact across our three sustainability pillars.

The event included:

- **Awards Ceremony:** Recognising suppliers who have gone above and beyond.
- **Networking Lunch:** Bringing together shortlisted suppliers and leaders.
- **Leadership Insights:** Sharing why sustainability and social value matter to Cadent and our industry.

Over 50 high level entries competed for an eventual nine category wins with Speedy Hire coming out on top as overall winners.

These awards reinforce our commitment to sustainability and social value. It's a way to strengthen partnerships and encourage innovation that benefits our customers, communities, and the environment.

Visiting suppliers were expertly hosted by members of the Procurement & Financial Services team.

Cadent Congratulates 2026 Winners:

	Easier <i>Warmth</i>	Fairer <i>Opportunities</i>	Greener <i>Society</i>
Small/ Micro			
Medium			
Large			



Overall Winner

Speedy Hire was named Overall Winner for delivering impactful programmes that advance both sustainability and inclusion, including the successful trial of battery powered tools and lighting to cut fuel use, noise and emissions while maintaining safety and productivity. Alongside this, their sector leading Part of the Family DEI strategy has driven measurable improvements in wellbeing, retention and future skills, demonstrating real leadership in building a sustainable and inclusive workforce.

Sustainable procurement, resource use and waste continued

Waste

We have set waste reduction targets for office and depots, as well as spoil to landfill targets monitored and managed through our Regulatory Reporting process. Our aim is to divert as much waste as possible from landfill and driving reuse and recycling wherever possible by applying the waste hierarchy.

Table 12 – Waste generated (tonnes)¹

	2021/22	2022/23	2023/24	2024/25	2025/26
Total waste generated	1,152,978	703,005	671,247	689,214	601,395
General waste	1,682	1,242	1,117	948	831
Wood	275	276	283	288	221
PE Pipe	503	1,186	847	846	812
Construction and Demolition	88	537	115	47	86
Rubber	1	0	0	0	0
Mixed Recycling (including confidential paper)	250	293	325	299	320
Metals	287	291	306	264	236
Plastic	144	286	277	221	24
Spoil	1,149,219	674,995	660,473	685,916	580,063
Food/Organic/Biodegradable	91	119	134	71	70

For example, we use recycled aggregate as a material for use in backfilling across the networks enabling a more circular approach. By focusing on segregation of waste at source, we have streamlined our waste management, in particular for PE pipe and metal waste to maximise recycling rates.

Table 12 – Waste generated (tonnes)¹

	2021/22	2022/23	2023/24	2024/25	2025/26
Hazardous waste – Solids (including sharps)	435	261	193	269	320
Hazardous waste – Liquids (such as septic tank sludge, sewage)	Not reported	23,517	6,421	0 ²	18,350
Non-hazardous liquids	Not reported	3	737	0 ²	35
Non-hazardous solids	Not reported	Not reported	18	47	0
Textiles	0	0	0	0	0.1
WEEE	0	0	0	0	0.2
Asbestos	0	0	0	0	10
Tires	0	0	0	0	1
Road Sweepings/Sludge	0	0	0	0	14

¹ As calculated by our National Waste Contractors.

² Due to a change in contract, data was not available for this category at the time of reporting.

Sustainable procurement, resource use and waste continued

Table 13 – Waste disposal routes for 2025/26 (%)¹

	Reduced	Prepared for re-use	Recycled	Other recovery	Landfilled
Total waste produced directly by the company	0	0	93.41	3.24	3.35
General waste	0	0	0	99.09	0.91
Wood	0	0	100	0	0
PE Pipe	0	0	100	0	0
Construction and Demolition	0	0	66.38	0	33.62
Mixed Recycling (including confidential paper)	0	0	100	0	0
Metals	0	0	100	0	0
Plastic	0	0	100	0	0
Spoil	0	0	96.54	0	3.46
Food/Organic/Biodegradable	0	0	100	0	0
Hazardous waste – Solids (including sharps)	0	0	0	100	0
Hazardous waste – Liquids (such as septic tank sludge, sewage)	0	0	0	100	0
Non-hazardous liquids	0	0	100	0	0
Textiles	0	0	100	0	0
WEEE	0	0	100	0	0
Asbestos	0	0	0	0	100
Tires	0	0	100	0	0
Road Sweepings/Sludge	0	0	0	0	100

¹ As calculated by our National Waste Contractors.



Sustainable procurement, resource use and waste continued

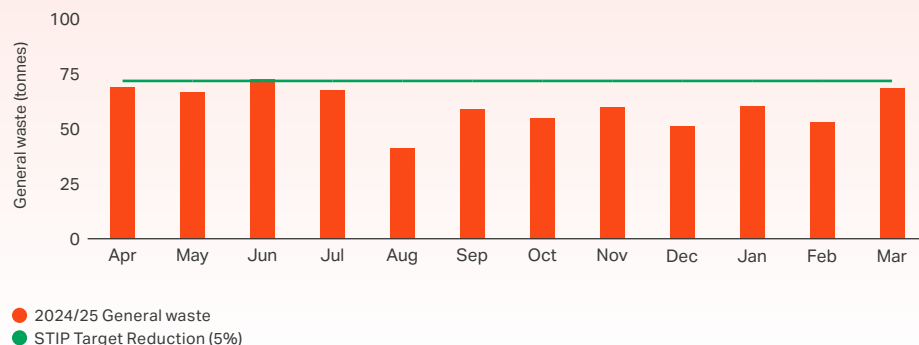
Waste target for 2025/26 (Office and Depot waste only)

We set annual environmental targets through short and long-term incentive plans as a mechanism to ensure employees are incentivised to drive continuous improvement in key areas of the business.

The 2025/26 general waste reduction target was set at a 5% reduction and was designed to drive high levels of performance against waste as a key business metric, adding a direct link to personal financial incentives with our employees.

The result reflects the positive engagement, hard work and commitment shown by the networks in understanding and improving our waste management, waste segregation and reducing waste generated at source across all teams. Office and depot waste reduction initiatives continue to deliver strong performance, with depot general waste down by 134 tonnes in 2025/26 from the previous year. Improved segregation, signage and controls have increased recycling rates. Since 2020/21, we have reduced general waste by 49%, exceeding annual targets set each year.

YTD 2024/2025 General Waste tonnage vs. performance target



CASE STUDY

Alternative to Yellow Plastic Bags

In 2025/26, the National Distribution Centre (NDC) trialled and adopted the use of paper bags to replace yellow plastics bags from transportation of non-liquid items to our depot locations. The paper bag trial started in July 2025. In the following eight months up to March 2026, 7,000 yellow bags were used for transportation of stock. This is compared to 16,000 yellow bags used over the same period of the previous year (a reduction of 9,000 over eight months).



There were some initial concerns with how the bags would perform once heavy items were placed in them. However, they have proven to be versatile and robust enough to cater for the majority of the stock we send out of the NDC. The team at the NDC will continue to promote the paper bags as the best solution for packaging stock for transportation and hope to reduce the use of plastic further."

Phil Holland
NDC Manager

Sustainable procurement, resource use and waste continued

CASE STUDY

Waste Awareness Day

In October 2025, employees from across the business came together for a Waste Awareness Day. The day was aimed at employees to educate on waste management and provide an opportunity for attendees to share their successes and challenges.

The day commenced with a presentation from the Supply Chain Sustainability School who provided information on the definition of waste and the legislation associated with waste management. Our waste contractor also shared an insightful presentation on the waste disposal process. This shared the importance and value of recycling for a circular economy.

Attendees reflected on their progress throughout RIIO-2 to manage our environmental impact through waste management with several presentations from the networks. The network specific presentations allowed best practices to be shared across the business.

In addition to presentations, workshops were held looking at barriers to waste management and ways to overcome them, as well as a sorting exercise for groups to discuss the potential consequences of poor waste management decisions. The Environment Team also shared a new "Waste Guide", designed to be a 'quick guide' to waste related compliance obligations.

With representation from across the business, the discussions were invaluable, informing how we can continue to continually improve our waste management process as we move into RIIO-3.



Our Waste Awareness Day created a valuable space for collaboration, where people could connect, share experiences, and deepen their understanding of the challenges and opportunities within waste management. Through a series of engaging talks, interactive sessions, and hands-on activities, participants were able to explore practical ways to reduce waste, improve processes, and drive more sustainable behaviours both individually and collectively.

The day was a great success, with positive feedback and a new sense of energy to our commitment towards a greener future as we approach RIIO-3."

Emma Clarke
Environmental Specialist



Sustainable procurement, resource use and waste continued

CASE STUDY

Pre-loved workwear

In partnership with PWS, our workwear and PPE supplier, we launched The Reinstatement Rack, which allows employees to deposit unwanted Cadent-branded uniform and workwear.



Returned branded office clothing will be professionally laundered, have basic repairs made and be relisted for employees to order, giving the item a longer lifecycle. If donations do not meet the standards to be relisted, or they are used for personal protective equipment (PPE), these will be recycled and turned into alternative products.

Our PPE is recycled by Aveena and turned into carpet underlay and we recycle everything from hard hat to toe cap. Old design office wear is recycled by our provider PWS and we recently supported an initiative to use our old office wear, shred what can't be reused and turn that material into draft excluders which were made by people in our Centres for Warmth.

Reusing and recycling workwear and uniforms is a crucial step towards reducing waste fabric. By making use of the good condition items returned, we are avoiding the environmental impact of future fabric creation too, supporting our ambitions to create a greener future.



We are always looking at new and innovative ways to design out waste where we can. I think it is important to also see waste as a resource, this pre-loved workwear range will support us to create a circular economy for Cadent branded workwear. We are delighted that The Reinstatement Rack will be an innovative solution with PWS, which not only diverts waste from landfill, but more importantly, gives a longer lifecycle to the garments already produced. We know that people change their look, change shape, change their role, or leave the business, which can leave perfectly good Cadent workwear being unused. For security reasons any branded wear must be returned, which results in much of it going to landfill. This new initiative will reduce waste and save money by enabling perfectly good uniform to be reused."

Row Hill

Head of Safety Management



Local Environment

Climate-related financial disclosure

This year, we conducted a full review of our climate-related financial disclosures together with external consultants. This involved re-evaluating each of the different aspects of the disclosures, those relating to the business' governance, strategy, risk management, metrics and targets relating to climate change.

Regarding governance of climate change internally, we confirmed that no significant changes have occurred and that the process of managing climate change issues remains as previously disclosed.

The risk management process employed for climate-related issues remains the same, and our disclosures for metrics and targets have been updated accordingly. We continue to voluntarily report on the 11 Task Force on Climate-related Financial Disclosures recommendations, and as such, we consider these disclosures to be fully compliant with the Companies Act 2006 as amended by the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022.

Climate scenario analysis

This year, we also carried out a full review of the climate-related risks and opportunities affecting the business together with external consultants. As part of this, a new scenario analysis was conducted, where the impacts of climate change on the business were considered assuming differing levels of global temperature change and the physical and transitional consequences associated with this.

The scenarios examined as part of the new analysis were:

- › The International Energy Agency's (IEA) Stated Policies scenario (STEPS)
- › The IEA's Net Zero scenario (NZE)
- › The Intergovernmental Panel on Climate Change's (IPCC) Sustainability scenario (SSP1-2.6)
- › IPCC's Middle of the Road scenario (SSP2-4.5)
- › IPCC's Regional Rivalry scenario (SSP3-7)

We chose to use the IEA's scenarios as they are a reputable source of information regarding global energy projections, which are also explicitly linked to projections and scenarios of climate change. In particular, the IEA's latest World Energy Outlook report provided relevant and useful evidence of energy and climate change projections for our review of climate-related issues this year.



The information explored as part of the scenarios was also supplemented by the National Energy System Operator's (NESO) Future Energy Scenarios, to give further context to energy transitions in the UK, which in turn helped us to map climate change scenarios more accurately for our business.

Considering the different climate change scenarios examined, it is our view that our current business strategy is resilient to the effects of climate change, which are thoroughly analysed and accounted for as part of its operations.

Climate Change Adaptation and Resilience

Climate change adaptation is the process taken to adjust to the actual or expected climate and its effects. In December 2024, we reported to the Department of Environment, Food and Rural Affairs (DEFRA) our [fourth round of climate change adaptation report](#) under the Climate Change Act 2008.

Understanding climate change and the impact that it has on our assets and operations is critical to ensure that we safeguard life, property and secure energy supply to the 11 million homes and businesses that we serve.

Local Environment continued

Our report used Met Office Climate Projections modelled data from 2018, and in collaboration with the Energy Network Association (ENA) at the time, five climate variables were identified to report on:

- › Precipitation
- › Temperature
- › Wind
- › Wildfire
- › Sea-level Rise

Against these variables, 22 risks were identified. Each risk is broken down to provide an industry response and risk assessment, including details on how we currently, and plan to, mitigate our exposure to these risks.

Resilience to climate change is the capacity to prepare for, respond and recover from those hazardous climatic events.

Our Climate Resilience Strategy forms a key part of our RII0-3 Business Plan and defines the type of risks to which we aim to adapt our network. This is based on our understanding of climate exposure, as well as aligning this with international reporting and disclosure frameworks, i.e. Task Force for Climate Financial Disclosures. This includes the following risks:

- › **Acute:** Severe storms (wind), riverine flood events (pluvial and fluvial causes), coastal flooding, wildfire, heat stress, and cold extremes.
- › **Chronic:** Warmer winters, soil subsidence and erosion (from drought conditions), asset inefficiency due to heat, impact of heat/cold on gas demand/supply.

Those are the hazards that we will be adapting our network for, as the physical risk they present to our assets will evolve with the changing climate.

Our gas distribution system consists of numerous above-ground assets, pipelines, and associated infrastructure. Adverse/extreme weather can impact the safe and efficient operation of the networks in many ways, ranging from damage to assets to loss of access and a failure to complete critical or regulatory tasks.

Natural Events Working Group (NEWG)

The Natural Events Working Group, established in 2023, continues to meet quarterly and is chaired by the Head of Environment and Resilience, with representatives from across the business.

The group reviews and shares best practices and lessons learned from external stakeholders and working groups around climate change adaptation and resilience.

The Working Group has the following remit:

- › Support the organisation in anticipating, preventing, withstanding, responding, and recovering promptly from disruptive challenges posed by natural events impacting the gas distribution network in line with the Resilience Policy Statement.
- › Ensure we manage the principal risk that climate change poses to its operations, assets and activities.
- › Ensure we meet commitments made to DEFRA for climate change adaptation under the Climate Change Act 2008.
- › Steer the direction and drive the progression of the Climate Resilience Strategy, including the development of metrics within Ofgem.

Enhancing the local environment

Volunteering

We aim to be a Force for Good in Society, making things 'Easier, Fairer and Greener' for those living and working in our networks.

In 2025/26, there were 553 volunteering hours logged against social and environmental causes. The environmental causes included:

- › Clearing a pond at a local primary school
- › Groundwork at a community allotment,
- › Litter picking in the local community
- › Attending a local school to talk to students about Environmental Science.

We give all employees two paid days a year to volunteer for the good causes that align to the social impact framework of making life easier, fairer, and greener.

Easier *Warmth*

Fairer *Opportunities*

Greener *Society*

Local Environment continued

CASE STUDY

Logistics Team lends a hand at local primary school

From jet washing to pond pruning, members of the Logistics Team from the National Distribution Centre volunteered at a local primary school in August 2025.

The team got stuck into a few different tasks, with the end goal of refreshing and revitalising the school grounds. Their efforts included:

- › Jetting and pressure washing key outdoor areas
- › Sweeping and tidying the site to give it a polished finish
- › Painting an indoor area to brighten up the learning environment
- › Highlighting step edges for improved safety
- › Tidying the pond area, making it a more inviting space for pupils and wildlife alike



Before



After

Local Environment continued

Biodiversity

Biodiversity is described as all the different kinds of life you'll find in one area – the variety of animals, plants, fungi and even microorganisms that make up our natural world. Each of these species and organisms works together in ecosystems to maintain balance and support life. It supports everything in nature that we need to survive: food, clean water, medicine and shelter. There is growing societal concern over continuing biodiversity loss, and this is seen increasingly as an issue of similar magnitude "and linked with" the climate crisis.

Our focus during RIIO-2 was primarily:

- To work within the current license conditions to deliver the commitments we have made in our EAP to seek innovative and creative ways to enhance biodiversity on our key sites.

Over RIIO-2, we instructed ecologists to conduct 84 baseline surveys using the Department for Environment Food and Rural Affairs (DEFRA) Biodiversity Metric methodology, across a selection of operational and depot sites. The DEFRA Biodiversity Metric 4.0 (a Natural Capital Value tool) is designed to quantify biodiversity to inform and improve planning, design, land management and decision-making. It provides a standardised approach that is widely accepted across the industry and environmental communities.

Each ecology survey has been shared with relevant site contacts for review and approval. The reports detail action plans and proposed measures from the ecologist that, if implemented, will provide ecological enhancement within the above-ground installations (AGI) and Depots.

In our RIIO-2 EAP, we noted that 'we will undertake the external biodiversity benchmarking process to ensure that our action plans are robust and conform to these externally assessed standards'.

This process involves a third-party certification of our management systems against the standard specification, to do this:

- We created a company-wide Biodiversity Policy, reviewed annually, outlining our commitments to Biodiversity: [Biodiversity Policy Statement](#)
- We identified flagship sites which will undergo external assessment to achieve the benchmark status. Two flagship sites have already achieved The Wildlife Trust Biodiversity Benchmark, which recognises land management and continual biodiversity improvement at these locations. The Wildlife Trust has created the Biodiversity Benchmark to encourage organisations to manage their land for wildlife and it is the first scheme to recognise continual biodiversity improvement of land.



Examples of identified benefits across the locations include scrub and woodland management to allow the expansion of microhabitats, specific cutting and planting regimes, low intensity mowing for grassland enhancement, and pesticide reduction.

In addition to the flagship sites, we are planning to expand this work into RIIO-3 to increase the habitat units, which will also contribute to our internal 30% Biodiversity Net Gain by 2030 target.

We have four targets in our RIIO-3 Environmental Action Plan which confirm our commitment to continue enhancing biodiversity wherever possible. These targets relate to:

- Biodiversity surveying
- Biodiversity Benchmarking
- Nature-based improvements in local communities
- Nature-based solutions and partnerships

Local Environment continued

CASE STUDY

Achieving the Wildlife Trust's Biodiversity Benchmark at Tatling End AGI

We're proud to share that Tatling End AGI (Above Ground Installation), located near the M25 in our North London network, has achieved The Wildlife Trust's Biodiversity Benchmark. This is the first site in any UK gas distribution network to do so.

Tatling End AGI plays a vital role in managing gas pressure and heating gas before it enters the underground network, ensuring safe and reliable supply to homes and businesses. Now, it's also a beacon for biodiversity.

The Wildlife Trusts' assessor praised the steps already taken and our future plans, which include:

- › Planting more trees and hedgerows
- › Creating a small wetland area
- › Enhancing habitats to secure biodiversity net gain

We've also built strong links with local biodiversity groups, beekeepers, and bat and bird specialists to make this site a thriving home for wildlife.

This is a huge milestone and a clear demonstration of how we're delivering on our commitment to keep people warm while protecting the planet. It is thanks to the passion and hard work of our employees who made it happen.



One of the first things we had to do was find a suitable site to begin the benchmarking process. We visited a number of different sites, which took us to Tatling End. We cleared the land, put up signage and engaged with local bird and bat groups, as well as beekeepers. We have since planted native hedgerow and installed bird and bat boxes. We look forward to introducing future improvements to the site."

Aden Loomes
Environmental Advisor



Local Environment continued

CASE STUDY

Cadent 16" Coleshill to Copt Heath High Pressure (HP) Pipeline Diversion

This project involved a 100-metre diversion of our 16" Coleshill to Copt Heath High Pressure (HP) Pipeline Diversion to accommodate infrastructure developments. The diversion was located within the grounds of the National Exhibition Centre (NEC) in Birmingham, the UK's largest event space.

Prior to the works taking place, ecological and arboricultural surveys were conducted. Otters were thought to use Hollywell Brook which flows out of Pendigo Lake approximately 70m north of the site. Due to the small risk of this as well as reptiles, nesting birds and hedgehogs being present, a Precautionary Works Method Statement (PWMS) was drafted, and the vegetation and site clearance stages of work were supervised by an Ecological Clerk of Works who undertook fingertip searches and visual checks.

The working area was kept as small as possible to allow as many trees as possible to be retained. A Tree Constraints Plan was generated which showed the individual Root Protection Areas (RPA) for the retained trees.



Prior to any work starting, a Construction Exclusion Zone (CEZ) formed of barriers with signage was established around all the retained trees to protect both their crowns and RPAs.

The timber from the trees that had to be removed was beneficially reused within the grounds of the NEC. This included woodchip used to enhance the public walkways around Pendigo Lake and in the adjacent woodland and, under the guidance of the ecologist, set down as refugia and hibernacula for reptiles. Larger stumps were used to create and enhance the seating areas at the fishing spots around Pendigo Lake.



During reinstatement, hydroseeding (a slurry of seed and mulch) was undertaken as it offers additional benefits to sowing dry seed including better erosion protection. The seed mix for the hydroseed was specifically chosen due to its hard-wearing properties and ability to rapidly establish given the time of year (late Autumn).

Although this was a short diversion, the environmental challenges and management required were not to be underestimated. Active engagement with the stakeholders enabled us to manage all environmental aspects pragmatically and allowed for works to take place alongside the NEC's biggest event, the Horse of the Year Show.

Local Environment continued

Environmental incidents

A reportable environmental incident is an incident that has the potential to cause harm or damage to the environment, such as polluting a watercourse, damaging local biodiversity or non-compliance with permit requirements. We manage and monitor environmental incidents through our Incident Management System.

In 2025/26, we finalised an upgrade to our Incident Management System, GO SafeManagement. This system will enhance our Safety, Health and Environment management data, supporting us to delve more deeply into our incident data, exploring trends, root causes of incidents and enhancing the learning culture to reduce risk and keep us all safe and well as we work.

There was one incident in 2025/26 deemed to be relevant to the Environment Agency. This incident was related to a flood-risk exemption not being obtained prior to work commencing. The required exemption was obtained retrospectively from the Environment Agency, and an internal investigation was completed. We identified the root cause, and the investigation has been closed.

There were two incidents reportable to the Local Authority relating to damage to trees. The incidents were escalated to the relevant authority and any remediation steps actioned. The root cause of the incidents have been identified and the investigations have been closed.

We received nine Environmental Information Requests in 2025/26 which were responded to within the required timeframe.

Table 14 – Reportable Environmental Incidents

	Unit	2021/22	2022/23	2023/24	2024/25	2025/26
Reportable to the Environment Agency	Number	0	0	0	1	1
Reportable to the Local Authority	Number	0	0	1	5	2
Warning letters received	Number	0	1	1	0	0
Formal undertakings, enforcement notices, monetary penalties	Number	0	0	0	0	0
Prosecution	Number	0	0	0	0	0

Employee Engagement

Safe+Well programme

Our Safe+Well survey is used to gather employee feedback across several areas so we can use insights to drive improvements through our Safe+Well multi-year programme. The Safe+Well programme sits at the heart of our purpose, 'keeping people warm, while protecting the planet' and aims to create a psychologically safe culture where continuous learning and improvement are embraced. Over the past three years, we have been inviting our employees to share their views and experiences on health, safety, well-being and sustainability.

Over 4,000 of our employees had their say in our most recent survey. For the 2026 survey, we have reduced the number of questions, and allowed network leadership teams to personalise and ask network specific questions, to really see how their action plans have had an impact on their networks.

The majority of the questions asked were kept the same to ensure we can benchmark against previous years.

Since the last survey, we have been able to build on the feedback we received.

- Continued to improve our PPE offerings.
- The roll out of an enhanced and easier to use Incident Management System (IMS), GO SafeManagement.
- PeopleSafe, our lone working app, to increase personal safety of Lone Workers.
- Shared insights, tips and advice to help you manage your stress through our Stress Risk Assessments
- Extended our health benefits life Fertifa and Virtual GP to people living in your household
- Increased our financial wellbeing support with money saving benefits and partnerships with the likes of HSBC and our workplace ISA... and much more.

Some key highlights:

- With a 76% favourability score, we have maintained that there is a clear social and environmental plan with commitments to sustainability.
- 75% of employees are aware that we must follow environmental compliance, and know where to find supporting information for their role. This is a 7% increase from the previous year.



Statement on scope and quality of data

Scope

Overview

This Annual Environmental Report provides our progress against the RIIO-2 Environmental Action Plan approved by Ofgem and other reporting requirements in the Annual Environmental Reporting guidance RIIO-2. This report covers the final year of the price control period RIIO-2 (1 April 2025 – 31 March 2026). Data tables have been collated in accordance with the RIIO-2 Annual Environmental Reporting guidance and Regulatory Reporting Pack (RRP).

Reporting boundary

This report includes data from each network – North London, Eastern (East Midlands and East of England), West Midlands and the North West. Unless stated otherwise, the data reported is our total, as most of our RIIO-2 Action Plans are targeted at a company level.

Quality

Data Collection

For 2025/26, the data collection process and reporting have been assured in line with Ofgem's Data Assurance Guidance (DAG) either through the environmental reporting in the Annual Financial Report or as part of the Regulatory Reporting Pack (RRP). As per DAG, our assurance process included undertaking a risk assessment to understand the probability and impact of data submissions. This determines the level of data assurance activities and processes followed for data collection, review and sign-off. We are always looking to improve our data assurance and reporting.

Completeness of information

The data and narrative detailed in this report are to the best of our knowledge at the time of reporting. If there are any data gaps, such as incomplete data or data not collected in the current reporting year, we will work to improve upon this for future reporting.

The Carbon Trust data certification

In 2026, we worked with The Carbon Trust for a fourth year to verify our 2025/26 Business Carbon Footprint data. This is partial verification of our total footprint for the financial period spanning April 2025 to March 2026.

The scope of work included the following GHG emission categories which were verified in accordance with the GHG Protocol:

- › Scope 1: Stationary fuel combustion, mobile fuel combustion, process emissions, fugitive emissions.
- › Scope 2: Purchased electricity (location- and market-based).
- › Scope 3: Category 1 (partial¹), Category 3, Category 4 (partial²) and Category 6.

We are committed to ensuring good quality data, preferably deriving from primary sources, to be able to quantify our successes and identify target areas.

Extensive internal stakeholder engagement across the business is required for such verification activities, including sharing of data collection processes, interviews and providing primary data. Once again, we would like to thank and congratulate all employees involved in the process who have enabled us to maintain our organisational carbon footprint verification.

We will be actioning any improvements and recommendations by the Carbon Trust ahead of the next emissions verification audit.

1 Includes PE Pipe and Aerial Survey Gas only.

2 Includes Local Delivery Partner Commercial Vehicles only.

Appendix 1 – Scope 3 Categories

Screening assessment

Each category was assigned a weight (Table 1) to reflect its relative importance in determining Scope 3 category hotspots. The largest contributor is the estimated portion of emissions from the relevant category. Influence and risk were considered the next most important factors in determining Scope 3 applicability. The level of influence we may have over implementing emission reduction activities in a particular Scope 3 categories may warrant focus in that area and contribute to material emission reductions, even if the size of that category's emissions relative to all Scope 3 emissions would not indicate it as a hotspot. Evaluating risk is an important consideration as seeking to reduce risk will ultimately drive business decisions across the organisation and climate-related risk is increasingly growing. Finally, sector guidance, stakeholders and level of outsourcing were assigned lower weights, as they should be considered when determining Scope 3 hotspots but should not be the determining factors.

Category #	Scope 3 Category	Applicability	Overall Data Quality
Upstream			
1	Purchased goods & services	77	62
2	Capital goods	60	61
3	Fuel- and energy-related activities	57	70
4	Upstream transportation & distribution	53	76
5	Waste generated in operations	55	91
6	Business travel	27	100
7	Employee commuting	28	13
8	Upstream leased assets	22	56
Downstream			
9	Downstream transportation & distribution		
10	Processing of sold products		
11	Use of sold products	7	18
12	End-of-life treatment of sold products	51	56
13	Downstream leased assets		
14	Franchises		
15	Investments		

The data were evaluated in line with GHG Protocol data assessment criteria (Table 7.4, Table 7.6, and Box 7.2 from GHG Protocol Corporate Value Chain Accounting and Reporting Standard).

Appendix 1 – Scope 3 Categories continued

Scope 3 – Emission screening results

Category	Methodology and assumptions	Data sources	Confidence in data (completeness and accuracy) RAG Rating
Purchased goods and services	The total spend was entered into a value chain footprint model developed by The Carbon Trust and an emission estimate was determined on a spending basis	2020 expenditure was used as a proxy FY 2019/20, for the allocation of spend for purchased goods and services	Amber
Capital goods	The total spend was entered into a value chain footprinting model developed by The Carbon Trust and an emission estimate was determined on a spending basis	Spend on light commercial vehicles, mobile phones, computers, and portable gas detected. Expenditure in 2020 was used as a proxy for FY 2019/20.	Amber
Fuel and energy-related activity	Emissions from sources used to calculate fuel and energy-related activities	Emissions from transmission and distribution losses and well-to-tank emissions for shrinkage, natural gas consumption on site, electricity use and fuel use in vehicles.	Green
Upstream transportation and distribution	This has been calculated based on spending data	N/A	Amber
Waste generated in operations	Spoil data was provided which is either landfilled or recycled and multiplied by the corresponding DEFRA 2019 emission factor	Spoil waste data from 2019 was used. A 20% uplift was applicable for other waste generated from operations	Amber
Business Travel	Total travel reported by Cadent employees through the expense claim process	Business travel emissions were calculated from emissions for air, car hire, ferry, and rail	Green
Employee commuting	Employee commuting emissions were estimated. The total figure was implemented into a value chain model developed by The Carbon Trust to determine an approximate footprint based on the number of employees.	Calculated based on 3,583 full-time employees and 304 part-time staff.	Amber
End-of-life treatment of sold products	This has been calculated by determining the mass of the PE pipe in 1km. The diameter and weight from suppliers were converted into kg/km and multiplied by the total used in a year.	Based on the mass of 1km of 63mm PE Pipe	Amber
Downstream transportation and distribution	Not applicable to Cadent		Grey
Processing of sold product	Not applicable to Cadent		Grey
Use of the sold product	Not applicable to Cadent		Grey
Downstream leased assets	Not applicable to Cadent		Grey
Franchises	Not applicable to Cadent		Grey
Investment	Not applicable to Cadent		Grey

● Green – Accurate data is available and in full
● Amber – Estimated or modified data available or partially collected

● Red – No data or estimate is available for the report
● Grey – Not applicable for our Scope 3 reporting boundary or applicable category

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