



# **Highland Spring Limited**

## **Qualifying Explanatory Statement in support of the Achievement of and Ongoing Commitment to Carbon Neutrality**

Application Period: 1 January 2021 to 31 December 2021

**Date:** 07/02/2023

# 1. Executive Summary

This document is the Qualifying Explanatory Statement (QES) which provides collected evidence in support of the declaration that Highland Spring Limited:

1. has achieved carbon neutrality for its UK Operations for the period commencing 1 January 2021 to 31 December 2021 (see Section 3); and
2. is committed to maintaining carbon neutrality for its UK Operations (see section 4).

The carbon neutrality declaration has been made and the collected supporting evidence has been provided in accordance with the requirements prescribed by PAS 2060:2014 – Specification for the demonstration of carbon neutrality.



Simon Oldham

Joint Managing Director

07/02/2023

## 2. General information

PAS 2060 Requirement	Information Relating to the Carbon Neutral Declaration
Entity making PAS 2060 declaration:	Highland Spring Limited
Subject of PAS 2060 declaration:	UK Operations
Description of Subject:	Highland Spring Limited was formed in 1979 and is one of the UK's leading producers of natural source water.
Rationale for selection of the subject:	<p>UK operations includes four owned and operated sites, which are of varying size and location across the UK. Three of the sites were operational during 2021 however, one site (The Glen) was closed and currently remains closed.</p> <p>The UK sites include: -</p> <ul style="list-style-type: none"><li>• The Ochils</li><li>• The Fells</li><li>• The Beacons</li></ul>

- The Glen (closed)

The footprint covers scope 1 and 2 market-based emissions and business travel from scope 3 reflecting the organisational footprint of the business within the UK. The Glen site has been included for completeness.

Scope 1, 2 and 3 emissions are a way of categorising business emissions accounting for both direct and indirect greenhouse gases (GHG).

**Scope 1** emissions are GHG emissions that occur from sources that are directly owned or controlled by the company for example fuels used for heating, refrigerants, and emissions from company owned vehicles. For Highland Spring, includes emissions from natural gas and gas oil used for heating our sites, Liquid Petroleum Gas (LPG) used by forklift trucks on our sites, any refrigerant gasses from equipment used on our sites and fuel used by company owned vehicles.

**Scope 2** emissions are indirect GHG emissions released by a business from purchased or acquired energy. For Highland Spring this relates to relates to emissions associated with purchased electricity used at our sites. Since 2015, the Greenhouse Gas Protocol has encouraged companies to report their emissions on a Scope 2 **market-based** approach which enables Highland Spring Limited to report zero emissions to reflect renewable electricity contracts in place with suppliers for electricity purchased. For transparency, the business has also reported **location-based** emissions which reflects the average emissions intensity of the power grid in the UK. This is the comparable emissions for electricity used at our sites if the business had not purposefully chosen to purchase renewable electricity. The market-based footprint forms the basis for calculating the offsets required to achieve organisational neutrality.

**Scope 3** emissions are any other indirect GHG emissions released as a consequence of the activities of a company which occur from sources that are not owned or controlled by the company such as transportation, production and use of raw materials and emissions associated with the use of products sold by a company. For Highland Spring, and for the purposes of this Qualifying Explanatory Statement, emissions included within the scope of this Scope 3 footprint are emissions associated with business travel (vehicle, rail, and air). No other scope 3 emissions have been included.

	For clarity, our UK Operations footprint <b>does not</b> include emissions associated with any packaging used in our products, nor does it include the recycling of this packaging at the end of its life. In addition, the scope of this footprint <b>does not</b> include any emissions associated with transporting our products.
<b>Control approach:</b>	Operational Control
<b>Type of conformity assessment:</b>	Independent third-party certification (see Appendix 2)
<b>Baseline date for PAS 2060 programme:</b>	1 January 2019
<b>Individuals responsible for evaluation and provision of data necessary for declaration:</b>	Morwen Mands (Head of Sustainability)

### 3. Declaration of achievement to carbon neutrality

PAS 2060 Requirement	Information Relating to the Carbon Neutral Declaration
<b>Declaration of achievement:</b>	Carbon neutrality of UK Operations achieved by Highland Spring Limited in accordance with PAS 2060 at 03/02/2023 for the period commencing 1 January 2021, certified by the Carbon Trust.
<b>Recorded carbon footprint of the subject during the period stated above</b>	687 (tCO <sub>2</sub> e) See section 3.2 for further details.
<b>Carbon footprint reduction achieved for period</b>	71 (tCO <sub>2</sub> e) reduction v 2020 See section 3.3 for further details.
<b>Carbon offsets purchased</b>	688 (tCO <sub>2</sub> e) See section 3.4 for further details.



### 3.1. Carbon footprint methodology

PAS 2060 Requirement	Information Relating to the Carbon Neutral Declaration
<p><b>Description of the standard and methodology used to determine GHG emissions and reductions</b></p>	<p>The methodology for calculating the carbon footprint was as follows: In establishing the company's GHG emissions, the principles of the GHG protocol were used alongside the ISO 14064 standard for guidance.</p> <p>The different emissions activities were categorised into three scopes and presented in tonnes of carbon dioxide equivalent (tCO<sub>2</sub>e). For the company's claim of carbon neutrality, scope 1 (direct emissions) and scope 2 (indirect electricity emissions) and scope 3 (business travel) have been measured and verified.</p> <p>The BEIS conversion factors were used for calculating emissions related activities. The 2019 EEIO conversion factor was used for any spend based calculations associated with business travel emissions. The Carbon Trust provided third-party verification to the ISO 14064-3 standard at the end of this process.</p> <p>In quantifying GHG emissions, a location-based and market-based approach was used with primary data being used where available. For gas, it is assumed that the kWh figures for natural gas are gross calorific value rather than net calorific value. For any electricity invoices that were missing, the consumption during the time period corresponding to the dates on the missing invoices was calculated by taking the average daily consumption for the corresponding meter ID throughout the year and then multiplying it by the number of days between the dates on the missing invoices.</p> <p>Emissions relating to fuel associated with company owned vehicles under scope 1 were calculated using the average car emissions factor as it was not possible to identify the types of vehicles used. Additionally, the spend on fuel was converted into litres using the average pence per litre for diesel in 2021.</p> <p>Scope 3 business travel was calculated using the following assumptions.</p> <ul style="list-style-type: none"> <li>Air travel data was provided by total journey spend therefore, it was assumed that any spend over £700 was an international flight, whereas any spend under £700 was a domestic (UK) flight.</li> </ul>

	<ul style="list-style-type: none"> <li>• Train travel data was provided by total journey spend therefore, it is assumed that any spend under £150 corresponds to rail travel.</li> <li>• The mileage and vehicle type relating to scope 3 business travel was available therefore, emissions were calculated using the relevant emissions factor for the type of vehicle used.</li> </ul> <p>This methodology was developed to be in accordance with the requirements of GHG Protocol.</p> <p>The provisions of the methodology for calculating the carbon footprint were applied as detailed and the principles set out in PAS 2060 were met.</p>
<p><b>Justification for the selection of the methodologies chosen</b></p>	<p>Estimates for scope 3 air and train business travel were used due to more granular data being unavailable. We do not consider any estimates to result in any material under reporting difference of the overall footprint calculation.</p> <p>The methodology employed to quantify reductions shall be the same as that used to quantify the original carbon footprint. Should an alternative methodology be available that would reduce uncertainty and yield more accurate, consistent and reproducible results, then this may be used provided the original carbon footprint is re-quantified to the same methodology, for comparison purposes. Recalculated carbon footprints shall use the most recently available emission factors, ensuring that for purposes of comparison with the original calculation, any change in the factors used is taken into account.</p>

### 3.2. Carbon footprint breakdown

Carbon Footprint (for latest footprinting year)	Information Relating to the Carbon Neutral Declaration
<b>Total Carbon Footprint</b>	<b>Location-based:</b> 5,732 tCO <sub>2</sub> e <b>Market-based:</b> 687 tCO <sub>2</sub> e
<b>Carbon Footprint Breakdown by Scope</b>	<b>Location-based:</b> Scope 1: 672 tCO <sub>2</sub> e Scope 2: 5,045 tCO <sub>2</sub> e Scope 3: 15 tCO <sub>2</sub> e <b>Market-based:</b> Scope 1: 672 tCO <sub>2</sub> e Scope 2: 0 tCO <sub>2</sub> e Scope 3: 15 tCO <sub>2</sub> e
<b>Scope 1 – Direct GHG Emissions:</b>	Natural Gas: 19.80 tCO <sub>2</sub> e Gas Oil: 211.62 tCO <sub>2</sub> e LPG: 365.72 tCO <sub>2</sub> e Fuels (owned vehicles): 23.53 tCO <sub>2</sub> e Fugitive emissions: 51.45 tCO <sub>2</sub> e
<b>Scope 2 – Energy Indirect Emissions:</b>	<b>Location-based:</b> Imported Electricity: 5,044.74 tCO <sub>2</sub> e <b>Market-based:</b> Imported Electricity: 0 tCO <sub>2</sub> e
<b>Scope 3 – Other Indirect GHG Emissions:</b>	Category 1 – Purchased goods and services: N/A Category 2 – Capital goods: N/A Category 3 – Fuel and energy related activities: N/A Category 4 – Upstream transportation and distribution: N/A Category 5 – Waste generated in operations: N/A Category 6 – Business travel 15.39 tCO <sub>2</sub> e Category 7 – Employee commuting: N/A Category 8 – Upstream leased assets: N/A Category 9 – Downstream transportation and distribution: N/A Category 10 – Processing of sold products: N/A Category 11 – Use of sold products: N/A Category 12 – End-of-life treatment of sold products: N/A



	<p>Category 13 – Downstream leased assets: N/A</p> <p>Category 14 – Franchises: N/A</p> <p>Category 15 – Investments: N/A</p>
<b>Exclusions</b>	Scope 2 market-based emissions do not include emissions resulting from transmission and distribution losses of electricity.

### 3.3. Carbon reduction

PAS 2060 Requirement	Information Relating to the Carbon Neutral Declaration
<b>Reductions achieved</b>	<p>The carbon footprint reductions between the current carbon footprint (see section 3.2) and the baseline period are as follows:</p> <ul style="list-style-type: none"> <li>• Absolute reduction: 71 tCO<sub>2</sub>e</li> <li>• Percentage absolute reduction: 9%</li> </ul>
<b>Baseline period</b>	1 January 2019 to 31 December 2019
<b>Confirmation that there has been no change to the definition of the subject</b>	The Braes site closed on 11 December 2020 therefore this is not included within our UK Operations in 2021. There is no requirement to restate the 2019 baseline period as the emissions associated with the Braes site were not material to the overall 2019 footprint.
<b>Description of the means by which reductions have been achieved and any applicable assumptions or justifications</b>	<p>Reduction in gas oil emissions were achieved through further insulation and cladding being installed on the roof at the SBO area of the site. This reduced heat loss which reduced the amount of gas oil required for heating.</p> <p>The Group continues to explore options for reducing scope 1 emissions including alternative heating sources and switching LPG forklift trucks used in operations to electric alternatives.</p> <p>Business travel emissions continue to reduce as a result of employees embracing remote meeting technology.</p>



### 3.4. Carbon offsets

PAS 2060 Requirement	Information Relating to the Carbon Neutral Declaration
Offset methodology	Gold Standard
Offset Confirmation	<p>The offsets generated represent genuine, additional GHG emission reductions elsewhere. Projects involved in delivering offsets meet the criteria of additionality, permanence, leakage and double counting. Carbon offsets are verified by an independent third-party verifier.</p> <p>The credits from the selected carbon offset projects are:</p> <ul style="list-style-type: none"> <li>only issued after the emission reduction has taken place.</li> <li>retired within 12 months from the date of the declaration of achievement.</li> <li>supported by publicly available project documentation on a registry which provides information about the offset project, quantification methodology and validation and verification procedures.</li> <li>stored and retired in an independent and credible registry.</li> </ul>
Offsets	Full details of the carbon offsets included in making this declaration are provided in Appendix 1.

## 4. Declaration of ongoing commitment to carbon neutrality

PAS 2060 Requirement	Information Relating to the Carbon Neutral Declaration
Declaration of on-going commitment:	<p>Highland Spring Limited commits to maintain carbon neutrality for its UK Operations in accordance to PAS 2060 for the period 1 January 2022 to 31 December 2022.</p> <p>Carbon neutrality for its UK Operations for the period 1 January 2022 to 31 December 2022 will be achieved by 31 December 2023.</p>

### 4.1. Carbon management plan

PAS 2060 Requirement	Information Relating to the Carbon Neutral Declaration
Targets for GHG reduction for the defined subject appropriate to the timescale for achieving carbon neutrality	<p>Since the company was founded in 1979, environmental leadership has been at the heart of everything we do.</p> <p>We are focused on a long-term strategy to invest in and develop innovative, high-quality, sustainable products which provide healthy</p>

	<p>hydration in an environmentally sustainable way. At a critical point for the climate, we continue to innovate to reduce our environmental impact across our operations.</p> <p>During 2022, the business committed to setting near- and long-term company-wide emission reductions in line with science-based net-zero with the SBTi. The Group's 2019 footprint is the baseline year from which emissions reduction targets have been set.</p> <p>We commit to reduce absolute scope 1 and 2 market-based GHG emissions by 50% and reduce absolute scope 3 GHG emissions by 46% by 2030 versus 2019 baseline.</p> <p>We also commit to reduce absolute scope 1, 2 and 3 market-based GHG emissions by 90% versus 2019 baseline and reach net zero by 2040.</p>
Planned means of achieving and maintaining GHG emissions reduction	<p>The company will focus on long term and permanent emissions reductions through investment in projects and initiatives to support its transition to net zero.</p> <p>During this period of transition, Highland Spring Limited will maintain carbon neutrality for its UK operations within the scope of this footprint.</p> <p>The business has responded to the SBTi's urgent call for corporate climate action by committing to align with 1.5°C and net-zero through the Business Ambition for 1.5°C campaign.</p> <p>A number of projects and initiatives are being implemented; and/or planned to be implemented, to reduce the carbon footprint associated with UK operations including: -</p> <ul style="list-style-type: none"> <li>• Scope 1 – transition company owned vehicles to electric alternatives;</li> <li>• Scope 2 –all electricity at UK sites to be supplied from 100% renewable sources. To reduce energy usage, the business has identified a number of energy efficiency projects across lighting, equipment and production processes. An implementation plan is underway to realise these energy savings opportunities and any equipment due to be upgraded will be replaced with more energy efficient alternatives.</li> </ul> <p>Other sustainability initiatives relating to wider scope 3 emissions, not covered by this footprint, includes:-</p>

	<ul style="list-style-type: none"> <li>• Investment in a dedicated rail freight facility at the Ochils site which opened in 2022. This enables the business to transport its water in a sustainable way, significantly reducing road miles;</li> <li>• Reduce the amount of materials used in our packaging through light weighting initiatives;</li> <li>• Increase the recycled content of our packaging with plans to reach 100% recycled plastic (rPET) content across all Highland Spring products by 2025;</li> <li>• Install additional electric vehicle charging points for employees and visitors to use on our sites.</li> <li>• Work towards a 50% reduction in our product footprint by 2030.</li> </ul>
The offset strategy to be adopted	<p>Highland Spring Limited is committed to offset residual emissions after incorporating any reductions that have been made and the business is committed to continuing to purchase high quality offsets. It is estimated that the GHG emissions to be offset for the period 1 January 2022 to 31 January 2022 to be 650 tCO<sub>2</sub>e. The business plans to purchase these offsets from Climate Impact Partners.</p>

# Appendix of qualifying explanatory statement

## Appendix 1: Offsets

Project name	Country	Project type	Standard	Type of credits	Generation period	Retirement date	Reference No. & link to registry	Offset volume (tCO <sub>2</sub> e)
Renewables Energy Portfolio	Global	Renewables Project	Gold Standard	Verified Emissions Reductions (VERs)	2018+	The offsets will be retired within 6 months of certification and retired on behalf of the Carbon Trust's standard portfolio clients by Climate Impact Partners for carbon neutral certification	<a href="https://registry.goldstandard.org/credit-blocks?q=&amp;page=1">https://registry.goldstandard.org/credit-blocks?q=&amp;page=1</a>	688
Bondhu Chula Stoves	Bangladesh	Household Project	Gold Standard	Verified Emissions Reductions (VERs)	2015+			
Gyapa Efficient Cookstoves	Ghana	Household Project	Gold Standard	Verified Emissions Reductions (VERs)	2017+			
Total tonnes (tCO <sub>2</sub> e) offset			688					



CIP

		Making real change possible
Highland Spring Limited		CERTIFICATE OF PURCHASE 18 JAN 2023
Has offset <b>1,453 tonnes CO<sub>2</sub>e</b>		 Vaughan Lindsay CEO - CLIMATE IMPACT PARTNERS
Subject:	Highland Spring Limited	Certificate number:
Purchase date:	18 January 2023	CN20230111083
Project info:	Global Renewable Energy Portfolio (865 tCO <sub>2</sub> e) Bondhu Chula Stoves, Bangladesh, Gold Standard VER (294 tCO <sub>2</sub> e) Gyapa Efficient Cookstoves, Ghana, Gold Standard VER (294 tCO <sub>2</sub> e)	

The offset certificate above relates to Highland Spring Group's 2020 and 2021 carbon footprint.

## Appendix 2: Independent third-party assurance



### Certificate of Achievement

Highland Spring Limited

has achieved carbon neutrality related to the 1 January 2021 to 31 December 2021 application period and is committed to on-going carbon neutrality of the total carbon footprint for

UK operations (scope 1 and 2, and Business Travel)

Carbon Trust Assurance Limited certifies that this company has correctly calculated its carbon footprint for the year 1 January 2021 to 31 December 2021 and satisfactorily offset this to achieve carbon neutrality, in accordance with:

- PAS 2060:2014 – Specification for the demonstration of carbon neutrality

A detailed list of certified results can be found in the associated Certification Letter CERT-13400.

Awarded: 2 December 2022

for and on behalf of Carbon Trust Assurance Ltd,

Martin Hockaday,  
Head of Assurance

This certificate is for presentation purposes only. Please do not copy or circulate this certificate without the Certification Letter and associated Annexes where full details on the scope of the certification are documented. This certificate remains the property of Carbon Trust Assurance Limited and is bound by the conditions of the contract. Information and Contact: Carbon Trust Assurance Limited is registered in England and Wales under Company number 05547658 with its Registered Office at Dorset House, Stamford Street, London, SE7 5NT. Telephone: +44 (0) 20 7 170 7000. Carbon Trust Assurance Limited is a fully owned subsidiary of the Carbon Trust.

## Appendix 3: Additional supporting information for interested parties

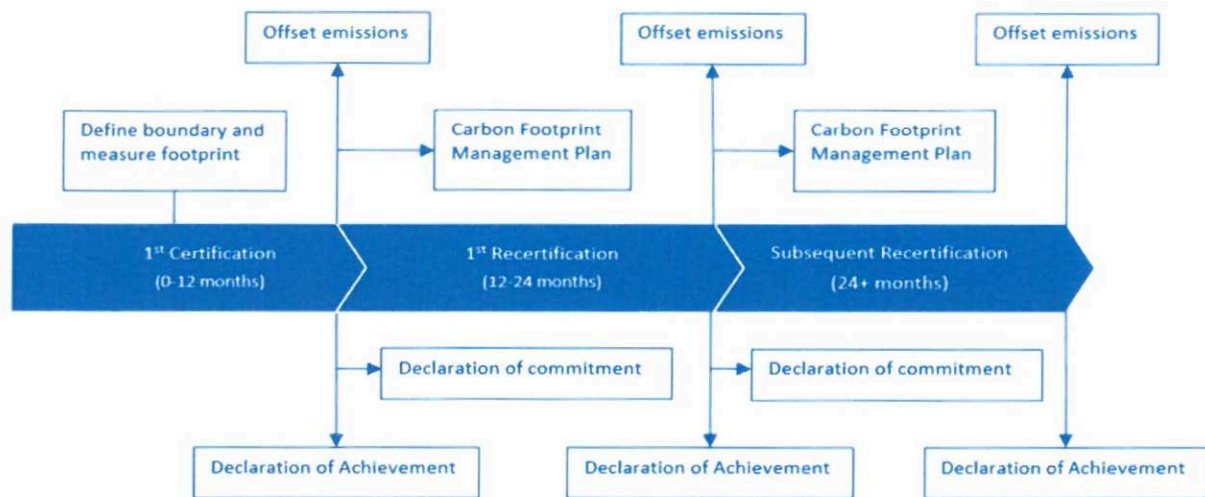


Figure 1. PAS 2060 certification process

**Source:** Carbon Trust. Adapted from "BSI - PAS 2060:2014: Specification for the demonstration of carbon neutrality: Figure 1 – Illustration of the cyclical process for demonstrating carbon neutrality, taking into account permitted baseline period exceptions". [Simplified version]

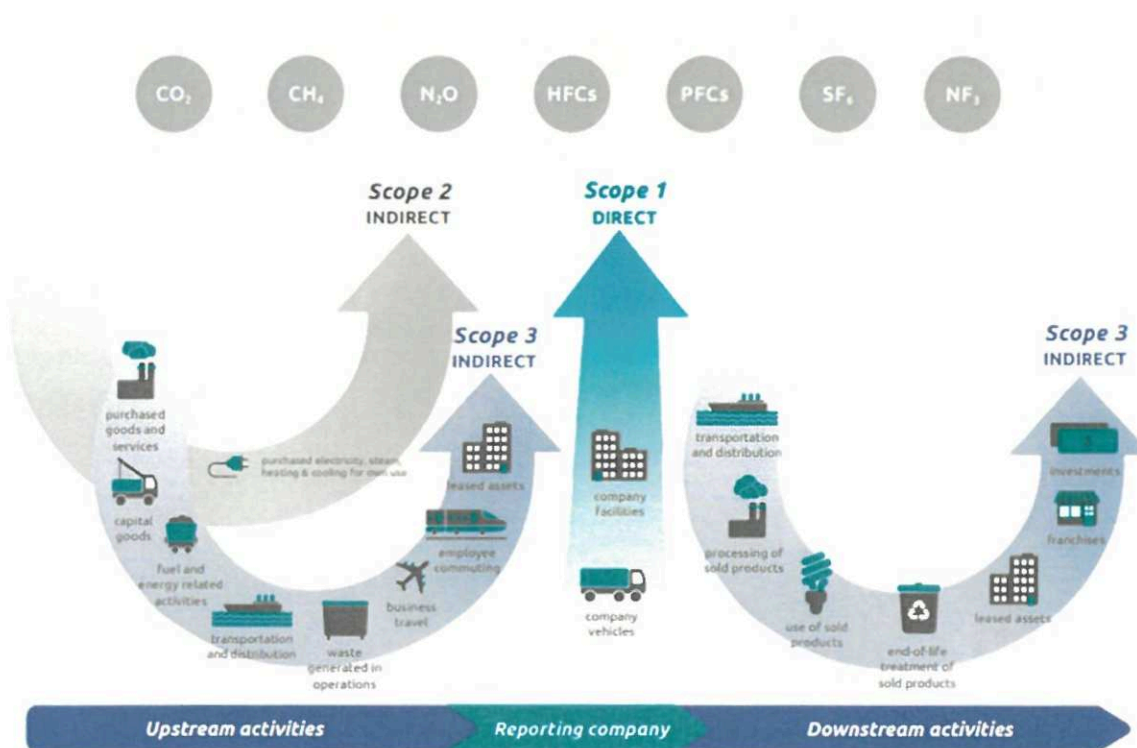


Figure 2. Organisational carbon footprinting

**Source:** Greenhouse Gas Protocol: <http://ghgprotocol.org/>

