Climate Financial Disclosures (CFD)

January 2025

Contents

CFD Requirements

CFD Requirement	Report Reference
A description of the governance arrangements of the company or LLP in relation to assessing and managing climate-related risks and opportunities.	Page 4
A description of how the company or LLP identifies, assesses, and manages climate related risks and opportunities.	Pages 5–6
A description of how processes for identifying, assessing, and managing climate-related risks are integrated into the overall risk management process in the company or LLP; A description of— (i) the principal climate-related risks and opportunities arising in connection with the operations of the company or LLP, and (ii) the time periods by reference to which those risks and opportunities are assessed.	Pages 6–11
A description of the actual and potential impacts of the principal climate-related risks and opportunities on the business model and strategy of the company or LLP; an analysis of the resilience of the business model and strategy of the company or LLP, taking into consideration of different climate-related scenarios.	Pages 12–14
A description of the targets used by the company or LLPs to manage climate-related risks and to realise climate-related opportunities and of performance against those targets; and the key performance indicators used to assess progress against targets used to manage climate-related risks and realise climate-related opportunities and a description of the calculations on which those key performance indicators are based.	Page 15

Introduction
Preparing for a resilient future

Preventing the worst impacts of climate change is one of the biggest challenges of our time. Across the railway, we're already feeling the effects of changing weather patterns. We need to prepare for more extreme weather in the future and find ways to minimise the impact on our people, the services we provide, and the passengers we serve.

At Southeastern Railway, our customers and colleagues are at the heart of everything we do, and their safety and wellbeing will always be our top priority.

This is our third report adopting the Non-Financial Information Statements (NFIS) guidance for mandatory climate-related financial disclosures. In this report, we outline how we manage both the physical risks of climate change, and the transition risks and opportunities associated with moving toward a low-carbon economy. These risks and opportunities could have financially material impacts on our operations.

Southeastern is a train operating company providing critical public transport services across Kent, Southeast London, and parts of East Sussex. Our key functions include:

- Maintaining the safety, reliability, and punctuality of services for passengers
- Managing station and engineering depots facilities, and
- Ensuring the wellbeing of colleagues and passengers

In addition to our Climate Financial Disclosure (CFD) obligations, we also voluntarily report under the Adaptation Reporting Power (ARP). Our ARP report provides a broader perspective than this report, detailing the potential climate risks that could impact our operations. It sets out risks beyond those with direct financial materiality, offering a comprehensive view of how climate change might affect our ability to deliver train services. By preparing both reports, we meet our financial reporting obligations while also demonstrating our commitment to understanding and addressing the climate risks we have identified for our operations.

Our CFD provides a structured framework to understand, assess, and transparently report on how climate-related risks and opportunities could impact our financial performance and business strategy. It represents a crucial step in embedding climate considerations into our decision-making processes, ensuring we remain resilient and adaptive in the face of climate change.

Our licence to operate is focused on a near-term horizon to 2027/28, which adds challenges when assessing long-term risks. However, we recognise that Southeastern is part of a train network designed to provide public transport well into the 21st century. As custodians of this network, we feel we have a responsibility to prepare it for the challenges ahead, ensuring our railway system remains robust, adaptable, and able to serve our communities for generations to come.

Governance

Oversight and management of climate related issues are embedded in our governance structure. Our Sustainability Board, chaired by our Managing Director, reviews and agrees potential climate risks and opportunities. This Board takes a leadership role in guiding the business towards achieving net zero carbon and integrating carbon reduction and climate resilience across our operations.

We acknowledge that there is still more work to do to strengthen our governance processes and enhance cultural awareness of climate physical and transition risks and opportunities within our business.

The Sustainability Board plays a key role in:

- Reviewing and agreeing on potential climate risks and opportunities identified through internal assessments and workshops.
- Setting the strategic direction for climate & sustainability action.
- Monitoring progress towards sustainability goals and ensuring alignment with industry best practices and regulatory requirements.

We have made significant progress in several key areas:

- We are collaborating with Network Rail to develop our first **Weather Resilience and Climate Change Adaptation Plan**, which will aim to identify and address vulnerabilities across our operations. This Plan is to be guided by principles from **ISO 14090/91**, ensuring a robust and systematic approach to climate adaptation and risk management.
- Earlier this year, we partnered with the **University of Birmingham** to review our **Joint Performance Strategy (JPS)** against ISO 14090/91 standards. Whilst the JSP is not a climate adaptation plan, the review demonstrated that it provides a strong foundation for developing one. The JPS focuses on managing the performance of our trains, infrastructure, and operations to deliver reliable services. The review highlighted areas where climate resilience could be better integrated, which we are now considering as part of our work to strengthen our climate risk management.
- We are working with industry partners to align the climate scenarios (representative concentration pathways, or RCPs) used in adaptation planning. Specifically, in the preparation of this report we have used **RCP 6.0** and **RCP 8.5**, which reflect moderate and high-emission pathways, respectively.
- We are closely following the **Rail Safety and Standards Board (RSSB)** as they develop new guidance for train operating companies (TOCs) on how to develop their Weather Resilience and Climate Change Adaptation Plans.

Areas for improvement

Enhance cultural awareness of climate risks and opportunities.

Strengthen governance processes.

Build internal capabilities and resources to manage adaptation more effectively.

Climate strategy & risk management

Southeastern's **Sustainability Strategy** is structured around 11 key goals, each of which supports our commitment to delivering a sustainable and resilient railway. One of these goals is specifically focused on **climate and weather resilience**, emphasizing the importance of preparing for and mitigating the impacts of extreme weather events and long-term climate change on our operations.

Addressing climate risks:
At Southeastern, we are committed to achieving net zero carbon emissions by 2050. To guide this journey, we have established validated science-based targets for both the near and long term, ensuring a structured and credible approach to addressing climate change.

Our key actions in managing climate risks include:

- **Measuring and reporting greenhouse gas emissions** in line with the Greenhouse Gas Corporate Protocol.
- **Identifying and implementing measures to support decarbonisation** across our operations where feasible.
- **Disclosing climate-related financial information** annually, providing transparency on how climate risks and opportunities might impact our business.
- **Collaborating with Network Rail**, who manage the rail infrastructure on which we operate, to enhance our ability to adapt to changing weather and climate change and strengthen resilience across the network.

These efforts will form the foundation of our Joint Weather and Climate Change Adaptation Plan with Network Rail which is currently in development.

Southeastern's science based targets

Near-term target

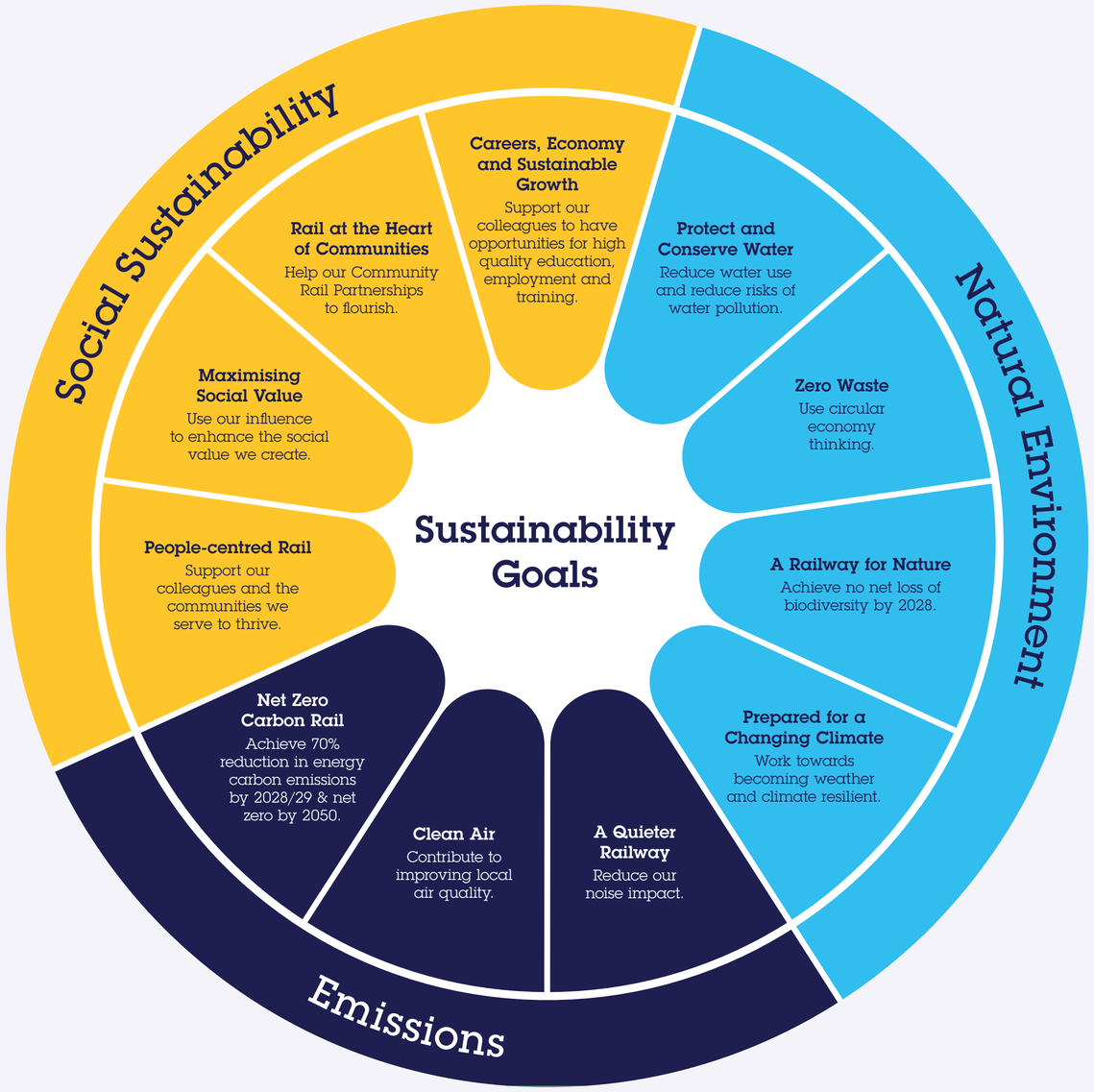
Reduce absolute Scope 1 and 2 emissions by 70% by 2029 from a 2019 base year.

Long-term target

Reduce absolute Scope 1 and 2 emissions by 90% by 2035 from a 2019 base year.

Overall net-zero target

Reach net-zero greenhouse gas emissions across the value chain by 2050.



Risk identification and management

Summary of risks and opportunities
Our approach to understanding the potential impacts of climate change on our business has helped us to identify:

- three transition risks and one opportunity,
- four physical risks that include 16 related sub-risks

The process has allowed us to understand specific challenges and opportunities posed by transition and physical climate impacts.

Our approach
Aligned with the CFD guidance, we have engaged in qualitative and quantitative climate scenario analysis to explore climate risks and opportunities. Our scenario analysis methodology is continuing to evolve, and more work is needed to translate the risks and opportunities into actionable steps.

Leveraging previous work, this year we held a workshop inviting key individuals from a range of functions across our business and representatives from HS1 and Network Rail to help us capture a range of perspectives tailored to our business needs.

During the workshop, threats and opportunities were identified by mapping a risk network. In this activity, similar risks were grouped together as risk nodes. Related risks which were then linked, representing either correlative or causative relationships. The completed risk map highlighted the interconnectedness of our climate-related risks.

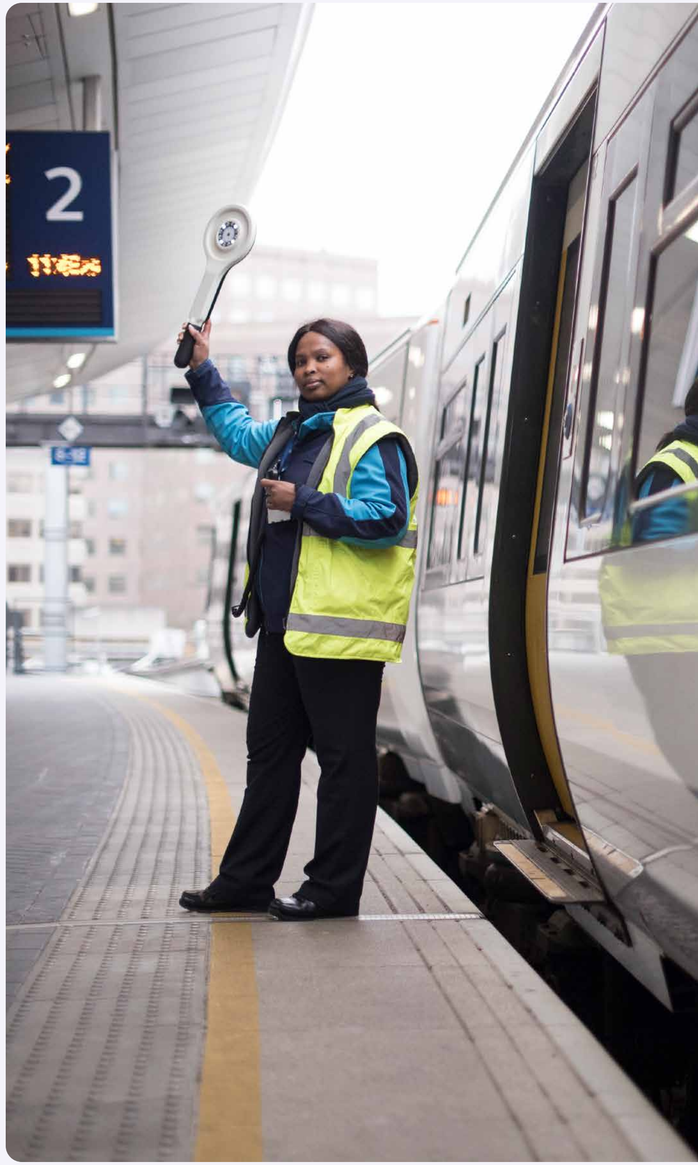
A selection of risks (identified as “key” risks based on the level of discussion) were then assessed by small groups through a prioritisation activity. A risk profile (“base case”) was developed assuming a business-as-usual approach of the next 12 months and no significant changes to the climate change landscape (i.e. to climate and weather, relevant company / industry / governmental policy, or changes to the market). The prioritisation of risks was based on the potential impact they could have on our objectives, and the extent of potential action required to manage them within our tolerance threshold.

The timescales used for evaluating the risks and opportunities are:

Timescale	Rationale for selection
Short term (5 years)	Aligned with our business cycle 2027/28
Medium term (10 years)	Aligned with our long-term science-based targets for Scope 1 and 2
Long term (30 years)	Aligned with our 2050 net zero target

To monitor and manage identified risks we have created a climate risk register. As the organisation migrates to a new enterprise risk management system, we aim to further embed our climate risks into our broader risk management framework. More work is needed to establish actionable responses to these risks, which will be developed as part of our work to create our first **Weather Resilience and Climate Change Adaptation Plan**. This Plan will outline strategies and actions to enhance our resilience to weather and climate change related impacts that will help us prepare for future challenges.

Understanding and addressing climate-related risks and opportunities is a crucial tool in supporting us to build long-term operational resilience. The risks outlined in this report were identified reflect the outcomes of our workshop this year along with insights drawn from engaging cross business team and analysing UKCP18 data. UKCP18 refers to the UK Climate Projections 2018, which provide probabilistic climate change scenarios, modelling potential impacts under different levels of global warming. This analysis has allowed Southeastern to better understand the challenges posed by climate change and inform future planning.



Transition risks and opportunities

Transition risks: transitioning to a lower-carbon economy may entail extensive policy, legal, technology, and market changes to address mitigation and adaptation requirements related to climate change. These transitions may vary in speed and may have financial (revenue or expenditure costs) or reputational risks to organisations.

Risk / opportunity name and type	Risk/Opportunity Description	Potential Consequences	Mitigating actions & controls
Transition Risk: Market reduced revenue	The rail industry is experiencing changes in customer expectations and travel habits, driven by evolving societal trends, economic shifts, and external challenges. Delays and cancelation reduce customer satisfaction and could lead to reduced ticket revenue / increase subsidy reliance.	• Reduced ticket sales. • Increased dependency on government subsidy to maintain operations. • Reputational damage • Less funding available to invest in our railway. • Operational disruption.	We have a Joint Performance Plan with Network Rail that seeks to improve operational performance. We have a Sustainability Plan that helps build confidence and transparency in our plan to be sustainable. Collaboration with Network Rail to develop the first Weather Resilience and Climate Change Adaptation plan, co-designing actions to enhance infrastructure resilience to climate change.
Transition Risk Technology – Infrastructure reliability	The reliability of Southeastern's operations could be at risk due to limited control over infrastructure that may not meet requirements or withstand the impacts of climate change.		
Transition Opportunity: Technology – Infrastructure reliability	Collaborating with Network Rail to enhance our infrastructure can improve our weather and climate resilience and service reliability.	• Reduced service disruption and delays. • Improved customer experience and satisfaction. • Enhanced resilience to weather and climate impacts. • Potential to reduce reliance on government subsidies. • Increased reliability for customers.	
Transition Risk: Policy – Carbon Pricing	The introduction of carbon pricing policies could increase operational costs for Southeastern. Additionally, failure to meet science-based targets may necessitate purchasing carbon offsets impacting financial performance and accelerated investment in low-carbon alternatives.	• Financial impact associated with the purchase carbon offsets. • Reputational damage. • Increased costs due to the introduction of carbon pricing policies.	

Physical risks and opportunities

Physical climate change risks are the effects of weather and climate patterns on people, infrastructure, and nature. These risks are directly linked to the physical environment and are divided into two categories: acute and chronic.

Overarching Risk 1: Precipitation change

Climate change-driven precipitation changes, as projected by UKCP18 for the Southeast, may bring more intense and frequent rainfall and drier summers.

These shifts could result in flooding, landslips, and strain on drainage systems, leading to service disruptions, higher maintenance costs, and reputational challenges.

Sub-risk name and type	Description	Potential Consequences	Interdependencies
Surface flooding (acute and chronic)	Surface flooding could pose a risk to our operations, with 27% of our stations identified as being at high risk.	• Service delays and cancellations • Safety risks • Reputational damage • Accessibility challenges	Addressing physical climate risks requires close collaboration with Network Rail to ensure that both proactive measures and responsive actions are in place. By working together, we can better manage the impacts of extreme weather events, minimize disruptions, and maintain safety and reliability across the network.
Poor adhesion (acute and chronic)	Poor adhesion occurs when precipitation, such as rain, or leaf fall during wet seasons, reduces the friction between train wheels and tracks.		
Groundwater flooding events (acute & chronic)	Groundwater flooding happens when heavy or prolonged rain causes water below the ground to rise to the surface.		
Landslips (acute & chronic)	Landslips often triggered by prolonged or intense rainfall that saturates the ground, causing soil and debris to move, threatening adjacent tracks and infrastructure.		
Vegetation management challenges (chronic)	Changes in precipitation patterns, such as prolonged wet periods and fluctuating seasonal rainfall, can lead to accelerated vegetation growth along rail corridors. Increased rainfall creates favourable conditions for vegetation growth, while alternating wet and dry periods can make vegetation harder to manage.		

Overarching Risk 2: Extreme weather

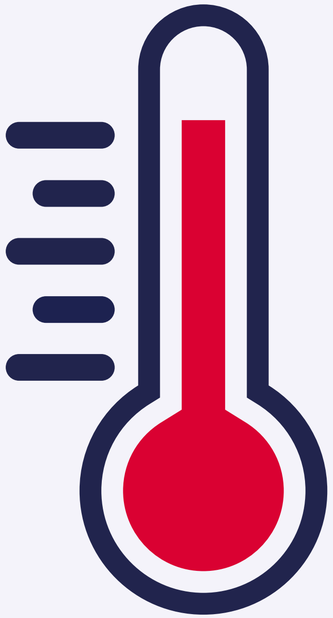
Extreme weather, including heavy rainfall, heatwaves, storms, and high wind speeds, is a key physical risk linked to climate change. These events are expected to become more intense and frequent due to changing weather patterns, such as rising temperatures and stronger winds. Disruptions from such events could result in passenger revenue loss due to delays and cancellations, along with reputational impacts from reduced customer confidence in service reliability.

Sub-risk name and type	Description	Potential Consequences	Interdependencies
High wind speeds (acute)	High winds, often associated with storms or extreme weather events, could pose significant risks to rail operations. Sudden and powerful gusts can cause debris, such as fallen trees or objects, to obstruct tracks, creating safety hazards and disrupting services. Additionally, high winds may affect station infrastructure, such as canopies and signage.	• Service delays and cancellations • Safety risks. • Reputational damage. • Accessibility challenges.	Addressing physical climate risks requires close collaboration with Network Rail to ensure that both proactive measures and responsive actions are in place. By working together, we can better manage the impacts of extreme weather events, minimize disruptions, and maintain safety and service reliability across the network.
Storms (acute)	Storms, characterized by a combination of heavy rain, strong winds, and sometimes lightning, present significant challenges for rail operations. The intensity and unpredictability of storms make them particularly disruptive, requiring immediate response and collaboration with Network Rail to manage impacts and restore service.		
Extreme low temperatures (acute)	Extreme low temperatures during winter can cause freezing conditions that affect tracks, points, and trains. These cold spells could make it harder to run services smoothly and safely, requiring extra care to keep systems operating. Close coordination with Network Rail is essential to manage the impacts effectively.		
Snow and ice (acute)	While snow and ice are rare in the regions we operate, they can still occur and have a significant impact on rail operations. These conditions require targeted responses to ensure safety and minimize disruptions, highlighting the need for preparedness even for infrequent events.		
Lightning strikes (acute)	Lightning strikes, though infrequent, can cause significant disruptions to rail operations. They can damage signalling and electrical systems, leading to delays. Lightning can also pose safety risks to passengers and staff in exposed areas.		

Overarching Risk 3: Increased temperatures

Increased temperatures could pose a significant risk to rail operations, with hotter days becoming more frequent and heatwaves more intense due to climate change.

Higher temperatures can affect rail infrastructure, rolling stock, and colleague and passenger thermal comfort.



Sub-risk name and type	Description	Potential Consequences	Interdependencies
Heatwaves (acute)	Heatwaves, characterized by prolonged periods of extreme heat, are becoming more frequent and intense due to climate change.	• Service delays and cancellations. • Safety risks. • Reputational damage. • Thermal comfort challenges.	Addressing physical climate risks requires close collaboration with Network Rail to ensure that both proactive measures and responsive actions are in place. By working together, we can better manage the impacts of extreme weather events, minimize disruptions, and maintain safety and reliability across the network.
Higher average temperatures in the long term (chronic)	According to UKCP18 projections for the Southeast, average temperatures are expected to increase, with warmer winters and hotter summers becoming more common.		

Overarching Risk 4: Interdependencies – Systems Thinking

Train operations are deeply interconnected with infrastructure, other train operating companies, supply chains, and external systems. This interdependence means that risks, such as extreme weather, power outages, or public health emergencies, can cascade across the network, amplifying their impacts. Understanding and managing these interdependencies is critical for ensuring resilience and maintaining reliable operations.

Sub-risk name and type	Description	Potential Consequences	Interdependencies
Supply chain disruptions (acute & chronic)	Heatwaves, characterized by prolonged periods of extreme heat, are becoming more frequent and intense due to climate change.	• Service delays and cancellations • Safety risks. • Reputational damage. • Operational disruption. • Financial costs.	Supply chain disruptions rely on external partners and logistics networks. Extreme weather can impact these systems, requiring close collaboration with suppliers to ensure timely deliveries to maintain operations.
Power supply disruptions (acute)	According to UKCP18 projections for the Southeast, average temperatures are expected to increase, with warmer winters and hotter summers becoming more common.		Power supply disruptions depend on external energy providers and infrastructure. Extreme weather can strain these systems, requiring close collaboration with energy suppliers and Network Rail to ensure resilience and maintain continuity.
Waste management disruptions (acute)	Extreme weather events, such as heavy rainfall, storms, or heatwaves, can disrupt waste collection and disposal services at stations, depots, and onboard trains. Flooding or high winds may block access routes for waste removal vehicles, while heatwaves can accelerate waste degradation, creating hygiene challenges.		Waste management relies on external service providers and infrastructure, such as collection contractors and disposal facilities. Effective coordination with waste service providers and is essential to ensure continuity and resilience during such disruptions.
Increased risk of epidemics (acute)	Rising temperatures, as projected by UKCP18 for the Southeast of England, could create conditions that increase the risk of epidemics. Warmer and more humid environments may contribute to the spread of diseases, particularly those associated with poor air quality or vector-borne transmission.		Pandemic risk is largely outside the control of any individual train operating company. It requires coordinated action across the rail industry, public health authorities, and government agencies to effectively manage and mitigate its impacts on operations, workforce, and passenger safety.

Assessing resilience through scenario analysis

Understanding and preparing for the impacts of climate change is critical to ensuring the long-term resilience of Southeastern's operations. Scenario analysis provides a structured approach to evaluate potential risks and opportunities under different climate futures.

The scenarios we use draw upon globally recognized frameworks developed by the IPCC (Intergovernmental Panel on Climate Change) and the NGFS (Network for Greening the Financial System). These frameworks outline a range of possible futures, helping us understand how physical and transition risks could evolve from now until 2050 and beyond.

What Are RCPs, SSPs, and NGFS Scenarios?

- **Representative Concentration Pathways (RCPs):** Developed by the IPCC, RCPs are emissions scenarios that explore potential changes in greenhouse gas concentrations and their impact on global temperatures and extreme weather events.
- **Shared Socioeconomic Pathways (SSPs):** SSPs, also from the IPCC, explore the societal and economic changes needed to address climate change, such as population growth, urbanisation, and energy transition. SSPs examine how varying socio-economic factors influence our ability to mitigate and adapt to climate change. They provide insights into transition risks, including policy shifts, market disruptions, and technological advancements.
- **NGFS Scenarios:** The NGFS scenarios combine physical and transition risks to provide a holistic view of the potential impacts of climate change on financial and economic systems.

In a workshop conducted in September 2024, we tailored three scenarios to reflect our organisational context, combining insights from the IPCC (RCPs and SSPs) and NGFS frameworks. Each scenario was designed to explore a "what if" situation and evaluate risks and opportunities under varying conditions projected for 2028, 2035, and 2050. While these scenarios are not predictions, they are grounded in the best available evidence and are designed to help us consider a wide range of potential futures. This proactive approach is intended to strengthen Southeastern's approach to enhance resilience and to help us prepare and to adapt to a changing climate and evolving market conditions. The process undertaken is outlined below:

Risks and opportunities were identified

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The risks and opportunities identified through the workshop were incorporated into the scenario assumptions. This ensured that the scenarios were tailored to our operational context and reflected the challenges and opportunities specific to Southestern.

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Each scenario used was analysed by a group during the workshop. They were tasked with reprioritising the risk profile based upon different assumed future scenarios.

Assessing resilience through scenario analysis (continued)

	NGFS	IPCC RCPs	IPCC SSPs	Potential consequences for our business strategy
#1	**HOT HOUSE, CURRENT POLICIES.** In this scenario, only existing global climate policies are maintained, resulting in high emissions and significant physical risks from climate change, with minimal transition risks. Carbon pricing in the UK remains low, while physical risks, such as river flood damage costs, are likely to increase significantly over time.	**RCP 8.5** Is the most extreme IPCC emissions. In the UK, mean air temperatures are expected to increase by 1.1°C by 2035 and 1.5°C by 2050 compared to 1986–2006 averages.	**SSP 5, FOSSIL FUELLED DEVELOPMENT** This represents a future of rapid economic growth driven by fossil fuel use, with minimal climate mitigation but significant adaptation efforts.	Coastal and rail infrastructure face increasing risks from extreme weather, such as flooding and heat, which could damage assets, disrupt services, and delay repairs. These challenges may affect customer satisfaction, reduce ridership, and harm the business's reputation. Changes in travel demand and economic pressures could impact revenue and require adjustments to operations.
#2	**ORDERLY TRANSITION, NET ZERO 2050** In this ambitious scenario, strict climate policies and innovation limit global warming, with regions like the US, EU, and Japan achieving net zero by 2050. Carbon reduction is heavily incentivised, with high carbon prices in the UK. Transition risks, such as climate litigation, are significant, while physical risks, including increased flood damage, persist.	**RCP 2.6** The lowest IPCC emissions pathway. In the UK, mean air temperatures rise modestly by 0.9°C by 2035 and 1.0°C by 2050 compared to 1986–2006 averages.	**SSP 1, SUSTAINABILITY** This scenario envisions a gradual global shift toward a sustainable future, emphasising inclusive development that respects environmental boundaries. Both mitigation and adaptation efforts are prioritised to ensure long-term resilience.	Under this scenario, climate policies prioritise public transport, increasing demand, revenue, and subsidies. Rail fare caps, like those in Europe, could limit ticket prices, requiring subsidy adjustments. Higher demand would drive costs for more trains, energy, and skilled staff. Investing in low-carbon solutions could reduce costs, while failure to act risks high carbon pricing penalties. Extreme weather may still challenge aging infrastructure, requiring upgrades to maintain resilience.
#3	**TOO LITTLE TOO LATE, FRAGMENTED WORLD** In this scenario, policies are introduced unevenly across countries and sectors, leading to delayed action and high physical risks. UK carbon prices remain low, while climate-related litigation becomes more likely.	**RCP 6.0** An intermediate IPCC scenario with relatively high emissions. In the UK mean air temperature rising 0.9°C by 2035 and 1.2°C by 2050 (compared to 1986–2006 averages).	**Both SSP 3, REGIONAL RIVALRY and SSP 4, INEQUALITY** SSP 3 involves limited mitigation and adaptation, while SSP 4 includes more mitigation but limited adaptation efforts.	Uncoordinated climate policies, varying across governments and election cycles, lead to mixed outcomes. Some policies prioritise public transport funding, but rising physical risks from extreme weather could damage infrastructure, disrupt operations, and harm our reputation.

Assessing financial materiality

Our approach to assessing financial materiality is still in its early stages. While we are not yet at a point where we can fully evaluate and quantify the financial impacts of climate-related risks and opportunities, the work we have undertaken so far provides a strong foundation for this progression in the coming years.

As our understanding, data, and methodologies mature, we aim to build on these initial steps to develop a more comprehensive approach to financial materiality.

This is a gradual process that will evolve over time as our practices and insights deepen.

Southeastern considers climate change to be an increasing risk to our strategy and business model with its impacts already being felt. We already consider the impact of weather and climate change as part some of our business planning processes and we are working to further embed these considerations more widely.

Over the last twelve months we have improved our methodology to assess climate related physical and transition risks and opportunities. In addition, we have developed our first Decarbonisation Roadmap and set science-based carbon reduction targets which were validated by the Science Based Targets initiative (SBTi). Further our Sustainability Strategy sets our agenda across natural environment, emissions, and social sustainability, we will continue to work to integrate supporting work across our business operations.

We are focused on recovering passenger numbers following the impacts of COVID on our business. Our plans are to increase passenger numbers in 2025/26 that will help us manage the subsidy we require to operate services.

We believe that our work to understand weather and climate change impacts will progressively build our adaptive capacity in response to both physical and transition risks and opportunities.

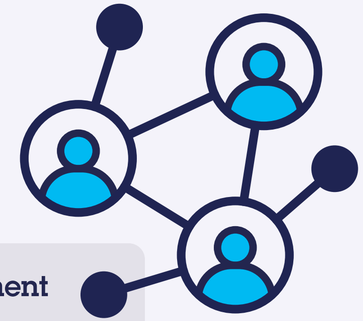
Data, metrics & targets

The table to the right sets the metrics and targets that are currently available. While we have made significant strides in establishing some targets and metrics, further work is required to develop comprehensive metrics that align with the evolving nature of climate risks and opportunities.

To support this effort, we are focusing on refining our methodologies and enhancing data collection processes. A key component of this work will be the development of a joint Weather Resilience and Climate Change Adaptation Plan in collaboration with Network Rail. This partnership will enable us to build a cohesive strategy that integrates shared data and insights, creating metrics and targets that reflect the interconnected nature of our operations.

Area of Focus	Metrics used to support this report	Related targets
Decarbonisation and greenhouse gas emissions	Tonnes of CO2e for Scopes 1, 2 & 3	• Reduce 70% of our Scope 1 and Scope 2 by 2028/29. • Reduce 90% of our Scope 1 and Scope 2 by 2034/35. • Reach net zero carbon across Scopes 1, 2 and 3 by 2050.
Transition Risks	Risk of costs related to carbon pricing evaluated during our scenario analysis exercise. • The business tracks energy and carbon performance with the following metrics • Traction Energy Vehicle Miles per kWh • Combined Site Energy GWh • Combined Site and Traction Energy kgCO2 per vehicle mile	More work needs to be done in this area to develop targets.
Physical Risks	Proportion of stations at risk of flooding (%) Number of delay minutes and cancellations we have experienced due to weather concerns	

Best practice case studies



Interdependency workshop

In 2024, we organized an interdependency workshop involving Southeastern, Network Rail, SWR, GTR, HS1, and RSSB to explore the complex interconnections within the rail industry and address shared climate risks. Climate change knows no boundaries, affecting entire value chains, business units, and functions. This is especially true in the rail sector, where operations depend on a vast and interconnected network of infrastructure, operators, government agencies, and suppliers.

The workshop provided a first step in identifying where interdependencies exist and uncovering opportunities for enhanced collaboration. It offered a forum to agree on shared mechanisms for addressing climate risks, fostering collaborative working. By encouraging collaboration and relationship-building across teams, the workshop laid the groundwork for potential future work, while also providing valuable insights for ARP reporting.

This initiative underscored the importance of collective action in building resilience and tackling the shared challenges posed by climate change in the rail industry.

Climate change in our latest Joint Performance Strategy

This year, we worked closely with colleagues from the Joint Performance Team (JPT), who are responsible for monitoring and improving operational performance across our network. Together, we integrated a section into our performance report specifically addressing climate change impacts — an area not previously included.

This addition is a crucial step in raising awareness of climate change within the organization and strategically embedding it across various departments. By aligning climate resilience with operational performance, we are ensuring that climate risks are considered in decision-making and performance management, helping to foster a more proactive and comprehensive approach to addressing climate change across all areas of the business.

Climate resilience in train procurement

This year, we integrated climate resilience requirements into the specifications for new train procurement. By incorporating these criteria, we ensure that future rolling stock is better equipped to withstand climate-related impacts, such as extreme temperatures and extreme weather events, supporting our long-term sustainability and operational resilience goals.

DfT Operator workshop

This year, we facilitated a knowledge workshop for environment and sustainability teams at Northern, TPE, and LNER, all part of the same owning group. The workshop aimed to support their understanding of scenario analysis requirements for climate change, particularly in the context of Climate Financial Disclosures. The session was designed to support alignment across each business's reporting, quipping teams with the necessary tools and insights for effective climate risk assessment and consistent reporting.

Summary & next steps

This year, we have worked collaboratively with teams across the business to identify and refine our climate- related risks, conduct scenario analysis, and host a regional interdependency workshop. While significant progress has been made, further work is required as part of the development of our Weather Resilience and Climate Change Adaptation Plan. This Plan, which will be developed jointly with Network Rail, will provide a structured approach to enhancing our resilience to climate impacts.

This plan will create opportunities for deeper stakeholder engagement, fostering cultural awareness around climate resilience and adaptation. It will also support the integration of these considerations into our business strategy and provide a platform to support others across the organisation to take ownership of climate-related challenges and opportunities. Through this collaborative approach, we aim to strengthen our readiness and adaptability in the face of climate change.