

Our statement of continued support

As a company we remain acutely aware of the importance of putting corporate responsibility, sustainability and environmental awareness at the forefront of everything we do.

Sustainability is now firmly embedded in the way we operate our business. We remain committed to high standards of corporate governance and believe it is essential to act ethically and responsibly.

We continue to be a signatory and firm supporter of the UN voluntary initiative, Global Compact, and its principles.

Dr Julian Dennis, Director of Compliance and Sustainability

Sustainability programme

Five year horizon: In April 2010, we commenced our business plan for the next five years, which sets out how we will meet the required improvements for customers and the water environment. Some of these are directly affected by the many global and national challenges that both the water industry and our customers face.

Customers gave us a straightforward and consistent message during our review of this business plan – they wanted an efficient, safe, reliable supply of water at reasonable cost now and in the future. Key areas for service improvement were reductions in leakage, improvements in security of supply and a lower carbon footprint. Our business plan takes these key requirements into account, in conjunction with new obligations we have to meet and the changing economic climate. We are committed to delivering the required outputs of our business plan and continuing to provide the highest levels of customer service. <http://www.wessexwater.co.uk/about/threecol.aspx?id=2984>

Long term view: While looking at a five-year horizon, our business plan is aligned with:

- 1) Our twenty-five year vision, *Water – the way ahead*, published in December 2007. This strategic direction statement outlines our plan for the future, set around the three key objectives of; i) delivering top-class service; ii) keeping bills affordable and iii) coping with climate change.
- 2) Our *Sustainability vision*; which sets out what a sustainable Wessex Water would look like and what is needed to help achieve this. The *Vision*, which was developed around the five capitals model of sustainable development (natural, human, social, manufactured and financial), was first published in 2004 and is reviewed annually.

Carbon management

We have long recognised that it is essential to significantly reduce our carbon footprint and track our emissions against the UK Climate Change Act's required emissions cut of 80% between 1990 and 2050. We have an ambitious long-term goal to become carbon neutral by 2020 and have a carbon management strategy based on the hierarchy of emissions avoidance, energy efficiency and renewables. Over the last year we have continued to improve within these areas, for example:

Avoidance: Advanced sludge digestion at our Bristol sewage treatment works is helping reduce methane emissions from the digestion process and we will be replicating this at a number of other sites. During the last year we have also reviewed options to reduce transport, energy and chemical use in the movement and treatment of sludge. As a result, sludge transport journeys from across our region were reduced during the year, lowering our fuel use and associated carbon emissions and enabling us to remove three tankers from our fleet.

Energy efficiency: Our energy database has over 200 live projects, with the majority focused on sewage treatment, our biggest user of energy. We have been paying particular attention to this area where the focus has been on more innovative approaches, such as aeration and ammonia control. Reviewing the efficiency of an entire treatment works' processes has also led to good results. For example, recent work on pumping, secondary and tertiary treatment at our one of our sites in Somerset has reduced power consumption to 2004 levels.

Renewables: As well as helping reduce methane emissions (noted previously); advanced digestion at our Bristol sewage treatment works is generating more of our power from sludge digestion. As a result we have increased our renewable energy production to 38GWh, equivalent to 15% of our total demand. Outside the regulated business, our waste to energy business, GENeco has continued to work on possible investment in food waste digestion for power production. We are also continuing to look at the potential to use wind power to generate an estimated 20GWh of renewable energy each year from four proposed turbines.

Management measures: We have been carrying out further work to help control leakage, encourage water efficiency in the home and manage water supply catchments to reduce pesticides and fertilisers entering groundwater supplies; all of which are helping us to manage the carbon footprint of water supply. We have also continued to improve our ability to measure and manage our use of energy and fuels within our operations and calculate the carbon footprint of our construction projects.

As the UK economy grapples with decarbonisation, we see many challenges and opportunities ahead. We have long argued for pragmatic regulation that recognises both localised and wider environmental issues which can preserve and improve our local water quality and environment, but protect against the wider impacts of climate change. This means using low carbon solutions where practicable and applying them in a responsible way. This is why in April 2010 we began a set of sustainable solution investigations to run over the next five years. These include alternative methods for phosphorus removal and algae control.

Ensuring good quality water supply

Over the last year we have continued work to protect and improve our water supplies. In 2010 we published our water resources management plan, outlining how we will ensure a reliable water supply to our customers over the next 25 years.

The plan considers the balance of future water demand and availability and aims to look at water supply issues holistically, rather than just focusing on the resource perspective. It includes:

- protecting our water sources from pollution, particularly from nitrates through measures such as catchment management
- developing a more integrated water supply grid (connecting areas where we have surplus water to areas with less water)
- encouraging and enabling our customers to use water wisely and avoid waste
- projections for the effects of climate change.

These proposals will provide greater resilience to more extreme weather events, allow us to reduce groundwater abstraction near rivers prone to low flows and help us manage water sources where nitrate levels are rising.

Customer service

When it comes to customer service, we no longer live in a world where one size fits all. Our customers rightly expect high quality and value for money, services that are reliable and available when they want them, to be treated with courtesy, and for problems to be dealt with quickly, efficiently and the first time around.

Wessex Water feels that customer experience as well as the service they receive is really important. We have continued to deliver some of the highest standards of customer service, achieving our best-ever score in our financial regulator, Ofwat's, overall performance assessment (OPA) in 2009. OPA assesses and compares the quality of service provided to customers by water companies and our overall score was also the highest ever in the industry since the assessment was introduced in 1999. Our telephone service also remains top of Ofwat's independent customer satisfaction survey.

We were pleased to receive two awards in 2009-10 for our standards of customer service:

- the government standard Customer Service Excellence award – which focuses on delivery, timeliness, information, professionalism and staff attitude
- the Citizens Advice inaugural award for best customer service in the UK in recognition of our best-practice approach to dealing with customers in debt.

Working with others

We prefer to discuss issues openly with interested parties, from day to day matters to more strategic discussions. We work with a range of interests in a number of ways; from customers, regulators, environmental groups to suppliers.

During 2009-10 our work with local communities included promoting water efficiency, educating children and supporting environmental projects, with environmental updates via our newsletter WildWatch! Last year we also helped local businesses to ensure a sustainable future through seminars run throughout the year.

In June 2010 we were pleased to win a silver award at the Green Apple Environment Awards for our Partners Programme which supports environmental organisations throughout the region. The initiative has helped to restore rivers, protect species under threat and tackle diffuse pollution, as well as funding other conservation projects.

The Wiltshire Wildlife Trust (WWT) also presented their Outstanding Contribution Award to us at their charity's annual awards in October 2010 which celebrates environmental best practice within local businesses.

Our employees

Our staff are essential to the successful running of the business and we aim to provide them with the appropriate levels of skills, competencies and awareness to carry out their roles in a safe environment.

In the last few years we have restructured our training so it is easier to access, more transparent and sits in line with the EU competent operator framework.

To maintain health and safety awareness and practice, we have continued our focus on safety briefings, improved reporting and workplace audits and inspections during the last year. We also updated our staff support network, such as our lone worker system. The benefits of this can be seen with reportable incident rates falling steadily over the last five years from 20.8 per 1,000 employees in 2005 to 6.8 per 1,000 employees in 2009.

We continue to offer equal opportunities to all applicants for employment. A high priority is also given to employee communications which include team meetings, televisual communication, conferences and the wide availability of the company intranet.

Corporate governance

Wessex Water is committed to high standards of corporate governance. As a private company its shares are not listed on the stock exchange. However, under Condition F of its Instrument of Appointment as a water and sewerage undertaker ("the Licence") it is required to conduct its water and sewerage businesses as if they were the company's sole businesses as a public limited company. In so doing the directors take account of the principles of good governance in the Combined Code as approved for the purposes of the Listings Rules of the Financial Services Authority in the context of the company's circumstances as a private company with a single shareholder.

We have three formal board committees, covering audit, remuneration and nomination. The board maintains full control and direction over strategic, financial, risk management, organisational and regulatory issues. We have an organisational structure in place that has defined lines of responsibility and delegation of authority.

Regular reviews of the key risk items that may affect the company are also held at board level and by our audit committee. The board also ensures we maintain an internal audit department, charged with carrying out reviews of capital expenditure and adherence to business and financial control procedures. The board receives regular updates on changes to the legal and regulatory framework within which the company's business operates.

Our ethical policy outlines our determination to maintain our reputation as a company that observes the highest standards of personal and corporate integrity by adhering to a strict code of business ethics. We aim to be the best, value everyone's contribution in our pursuit of excellence, be honest in the way we conduct our business, and treat one another, our customers and the environment with respect.

Further information

The above summary has been taken from sections of both our annual financial review and sustainability report, *Striking the Balance*, which looks at the challenges we face and the work we are doing to tackle them.

Information is also available from our online sustainability pages, providing information on a wide range of our sustainability activities during 2009-10.

<http://www.wessexwater.co.uk/sustainability>

We also produce a booklet of sustainability indicators, quantifying outcomes and explaining trends. These graphs are also available within the relevant sections of our online pages.