



Doing the right thing: Our commitment to transparency

2019: Ofwat's Investigation into our wastewater business

We supply water and wastewater services to more than 4.6 million customers across the South East. As a supplier of these essential daily services, our regulators require us to deliver an agreed level of service while protecting public health and the environment.

In 2017 we were investigated by Ofwat in relation to the management and operation of our wastewater treatment works. We co-operated fully with Ofwat during its investigation.

In October 2019 we were issued with a fine of £3 million. We also agreed a set of actions – known as 'undertakings' – which included making rebates to our customers – totalling £123 million (in 2017–18 prices) – and wholesale changes to the way we managed our wastewater business.

We agreed to be more transparent about our environmental performance and removed compliance targets from bonuses to prevent incentivisation.

We continued to invest around £316 million per year (adjusted for inflation) during 2010–17, improving our wastewater treatment sites and networks. We treated 92% of the 500 million m³ wastewater passing through our network and 99% of our bathing waters met the Environment Agency's minimum standards. Those bathing waters at excellent or good standard increased from around 81% to 94% (2007 to 2017).

2023: We're a very different company

Although the undertakings we agreed with Ofwat in 2019 run until October 2024, we're very happy to report that, so far, we've completed 97% of the actions and are on track to complete them ahead of the deadline.

Our dedicated steering group and Board Audit Committee track progress and we send a report to Ofwat every six months, which is independently assured by KPMG.

What we've achieved so far

We reduced our wastewater charges from April 2020 to make sure we were able to **credit £123 million (in 2017–18 prices) to our customers' bills** through to 2025. So far this includes payments of around £1 million to former customers and 42,300 direct payments to our most financially challenged customers in debt.



In 2018, a total of **£26 million was allocated to deliver immediate improvements to our wastewater business**, including more than 1,000 actions, annual site audits, more transparency around our major investment schemes and improved training and reporting practices. These changes went to the very heart of our culture, allowing us to embed new ways of working, new teams, new processes and systems.

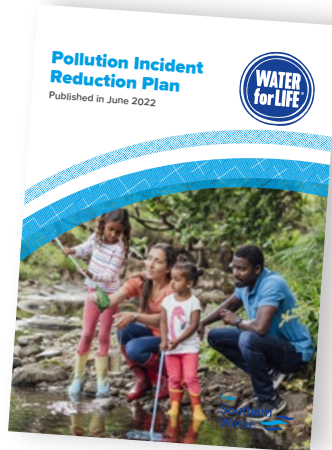
With most of these actions now complete, we've been focused on how we can go further, **increasing investment over the current five-year period to £550 million** so we're able to increase compliance and reduce pollutions.



▲ Raingarden installed in Brighton

We're pushing traditional boundaries to explore **new ways of working to remove surface water and reduce groundwater infiltration** through our Cleaner Rivers and Seas Task Force projects. We're beginning to move away from just looking at our own assets; starting to support work on private drains, roof drainage and road run off. During periods of storm these can represent over 95% of the flow in our network. By understanding the wider drainage system and working with local partners, such as councils, landowners and highways, we'll be able to go further, faster and reduce the use of storm overflows significantly over the coming years.

Our Pollution Incident Reduction Plan has helped to drive a **7.5% reduction in pollutions during 2020–21** and this year we are on-track to reduce pollutions by nearly 40%.



We now have over **98% network coverage of spill monitoring, systems and processes** to inform us of any issues and were the **first water company to openly report spill performance on our website**.

We're on track to deliver the current Water Industry National Environment Programme. This is a **major environmental enhancement programme** covering wastewater treatment, storm tanks and shellfish enhancements, representing an investment of over **£500 million to 2025**. In addition, we're finalising the regulatory requirements for the next round of Water Industry National Environment Programme (WINEP) with the Environment Agency. This would cover the period from 2025 to 2030 and represents a major step up in investment for the environment.

Going beyond compliance to create a new culture of doing the right thing

To create a sustained change to the culture of our business, we've introduced a refreshed set of values, alongside embedding a new vision and purpose through the creation of our Water for Life brand. The introduction of improved management training, deployment of our Ethical Business Practice programme and Code of Ethics and a review and relaunch of our independent Speak Up whistle-blower service have all helped to create a shift in mindset and ways of working throughout the organisation.



▲ Our fleet showing off the Water for Life brand

We've published detailed **environmental performance information** at southernwater.co.uk for the past three years and launched our near real-time **Beachbuoy** spills notification service – the first of its kind in the industry.

We've also adjusted our approach to engaging with customers, using digital engagement platforms and online forums to gather insight both from within the UK and overseas markets. We also continue to work collaboratively with other water companies and our regulators on future resource options and behaviour change. For example, Water Resources South East (WRSE) – an alliance of the six water companies in our region – with whom we share data to gain a more complete picture of the challenges facing our region.



▲ Beachbuoy, our near real-time storm overflow activity tool