



To help create a world where essential services and infrastructure deliver for customers, clients and our planet



South Staffordshire Water PLC For the year ended 31 March 2025



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About this document

The activities we carry out as a business have a direct impact on the environment and the communities we serve. We want to share a more complete overview of our work, as part of our commitment to customers, to be open and transparent about all aspects of our performance.

This sustainability and social responsibility report, for the year ending 31 March 2025, describes some of the activities we have carried out, set within the wider context of environmental, social and governance (ESG) compliance. It sits alongside our annual report and financial statements and our annual performance report. We produce all these reports in-house to demonstrate our commitment to delivering value for money for our customers and our communities.

What we stand for?

We aim to build upon the past, to improve the present and leave a brighter future.

Protecting and enhancing the natural environment for everyone to enjoy

S Putting customers at the heart of our decision-making and actively working with our communities

G Transparently moving forward to provide an efficient and affordable water service

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Foreword from the ESG Committee Chair

I am delighted to introduce our second sustainability and social report, and my first as Chair of the ESG Committee which focuses on these fundamental elements of our company's business.

The Committee has recently completed a comprehensive review of our ESG activities and performance over the past five years. We have also conducted a comprehensive review of our governance practices and have developed a plan for continuous improvement. We are now working to ensure that, as we embark upon a record £926 million investment in assets and services to our customers, we will build on the strong foundation we have in place.

South Staffs & Cambridge Water is proud to provide clean, safe drinking water to the communities it has served reliably for over 170 years. But climate change is bringing greater uncertainty to the availability of the water sources we rely on, so we need to understand the magnitude of the threat. The ESG Committee has produced its first climate change adaptation report since 2016 to inform our approach to greater resilience. The extremes of too little or too much that we are experiencing with increasing frequency each pose their own challenges, including affecting the quality of the water in rivers and groundwater that we rely upon.

Growing demand for water from households and businesses also means that we need to ensure that the water we supply is used as efficiently as possible. This is a key feature of our water resource management plan which guides our approach to ensuring secure, sustainable supplies to our customers for the next 25 years. Each year we engage with our future customers by running workshops in schools to promote environmental awareness and the importance of using water wisely. Last year we delivered these messages to 6,700 students.

The value of water to our society, human health, the environment and the economy is incalculable. It is one of life's essentials. South Staffs & Cambridge Water is committed to continuing to serve its customers well and to protecting the environment. This report sets out some of what we have achieved over the past year. The focus, as always, is on the service we provide to our customers and our commitment to social responsibility, including our tailored support for vulnerable customers. But, we also have a responsibility to look after the environment and, as a Chartered Environmentalist and Vice Chair of the Society for the Environment, I have been particularly pleased to see our commitment to protecting and improving the rivers and streams in our area.

Professor lan Barker

CEnv FIWater HonFSE ESG Committee Chair

Introduction from the Director of Water Quality and Environment

I am proud to share with you our second sustainability and social responsibility report. Our report showcases how we're delivering our environmental promises, demonstrating social value for our customers and communities and our actions on our commitment to good governance.

Sustainability and social responsibility may well sound like corporate buzzwords, and we hope this report helps to break that down and bring to life what it really means for our customers, our staff and our environment.

We take our role as environmental stewards of the communities we operate within very seriously, and we are taking action to protect it now and in the future. Climate change and population growth are significant challenges, both to the environment and to the quality and quantity of the water we have available to supply to our customers, but we are acting now to ensure we are prepared for both.

Meeting these challenges comes at a cost, and supporting our customers by ensuring water is affordable is of paramount importance to us. We want to support more customers through our Priority Services Register and through our community team, and our education team helps to spread the message of how valuable water is to the children in our community.

We cannot deliver any of the ambitious plans we have in these areas without our amazing employees, as these are the most important asset we have. Investing in our people to help them develop and provide them with the tools and techniques they need inside and outside of work, will ensure we have a workplace we are all excited to work in.

And the fundamental theme needed to achieve all of this is good governance. Making sure we are making the right decisions at the right time in a transparent way is critical to succeed in our ambitions and build trust with our customers.

We're making great strides but there is more to do, and we are looking at ensuring our targets stretch us to achieve the excellence in these areas we are all committed to.

Natalie Akroyd Director of Quality & Environment

July 2025

Our commitment to sustainability and social responsibility

South Staffordshire Water operates across two geographically and socially diverse operating areas. Every day, we provide clean water to around 1.8 million people and 42,000 businesses across our Cambridge and South Staffs regions. As a water only company, we do not manage wastewater or sewage. For customers in our Cambridge region, the company which does this is Anglian Water. For customers in our South Staffs region, the company which does this is Severn Trent Water.

Our mission is to make sure all our customers always have access to high-quality and affordable drinking water. We do this, for example, by listening to our customers, looking after our communities and our people, and protecting the environment. Failing to take this seriously could result in environmental harm and the loss of customers' trust in the services we provide. We are taking all the necessary steps to avoid this. For example, we created an ESG Action Group to align our different strategies internally and are combining them into a clear ESG approach within South Staffordshire Water. This will help provide direction, drive and oversight of related projects. The Board has direct responsibility for ESG. Through its ESG Committee, it makes recommendations and suggests operational actions for improvements. All teams across our business are encouraged to share their ideas with the Committee and act on its recommendations. The ESG Action Group feeds into this. All of this allows us to report on our progress and provides a feedback loop to ensure our actions are more beneficial than costly.

We take this approach further with larger projects or initiatives, including those relevant to this report, which are rigorously assessed through a cost-benefit analysis. We initially do our own risk and value assessment, for example, by using our Copperleaf asset investment planning system for capital spend.

The risk element covers pre- and post-investment while the value assessment looks at the investment through the six capitals: social, natural, financial, human, intellectual and manufactured. This is to ensure our investment is value for money. Ofwat, our economic regulator, is a second line of assurance as it measures our performance through yearly targets and analyses our investment plans through the price review process every five years. Internally, we also have our own <u>assurance framework</u> which gives more reassurance.

In the following chapters, we discuss our ESG compliance in more detail. We explain some of the work carried out in each area during the year and highlight key examples. This helps to bring life to the words on the page. Finally, we set out some next steps for the year ahead.

See <u>Discover Water</u> for how our performance compares with other companies in the sector.



Sustainability and social responsibility repor

For the year ended 31 March 2025

Sustainability and social responsibility report ar ended 31 March 2025

Delivering our environmental promises

- Around 43.6% of the energy we use, and almost 100% of our electricity, comes from renewable sources, including nuclear energy
- 11 of PEBBLE grants totalling £45,213 awarded during the reporting year
- Over 5 years we have achieved a 13.9% reduction in leakage in our South Staffs region, slightly missing our 15% target, and a 21.8% reduction in our Cambridge region, against our target of 13.8% leakage
- 910 hectares of land managed, against a target of 690
- 42.7 MI of water saved from water efficient house building, against a target of 30.6 MI

We know that delivering our environmental promises in a sustainable way is really important to our customers – and our business. Our environmental plans are approved and monitored by the Environment Agency as one of our regulators.

In this reporting year, we published our water resource management plans for 2025 to 2050 for the Cambridge and South Staffs regions. They describe how we will continue to sustainably meet the demand for water in our supply areas over the long term.

This is even more important because the Environment Agency classified the South Staffs region as an area of serious water stress in 2021, alongside our Cambridge region. This means that future predicted rainfall may not meet the demand for water in this region. We are focusing on a range of demand and supply initiatives to help combat this. For example, we aim to reduce leakage by 50% from 2017/18 levels by 2050 and are planning the construction of the Fens reservoir.

We are trying to explore the consequence of these issues even further into the future through our climate change adaption report, which looks at the next one hundred years. The UK Government uses this information to feed into the UK's climate change risk assessment and national adaption programme. Overall, these bodies aim to ensure the UK's essential services and infrastructure can be relied upon in a warming world.

During the reporting year, we worked with third-party carbon experts Future Leap to explore our Scope 3 emissions. This project is still ongoing, but it will provide a more accurate picture of our emissions when finished. An increased understanding means we can better focus on reduction.

Reducing demand for water across our Cambridge and South Staffs regions is a key focus for us. We constantly look for ways to reduce demand and work with our partners, such as Save Water Save Money, to provide water efficiency devices. We have built upon previous water efficiency projects this year, which is detailed in our showcase. Water demand currently stands at 120 litres per person per day (l/p/d) in our Cambridge region, which is the lowest level in the country, and 140 l/p/d in our South Staffs region, which is higher than we would like it to be.

To try and encourage more renewable energy throughout our operations, we have finished installing electric car charging points in key locations. This will allow our field staff to more easily use their electric vehicles and reduce emissions. We are also exploring a waste to energy power source for our Hampton Loade gas engine. This would reduce our emissions substantially, if possible.

In the reporting year, we have focused more on accurate reporting than reducing emissions to fill in the gaps before we review our reduction strategy as a whole. This will be supported by the key carbon funding in our 2025 to 2030 business plan:

- £2.5 million to continue operating our Pump Efficiency Programme (PEP) with testing and refurbishments. The aim is to make sure our pumps are working effectively. This in turn reduces the energy needed to move water, including its related carbon cost.
- £2.5 million to explore renewable energy production more generally and reduce the reliance on fossil fuels.

We will provide an update on our progress in next year's sustainability and social responsibility report.



An environmental showcase: "Yes we Cam"

The remarkable success of 2023's award-winning 'Can for The Cam' campaign achieved daily water savings of 940,000 litres during the peak summer months. So, during the reporting year we set out to go one further by saving two million litres of water a day.

Our comprehensive water conservation campaign was called 'Yes we Cam'. It aimed to engage residents across the Cambridge region by fostering a community-wide effort to save water and adopt more sustainable water use practices. By choosing one easy water-saving pledge, everyone played a crucial part in the region's biggest-ever watersaving campaign. This included actions such as taking shorter showers and using the eco-mode on their appliances. Our analysis suggests that 1.36 megalitres per day were saved.

This campaign was all to protect the rare chalk stream habitats in our Cambridge region. There are only around 200 chalk streams in the world, and over a quarter are in East Anglia. These habitats, including the River Cam, are home to a rich array of native plants and animals, including water voles and brown trout. We take water from local aquifers to supply all our customers in the Cambridge region. These are the same underground sources that supply the chalk streams. The more water we all use, the greater the pressure on our aquifers and chalk streams. If we do not take collective action, these beautiful English landscapes could be irreparably damaged or lost.

Overall, around one third of our brilliant customers were impacted and got involved which is incredible!



PEBBLE: A ripple becomes a wave

We continue to help protect the environment and improve the biodiversity of local areas through our PEBBLE community fund. Each year, we make grants available for projects designed to improve, restore, or create new habitats which benefit the environment and the local community. We welcome applications from a wide range of local community groups, charities and schools.

In our Cambridge region, Water Sensitive Cambridge is using its grant for the Fallowfield Rain Garden Project. This aims to increase biodiversity and improve the water quality of Fallowfield with the organisms which will thrive there. In our South Staffs region, Learnore Primary School is using its grant to create a pond to increase its number of green spaces and to have an educational resource to teach environmental stewardship.

Blithfield's enemy plants

We have focused our work, at the Blithfield Estate in the South Staffs region, on Invasive Non Native (INNS) Species removal. This has allowed us to meet our mid and higher tier countryside stewardship commitments, which allows us to receive UK Government grants to positively manage our land.

The dominant INNS on the Blithfield Estate is Himalayan Balsam, which grows around the edge of nearby rivers, and Rhododendron. It is important to manage INNS as they can dominate habitats. Removing Rhododendron means that it does not crowd out other native species and stops it potentially spreading harmful plant diseases to other native woodland species. We also maintain grassland to allow for flowering grasses and wildflowers for nearby animals.



Delivering social value for our customers and delivery of the social customers and communities

- 5.7% the mean gender pay gap (1% decrease from 2023/24)
- £4387.00 donated to charitable causes (70% decrease from 2023/24 due to no WaterAid Ball being held)
- 6692 of pupils engaged with our education outreach programme (6% increase from 2023/24)
- 4010 customers visited our community hub (31% increase from 2023/24)
- 14.9% customers on our Priority Services Register, who receive help and support from us (3.3% increase from 2023/24)

We know that delivering social value for our customers and communities is important, both internally and externally. There are a range of initiatives that we completed throughout the reporting year which deliver for both areas.

For our people, we helped create a Mental Health First Aider Community across the wider South Staffordshire Plc Group. This ensures a higher standard of positive wellbeing support overall so that no one is left behind. More broadly, we joined other Group companies in trialling the RISE Leadership Development programme for 36 people. The aim of the programme is to transform managers into impactful leaders so they can drive improvements for their colleagues and customers. We want to invest in our people and aim to roll out this programme to all managers. For our customers, we published our draft vulnerability strategy, which follows <u>Ofwat's December 2023 guidance</u>. It makes sure our service approach is always appropriate, accessible and affordable. The <u>draft report</u> is available on our website. This will reinforce what we already do for vulnerable customers through the Priority Service Register and the work of our Community Team.

Our education outreach co-ordinator has done a fantastic job delivering water workshops to 6692 students over the reporting year. The workshop topics were varied from Captain Efficient and the Water Wasters, which highlights water efficiency to Years 1 & 2, to Water Cycle and Filter that provides an overview of the water cycle and filtration system to Years 3 to 6. We are tentatively exploring new ideas for the future, such as collaborating with local Scout, Brownies and Guide groups to possibly develop a 'water saving badge'.

Our people and our customers are important, and they are the main reason we do what we do. We will provide an update on social topics in next year's sustainability and social responsibility report.



Sustainability and social responsib For the year ended 31 March 2025





A social showcase: people networks

National Inclusion Week took place from 23 to 29 September 2024. This is when organisations demonstrate their inclusion to all their staff, existing and prospective clients, suppliers, and other stakeholders. We think this is highly important to our employees and so we used this time to launch our Group-wide people networks. These networks bring together like-minded people with the objectives to discuss their shared issues, bringing awareness to little known topics and advocate for issues at a senior level. By hearing topics relevant to our people, which previously did not get as much attention, we are more able to support and address them.

Our first people network is the Women's Network. Its role is to foster a supportive and empowering environment in our business for women. Our second people network is the Unity+ Network. It focuses on sexual orientation, gender identity and expression. The networks will achieve their objectives through campaigns, awareness weeks, workshops and leading relevant programmes or projects.

By creating focused single-issue groups, we can highlight the topics that matter to our people, raise awareness, collaborate and achieve new things. The people networks meet on a regular basis, involving people from across the business and the wider Group, and strive to improve the workplace and support our people. In turn, this allows our people to provide better services to our customers.

We look forward to seeing the full impact of our people networks and its positive impact on our customers.



WOW is happening

In October and January, around 50 people from across the business took part in two Work-Out Workshops. In a complex business, there are plenty of opportunities for efficiencies to be found and our people know exactly where they are. The workshops aimed to highlight operational opportunities for improvement which could be actioned quickly.

We have already actioned most of the suggestions from the October workshop. For example, simple system changes have led to a 13% reduction in average customer hold times in our contact centre and a generally faster customer service. We have also trialled new technology, which has reduced delays in some of our work processes. These small changes make a big difference to the service we can provide our customers. We were really proud of our people and are looking to do more of these workshops in the future.



Delivering good governance

Delivering good governance is critical if we are to continue providing services to customers in a transparent and efficient way.

In the reporting year, we have focused our attention on our overall ESG compliance and the security of our supply chain as part of a wider Group initiative to implement the Risk Ledger management solution.

Our ESG compliance review has involved exploring better governance structures, with the help of the South Staffordshire Plc Group, to help drive decision-making going forward. There is now a Group-wide ESG Working Group, which has a link to the South Staffordshire Plc Group Board. This means that we can make better use of the expertise and knowledge of other Group companies. Within our business, the ESG Action Group is reviewing our ESG strategy for the next reporting year. By increasing the connections between us, we can strive to implement larger ESG-related projects that can have a direct impact to customers and what customers want from us.

Using Risk Ledger enables us to meet the requirements of our supply chain more effectively. By having this framework in place, we can ensure that nothing is overlooked, and our supply chain is secure. Our commitment to a well governed business means that we started to explore implementing it, with South Staffordshire Plc Group, at the end of the reporting year.

We will provide an update on our progress in next year's sustainability and social responsibility report.

A governance showcase: a system fit for ESG

We need to collect ESG data for a range of reasons and purposes, such as understanding how we perform against an agreed set of ESG metric and look for areas of improvement. The metrics cover a wide range of areas from biodiversity to the gender pay gap, to health and safety and greenhouse gas emissions. We wanted to increase the efficiency of data collection by transitioning to a software or database solution. By being more accurate and efficient, we can better see how we are performing and what we need to do to improve.

We worked with our shareholder to implement a Group-wide data management system, as well as a carbon accounting system, called Position Green. We worked closely with Position Green to ensure that all our needs were met. This included testing the system and we are now looking to continuously improve it while it is in operation. We will review the system at regular points over the next reporting year to ensure that it is meeting our needs.

The most important data point Position Green will impact is greenhouse gas emissions because the carbon accounting software will ensure more accurate calculations. This will help us evidence our journey to net zero in 2050. It will also reduce human error in data collection overall and help demonstrate our progress in meeting all ESG-related commitments to our customers.

Next steps

h Staffs Water

We recognise the growing importance of sustainability and social responsibility across our business. This is why we are committed to producing this report every year. Our journey to understand our ESG approach and how it helps to deliver for our customers and business is continuing. We have made great improvements in data awareness.

Looking ahead, we will focus on reviewing and improving our net zero strategy and reduction projects. We will continue to adapt to, and take account of, international developments within the United Nations and other bodies such as the UK's adoption of the global ESG standard called ISSB. While more relevant to the Group, the ISSB is the global standard for ESG approaches that we hope to strive for. In doing so, we will not allow ourselves to slow down in providing the best possible outcomes for our customers and communities.

Some of the targets highlighted in this report reflect our ESG commitments in the broadest sense and more information on these can be found in our annual performance report. We are currently creating a new approach with specific ESG targets which are separate from these. This is because we want to go above and beyond expectations for our customers and our communities.

In the coming year, we will:

- continue to deliver on sustainability and social responsibility initiatives inside and outside of our business plans;
- continue to learn from, build upon and improve our approach; and
- fully develop our new ESG approach, including targets.

We will report on our progress in next year's sustainability and social responsibility report.







To help create a world where essential services and infrastructure deliver for customers, clients and our planet

<u>south-staffs-water.co.uk</u> | <u>cambridge-water.co.uk</u>