



South Staffordshire Water PLC

Sustainability and social responsibility report 2023/24

About this report

The activities we carry out as a business have a direct impact on the environment and the communities we serve. So, we think it is important to share a more complete overview of our work in these areas. This sustainability and social responsibility report, for the year ended 31 March 2024, 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.

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What we stand for

Environmental

Protecting and enhancing the natural environment for everyone to enjoy

Social

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

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

Governance

Transparently moving forward to provide an efficient and affordable water service

Welcome from our Managing Director

Welcome to South Staffordshire Water's first sustainability and social responsibility report. I hope you enjoy reading about some of the work we've been doing towards delivering our commitments to the environment and to society, while making sure we always proactively promote good governance.

Our approach to sustainability and social responsibility is firmly embedded within our business. It's been this way since we were founded in 1853 in the interests of public health to deliver clean water supplies to Cambridge University and the industrial Black Country. It's part of our DNA.

But the world is now at a turning point, and we face a number of critical challenges. Climate change, population growth, threats to biodiversity, increased social inequality, human rights violations, modern slavery, and criminal cyber-attacks are threats that all businesses face, ours included. We know we have to tackle these threats head on in a proactive way, as befits our role as the provider of an essential public service.

In recent years, we've increased our capacity to monitor these challenges under

the umbrella of ESG compliance. This report, alongside our other regulatory documents, is an attempt to be open and transparent about our sustainability and social responsibility duties. We don't want to misrepresent them.

Looking ahead, we'll continue to develop our approach in this space, including adopting new or innovative ideas as appropriate. This is to ensure we always continue to deliver our wider objectives to society and the environment, while keeping good governance at the heart of our business.

Andy Willicott
Managing Director



"Looking ahead, we'll continue to develop our approach in this space, including adopting new or innovative ideas as appropriate."

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 1.7 million people and 42,000 businesses across our Cambridge and South Staffs regions.

Our mission is to make sure all our customers always have access to high-quality and affordable drinking water. This places us at the heart of the communities we serve as the provider of an essential public service. So, it is important for us to make sure all our operations and activities are sustainable and socially responsible.

We do this by listening to customers, by looking after our communities and our people by protecting the environment, and by working with our regulators and other stakeholders. 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.

It is because of this importance that the Board has direct responsibility for our ESG approach. Through its ESG Sub-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.

We will strive to build upon the things we currently have in place. We are also committed to reporting on our progress in the areas of sustainability and social responsibility.



In the following pages, we discuss our environmental, social and governance compliance in more detail. And we explain some of the work carried out in each area during the year and showcase key examples. Finally, we set out some next steps for the year ahead.

Delivering our environmental promises

We know that delivering our environmental promises in a sustainable way is really important to our customers – and our business. Key to this is our commitment to protect and enhance the environment for the benefit of all customers and leave it in a better state for future generations.

Around 40% of the energy we currently use comes from renewable sources



21 PEBBLE biodiversity grants totalling £66,249 awarded to community organisations during the year

100% of our Water Industry National Environment Programme (WINEP) obligations delivered on time



840 hectares of land managed, against a target of 592 hectares



29.1 million litres of water saved from water efficient house building, against a target of 15.3 million litres

The England and Wales water sector is the fifth largest emitter of greenhouse gas emissions in the UK. So, along with other water companies, we have committed to play our part to deliver net zero operational carbon emissions by 2030.

During the year, we produced our net zero strategy and roadmap. This sets out how we will deliver our own net zero ambitions.

Our net zero strategy focuses on meeting interim targets for scope 1 and scope 2 greenhouse gas emissions by 2030 and achieving full net zero (scope 1, 2 and 3 emissions) by 2050. Scope 1 emissions are those our business releases directly through our daily operations. Scope 2 emissions are those released from the energy we buy. And scope 3 emissions are those not captured in scope 1 or 2, or that are found in our supply chain.



We will deliver our net zero strategy through the following measures.

We will explore ways to **reduce the demand for water across our Cambridge and South Staffs regions**. Average individual daily water use, what we call per capita consumption or PCC, has changed little since the COVID-19 pandemic. It currently stands at 119.4 litres per person per day (l/p/d) in our Cambridge region and 136.9 l/p/d in our South Staffs region. We will continue working to promote a reduction in customers' water use.

As well as exploring the reasons behind this shift in customers' behaviour, last summer we launched the 'Can for the Cam' campaign in our Cambridge region. The purpose of the campaign was to lower high seasonal demand, reducing the need for us to take water from elsewhere and protect the rare chalk streams that are a feature of the region. We achieved almost double our target, with customers using 940,000 litres of water less each day because of the campaign.

We will **encourage our customers to use water wisely**. Key to this is our universal metering programme, combined with the steps we are taking to reduce leakage across our Cambridge and South Staffs regions. During the year, we continued with our meter installation programme – 53% of our household customers across both regions now have a water meter. We will be ramping up this programme in the coming year as we start work on delivering our universal metering programme from 2025.

Finding and fixing leaks quickly with little disruption is another top priority for us and our customers. It is an area where we have continued to perform well against our regulatory targets.

We will **use more renewable energy across our business**. Moving water around our network uses a lot of energy. It accounts for 98% of our electricity usage and produces 92% of all our operational carbon emissions. We have already made progress in this area. For example, in 2022/23, we became the first company in the sector to convert the standby generators at our Hampton Loade water treatment works from diesel to biofuel. We will look to install more renewable energy technologies across our other sites where possible.

And we have started putting plans in place to tackle the residual emissions that cannot be removed through the methods described above. This includes exploring using carbon 'insetting' frameworks. Carbon 'insetting' focuses on doing 'more good' rather than 'less bad' within a supply chain. This means using nature-based solutions such as regenerative farming and reforestation.

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

An environmental showcase: net zero Citizens' Jury

We know our customers have no choice over who supplies their water. So, we think it is important to involve them in actively shaping our plans. This is to ensure our investments, which come in part from the bills they pay, always reflect their priorities.

As we have already outlined, one of these plans is to achieve net zero operational carbon emissions by 2030. Our research tells us that this is a priority for our customers.

In developing our net zero plans, we used a Citizens' Jury to engage with household and business customers across our Cambridge and South Staffs regions. This is the first time we have used this approach to speak to customers in depth. As well as setting up Citizens' Juries in each region, we also used online forums and face-to-face workshops to share our net zero plans.

Overall, the Citizens' Juries supported our net zero roadmap and investment plans for the five years from 2025 to 2030. They also welcomed the potential local benefits associated with carbon insetting schemes that focused on them and their communities. And they supported our plans to expand our pump efficiency programme to reduce the energy used to move water around our networks.

What is a Citizens' Jury?

A Citizens' Jury is a group of individuals who are representative of the wider population. Experts present evidence in plain language so that members of the Jury can make decisions and provide their views.

Delivering social value for our customers and communities

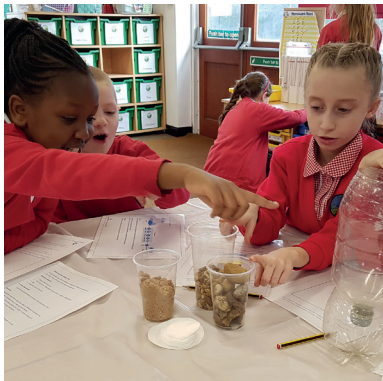
We know that delivering social value for our customers and communities is important, both internally and externally. Vital to this is our promise to put customers at the heart of our decision-making and actively work with our communities. We have delivered against this promise throughout the year.

6.7% – the mean gender pay gap in 2023



More than £13,700 donated to charitable causes during the year

3,062 customers visited our Community Hub in Wednesbury



6,310 pupils engaged with our education outreach programme



78,785 customers on our Priority Services Register, who receive help and support from us

We have continued to provide a valuable service through our Community Hub in Wednesbury in our South Staffs region. This is a unique initiative in the England and Wales water sector. The hub gives our customers the opportunity to talk about different issues, including problems with their water bills, and advice on meters, our Priority Services Register, and ways to save money and water. We value the benefit personal conversations can have and recognise the important role our hub plays in the community.

Internally, one of our focus areas during the year has been the development of our people plan. This aims to re-examine how we work with our people and make their working lives better. It does this by focusing on various initiatives, including in the areas of talent acquisition, employee engagement, learning and development, and HR governance.

This has led to several improvements. We have refreshed our family-friendly policies, placing a particular emphasis on colleagues with caregiving responsibilities. And we have focused our attention on permanent recruitment for growth rather than relying on temporary external agency recruitment.

In addition, through the Executive roadshows we hold across our key sites, our people can engage with and challenge members of the Executive team directly.

Our people and our customers are important to us – we would not be here without them. We will continue to improve everyone's experience, and will provide an update on our progress in next year's sustainability and social responsibility report.

Giving our people a voice

Our People Forum provides a voice for all our people. It plays a key role in engaging with the Executive team and senior managers to maintain a positive workplace culture built on trust and a shared view of the business.

The People Forum has gone from strength to strength during the year. As well as hosting a family fun day at the Blithfield reservoir in our South Staffs region, the group has also launched a new employee magazine and podcast. It will continue to play a vital role in providing support to the business in the year ahead.



A social showcase: water efficiency in faith and diverse communities

We always strive to understand all our customers so that we can tailor our services to meet their specific needs. This is particularly true for our traditionally seldom heard communities.

In May 2023, we were awarded £270,000 from Ofwat's Innovation Fund for a diversity-led water efficiency project. The aim of this project is to better understand how water is used and valued in different faiths and cultures within the communities we serve.

To deliver this project, we are working with faith groups, experts and a range of organisations. Supporting this work is academic research led by Cambridge University's Faculty of Divinity. This is giving us insight into the relationship between water and faith, the practical uses of water and some of the barriers and opportunities to engaging with diverse communities.

The research will enable us to develop more effective water efficiency measures, behaviour change campaigns and bespoke water-saving products. This will help us to support customers of different faiths and cultures to reduce their water use. We think it will also build trust within our communities.

The project will deliver a number of objectives, including water savings of around 200,000 litres. It will also enable us to develop a more inclusive water efficiency framework and toolkit, linked to faith and culture, that



can be adapted and scaled up across the England and Wales water sector. And it will help us to establish new channels of communication and stakeholder relationships with our hard-to-reach communities.

In March 2024, we launched our first campaign for the project in partnership with Cambridge Central Mosque. This focused on the Islamic practice of Wudu (ablution), the ritual washing performed in preparation for prayer and worship. We are planning a complementary campaign for our South Staffs region, and will report on that in next year's sustainability and social responsibility report.

Delivering good governance

Delivering good governance is critical if we are to continue providing services to customers in a transparent and efficient way. Following the appointment of a new South Staffordshire Plc Group Chief Executive during the year, we have taken a number of steps in this direction along with other Group companies.

We have looked at our governance structures to refine and enhance what we already had in place, filling any gaps that existed. We have reviewed and refreshed a number of our policies and have introduced new ones in the areas of adoption and surrogacy leave, and equal opportunities, diversity and inclusion. Having effective policies in place is important to us as they underpin all our work and provide the minimum standards that our business needs to meet.

We also recognised there was a gap in how we communicate with our senior

leaders and encourage collaboration and empowerment. So, we introduced new senior leader forums, enabling team leaders to talk directly to the Executive team on a regular basis. This helps decision-making on key strategic priorities and increases awareness of our people's knowledge of other business areas.

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



A governance showcase: developing our unifying values

During the year, a number of our people attended a series of workshops with other Group colleagues to find out what working for the business meant to them and what it stood for.

Many people contributed to these sessions, with 335 colleagues from all the Group companies taking part. One of the main things to come out of these sessions were the following four new unifying values.

- **Impactful.** Together, we create a positive impact through our proactive, agile and adaptable approach.
- **Community focused.** Embracing the power of a strong and diverse community, we grow together through collaboration and being helpful, caring and approachable.
- **Trusted.** We are ethical, honest, straightforward and are always accountable.
- **Professional.** As knowledgeable experts, we deliver quality, safe and efficient services.

We are embedding these values into our work and into our people's objectives. The aim is to make them fundamental to everything we do. Not only do they relate back to our mission of providing clean and affordable water every day, but also reflect our wider sustainability and social responsibility commitments. This includes being trusted to protect the environment, having a strong community focus, and being professional in our business conduct and governance.



Next steps

We recognise the growing importance of sustainability and social responsibility across our business. Our journey to date has been one of understanding. Looking ahead, we will continue to learn and develop our ESG data collection methodologies, reporting and related improvement projects.

We will continue to adapt to, and take account of, international developments within the United Nations and other bodies. In doing so, we will not allow ourselves to slow down in providing the best possible for our customers, our communities and the environment.

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;
- explore new technologies and other ways to improve our net zero strategy and roadmap; and
- investigate where we can continue to make improvements in terms of our ESG compliance.

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



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