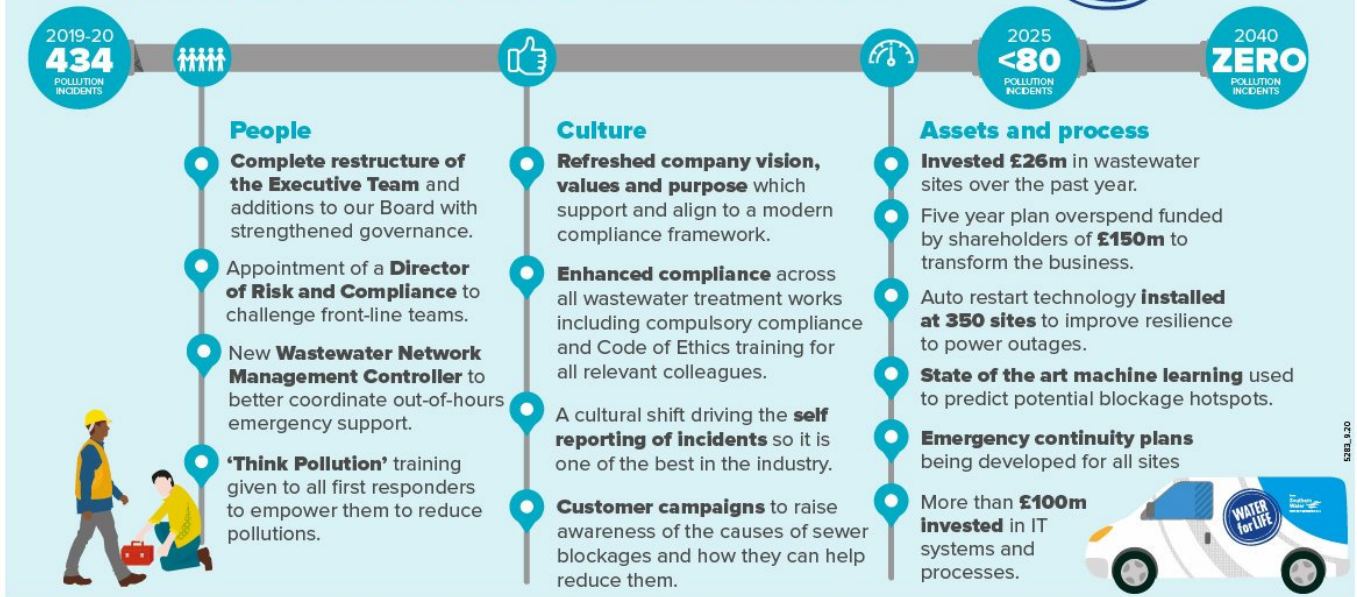


Our route to zero pollutions

We've set an ambitious target to reduce pollution incidents to zero by 2040. To work towards this, we've developed a detailed Pollution Incident Reduction Plan.



From: Sarah Feasey

Sent: 02 October 2020

To:

Subject: Update from Southern Water - Announcement on Environmental Performance Assessment

Good morning,

I'm writing to let you know that the Environment Agency has today released its Environmental Performance Assessment, an annual report on the environmental performance of the nine water and sewerage companies operating mainly in England. We are disappointed to have received a one-star rating.

In addition, we are due to appear in court in Maidstone today, in relation to charges brought by the Environment Agency.

In June 2019 we announced that the Environment Agency was investigating us for possible permit breaches at wastewater treatment works.

The matter is related to Ofwat's recently-concluded investigation, which was triggered by the Environment Agency's inquiry into the operation of some of our wastewater sites.

The charges are historic and cover illegal releases of untreated wastewater and also failing to treat the amount of flow required by our licences at 17 wastewater treatment works between 2010 and 2015.

Since he joined in 2017, our CEO Ian McAulay has been driving thorough internal reviews of our wastewater business and is leading a major transformation plan.

This includes:

- Appointing a new Director of Risk and Compliance to challenge front-line teams
- Introducing an industry-standard 'three lines of defence' model for regulatory reporting
- Increasing reporting to Ofwat for greater scrutiny
- Strengthening whistle-blowing policies and appointing an independent adjudicator so that any colleague with concerns feel confident that they will be listened to
- Enhancing compliance across all wastewater treatment works including compulsory compliance and Code of Ethics training for all relevant colleagues.

- Refreshing company vision, values and purpose which support and align to a modern compliance framework.
- Investing more than £100m on IT systems and processes

We have taken big steps to reform the culture within our company to promote openness and transparency – embodied by our core values of **Succeeding Together**, **Doing the Right Thing** and **Always Improving**.

We are also one of the first organisations in the sector to have developed a [Pollution Incident Reduction Programme](#) based on data analysis of all sites. This means we have a better understanding of what can go wrong, and why, and we're improving our systems and processes to make sure the same issue does not occur again.

These changes are helping rebuild our business into one that performs at the level we, our customers, stakeholders and regulators expect and deserve.

We still have some way to go to rebuild the public trust in our company that these historic activities have eroded but we are on the right path and have the full support of our Board and shareholders to strive to meet and exceed expectations.

Of the EPA assessment, Ian McAulay said: “We are extremely disappointed by the rating awarded in this year’s Environmental Performance Assessment as we are already taking bold steps to set our pollution record straight.

“We’re a company in transformation and we are taking bold steps to improve our performance, for example we invested an additional £3.2 million during 2019–20 to improve our ability to find and fix leaks alongside an additional £54 million to improve pollution performance.

Last month we announced our Pollution Incident Reduction Plan, which was shared with the Environment Agency following months of work. We’re one of the first organisations in the sector to have analysed the challenge in detail and developed a plan around it. It sets out that we will achieve 80 pollution incidents per year by 2025, and zero pollution incidents by 2040.

“We are fully confident this plan and future iterations will allow us to reduce the number of pollutions incidents in the imminent future.”

We will keep you updated but, in the meantime, if you have any questions please let me know.

Best wishes,

Sarah

Sarah Feasey
Stakeholder Engagement Manager

[southernwater.co.uk](https://www.southernwater.co.uk)

