

PENNON

GROUP PLC

CORPORATE RESPONSIBILITY REPORT 2010



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We are pleased to present Pennon Group's fourteenth report detailing our approach to environmental and social issues and our commitment to corporate responsibility.

The Group has developed eight corporate responsibility objectives and six key performance indicators (KPIs) which are detailed in this report, and which demonstrate that environmental, social and economic sustainability is fundamental to our business.

Of key significance is our climate change strategy to maximise opportunities for renewable energy generation, promote energy efficiency and reduce emissions of greenhouse gases wherever possible:

- Viridor's renewable energy generation capacity continues to expand with the newly commissioned Lakeside joint venture energy from waste plant and additional capacity resulting from the Greater Manchester combined waste and renewable energy projects
- Pennon has registered for the Carbon Reduction Commitment Energy Efficiency Scheme, and continues to report to the Carbon Disclosure Project
- South West Water's Upstream Thinking project demonstrates that the company is taking steps to adapt to climate change by working in partnership to improve catchment management. The Exmoor Mires aspect of this project won a Water Industry Achievement Award in 2009.

We are proud of our Community Engagement through the Pennon Charitable Donations, Pennon Environmental Fund and Viridor Credits Environmental Company, details of which are provided in this report, together with our Social and Environmental, Ethical Business and Health and Safety policies.

My colleagues on the Group's Corporate Responsibility Committee are pleased to have achieved commitment across the Group to best practice in corporate responsibility. I would like to thank them for their support and guidance.

Finally, I would like to invite you, our stakeholders, to provide feedback on this report, to ensure that it meets your ongoing requirements.



Ken Harvey

Ken Harvey *Chairman*
Pennon Group Plc



Dinah Nichols

Dinah Nichols *Chairman*
Corporate Responsibility Committee

ACONA VERIFICATION STATEMENT

This is the third year that Acona Limited has been retained by the Corporate Responsibility Committee of Pennon Group Plc to undertake an independent review of the Pennon Group Corporate Responsibility Report and provide assurance that:

- The quantitative data is materially accurate
- The qualitative statements can be supported by evidence and properly represent activity across the company
- The report gives a balanced picture of performance
- Performance in respect of its previously published target is accurately reported

RESPONSIBILITIES OF PENNON GROUP PLC AND ACONA LIMITED

The information and statements contained within the Corporate Responsibility Report for 2010 (hereinafter the Report) are the responsibility of Pennon Group. This statement is the responsibility of Acona Limited and represents our independent opinion of the content of the report and is addressed to the Group's Corporate Responsibility Committee.

SCOPE AND PROCESS

The review covered Pennon Group's operations for the period specified in the Report. Information subject to verification by other third parties – such as financial data included within the Annual Report and Accounts and other regulated information, including that presented to Ofwat – was outside our scope. However, we have relied on it in forming our conclusions.

In performing our work we adopted the following approach:

- Desk-top evaluation and detailed analysis of the raw data used to construct the Report, including comparisons with previous years.
- Review of internal and external documents relating to Corporate Responsibility management, including policies, procedures and stakeholder comments, particularly ensuring that evidence was made available to support substantive comments and claims made in this Report.
- Detailed interviews with employees involved in compiling the Report to test the accuracy of the data and underlying processes.

Additionally, we drew upon our knowledge of reporting within the sector and Corporate Responsibility reporting more broadly.

The work was undertaken by a multi-disciplinary team whose members have expertise in the areas of CR assurance and reporting, and of wider aspects of CR both within the water sector and more broadly. Biographical information – including details of individuals' experience and backgrounds – are available on our website www.acona.co.uk/who-we-are.html.

OPINION

Based on our work we conclude that:

- The Report correctly identifies the Group's material social and environmental impacts and provides a balanced account of its strategy and approach to these issues.
- With the exception noted below the performance and other data, and inferences drawn from them, are materially accurate. Likewise, substantive statements are accurate and can be substantiated by a range of evidence from internal and external sources. Any inaccuracies identified during the verification process were of a relatively minor nature, were readily rectified and the report was amended accordingly.
- Performance against Pennon Group's Corporate Responsibility target was accurately presented.

In the course of our work we discovered that the first published version of the report misstated the percentage of methane captured by Viridor Waste Management from its landfills for power generation. Unfortunately it was not possible to amend this figure prior to publication. Both Pennon Group and Viridor accept that the correct figure should have been 84% rather than the 90% stated in the report. We do not believe that this represents a material misstatement though we are concerned that the erroneous figure was not identified at an earlier stage. We have been assured that changes to the reporting process will prevent a repetition in future.

The Group's Corporate Responsibility Report complements the Corporate Responsibility reports of its principal subsidiaries, South West Water and Viridor Waste Management (our comments on South West Water and Viridor's corporate responsibility reports can be found in the relevant sections of their documents). As such, it provides a high level view of the Group's Corporate Responsibility strategy; a description of its Social and Environmental, Ethical Business, and Health and Safety policies; and details of some major initiatives currently underway. It also includes

performance data covering its performance in a number of key areas, particularly greenhouse gas emissions and the generation of renewable energy. The report gives due prominence to the impact of Climate Change on its operations and the Group's responses to these challenges.

In response to our previous recommendations, the Group has:

- Identified a range of Key Performance Indicators (KPIs) covering aspects of its social, environmental and economic performance, which will be included in future reports.
- Provided a description of its approach to stakeholder engagement. More detailed information on these activities can be found within the relevant sections of South West Water's and Viridor's Corporate Responsibility reports.

Recommendations for future reporting

Our comments on the reporting process and report itself, together with suggested areas for improvement, will be raised in a letter to Pennon Group's Corporate Responsibility Committee. Neither the comments nor recommendations contained therein affect our opinion on the Report as set out in this statement. Our main recommendations are provided below.

In future Reports, the company may wish to consider the following areas for inclusion:

- The extent to which remuneration – at executive and management level – is influenced by the achievement of Corporate Responsibility objectives and/or performance against the Group's Corporate Responsibility KPIs.
- Details of how the Group is working with its principal subsidiaries to develop a common approach to improving social and environmental standards and performance within their supply chains.



Paul Burke Senior Partner
19th July 2010

ACONA LIMITED

Acona Limited is an independent consultancy, based in London but with staff all over the UK. We have broad expertise and advise large, mainly corporate, clients on the full range of social, environmental and ethical matters. More information on Acona can be found on our website – www.Acona.co.uk

With the exception of this work, Acona has no commercial relationship with Pennon Group and/or its subsidiaries. The total fees payable in respect of this work accounted for less than 10% of Acona's annual turnover.

PENNON GROUP'S CORPORATE RESPONSIBILITY

OUR OBJECTIVES

We have the following corporate responsibility objectives, to which the targets of South West Water and Viridor are aligned, to:

- manage Pennon Group as a sustainable and successful business for the benefit of shareholders
- aim to ensure that all our business activities have a positive economic, social and environmental impact on the communities in which we operate
- engage with all our stakeholders and to foster good relationships with them
- strive for the highest standards of health and safety in the workplace so as to minimise accidents, incidents and lost time
- develop and motivate our employees, to treat them fairly and ensure that they are fully engaged in all aspects of the Group's objectives
- aspire to leadership in minimising emissions that contribute to climate change, and to develop climate change adaptation strategies
- aspire to leadership in all aspects of resource efficiency
- comply with all legislative environmental standards and to exceed them where appropriate.

OUR APPROACH TO SUSTAINABILITY

Sustainability in all its three aspects

– environmental, social and economic – is fundamental to the Group's business models and is reflected in our corporate responsibility objectives listed above. We believe that green business is good business.

1. Environmental Sustainability

The key linked environmental issues facing the world are climate change, excessive resource use, environmental degradation and loss of biodiversity. The Pennon Group has a role to play in all these areas and is concerned that the high profile rightly given to climate change may lead to the other equally pressing and related challenges being overlooked.

a. Environmental Improvement

South West Water's £2 billion Clean Sweep programme has transformed the coastal and estuarial environment of the South West, which has over 30% of the bathing waters of England and Wales. With other improvements carried out by South West Water under the Urban Waste Water Treatment Regulations to protect

river quality, the company's operating area now has the best river quality in England. The investment made since 1989 has also largely met the Water Framework Directive's first cycle of requirements for 2010-2016.

Similarly Viridor has invested heavily to control and mitigate the two most serious potential adverse environmental effects of its operations, landfill generated leachate and gas. Since 2002 Viridor has invested £13 million in leachate control systems and £80 million in landfill gas control and power generation.

b. Climate Change/Greenhouse Gases

Both our two main subsidiaries generate significant amounts of CO₂ and are striving to reduce this. Viridor's strategy is based upon helping the UK to meet its landfill diversion, recycling and renewable energy targets which are in turn driven, in significant part, by climate change considerations. Methane emissions from landfill are the most important greenhouse gas pollutant source for Viridor and for

the waste industry as a whole, methane being 21 times as harmful as CO₂. Huge achievements have been made in the waste industry in reducing methane emissions from landfill and putting it to beneficial use in the generation of renewable electricity. This is the key factor behind the waste industry's 57% reduction in CO₂ emissions since 1990, the best of any sector in the UK. At the same time the waste industry has increased renewable energy generation from landfill gas by 600% which now provides nearly 25% of the total renewable energy in the UK. Viridor has increased its landfill gas renewable energy generation capacity from 27 MW in 2002 to 100 MW in 2009/10 and it captures 90% of the methane from its landfills for power generation. This provides major environmental benefits and produces a return for shareholders.

South West Water recognises that the water industry is a major user of energy, requiring 2% of the UK's total consumption. Following a successful submission in South West Water's price setting to Ofwat, moorland restoration through the company's 'Mires' programme is being undertaken. One of the most valuable outputs is the ability of wetted peat to capture significant quantities of CO₂. South West Water secured in Ofwat's Final Determination £5 million of funding to increase its renewable energy output from 15 GWh in 2010 to 30 GWh by 2015. This investment will help South West Water to meet its CO₂ emissions reduction target by 18% over the five-year period. The company's longer term targets are to produce 50 GWh from renewable energy by 2030 and to reduce energy consumption by 10% by 2015 and by 30% by 2030.

Climate change adaptation – catchment management on Exmoor.





c. Resource Productivity

It is generally believed that the world has used as much resource since 1950 as in all previous history. There are developing shortages in a number of key areas including hydrocarbons, water, topsoil and in a number of key metals.

Minimising resource use has become a major priority for society. Viridor has invested heavily in maximising recycling and composting, at a value approaching £200 million in the past three years. We are convinced that such investment makes long-term economic and environmental sense. Our total recycling traded volumes and composting have grown from about 100,000 tonnes in 2001 to 1.4 million tonnes in 2010. The supply of good quality recyclate is a profitable business yielding twice as much profit per tonne for Viridor as does landfill. This is an example of where the interests of shareholders and the needs of the environment are aligned.

The best use for low quality residual waste, after recycling has been optimised, is to generate renewable energy either by anaerobic digestion of organic wastes or through controlled energy from waste combustion. These are the main current alternatives to landfill with methane capture and utilisation. Including its Bolton EfW plant and its 50% share in the recently opened Lakeside EfW plant, as well as landfill gas utilisation, Viridor now has a total renewable energy capacity of close to 130 MW and plans to increase this to 300 MW in the next five years. Pennon is pleased that the Government now recognises the significant contribution that energy from waste in all its forms can make to UK renewables and energy production. Energy from waste currently accounts for 1.5% of the UK's total electricity production. As the energy generated is a by-product of required waste treatment it

is cheaper than other forms of renewable energy. It also provides base load energy distributed round the electricity grid, which is a significant advantage over wind power. Our estimate is that energy from waste could provide 6% of the UK's electricity by 2015 and we have called upon the Government to set this as a specific target.

South West Water is ensuring, as part of its environmental and quality management systems, that all wastes are minimised and segregated for recycling so that wastes taken off site for disposal are kept to the absolute minimum. We work with contractors and our partners to minimise the quantities of waste produced. Site waste management plans are in place for all capital schemes.

2. Social Sustainability

Both our businesses strive to be good neighbours and to show exemplary concern for our employees. It is acknowledged that required waste water or waste management installations may be opposed in certain locations. Our policy is to consult and engage fully with communities and stakeholders on planning applications.

Where new infrastructure is built we work closely with the communities in which we operate to be as good neighbours as possible.

Viridor continues to benefit from the high levels of skill and expertise amongst its workforce and acknowledges their valuable contribution. The company employs around 3,000 people at all levels and across all socio-economic groups. During this recessionary period we have striven to maintain morale and motivation despite having to implement a modest programme of downsizing and restructuring. We have maintained our training programmes and are confident that as the recession lifts we will still have first class, well qualified teams of capable people ready to meet future challenges.

South West Water's focus is on achieving an appropriate balance for customers, investors and other stakeholders. Costs are being rigorously controlled to outperform the Regulatory Contract. Capital is being invested in assets to secure operating cost savings and to protect the improvements made over the last 20 years through increased capital maintenance expenditure. The combined effects of these approaches are to ensure long-term improvements in quality of service for our customers, supported by enhanced employee training and development programmes for our managers and staff.

3. Economic Sustainability

This involves having business strategies and policies which are geared towards long-term shareholder value creation. The Company's strategy is to aim for long-term shareholder value creation while being fully aware of our environmental impacts. Both businesses are planning and investing on a 25-year basis. Our financial policies are designed to avoid short-term gains which might damage long-term shareholder value creation. Debt funding is an important component of South West Water's capital structure and its debt/RCV ratio and other financial ratios remain well within Ofwat's guidelines.

Our Corporate Responsibility objectives link with our sustainability aims. Progress is monitored by measuring performance against a number of associated KPIs listed below.

Both South West Water and Viridor publish detailed verified corporate responsibility reports which support and amplify the Group's overall objectives. The 2010 Corporate Responsibility Reports, which are available online, include an audited assessment of the businesses' performance against published targets for 2009/10 and set out their new targets for 2010/11.

OUR KEY PERFORMANCE INDICATORS (KPIs)

The target for 2009/10 of 'maintain corporate standing of Pennon Group Plc on sustainability credentials' was measured by:

- the Carbon Disclosure Project awarded Pennon Group of 55th place out of the FTSE350 in the 2009 Carbon Disclosure Leadership Index for the Group's ability to log its carbon footprint and assess how climate change will affect its business
- membership of the FTSE Environmental Opportunities All-Share Index
- continued participation in the FTSE4Good Index which measures corporate responsibility.

For 2010/11 the Board has agreed the following six KPIs for the Pennon Group. Performance will be measured and reported against them:

- capital investment
- community support and donations
- RIDDOR statistics
- renewable energy generation
- CO₂ emissions data
- recycling volumes achieved.

OUR SOCIAL AND ENVIRONMENTAL POLICY

Our objectives demonstrate that we are committed to exemplary engagement with society and to the conservation and enhancement of the natural environment.

Our social and environmental policy ensures that these activities are pursued. Particular attention is given to:

- operating through best practice to ensure the sustainability of our activities by maximising the efficiency of resource uses; effective project and programme delivery; and minimising waste
- ensuring compliance with all health and safety and environmental legislation, regulations and codes of practice so that our conduct is of the highest possible standard
- undertaking our activities in a way that minimises potential adverse effects on society, the environment and those living or working in proximity to the Group's sites
- procuring goods and services through approved suppliers and contractors whose products and services meet the Group's requirements and whose quality and environmental practices correspond with our own
- undertaking longer term strategic assessments of our activities and opportunities and adopting whole life assessment methods for approaches which are designed to benefit society; customers of the Group; suppliers and partners; all other stakeholders; and the environment
- the challenges of climate change involve action to optimise energy and resource efficiency; maximising opportunities for renewable energy generation; and reducing the emissions of greenhouse gases
- reporting openly and transparently on Group performance; setting targets for continuous improvement and monitoring progress; and addressing risk and adopting policies related to wider sustainability considerations in relation to our key activities of water supply, waste water treatment, waste management, recycling and renewable energy generation
- regularly assessing the Group's built heritage and ensuring its long-term preservation
- making non-operational land accessible to the public where practicable to satisfy, as a minimum, the Group's obligations under the Countryside and Rights of Way Act. Wherever possible additional opportunities for conservation, access and recreation are provided for, subject to health and safety and environmental considerations.

OUR ETHICAL BUSINESS POLICY

Alongside our social and environmental policy is our ethical policy. The preservation of a reputation for integrity and fair dealing is of paramount importance to the Group. Such a reputation is essential to the long-term well-being of the Group itself, its shareholders, employees, customers, suppliers and the communities in which it operates. To maintain this reputation, our Group companies are required to:

- conduct all transactions with fairness and honesty and in a professional manner
- build and maintain relationships with all parties based on trust and the treatment of everyone with respect and dignity
- not make any promises and commitments which our businesses do not have the intention to fulfil or which they do not believe they have the resources to meet
- carry out all financial transactions and financial reporting with due observance of all relevant laws, regulations and financial standards
- avoid any activities that could involve or lead to involvement in any unlawful practice or harm the Group's reputation or image.

We have a 'whistleblowing' policy which supports our approach to ethical employment practices by encouraging employees to raise, in accordance with a formalised procedure, concerns which relate to potential unlawful conduct, financial malpractice, dangers to the public or damage to the environment. This policy is reviewed regularly.

Through our Corporate Responsibility Committee, we monitor performance against our ethical business policy, our social and environmental policy and our health and safety policy and related targets.

CORPORATE RESPONSIBILITY HIGHLIGHTS

Both South West Water and Viridor have continued to advance their environmental performance, and their engagement with the community, as detailed in their respective Corporate Responsibility Reports which are available online on the Company's website pennon-group.co.uk

ENVIRONMENT AND CLIMATE CHANGE

The Group's strategy to combat climate change is to maximise its opportunities for renewable energy generation, to promote energy efficiency and to reduce its emissions of greenhouse gases wherever possible. In planning for the future it strives to ensure that it can adapt to the impacts of a changing climate while maintaining high standards of customer service.

Kennick reservoir.



Green energy generation

Renewable energy is generated by both subsidiaries. Viridor's renewable power generation capacity from landfill gas at 31 March 2010 was 100 MW. In addition during the year the Lakeside joint venture EfW plant commenced operation with a total power generation capacity of 37 MW (50% Viridor) and Viridor also took over the 9 MW Bolton EfW plant bringing Viridor's total renewable energy capacity to 127.5 MW. Its Greater Manchester combined waste and renewable energy project has the potential to provide a further 130 MW of power generation capacity (making a total of around 140 MW including the Bolton EfW). Viridor captures 90% of the methane arising from its landfills and uses 70% of this for energy generation.

South West Water generates renewable energy from hydropower facilities in dams and other structures. Combined heat and power is available at nine waste water treatment works. South West Water has a total installed capacity of 7.4 MW.

Net electricity export

Since 1999/2000, the Group has exported more electrical energy each year than it has consumed. Recent renewable energy projects commissioned by the Group's operating companies have surpassed the milestone of 200% generation to consumption for the first time. In 2009/10 Viridor and South West Water generated 652.0 GWh of renewable energy through their operations. This is 223% (2009: 188%) of the Group's on-site electricity consumption of 291.7 GWh.

Greenhouse gas emissions

Pennon has registered for the Carbon Reduction Commitment Energy Efficiency Scheme which puts the Government's carbon reduction scheme in place for 5,000 UK companies in the mid-range of CO₂ producers. Pennon will be purchasing its first allowances in April 2011. The price of carbon will be fixed at £12 per tonne for the first three years of the scheme; active trading is expected to follow.

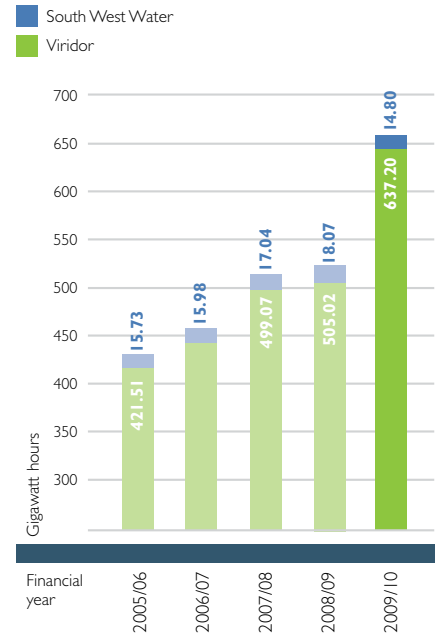
Pennon Group made its third submission to the Carbon Disclosure Project in 2009 and was placed 55th in the report. The reporting criteria differ from one year to the next making annual score comparisons unreliable. However, year by year scores within a sector are made and the Pennon Group's performance in relation to its peers in 2009 was good – it achieved third place amongst the six water companies who responded.

Greenhouse gas emissions reporting requirements have changed since last year. The Group is reporting against the Greenhouse Gas Protocol, with different methodologies used for South West Water and Viridor to match each company's operating characteristics.

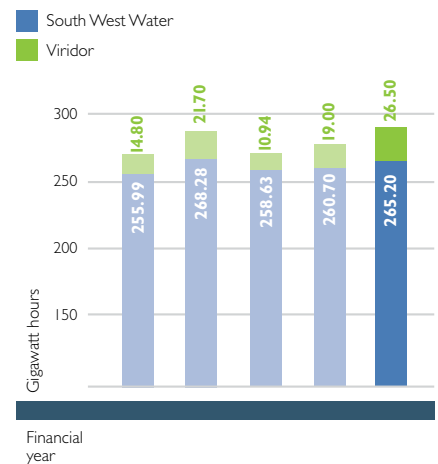
Group transport

South West Water and Viridor review their transport fleets regularly to meet their operational requirements. Environmental criteria such as clean engine technology, fuel efficiency, reliability and end-of-life recyclability are considered during the selection process.

GREEN ENERGY GENERATED



ON-SITE ELECTRICITY USE IN PENNON GROUP



ELECTRICITY CONSUMPTION AND GENERATION

On-site electricity consumed				GWh
South West Water (1) (3)				265.2
Viridor				26.5
Total consumed				291.7
Electricity generation				
	No of sites	Capacity MW		GWh
South West Water				
– Hydro	7	5.7		11.3
– Biogas from combined heat and power	9	1.7		3.5
Viridor				
– Landfill – biogas (2)	27	100.0		555.0
– Energy from waste combustion	2	27.5		82.2
Total generated				652.0
Generated/consumed ratio				223%

(1) Includes activity of Pennon Group Plc and partners working from Pennon's locations

(2) Excludes sub-contracted sites in Suffolk

(3) South West Water on-site electricity consumed includes electricity generated and used from on-site renewable plants and stand-by diesel generators and excludes non-electrical sources of energy such as the consumption of natural gas and LPG used for heating

Pennon Environmental Awards

In 2009 the winning prize was awarded to the operating team at Tottiford Water Treatment Works for enhancing wildlife and amenity on site. The project subsequently won a Green Apple Award and was chosen as a finalist in the Water Industry Achievement Awards' Community Campaign of the Year category, as a number of the site features had been provided by a local business which employs adults with learning difficulties.

Presentation of Pennon Environmental Award to Tottiford team.



Environmental award project – Tottiford wildlife pond.



EMPLOYEES

Health and Safety Policy

Pennon Group Board and the Boards of each subsidiary company have established health and safety policies which are reviewed annually to ensure the health, safety and welfare at work of all their employees. These focus in particular on the:

- provision and maintenance of a working environment for our employees that is safe, prevents injury and ill health and is adequate as regards facilities and arrangements for welfare
- protection of members of the public who may be affected by our work
- promotion of an improved health and safety culture by consulting with and training the workforce and by making all employees and contractors aware of their individual responsibilities
- setting of health and safety objectives and targets within a continuous improvement framework that will be used to monitor and measure performance
- continual improvement of our health, safety and security performance through the revitalisation of our health and safety management systems.

Pennon Group and each of its operating subsidiary companies:

- has prepared a statement on their organisation and responsibilities in respect of health and safety which, together with this policy statement, is brought to the attention of all employees and is displayed on notice boards and each company's intranet
- complies with all legislation, regulations and codes of practice relevant to their business and consults employees on measures for promoting health and safety at work
- requires its contractors and consultants working for each company within the Group to comply with each company's health and safety policy. Each company communicates openly its policy, related objectives and performance to stakeholders.

International Labour Organisation core conventions

We support the principles of the International Labour Organisation's eight core conventions for the protection and safety of workforces.

COMMUNITY ENGAGEMENT

Pennon Group and its subsidiary companies aim to be good neighbours in all the communities in which they operate. An important element of this is to provide support to projects which bring lasting benefit to local communities and which are aligned with the Group's business.

South West Water's support focuses on water, the environment and youth education in the South West. A small proportion of its support also goes to WaterAid, which assists water projects in developing countries.

Viridor's business is UK wide. Its community support focuses on environmental and science education, and on engagement with the communities in which it operates.

Pennon Charitable Donations

The Pennon Charitable Donations Committee made 199 donations including pledges to individuals, local charities, volunteer groups and small community organisations in the South West Water and Viridor service areas. £63,784 was awarded in 2009/10 (2008/09 £65,624).

Pennon Environmental Fund

The Pennon Environmental Fund allocates awards derived from the Landfill Community Fund to qualifying projects developed by local community bodies based in South West Water's operating area. In 2009/10 it awarded £68,443 to 15 projects, including to church repairs, community amenities, and a number of habitat creation schemes in Devon and Cornwall to benefit biodiversity (2008/09 £47,404 to 11 projects).

Viridor Credits Environmental Company

During the year Viridor donated £9.4 million (£9.7 million in the previous year) via the Landfill Communities Fund to Viridor Credits Environmental Company, an independent charity established to distribute LCF funding in areas close to landfill sites. Decisions on funding use criteria of sustainability, value for money and proven need are made at grass roots level by established local steering groups for each area. Projects supported during the year included creating, improving and restoring important habitats, new and improved village and amenity halls, sports and playgrounds, vital support for local museums and similar community assets. For further details see Viridor Credits' website viridor-credits.co.uk

'Back from the Brink', Slimbridge Wetlands Centre, Gloucester. Viridor Credits granted £106,500 for new wetland homes for once abundant mammals.



'Cricket for Change', Wallington, Sutton. Viridor Credits granted £60,000 towards a new indoor school for young cricketers from mixed backgrounds.



STAKEHOLDER ENGAGEMENT

Pennon Group maintains a regular dialogue with institutional investors, City analysts, retail shareholders, local stockbrokers and the financial press through its proactive investor relations programme. Other key stakeholders are our customers and our regulators, including the Environment Agency, local authorities, the Drinking Water Inspectorate, Natural England, the Consumer Council for Water and English Heritage. Viridor has on-going stakeholder and community relations programmes with local liaison groups in place for all major operational sites. South West Water proactively worked with customers to identify their priorities for investment from 2010 to 2015 as part of the recent Periodic Review process, and surveys 130 customers' opinions every month to assess their perceptions of overall service, value for money, quality and reliability of drinking water supplied.

South West Water's Chief Executive chairs Water UK, the representative organisation which brings together all of the UK's water and waste water utilities. He also represents the regulated industries on the Environment Agency's Regional Environmental Protection Advisory Committee.

Viridor's Chief Executive chairs the Government's Living with Environmental Change Business Advisory Board and its Environmental Sector Advisory Group, which provides strategic advice to the Government on the promotion of exports and inward investment in the UK environmental sector. He is also chairman of the UK's Environmental Sustainability Knowledge Transfer Network, which improves the competitiveness of UK environmental industries, a Director of Sustainability South West, past Master of the Worshipful Company of Water Conservators, a senior visiting research fellow in Earth Sciences at Oxford University and a patron of Energy and Utility Skills.

Pennon's Group Director of Finance is a member of the CBI Environmental Affairs Committee and the CBI South West Regional Council.

PHOTO CREDITS

Page no	Credit	Subject
Front cover	Jamie Bateman, AB Design	South Devon coast between Branscombe and Beer
4	Clare Kendall	Climate change adaptation – catchment management on Exmoor
6	Jamie Bateman, AB Design	Kennick reservoir
8	Chris Mills, Still Imaging	Presentation of Pennon Environmental Award to Tottiford team



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