



Corporate responsibility report 2010

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All data contained in this report refers to the financial year 2009/10 unless specifically stated.

Conservation, access and recreation

This corporate responsibility report describes South West Water's responsibilities for conservation, access and recreation to comply with the Code of Practice issued by the Department for Environment, Food and Rural Affairs. These activities are delivered at our inland waters by South West Lakes Trust, an independent charity, on behalf of the company.



Chris Loughlin
Chief Executive
South West Water Limited

Introduction by Chief Executive

The company continues to be led by its vision of 'Pure Water, Pure Service and Pure Environment.' We are now turning to the future after a successful conclusion to the 2005-2010 regulatory cycle.

This report documents our corporate responsibility performance against our targets for 2009/10 and sets out our corporate responsibility targets for 2010/11.

Pure Water

Delivering top quality water: our product - tap water - is at a record high in terms of quality.

Maintaining high water quality levels was the target of our recently completed £220 million water mains renewal programme undertaken between 2005 and 2010.

Despite the coldest winter for nearly 30 years causing a surge in burst pipe incidents for both our customers and network, we still beat our leakage control target of 84 Megalitres per day (ML/d), achieving a best ever performance of 82ML/d.

This has been our 13th consecutive year without water restrictions. We have put in place a comprehensive strategy to ensure a continued secure supply of water for the region. During the year work on two major new trunk mains serving South Devon and East Cornwall was completed, strengthening water supplies in each area for decades to come. Park Lake on Bodmin Moor is now operational while work has started on converting nearby Stannon Lake into the company's fourth biggest reservoir.

Pure Service

Renewing its emphasis on excellent service has helped the company improve its performance for customers.

Customer satisfaction with the way customers contact with the company has been handled and the ease of contacting us has improved, resulting in a best ever performance of 4.53 out of a possible 5.0 maximum score for 2009/10, as shown in a Consumer Council for Water survey. However, there is always room for improvement and we will ensure that we have systems in place which will provide continuous advances in our customer service. This will include extending a range of measures to assist those customers in genuine financial difficulty as a result of the recession.

In particular, we will continue to support our innovative 'WaterCare' programme, which has assisted over 7,000 households since its introduction in 2007. Through WaterCare, customers are advised on how to better manage their water use and household budgets including claiming all the benefits to which they are entitled. The free installation of water-saving devices has proved popular with customers and both they and the company have benefited from moving them on to affordable and regular payment plans.

Between 2010 and 2015 we will also be expanding our involvement with consumer organisations such as Citizens Advice and will be implementing a personalised debt advice initiative.

Pure Environment

South West Water's record of environmental achievements was further strengthened during 2009/10.

The company's focus on proactive maintenance of its waste water network resulted in an 11th consecutive year without a major Category 1 pollution incident and the number of more minor Category 2 and 3 incidents remained at a low level.

The long-term transformation of bathing water quality in the South West, due to the £2 billion Clean Sweep programme, was also safeguarded with 96.5% of bathing waters complying with the EU mandatory standard. A decade ago this figure was only 42.6%. This major improvement in quality has also helped the South West gain the highest proportion of Blue Flag beaches of any region in the UK.

The percentage of population equivalent served by sanitary-compliant waste water treatment works in the calendar year 2009 was 99.7%. This strong performance contributes to the region having the highest percentage of high quality rivers in England of any water company.

A pilot moorland restoration project 'Mires', undertaken on Exmoor between 2003 and 2010, beat strong competition to win a Water Industry Achievement Award in the category of Sustainable Drainage and Flood Management Initiative of the Year. The success of the Mires and other environmental initiatives has led to the implementation of a more extensive programme of catchment management called 'Upstream Thinking'. Mires will be expanded across the region involving moorland and farmland projects between 2010 and 2015 in partnership with Exmoor National Park Authority, Dartmoor National Park Authority, Natural England, the Environment Agency, English Heritage, local farmers and landowners. We believe this work will become a blueprint for many schemes across Britain for decades to come.



Our investment has underpinned the regional economy and protected the environment while improving services for our customers. Moving forward, we will be doing all we can to safeguard these successes while rising to meet new challenges such as the effects of climate change.

Highlights of the year

Pure Water

- We completed the mains refurbishment and replacement programme to improve drinking water quality ahead of schedule. 40% of our mains network has now been improved
- We maintained leakage from water pipes at or below an industry leading level of 84ML/d, a reduction of 40% since 1995 and achieved our best ever score of 82ML/d in the reporting year
- For the 13th consecutive year, we avoided any restrictions on usage of water. Security of supply has been further enhanced through improving our ability to move water around the region and by commissioning new raw water transfers from Park Lake on Bodmin Moor
- Our drinking water quality compliance was 99.98%, among the best in the industry.

Pure Service

- Our WaterCare programme, which deals sensitively with affordability and customer debt through a combination of free water efficiency measures, benefit check and financial advice, has provided assistance to over 7,000 households since its introduction in 2007, with 2,831 audits completed in 2009/10
- At 31 March 2010 there were 7,341 customers on our Priority Services Register to whom we provide additional help.

Pure Environment

- We are completing the final schemes in the "Clean Sweep" programme to improve coastal water quality, with construction underway at Bossiney, Boscastle and Tintagel. Planning permission has also been secured for the final coastal project at Polperro
- There were no Category 1 incidents in respect of waste water discharge for the 11th successive year
- 'Upstream Thinking' – the company's flagship environmental project won a Water Industry Achievement Award for sustainable water improvements
- At 31 March 2010 68% of domestic premises were metered, more than any other water and sewerage company.



Presentation at the Water Industry Achievement Awards to Dr Stephen Bird



Rewetting Exmoor Mires - part of the Upstream Thinking programme

Acona Verification Statement

This is the third year that Acona Limited has been retained by the Corporate Responsibility Committee of Pennon Group to undertake an independent review of the South West Water 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 previously published targets is accurately reported.

Responsibilities of South West Water and Acona Ltd

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

Scope and process

The review covered South West Water'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.

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 company's material social and environmental impacts and provides a balanced and comprehensive account of its performance in these areas
- The data, and inferences drawn from them, and substantive statements are materially accurate and are supported by a range of evidence from internal and external sources. Any inaccuracies identified during the verification process were of a minor nature, were readily rectified and the report was amended accordingly

- Progress against a wide range of targets was accurately presented.

South West Water's Corporate Responsibility reporting is mature and aligned with the company's wider process of reporting performance and other information to its regulators and various stakeholders. The underlying systems used to capture and collate social and environmental data are robust and subject to regular internal and external scrutiny. Over recent years the company has developed a range of targets covering the community and workplace dimensions of corporate responsibility to complement those relating to its environmental impacts.

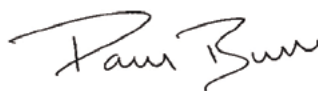
The company has identified the challenges and opportunities presented by climate change and is seeking to address them within its overall business strategy. Its greenhouse gas emissions are reported in accordance with the guidelines contained within the UK Water Industry Research's Carbon Accounting in the UK Water Industry.

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:

- An explanation of how the company seeks to reconcile its environmental objectives with the views of its customers and other stakeholders
- More detailed information on how major initiatives – such as "Upstream Thinking" – will deliver economic and environmental benefits to the company's stakeholders
- Commentary on how, through different projects, the company is attempting to address issues of biodiversity
- A description of how the company is seeking to improve the social and environmental performance of its suppliers and business partners.



Paul Burke Senior Partner
9 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.

Economic sustainability

In November 2009 our economic regulator, Ofwat, announced the Final Determination of our Business Plan. This sets the prices we charge our customers and determines the company's investment from April 2010 to March 2015.

Our capital programme will focus on maintaining the infrastructure we have put in place since privatisation. We have accepted the challenge from Ofwat to achieve further efficiencies in our operating costs, while improving the quality of service to our customers.

Stakeholder engagement

This year we have engaged independent support to help us ascertain stakeholders interests and priorities for South West Water's corporate responsibility activities. This has helped guide the key messages in this report, which are:

- Affordability and prices
- Customer service
- Drinking water quality
- Sustainability, including climate change and catchment management activities
- Water efficiency
- Conservation.

Stakeholders are keen to see us deliver sustainability objectives by working in partnership with a range of relevant organisations.



Princesshay, Exeter

Pure Water

Drinking water

Fundamental to our business is the provision of top quality drinking water, and returning effluent, treated to high standards, to the environment.

Management Systems

During the year £82.1m was invested in water supply improvements including water mains renovation and water treatment works enhancement.

We maintain an integrated management system (IMS) across all of our activities with ISO 9001:2008 certification held for quality and ISO 14001:2004 certification to recognise our environmental management systems. In December 2009 we achieved a third certification for ISO 27001:2005 covering information security.

Our IMS is focused on reinforcing good practice, making continuous improvements in customer service and in the operation and improvement of our assets. It encourages further initiatives on waste water compliance, energy saving, sustainability and waste minimisation.

We continue to implement our PUROS programme to improve operational efficiency and performance by operating assets remotely. This will optimise network performance, improve our customer service and help achieve efficiency savings, which is an essential part of the final determination of prices made by Ofwat.

Drinking water resources and security of supply

In summer 2009, following approval by Defra, we published our Water Resources Plan for the next 25 years. This details our strategy to ensure that our systems are able to meet all demands for the long term, with provision for adapting to the effects of climate change.

Park Lake on Bodmin Moor, our fifth biggest reservoir, is now operational while work has started on converting nearby Stannon Lake into our fourth largest reservoir. Both former china clay pits were purchased in 2006 as a cost-effective and more sustainable alternative to building new reservoirs.

In addition we encourage customers to use water more efficiently. (For more detail on this, please refer to page 16.)

Completion of mains rehabilitation programme

In the financial year 2009/10, 104km of mains were either replaced or relined, completing our water mains rehabilitation programme, which has rehabilitated over 4,000km of our mains (27% of our network) since April 2000. This has delivered compliance with iron standards and reduced incidents of discoloured water for customers. A new trunk main to safeguard South Devon's water supply was constructed, as well as a second water main to strengthen Cornwall's water supplies.

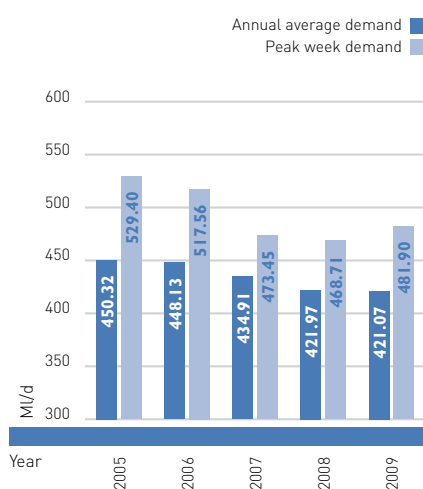
Leakage

Despite the South West experiencing its coldest winter for nearly 30 years causing a surge in burst pipes for both our customers and network, we improved on our leakage target of 84 ML/day, with our best ever performance of 82 ML/day.

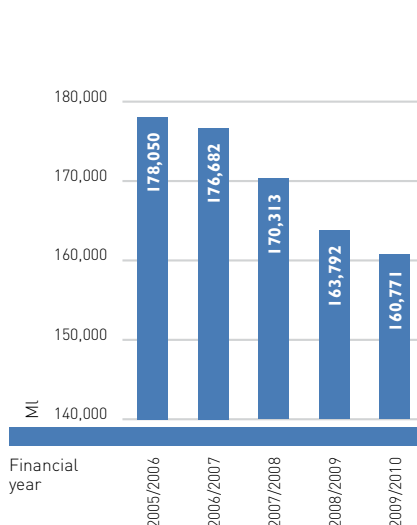
Water quality incidents

South West Water did not have any major or serious drinking water incidents during 2009.

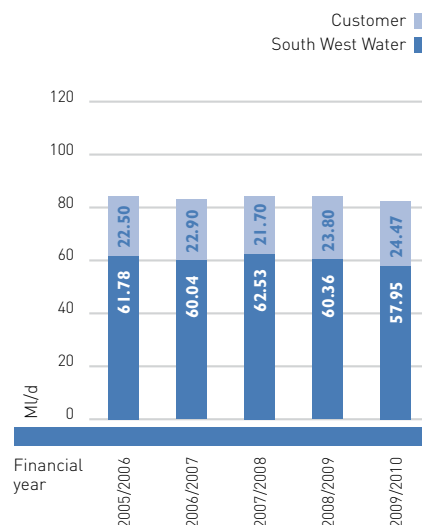
WATER INTO SUPPLY



WATER ABSTRACTION



LEAKAGE



The volume of water abstracted from our reservoirs and rivers has fallen as a result of the implementation of effective water efficiency measures, which has reduced consumption by businesses and households alike.

Map detailing water resources across the South West region



Park Lake with Colliford Lake behind



Waste water

Waste water sanitary compliance (based on population equivalent) achieved 99.7% in 2009. We also achieved full compliance with the Urban Waste Water Treatment Directive look-up-table requirements for biological oxygen demand and the Environment Agency's stringent 99% ultra-violet (UV) disinfection rule at all UV works.

Waste water treatment

We operate a total of 634 waste water treatment works. To meet the highest standards for the protection of bathing and shellfish waters, we provide UV disinfection at 55 of these works and membrane ultra-filtration treatment at a further three works, which is more than any other water and sewerage company in the UK. These 58 works together serve more than one million people, over 60% of our total population served.

Waste water treatment schemes

Capital investment in waste water in the year totalled £70.0m. Work is progressing on the construction of the new works for Boscastle, Bossiney and Tintagel. This will provide these communities with modern sewage treatment and allow the last three untreated sewage outfalls on the North Cornwall coast to be closed. Improvements at Polperro have now received planning consent and we will therefore be starting to close the last of over 250 untreated sewage outfalls inherited in 1989. There has also been investment at a number of sewage treatment works to increase capacity and achieve higher environmental standards.

Sewers and sewerage

Combined Sewer Overflows (CSOs) are required to prevent property flooding at times of heavy rainfall. We have 1,029 of these, and all meet the consents set for them by the Environment Agency. We are working with several local authorities to find optimal ways to remove surface water from our sewers so that overflow operation can be further reduced in future.

We have continued our campaign to inform customers about the misuse of sewers as avoiding the disposal of inappropriate materials to our sewers reduces the risk of flooding incidents and environmental damage.



Sidmouth waste water treatment works

Waste water compliance

For the 11th successive year there were no Category 1 incidents. (Major water pollution incidents)
There were two more minor Category 2 incidents as detailed below. (Significant water pollution incidents)

Category 2 Environmental Incidents in 2009 (1 Jan 2009 – 31 Dec 2009)

Date	Location	Incident details
28 May 2009	Noss Mayo	Sewerage containment failure at manhole
28 May 2009	Bigbury STW	Treated final effluent outfall failure

Below are details of our environmental prosecutions between 1 April 2009 and 31 March 2010.

Date of offence	Date of conviction	Location	Reason for conviction	Fine (+costs)
11 September 2008	9 July 2009	Peterville SPS	Causing sewage effluent to enter controlled waters contrary to Section 85(3) WRA	£2,000 (+£1,898)
14 April 2009	22 October 2009 (appealed to the Crown Court on 08/04/10)	Bude STW	Breach of consent contrary to Section 85(6) WRA	£2,000 (+£800)
15 April 2009	12 November 2009	Combe Martin STW	Breach of consent contrary to section 85(6) WRA	£2,500 (+£858)
31 October 2008 to 20 January 2009	9 March 2010	Wainhouse Corner STW	Causing polluting matter to enter controlled waters contrary to Section 85(1) WRA	£5,000 (+£2,299)

Whilst we strive to have no environmental incidents or prosecutions, the low number of incidents detailed above were of a minor nature.

Odour management

In accordance with the Defra Code of Practice, management-led odour management plans are in place at all relevant waste water treatment works. These plans are reviewed annually and form part of the sites' ISO procedures. Odour control measures vary from site to site due to the equipment installed, treatment and sludge processes, and location. Sites where major odour investment has been targeted, have resulted in a reduction in the number of customer complaints about odour.

Biosolids recycling

We continue to recycle biosolids to land, benefiting agriculture from this use of an organic resource. Extensive research ensures that risks are managed through proven technology and quality management systems. This practice is highly regulated through European and UK legislation and Codes of Practice. The safe sludge matrix ensures the highest possible standards of food safety. We continue to meet Hazard Analysis and Critical Control Points (HACCP) standards on sludge treatment and disposal, with 100% compliance on disposal.

Bathing water quality

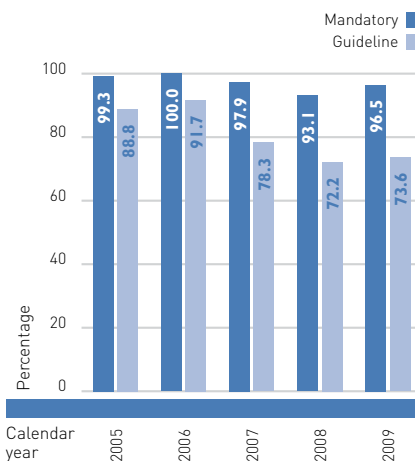
The company has almost 30% of the country's bathing waters, but only 3% of the resident population, so the cost of meeting our coastal environmental obligations has had a significant impact on charges.

The long-term transformation of bathing water quality in the South West, due to our £2 billion Clean Sweep programme, contributed to the achievement of 96.5% of bathing waters in the South West Water area complying with the EU mandatory standard.

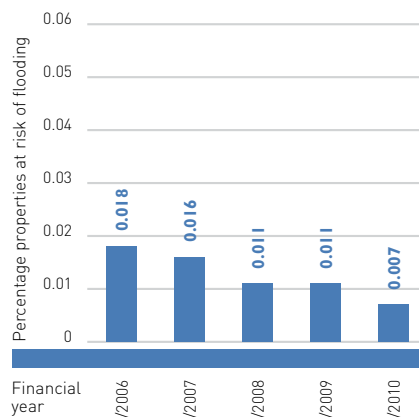
A decade ago, this figure stood at only 42.6%. This significant improvement in quality has also helped the South West gain the highest proportion of Blue Flag beaches of any English region.



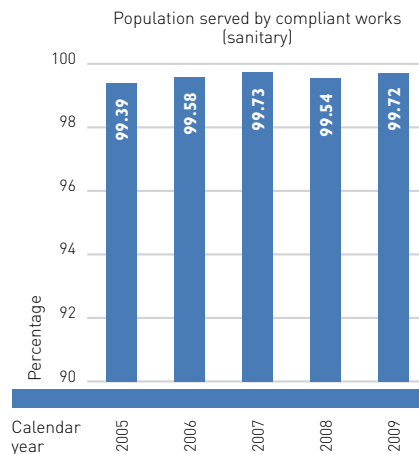
BATHING WATER COMPLIANCE



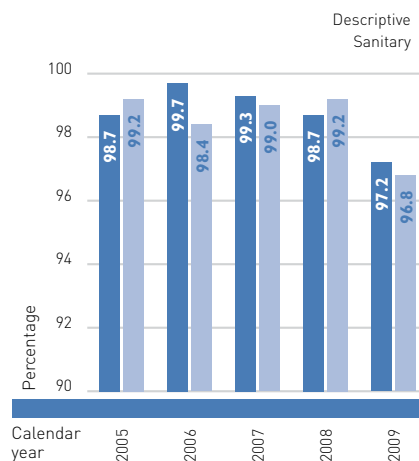
FOUL FLOODING OF PROPERTIES



WASTE WATER TREATMENT WORKS COMPLIANCE (POPULATION)



WASTE WATER TREATMENT WORKS COMPLIANCE (WORKS TYPE)



Pure Service

Customers

During 2008 and 2009 South West Water consulted with customers about its priorities for 2010-2015 and this feedback has been central to the development of customer service improvement plans to deliver our Pure Water, Pure Service and Pure Environment vision.

Our 'Customer Plus' programme is improving the quality of services for customers. We aim to provide services which are among the best in the industry. At 31 March 2010 68% of domestic premises were metered, more than any other water and sewerage company.

Service Plus

Our service centre informs customers of work being undertaken across the region which may affect our service delivery, helping to resolve customer queries first time.

Customer liaison

Our customer caravan team attends many regional events and company advisors promote water conservation, give advice on how to avoid sewer blockages and address a wide range of customer enquiries.

Customers are kept informed about our services through our company newspaper, leaflets, the media and our company website: southwestwater.co.uk. Consultation with customers and stakeholders has an influence on the improvements made to our literature and website as we seek to provide information of interest in increasingly accessible ways.

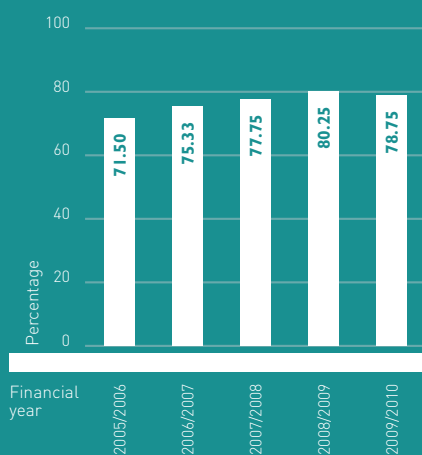
We meet regularly with the Consumer Council for Water (CCWater), which champions the interests of water customers. We regularly consult with CCWater and other stakeholders, such as pensioners' forums and Citizens Advice, before introducing any major changes or initiatives.

Our annual newspaper 'WaterLevel' is delivered across the region, and details our 22 Guaranteed Standards of Service, including the levels of compensation payments which are payable if we fail to deliver as promised.

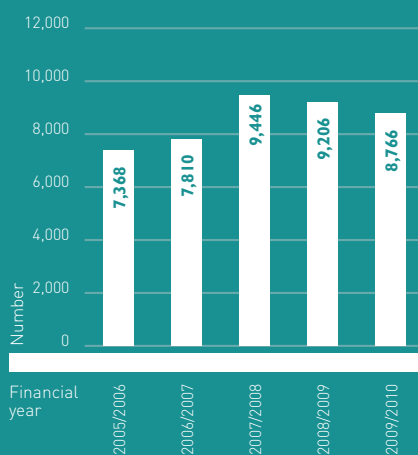
Our interactive website provides customers with guidance, for example, on maintaining water supplies throughout winter. It also enables customers to give their meter readings, report leaks and order water saving devices.



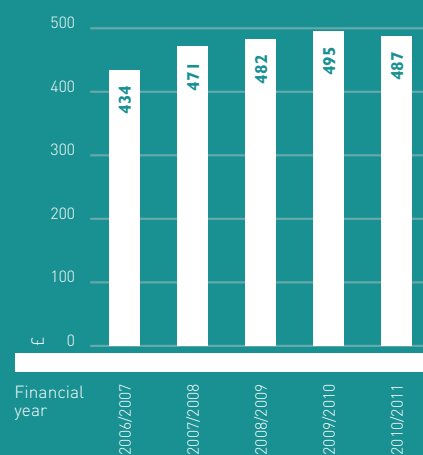
SOUTH WEST WATER CUSTOMER SATISFACTION SURVEY



SOUTH WEST WATER WRITTEN COMPLAINTS



SOUTH WEST WATER AVERAGE HOUSEHOLD WATER & WASTE WATER BILL



Affordability

We have the following programmes in place to protect our most vulnerable customers:

- WaterCare helps customers in most need by helping them manage their water use and household budget better – including claiming all the benefits to which they are entitled. This programme has provided assistance to over 7,000 households since its introduction in 2007, with 2,831 audits completed in 2009/10. The free installation of water-saving devices has also proved popular with customers and both they and the company have benefited from moving them onto to affordable and regular payment plans. Between 2010 and 2015, we will also be expanding our involvement with consumer organisations such as Citizens Advice and implementing a face-to-face debt advice initiative for customers in need
- Our Restart scheme is part of the WaterCare initiative, helping customers with financial problems
- WaterSure provides a capped tariff to metered customers who receive certain state benefits, if they have at least three children under the age of 19 living with them and/or have medical conditions requiring high water use
- Our Special Assistance Fund panel reviews cases where customers are suffering severe hardship and experiencing difficulty paying bills.

Extra help for customers with special needs

Providing help and support to customers in need is central to our Pure Service strategy and accordingly we remain an industry leader in the provision of priority services to vulnerable customers. Our Priority Services Register contained 7,341 customers for the year ended 31 March 2010. Our mapping system enables us to identify customers who need water delivered to their homes when planned or emergency work is being undertaken on our water distribution network. In 2009/10 the company helped thousands of customers with reading their meter or providing extra help in an emergency.



Visitors enjoying the Heritage Open Day at Pynes water treatment works in Exeter



Sponsorship of the 'Nipper' championships of the Surf Life Saving Association of Great Britain

Community engagement

Our Community Sponsorship is targeted at community projects and organisations which are linked to water, benefit the environment or promote youth participation. During 2009/10, £83,696 was allocated to a wide range of projects across the region. Examples included sponsoring the children's activity table at the National Lobster Hatchery, and the National Maritime Museum in Cornwall.

In September 2009 we opened three of our sites to the public under the Heritage Open Days initiative. These were Pynes water treatment works in Exeter, Mary Tavy hydro electric power station and Brokenbury waste water treatment works, which serves Torbay.

Company employees support education, for example by providing support for the new Diploma in Environmental Education and by giving lectures to students on Bristol University's MSc in Water and Environmental Management.

South West Water continues to fundraise for the industry's preferred charity, WaterAid. The company employees were responsible for raising £46,900 for WaterAid during 2009/10. However the total amount of fundraising generated in the South West region is likely to be considerably higher than this figure, given the sponsored CoastAlong walk which took place in September 2009, in which several South West Water employees took part.

Employees

South West Water has a clear and coherent strategy, based on the company's values, which concentrates on resource planning, recruitment, performance management, training and development and reward.

Fact File - Employees	South West Water
Full Time (inc temporaries & casuals)	1147
Part time (inc temporaries)	84
Temporary	31
Turnover %	8.4
Female gender %	21.38%
Ethnic Minority %	0.98%*
Training & Development days / employee	5.47



* This percentage is based on the number of employees who have completed the equal opportunities monitoring form.

Investors in People (IIP)

South West Water achieved IIP Silver status in March 2009 in recognition of the programmes we run to support, improve and develop our people.

Training and employee development

Our graduate development and management development programmes enable employees to review their personal career plans and gain broader experience within the organisation. Internal promotion helps business continuity, and well-trained employees facilitate business change. A new management development programme produced in partnership with Exeter University business school has been launched.

Pure Awards

Our Pure Awards recognise employees who are helping the company achieve its 'Pure' vision, by delivering above and beyond what is required of them in their daily employee role.

Absence management

We have taken steps to improve absence management during 2009/10. During 2010/11, we will continue to focus on this with support from our Occupational Health Advisor. In particular we will be addressing short-term absence, musculo-skeletal problems and mental wellbeing, in line with our Occupational Health and Safety strategy.

Occupational health and safety

The health, safety and welfare of our employees remain paramount in all of our activities. We have developed a health and safety strategy which focuses on providing strong leadership, engaging with employees, building competence and measuring performance. These principles are promoted by a health and safety steering group comprising a cross-section of directors, managers and employee representatives.

Occupational health and safety are key elements of South West Water's risk management and internal control processes. We continue to pursue initiatives to further improve the health and safety of the company's employees, through the provision of training and the promotion of a health and safety culture.

Our target to reduce by 15% the number of days lost through musculoskeletal disorders was met. However, the target of a 10% reduction in slip and trip accidents was not achieved. Whilst no single factor can be attributed to not meeting this target, a continued focus on high risk safety issues and further improvements in the health and safety culture of the organisation will ensure that the risks relating to incidents of this nature are more effectively managed in the future.

In 2009/10 we appointed a new Occupational Health provider to give additional support to the company with wellbeing and health checking initiatives particularly for managing stress and ensuring musculoskeletal protection.

Following the introduction of a near-miss reporting procedure in 2008/09, further enhancements have been undertaken in the year. There have been improvements to communication of the procedure, and the ways in which all near misses are investigated. Control measures have been put in place where appropriate to prevent future accidents.

The five-day IOSH Managing Safely course is designed for managers and supervisors to get up-to-date on the practical actions they need to take to handle health and safety in their teams. In the last two years 66 employees have attended which represents 12% of company employees in a managerial or supervisory role, with the balance being people who have an active involvement in health and safety, such as employee health and safety representatives.

Vehicle fleet management policies and procedures have been reviewed to ensure that they are consistent with best practice, comply with all relevant legislation and minimise the risk to employees. The review focussed on the company's Road Safety Policy, fleet policy documentation, improvements to the driver licence check systems, driver training, structured driver risk assessments and use of technology.

Additional Site Audits

In order to demonstrate senior management's commitment to enhancing health and safety, a programme of site audits is being undertaken by all members of the Executive Management Team and Senior Managers involving two audits per person per year.

Health and Safety Performance

RIDDOR is the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 1995. The company's RIDDOR incidents totalled 16 in 2009 compared to 26 in 2008, showing a significant improvement.

The chart shows reportable incidents, over-3-day accidents and major accidents per 1,000 employees for the last five years. There have been no fatal accidents.

Communications

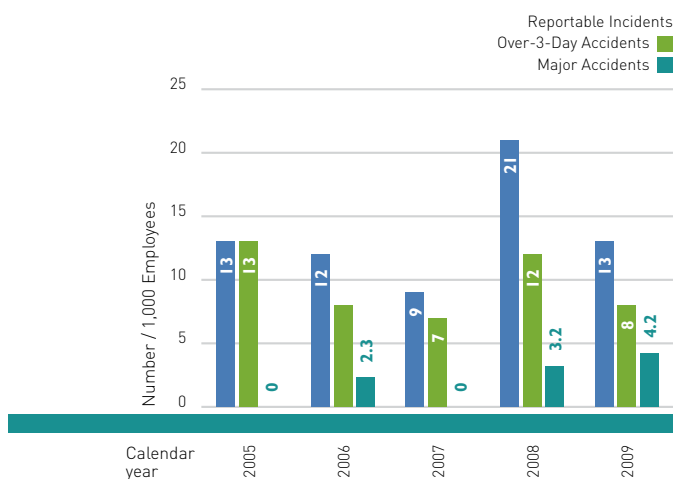
Improved employee communication channels have been employed, including presentations from the Chief Executive and Directors to all employees on important business matters. These are part of on-going plans to understand and further improve levels of employee engagement and commitment. Employee involvement and participation in all aspects of business and organisational change is encouraged and supported through the company's Staff Council, as well as our craft and industrial consultative forums.

Our monthly 'News and Views' briefings cascade information throughout the company and provide an opportunity to employees to provide feedback to management.

Collective representation

South West Water recognises UNITE and the GMB for collective bargaining purposes in the Craft and Industrial area. We have a consultation agreement with Unison in the staff area working within the Staff Council which represents all employees, whether or not they belong to a trade union. In addition the company allows individual representation for all employees on disciplinary and grievance matters by any registered trade union, or by a work colleague or Staff Council member.

REPORTABLE INCIDENTS, LOST TIME ACCIDENTS & REPORTABLE ACCIDENTS



Pynes water treatment works, near Exeter

Pure Environment

Pure environment

Climate Change has been identified as an area of key interest to our stakeholders. This section describes our work to mitigate and adapt to climate change.

Climate change mitigation

Carbon strategy

We have set out the company's carbon reduction targets for the next five years to 2015. The company has an ambitious carbon reduction target of 18% by 2015, compared with 2009/10 emissions levels. Detailed supporting targets are set out on page 24.

About one half of this reduction will be achieved through operational energy efficiency and this includes an enhanced pump testing, refurbishment and/or replacement programme. Also included is a programme of non-pumping energy saving activities, such as lighting, heating and general process efficiencies under an initiative called 'PowerDown'. The other major contributor to try to achieve the company's 18% emissions reduction target is planned to come from South West Water's major PUROS programme, the Phased Utilisation of Remote Operating Systems. This includes new network optimisation programmes for both clean water and waste water, as well as improved pumping controls using 'smart pumping' technology and the optimisation of treatment processes at treatment works. All these are being enhanced alongside our new replacement ICSADA system and incorporate mobile computing and computerised dashboards to provide greater visibility of real-time data and operations across the business.

Carbon accounting

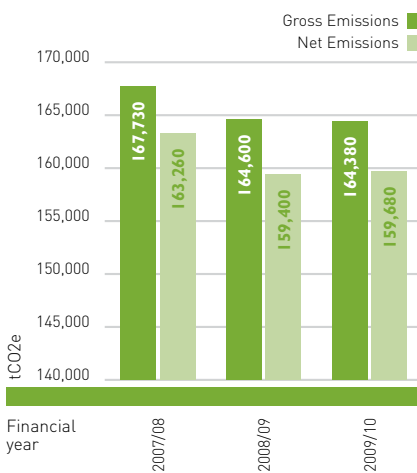
We use the latest 2010 UK Water Industry Research carbon accounting tool to calculate our carbon footprint. This follows the accounting methodology set out in the Greenhouse Gas Protocol, an internationally accepted approach to carbon reporting.

We report on operational carbon emissions from three broad categories of emissions sources grouped under the principle of Scopes 1, 2 and 3 emissions, as set out by the Greenhouse Gas Protocol. Scope 1 emissions are those resulting from on-site combustion of fossil fuels, from company controlled vehicles and from our on-site processes, Scope 2 emissions are due to the use of imported electricity and Scope 3 emissions are derived indirectly from sources that are not owned or controlled by the company, such as our outsourced activities.

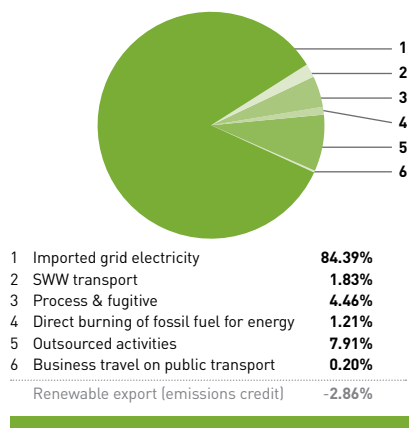
To help with our carbon management at an individual site level we give each of our larger sites a carbon performance rating, similar to the Eco-label found on domestic white goods. This provides an immediate visual aid to help identify poor performing sites which can subsequently be investigated to understand their relative underachievement to enable a corrective action plan to be produced.

SOUTH WEST WATER TOTAL MEASURED CARBON FOOTPRINT

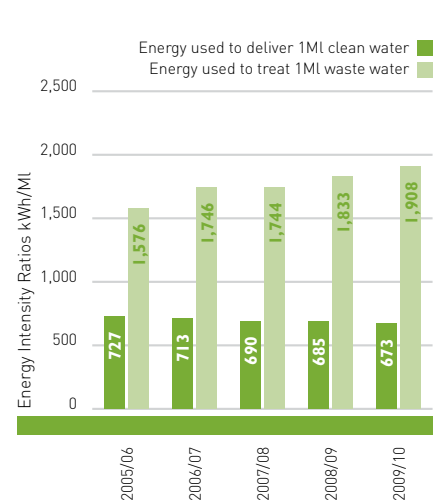
GROSS & NET GREENHOUSE GAS EMISSIONS



SOUTH WEST WATER CARBON PROPORTIONS 2009/10



ENERGY CONSUMPTION PER ML CLEAN & WASTE WATER



Efficient energy management

Since 87% of our carbon emissions are associated with our consumption of energy, the largest opportunity to mitigate our carbon emissions comes from controlling our energy usage.

During the year we achieved a 4% reduction in our energy usage for drinking water services through a continuing programme of energy efficiency improvements, focussing on drinking water pumping. Similar efforts to save energy from our waste water operations were offset by the need to provide additional power to meet more demanding waste water standards, giving an overall energy increase of 0.8% for waste water services. Our overall energy consumption has reduced by 1% compared with the previous year, as a result of works optimisation initiatives, pump refurbishment and replacement and the PowerDown project.

Energy efficiency awareness was highlighted across the business with the Megawatt Challenge, a high profile campaign aimed at all employees to encourage them to identify energy cost saving opportunities at their places of work. The campaign took place over a year, ending on 31 August 2009, and resulted in the company implementing energy saving measures totalling 6.5GWh, representing over 2% of energy use.

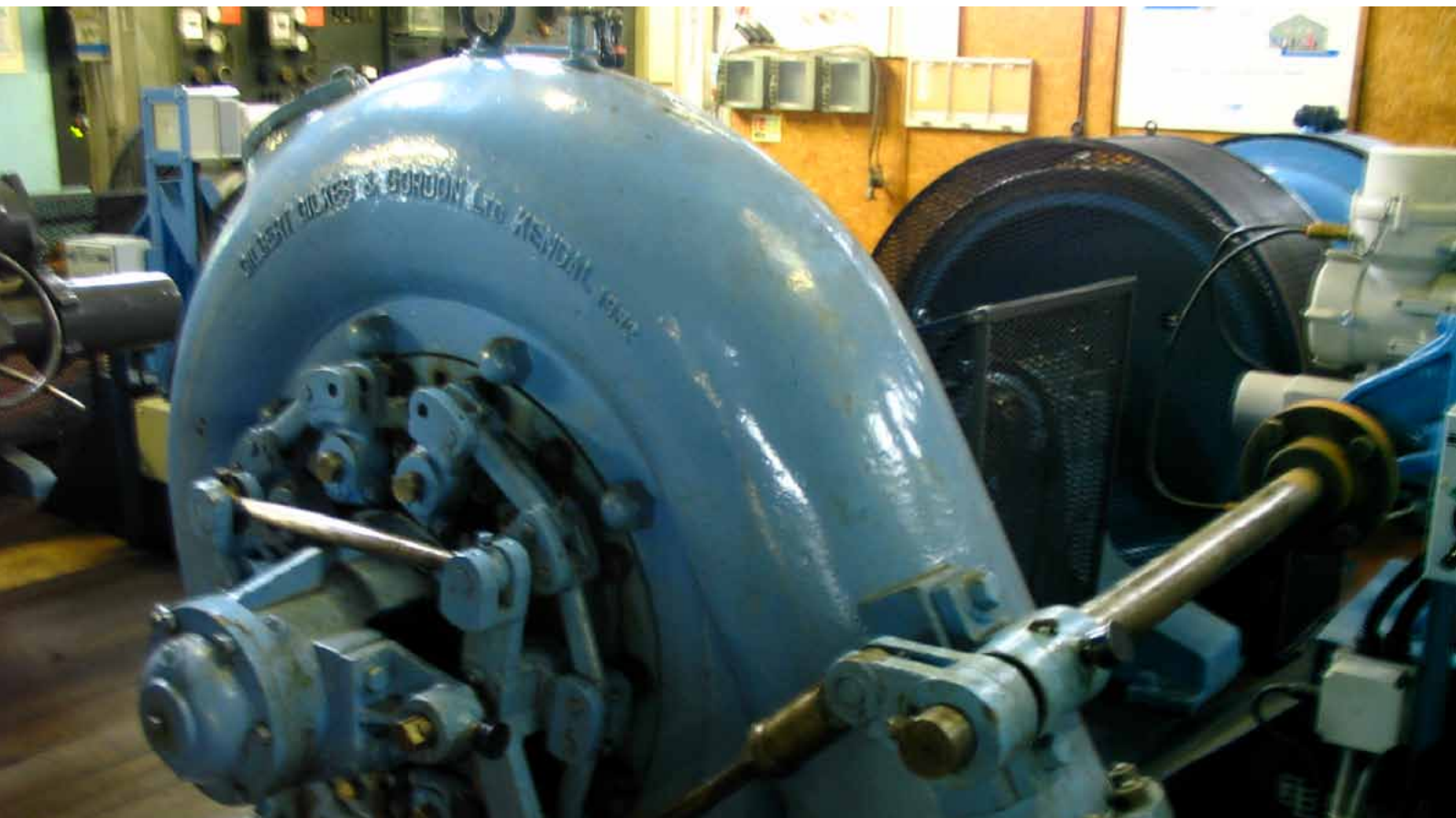
The success of the Megawatt Challenge has been incorporated in the company's continuing awareness campaign, PowerDown, where we now have a framework to achieve further energy saving targets over the next five years.

Renewable energy generation

Renewable energy generation plays an important role in our plans to mitigate carbon emissions and ultimately to combat climate change. We generate renewable electricity by capturing methane gas from our digestion plants at nine waste water treatment works. We also generate electricity from seven hydro electric power plants. We use approximately half of this electricity on site and currently export the remainder to the grid.

We aim to ensure that 30GWh of the energy we use is generated from renewable sources by 2015. To achieve this we will use all the renewable energy we generate, including the portion that we currently export, to power our own sites. We will be investing in sustainable energy generation through the construction of small-scale hydro-electric power turbines at a number of our water supply and waste water treatment sites.

Our longer term aim is to source 50% of our energy use from renewable sources by 2050.



Renewable energy generation at Mary Tavy



Exmoor mires

Climate change adaptation

Catchment management (Upstream Thinking)

Our 'Upstream Thinking' strategy aims to improve river water quality and control water treatment costs. This approach offers more sustainable management of climate change impacts by addressing risks and challenges at source, instead of incurring the additional capital and operating costs of more intensive water treatment.

We are restoring areas of damaged moorlands on Exmoor, with pilot trials on Dartmoor designed to absorb and retain water naturally in the uplands. The benefits are reduced soil erosion, nutrient loss and cleaner more controlled river flows. Landscape scale restoration also provides an improved habitat for biodiversity and captures carbon from the atmosphere through the growth of sphagnum moss in rewetted areas.

Trial work on Exmoor to restore 250 hectares of mires has been completed successfully. Following approval by Ofwat, South West Water will restore a further 4,000 hectares, mainly on Exmoor between 2010 and 2015. There will be pilot trials on Dartmoor. Work is undertaken in partnership with Exmoor National Park Authority, Dartmoor National Park Authority, Dartmoor Commoners' Council, the Environment Agency, Natural England, English Heritage, the Duchy of Cornwall, the Ministry of Defence and many landowners, farmers and land managers.

Westcountry Rivers Trust has implemented improvements with farmers on land above Upper Tamar Lake to reduce diffuse pollution and runoff. Based on the success of this work, Ofwat has approved landscape scale projects in West Penwith, the Fowey River, the Tamar, Wimbleball and

Roadford catchments and the Otter Valley. South West Water will be working with Westcountry Rivers Trust, Cornwall Wildlife Trust, Devon Wildlife Trust and the Farming, Wildlife and Advisory Group (FWAG) to deliver a five year programme of river water quality protection above our main reservoirs and river abstractions.

River water quality

The latest analysis indicates that Devon and Cornwall have a higher percentage of high quality rivers (over 90% are classified as 'Very Good' or 'Good') than any other region in England. Since 1989 we have improved treatment standards at over 300 waste water treatment works, greatly improving the quality of treated waste water entering the region's rivers. This has provided a major contribution to the improvement in river water quality.

The Water Framework Directive aims for water bodies to achieve good status by 2015. To help deliver this, South West Water is represented on the Environment Agency's South West River Basin Liaison Panel. The South West River Basin Management Plan has now been approved by the Secretary of State for the Department for Environment, Food and Rural Affairs. This plan defines a number of activities designed to achieve further improvements in river water quality. These will include action to manage diffuse pollution and changes to watercourse morphology. 'Upstream Thinking' is noted in the plan as a contributor to 'good status' water achievement.

Sustainability

Water efficiency

We promote water efficiency measures to business and domestic customers in accordance with our statutory duty.

We promote the efficient use of water with advice and practical support to both householders and non-domestic customers. An education programme for schools has also been developed this year to extend the spread and reach of this work.

Business customers

We continue to support business customers through water efficiency reviews, waste minimisation projects, providing advice for water management plans and by highlighting opportunities for reduction, re-use or alternative sources of supply. Water efficiency savings of 1.64ML/d have been achieved in 2009/10, bringing the total above our five-year target for the period 2005 - 2010.

Business customers continue to have access to a secure online system which tracks and displays consumption on their sites. Our 'Business Accounts Online' initiative also offers a water efficiency calculator with a free water audit. Since the launch of the calculator tool in November 2007, 211 businesses with over 7,250 accounts have registered to use the water efficiency element of this service. Our water efficiency certification scheme rewards reduced water use.

Domestic customers

We promote water efficiency guidance to households over the telephone, via the Internet, through face-to-face contact at talks and events such as country and county shows, and via promotional literature such as our free newspaper 'Waterlevel'.

17,746 free meters were installed in 2009/10. At 31 March 2010 68% of domestic premises were metered. Our website contains guidance to help our customers use water wisely:

www.southwestwater.co.uk

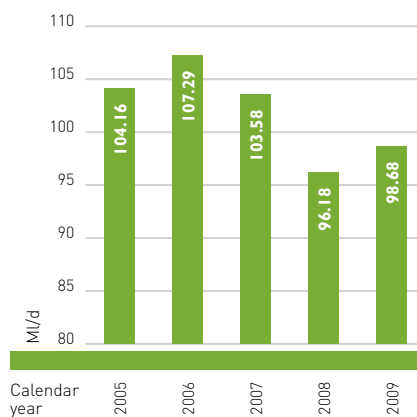


Working with customers

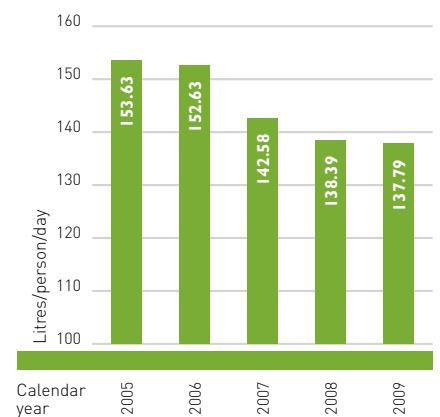


Jon Wood presents a water efficiency award to Richard Power and Juliet Ware of the Silversprings Hotel in Exeter

COMMERCIAL WATER DEMAND



PER CAPITA CONSUMPTION WEIGHTED AVERAGE



Sustainable procurement and supply chain management

We include all aspects of sustainability in our procurement processes and this is a central theme of our procurement strategy for our supply chain and support of the regional economy. Our supplier assessment covers environmental, social and financial sustainability including suppliers' approaches to occupational health and safety, working conditions in the supply chain, corporate governance, sustainability of their products and services and attitudes to natural capital and the environment. We aim to work with the best companies whose forward thinking approach to sustainability gives reassurance that their environmental, social and ethical risks are minimised. This approach also supports our business continuity objectives and our Key & Strategic Supplier risk review methodology.

Some indicators of our industry leading approach are detailed below:

- The supplier questionnaire, used in all tender activity, now includes a carbon emissions reporting section. We collect key data annually from our major suppliers, partners and contractors for inclusion in the company's measurement of carbon emissions
- We encourage our suppliers to provide information and data on the embedded carbon of the products and services they supply. We have updated our standard Supplier Agreement with guidance for suppliers to this effect
- For part of our investment prioritisation programme for the 2010-2015 capital programme, we have adopted a methodology for the assessment of embedded and whole life carbon over an assumed asset life of 40 years. This project selection process uses the Government's 'non-traded price of carbon' to value emissions from potential investments in our cost benefit analysis models, thus ensuring that lower carbon option solutions are promoted
- All procurement tendering activity is now completed using e-sourcing software, which eliminates paper copies of tenders.

Waste management

Hazardous waste is disposed of in accordance with legislation and we pre-treat waste by sorting it into different waste streams for collection by recycling agents.

During the refurbishment of our head office, we arranged for office furniture to be re-used, either by transferring it to operational sites, or by donating it to Green Standards who redistribute it to national and international programmes, helping schools, charities and environmental organisations.

We procure lubricants supplied in 'bag in a box' packaging, which uses 75% less plastic than traditional containers.

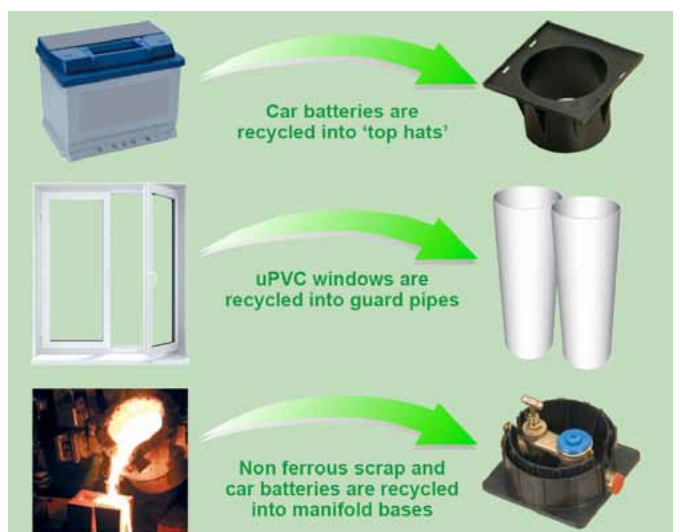
Working with Waterfit, we have developed water meter chambers using 100% recycled materials. Use of these chambers will divert 90,000 kg of waste from landfill and save 500 tonnes of CO₂ per year. This project won our 'Big Throwaway Challenge' annual competition for projects which minimise waste.



Scrap metal segregated for recycling



Presentation of Big Throwaway Challenge to Pippa Farr



Water meter chambers from recycled products

Conservation

Conservation, access and recreation activities are delivered at our inland waters by South West Lakes Trust, an independent charity, on behalf of the company.

The Natural Environment and Rural Communities Act 2006 (NERC) places a duty on all public organisations to promote biodiversity and habitat protection. The Department for Environment, Food and Rural Affairs identifies water companies as public bodies for this duty.

SOUTH WEST WATER	Area - hectares	Impounding Reservoir	Managed Woodlands	SWW Identified Special Protection Zone	Local Nature Reserve	Site of Special Scientific Interest	Statutory Wild Bird Sanctuary	National Nature Reserve	National Parks	SAC, SPA and/or EPS note 6	World Heritage Site	Designated Listed Structures	Scheduled Ancient Monuments
Argal Reservoir	42												
Avon Dam	75												
Bideford - Sewer Ventilation Pipes	n/a												
Boscathoe Reservoir	3												
Burrator Catchment	2,248					Note 4				EPS		Note 1	Note 3
Burrows Service Reservoir	1												
Bussow Reservoir	9												
Butterbrook Reservoir	3												
Bystock Ponds	28												
Camelford WwTW	1									Note 7			
Christow WwTW	<0.1									EPS			
College Reservoir	42									EPS			
Colliford Lake	748												
Countess Wear WwTW	9												
Crafthole Reservoir	2												
Crowdy Reservoir	122												
Darracott Reservoir	3												
Dartmouth WwTW	<0.1									Note 5			
Drift Reservoir	47									EPS			
De Lank WTW	3												
Fernworthy Reservoir	89												
Gammaton (Upper & Lower) Reservoirs	6												
Haddon Hill Tunnel	0.5												
Jennetts Reservoir	6												
Kennick, Tottiford, Trenchford Reservoirs	119			Note 2						EPS			
Lopwell including Saltmarsh SSSI	6									EPS			
Lower Slade Reservoir	6												
Lower Tamar Lake	27									EPS			
Mary Tavy Common and Milestone	772												
Mary Tavy Hydro Power Station	2.1												
Melbury Reservoir	75												
Meldon Reservoir	30												
Old Mill Reservoir	10									Note 5			
Ottery St Mary WwTW	2												
Porth Reservoir	16												
Roadford Lake	358									EPS			
Siblyback Lake	22												
Squabmoor Reservoir	5												
Stithians Lake	174												
Tavistock - Abbey Wall Canal intake	n/a												
Tavistock Canal - Tunnel Portals	n/a												
Taw Marsh, Belstone	<0.1												
Tottiford WTW	<0.1												
Upper Tamar Lake	63												
Venford Reservoir	292												
Wimbleball Lake	278									EPS			
Wistlandpound Reservoir	64												

Note 1. Burrator Lodge and Burrator Dam
 Note 2. Kennick Reservoir only
 Note 3. Within Burrator catchment 99 recorded monuments
 Note 4. Burrator Quarries north and south
 Note 5. Active management for Annex species recorded on site (lesser horseshoe bats)
 Note 6. SAC = Special Area of Conservation, SPA = Special Protection Area
 Note 7. Only 0.03ha covered by designation

South West Lakes Trust is celebrating its tenth birthday in 2010. We are delighted to advise that the Trust has received the Queen's Award for Enterprise in 2010, in the Sustainable Development category. The Trust received the award on the basis of its continued success in sustainably integrating leisure and conservation initiatives across the range of sites it manages.



Sites of Special Scientific Interest (SSSIs)

In 2003 Natural England set a Public Service Agreement target which proposed that 95% of SSSIs should be in favourable or recovering status by 2010. We are delighted to report that 100% of SSSIs in South West Water's ownership are now in favourable or recovering status. We have worked in partnership with South West Lakes Trust to achieve this demanding target.

Site	Area of SSSI (hectares)	Natural England Condition Assessment	Explanation
Burrator Catchment	0.51	Favourable	
Bystock Ponds	20.19	Unfavourable Recovering	Positive management confirmed by Natural England with regard to conservation status.
Camelford WwTW	0.03	Unfavourable No Change	South West Water's management of this site does not impact conservation status. Condition is due to external factors off site.
Countess Wear WwTW	18.26	Favourable	
Crowdy Reservoir	85.3	Unfavourable Recovering	In November 2009 Natural England granted Higher Level Stewardship funding to manage the Crowdy Special Area of Conservation (SAC). Working with South West Lakes Trust and the commoners, grazing control is now being established over this SAC.
De Lank WTW	0.5	Favourable	
De Lank WTW	1.48	Unfavourable Recovering	Natural England indicate status may be impacted by diffuse pollution which is outside South West Water's control.
Lopwell Dam	1.11	Favourable	
Lopwell Dam	0.46	Unfavourable Recovering	Natural England agree that South West Water assets form only a very small part of the SSSI and accept that the current management of these assets does not affect the status of the SSSI.
Mary Tavy Catchment	0.12	Favourable	
Phillack Service Reservoir	0.2085	Unfavourable Recovering	Natural England have approved management plan to improve condition.
Squabmoor Reservoir	1.44	Unfavourable Recovering	Positive management confirmed by Natural England with regard to conservation status.
Taw Marsh	0.0094	Favourable	
Taw Marsh	0.069	Unfavourable Recovering	Natural England agree that South West Water assets form only a very small part of the SSSI and accept that the current management of these assets does not affect the status of the SSSI.
Venford Reservoir	222.2	Unfavourable Recovering	South West Water management of site does not impact on conservation status. South West Water, as land owners, supports Environmentally Sensitive Area agreements between commoners and Natural England in improving conservation status.
Withycombe Raleigh	0.7	Unfavourable Recovering	Positive management confirmed by Natural England with regard to conservation status.
Total	352.5869		



Burrator dam



Presentation of Pennon Environmental Award to Tottiford team

Biodiversity

South West Lakes Trust employs a biodiversity officer, who is managing and enhancing biodiversity, creating habitat and conserving Biodiversity Action Plan species on land which South West Water leases or licences to South West Lakes Trust.

In December 2009 volunteers planted 224 native trees at Roadford Lake. This was part of the Guinness world record for the largest number of trees planted across the UK in one hour.

Our Biodiversity Group, which includes employees of South West Lakes Trust, maintains and encourages biodiversity on our sites as part of operational management and capital investment. Self Unlimited, a charity for adults with learning difficulties, make bird, bat and dormouse boxes which have been installed on 19 operational sites to benefit wildlife.

The operators at Tottiford water treatment works near Bovey Tracey won the Pennon Group's Environmental Award 2009 for enhancing the site for wildlife. In addition they won a Green Apple Award and were shortlisted as a finalist in the 2010 Water Industry Achievement Awards.



Archaeological finds at Tottiford



Countess Wear wildlife pond

A wildlife pond has been created at Countess Wear waste water treatment works which serves Exeter.

We continue to support the Wildlife Trusts' "Water for Wildlife" project. The Wildlife Trusts work with water companies, the Environment Agency and other key partners to provide a more consistent and targeted approach to wetland conservation.

Archaeology

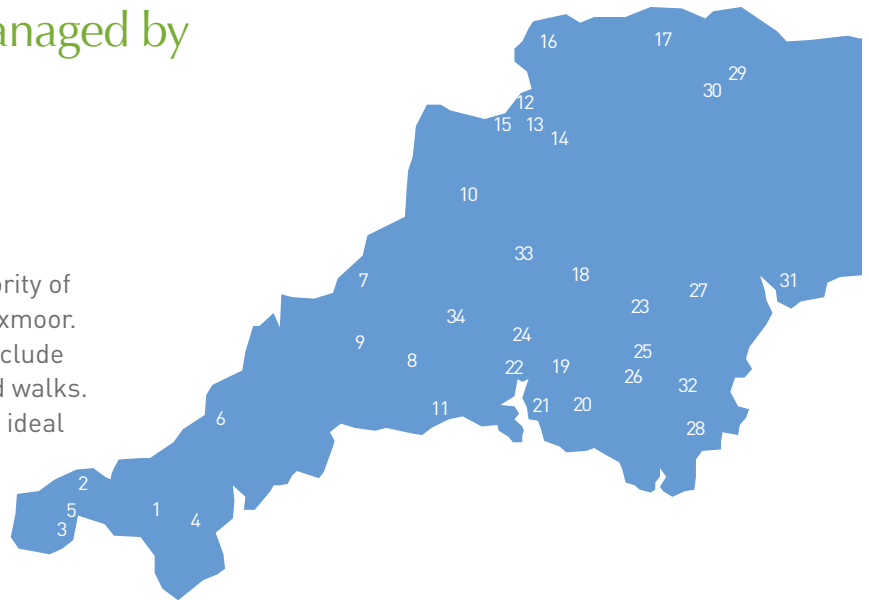
A prehistoric complex was discovered at the bottom of Tottiford reservoir last autumn. The stone rows, burial cairns and a stone circle had been hidden by the waters of the reservoir, and were revealed due to water levels being temporarily lowered by South West Water. The area was surveyed and some preliminary geophysical survey work arranged by Jane Marchand, archaeologist with Dartmoor National Park Authority.

Channel 4's "Time Team" is interested in examining this significant prehistoric complex and South West Water, the South West Lakes Trust and the Dartmoor National Park Authority are currently in discussions with the programme makers.

Access and recreation managed by South West Lakes Trust



South West Lakes Trust manages the majority of inland waters in Devon, Cornwall and on Exmoor. Facilities and opportunities for activities include campsites, activity centres and waymarked walks. Many lakes and their surrounding land are ideal for coarse or trout angling, watersports, picnicking and relaxing.



	Game fishing	Coarse fishing	Water-skiing	Canoeing	Adventure play area	Windsurfing	Rowing	Birdwatching	Walks	Horse riding/cycling	Picnic areas	Sailing	Car parks	Camping	Toilets	Refreshments
1 Stithians Lake	P		P	P	0	P	P	0	0	0	0	P	0	P	0	0
2 Bussow		P														
3 Drift	R					R	R	R			0					
4 Argal		P			0			0	0		0		P		P	
5 Boscathnoe		P														
6 Porth		P						0	0		0		0		0	
7 Crowdy	0							0	0				0			
8 Sibbyback	P			P	0	P	P	0	0		0	P	P	P	P	0
9 Colliford Lake	P							0	0				0			
10 Tamar Lakes		P		P	0	P	P	0	0		0	P	P	P	P	0
11 Craithole		P														
12 Jennetts		P														
13 Gammaton	P/R															
14 Darracott		P														
15 Melbury		P														
16 Slade		P														
17 Wistlandpound	P			R			R	0	0		0	R	0		P	
18 Meldon	0			R				0	0		0		0		♿	
19 Burrator	P/R			R				0	0	0	0		0		0	0
20 Butterbrook	R															
21 Lopwell								0	0	0	0			P	0	0
22 Mary Tavy								0								
23 Fernworthy	P							0	0		0		0		♿	0
24 Tavistock Canal				R				0								
25 Venford	0							0	0	0	0		0		♿	0
26 Avon Dam	0							0		0	0		0		♿	0
27 Kennick, Tottiford & Trenchford	P	P						0	0	0	0		0		♿	0
28 Old Mill		P														
29 Wimbleball	P			P/R	0	P/R	P/R	0	0	0	0	P/R	P	P	P	P
30 River Barte at Dulverton	R															
31 Squabmoor		P						0					0			
32 River Dart at Buckfastleigh & Littlehempston	P			R			R									
33 Roadford	P			P	0	P	P	0	0	0	0	P	P	P	P	0
34 River Tamar at Gunnislake	R															

0 Free access (some areas restricted)
 P Access open to everyone but a charge is made
 R Available for a club, trust or sailing school only
 Symbols in black: (0 R P) facilities suitable for the disabled
 ♿ Includes toilets for the disabled

Full details of South West Lakes Trust's activities can be accessed from their website www.swlakestrust.org.uk



Relaxing at Lopwell

South West Lakes Trust manages numerous events which provide public access to and recreation on our reservoirs. Examples in 2009/10 included:

New angling and watersports facilities were opened at Upper Tamar Lake in June 2009. The lake now hosts a number of clubs providing facilities for sailing, fishing and model yachting.

In June 2009 Roadford Lake was the location again for the South West Schools Marine Challenge where school teams in Key Stages 3 and 4 are linked with technology based companies to design, build and race remote controlled boats.

In January 2010 Wimbleball Lake was the venue for the Oxford University Lightweight Rowing Club's annual winter training camp.



Sailing at Roadford Lake



Kennick Reservoir

Performance against targets

Progress against 2008/09 targets which were ongoing at year end 31 March 2009:

Achieve certification to OHSAS 18001 for Health and Safety Management System	Currently under review by the restructured Health Safety and Support Services Group.
Achieve certification to ISO 27001 in respect of Information Security	✓

Progress against 2009/10 targets

We are pleased to advise that 20 of the 28 targets set for 2009/10 were met. Explanations are provided for targets which were withdrawn, postponed or not met. Failing to achieve some of our targets demonstrates that they were stretching.

1	Invest in two sustainable catchment management projects in 2009/10.	✓	
2	Invest in three small scale Operations innovations and research and development projects in 2009/10.	✓	
3	Implement a two-year trial of rising block tariffs with a sample of 1,000 customers to help customers control their bills whilst benefiting the environment.	Withdrawn – unable to capture occupancy numbers and insufficient customers fitting necessary criteria available.	
4	Generate 17 GWh of renewable energy from Combined Heat and Power and Hydro Electric Power.	X Overall, target failed, although HEP outperformed. CHP failed due to process problems and delayed completion of new installations.	
5	Recruit 2,500 domestic customers to the WaterCare programme.	✓	
6	Increase the number of customers registered for priority services to 7,200, further developing South West Water's position as the industry leader.	✓	
7	Carry out 100 water audits a year to encourage conservation amongst non-domestic customers.	X 76 audits undertaken in the year, although 571 were carried out over the five-year period.	
8	Support Heritage Open Days, aiming to attract 100 visitors.	✓	
9	Deliver 10 customer talks.	✓	
10	Employ customer liaison caravan at 60 events around the region.	✓	
11	Launch the on line learning tool part sponsored by SWW aimed at KS1 and KS2 using computer modelling to introduce water resource management and home water efficiency concepts.	✓	
12	Continue the development and delivery of a campaign to help the public understand the environmental impact of blocking sewers with Fats, Oils and Greases, giving out 3,000 fat traps from the Customer Liaison caravan.	✓	
13	Launch a mains rehabilitation page on South West Water's website, and proactively hold customer meetings or visits as required to explain the purpose and benefits of the programme.	✓	
14	Achieve a 15% reduction in days lost per 1,000 employees through work related musculoskeletal disorders.	✓	Target not met
15	Achieve a 10% reduction in the total rate (per 1,000 employees) of slip and trip accidents.	X 25% increase. No single factor can be attributed to this. Further improvements are being made to Health and Safety culture to manage this risk.	X Target not met
16	Achieve a 100% increase in the number of IOSH Managing Safely qualified employees.	✓	Target ongoing
17	Ensure around 80% of our Senior Managers are actively involved in the Senior Management Development programme and complete their required plan by 31 March 2010.	✓	Target ongoing
18	Design and build a new First Line Manager and Team Leader Programme by 30 September 2009 and induct around 50 operational employees on the programme for completion by 30 September 2010.	✓	Target met
19	Ensure 10 of our Managers complete the Manager Development Programme by 31 March 2010.	✓	Target met

20	Ensure around 30 of our Graduates complete the Graduate Development Programme by 31 March 2010.	Target postponed until 31 March 2011.
21	Ensure seven employees complete the HNC in Water Operations with Management by 31 March 2010.	✓
22	Ensure a further 50 Operators complete the NVQ Level 2 Operating Process Plant (Water) by 31 March 2010, bringing the total number of employees completing this qualification to 130.	→ 39 operators completed their NVQ during 2009/10. At 31 March 2010 117 operators had obtained this qualification.
23	Achieve Investors in People status at re-assessment.	✓
24	Comply with all abstraction licences.	✓
25	Do not exceed 36 properties flooded from hydraulic overload directly related to rainfall (excluding extreme weather) and 115 properties from other causes.	✓
26	Do not exceed 60 properties on the sewer flooding At Risk register (1 in 10 years).	✓
27	Target 1% reduction in greenhouse gas emissions compared with 2008/09 from energy use.	X Greenhouse gas emissions from energy use in 2009/10 were very similar to 2008/09, largely due to reduced output of renewable energy generation for use on site, necessitating the purchase of more grid electricity to compensate for the shortfall.
28	Achieve additional water savings (domestic and commercial) of 2.5MI/d through water conservation activities, over 2008/09 levels.	X Five-year performance was 15.33MI/d compared with a target of 12.5MI/d. Notwithstanding that 1.64MI/d savings were achieved in 2009/10.

2010/11 targets

Stakeholder Engagement

- 1 Use stakeholder engagement research for Corporate Responsibility Reporting to develop improved engagement with up to 10 stakeholders.
- 2 Ensure effective liaison with 30 landowners and 10 stakeholder groups to develop support for catchment management projects.
- 3 Undertake detailed employee survey to ascertain satisfaction with South West Water as an employer.

Pure Service

- 4 Continue to operate and promote take up of WaterSure Tariff.
- 5 Continue to operate and promote the WaterCare programme.
- 6 Introduce the new FreshStart Fund to assist customers, especially vulnerable customers seeking help with water debt.
- 7 Roll out a pilot doorstep debt advice scheme.

Community Engagement

- 8 Provide sites for at least three Heritage Open Days.

Employees

- 9 Target a one-year RIDDOR incident rate of no more than 16 per 1,000 employees in 2010/11. (See glossary on page 25.)

Pure Environment

- 10 Maintain self generated energy at a level of 15 GWh, or greater.
- 11 Achieve a further 3 GWh (full year effect) energy saving through the Powerdown, Pump Efficiency and PUROS programmes.
- 12 Achieve a 1.2% reduction in emissions from energy use compared with 2009/10.
- 13 Maintain certification to ISO 14001 across the company.

Sustainability

- 14 Provide support with water efficiency to business customers through Business Accounts online, the water efficiency calculator, water efficiency audits and the water efficiency certification scheme.
- 15 Achieve a three-year rolling leakage target of 84MI/d, as set by Ofwat.

Glossary of terms and abbreviations

Defra = Department for the Environment, Food and Rural Affairs.

RIDDOR = Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 1995

Descriptive Compliance is a qualitative assessment of the operation of most small (less than 250 population) waste water treatment works carried out by the Environment Agency to protect a receiving water.

Sanitary Compliance is a quantitative assessment of the performance of a waste water treatment works based upon certain determinands with limits set by the Environment Agency to protect a receiving water.

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Page no	Credit	Subject
cover	Jamie Bateman, AB Design	Wrey Brook at Lustleigh
2	WET News and Water & Wastewater Treatment	Presentation at the Water Industry Achievement Awards to Dr Stephen Bird
2	Clare Kendall	Rewetting Exmoor Mires - part of the Upstream Thinking programme
4	Exeter City Council	Princesshay Exeter
6	Still Imaging	Park lake with Colliford lake behind
7	Val McMullan	Sidmouth waste water treatment works
9	Cathy McGarvey	Customer caravan
10	Louise Bennett	Visitors enjoying Heritage Open Day at Pynes water treatment works in Exeter
10	Sam Morgan Moore	Sponsorship of the 'Nipper' Championships of the Surf Lifesaving Association of Great Britain
12	Claire Kendall	Pynes water treatment works, near Exeter
14	Cathy McGarvey	Renewable energy generation at Mary Tavy
15	Cathy McGarvey	Exmoor Mires
16	Clare Kendall	Working with customers
16	Silversprings Hotel employee	Jon Wood presents a water efficiency award to hoteliers
17	Cathy McGarvey	Segregated metal skip for recycling
17	Chris Mills, Still Imaging	Presentation of Big Throwaway Challenge to Pippa Farr
17	Waterfit	Water meter chambers from recycled products
18	South West Lakes Trust	Presentation of Queen's Award for Enterprise 2010
19	Jackie Turner	Burrator dam
20	Chris Mills, Still Imaging	Presentation of Pennon Environmental Award to the Tottiford Team
20	Cathy McGarvey	Countess Wear wildlife pond
20	Jane Marchand, Dartmoor National Park Authority	Archaeological finds at Tottiford
22	Cathy McGarvey	Relaxing at Lopwell
22	South West Lakes Trust	Sailing at Roadford Lake
22	Jamie Bateman, AB Design	Kennick reservoir



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