

**Summary of responses received from shareholders at the Annual General Meeting  
held on the 20<sup>th</sup> July 2023**

**1. You recently published the news that you have acquired 4 new energy projects, how is purchasing sites not in the South West, such as Dunfermline, going to benefit us as customers and residents?**

We have allocated £160 million for investment in renewable energy generation. This strategy will benefit the Group by reducing our exposure to future volatility in wholesale power markets, that we have experienced this year, and will provide commercial returns ahead of those earned from our regulatory water business.

In May we acquired the site in Dunfermline, which is a c.40 GWh site, and the additional three sites could provide a further 150 GWh generation, potentially bringing our total generation to c.190 GWh. This amount equates to around 45% of our electricity usage and would be a big step forward towards our 2030 target of 50% self-generation, while also providing a significant drop in the Company's energy costs, which transpires into more funds available to be provided to customers and investment in the region.

**2. In the Notice of Meeting, resolution 16 is in relation to political donations, why is this?**

I want to make it clear that as a Company we do not fund or gift any political parties and have no intention of doing so. In accordance with Section 366 of the Companies Act 2006 (the "Act"), we must seek authorisation for political donations. However, the definition of political donations, within the Act, is very wide and could include trade organisations and special interest groups such as those involved in the environment that the company may wish to support, even though these activities are not political. So, each year we propose a resolution to authorise these potential donations to ensure the Company is covered and will not be in breach of the Act.

**3. How does South West Water benefit from the Government contribution to our water bills and what will you do to help customers once this comes to an end.**

To clarify, in case anyone here today was not aware, the Government contributes £50 each year to every customer's bill. This is done because we look after a third of the country's coastline, which requires increased investment, but only 3% of the population.

Neither Pennon nor South West Water benefit in any way from this Government scheme. The whole of the £50 is deducted from customer's bills and we display this deduction clearly on bills.

I sincerely hope the Government continues this scheme because in the current economic climate any help with any bills is welcomed by all. However, we have an extensive package of affordability and vulnerability

measures across the water businesses, including specific tariffs and income maximisation schemes, supporting over 110,000 customers to date. We also know that everyone is different, which is why the support we offer is different. Our customer benefits announced to date in K7 equate to c.£85 million.

Alongside the financial support we provide, we work closely with a range of independent organisations and debt partners who continue to be key to promoting the range of help available to customers.

**4. What plans are in place to provide evidence of meeting the ‘excellent bathing water standards’ for the public outside the bathing season given that independent testing is currently limited to the summer season?**

Treated discharges are monitored throughout the year as compliance with our permits. By ensuring that we are bringing spills down all year round, we can make sure that intermittent discharges do not cause issues. In the last year, we completed our storm overflow monitoring programme meaning 100% of storm overflows are now fitted with Event Duration Monitors which enables us to monitor releases all year round, including outside of the bathing season. 79% of all storm overflow monitors at beaches recorded less than 5 spills in 2022. Over the course of the year, the number of spills at beaches fell from 28 to 21. Our excellent bathing water standard is highlighted by the fact that for the second consecutive year, 100% of our regions’ bathing waters achieved stringent bathing water standards, up from c.28% in 1991 – a result of investment to improve sewage treatment standards and reduce spills. Our plans for the next regulatory period include further enhancements to our monitors and a continued focus on bringing down the use of storm overflows.

**5. You say you expect to be 2\* EPA but are targeting 4\* next year. How is this possible? Is it likely?**

We’re acutely aware of our role in protecting the environment and are on track to achieve 4-star EPA by 2024. Our EPA performance is heavily impacted by the pollutions from our network – where we have a targeted improvement programme (PIRP) to deliver a meaningful step change in performance – we’ve already reduced the total number of pollutions by 50% over K7 to date, which includes a 75% reduction in serious (cat 2) pollutions (from 8-2). Separately, in 2022 we’ve achieved our best compliance at treatment works at 99.4%. The underlying performance across pollution and compliance metrics is improving, as reflected in our anticipated 2\* EPA for 2022. But we know there’s more to do.

We have strengthened our round the clock incident response capacity with enhanced 24/7 incident recovery and data centre. We are using enhanced data modelling to predict and prevent future incidents.

We’ve identified our top hot spots – prioritising work at over 260 sites as a result to date, and we’re developing further phases. We’ve introduced an increased maintenance programme across all our pumping stations with more regular health checks.

We have worked closely with the EA so they can scrutinise our new plans and proposed improvements. They have given us helpful feedback which is reflected in our plans. And that means the EA support our plans and improvement areas and they are optimistic about our ability to meet these targets.

The plans we developed for improvements at our wastewater treatment works have delivered results – and we have robust processes in place to monitor compliance. This data passes through a rigorous assurance process – being both internally and externally assured – giving us additional confidence in the data.

6. **The £6.8 million project at Truro Newham Treatment works has been completed but I am asking whether it is operational as I understand due to pollution of the Truro River which is a designated SSSI the mussel beds have recently been closed. You also state legal agreements to provide sewers to connect the site at Langarth to Calenick are all in place - so can you confirm you have received signed agreements from the landowners involved as the letter states work is to commence within the next two months?**

With regards to the Newham Treatment Works project, work was completed in 2017 in readiness for the Langarth Garden Village development which was due to start in 2018. This has been significantly delayed with the start of the highway construction being announced last week. The project to lay the new sewers for the new garden village is yet to commence but the legal agreements are in place with both Cornwall Council and Walker Developments. It has been designed and engagement has been undertaken with affected landowners by our Estates department in advance of the formal land entry notices being issued which will be done in advance of the project commencing.

The timescale for undertaking our project is dependent upon the pace of the development and we are working closely with the developers to ensure that our construction programmes are aligned. As you may be aware we recently received planning permission for the two new pumping stations that we need to construct as part of this project.

7. **My next question concerns the raw sewage being spread on farmland and the stench which goes with it and then we eat the cauliflowers. I enquire at what point of time do you expect the slow-moving sludge to become septic and infections thus causing a Public Health problem?**

Regarding the use of Biosolids on agricultural land, this is the government's preferred use of disposal, it is very beneficial to agriculture and enables costs to be minimised by avoiding disposal of waste at landfill. Biosolids is a sustainable practice that provides the best alignment with the principles of the waste hierarchy. Recycling Biosolids to land is a very controlled and regulated process and prevents minimal risks to humans, animals, and the environment. Biosolids is a sustainable option, and the product is 99.99% pathogen free.

8. **I read in the press recently of the £2.15 million fine imposed upon the Company in April 2023 yet I can find no mention of that happening neither can I find mention of the Chief Executive foregoing her £450,000 bonus due to the public outcry in the 2022 Annual report. Will we receive further information today or will we have to wait until 2024 AGM before the shareholders are furnished with the necessary information.**

The financial penalty for pollutions related to seven isolated incidents that took place between 2016 and 2020. We accept that this was unacceptable and it's right that we have been held to account by the Environment Agency. I would like to highlight that this didn't happen because we don't care, we very much do. Everyone who works for SWW is extremely passionate about our environment and we need to do more to prove this to our customers and visitors to our region. We have a plan; it is working, and we won't stop until everyone can feel proud about the performance of their water company in the South West.

I can confirm that our CEO, Susan Davy has chosen to forego her bonus this year. Instead, the money will be invested into our unique WaterShare+ scheme which goes directly to our customers, giving them the choice to own shares in Pennon and a say in the running of our business, or to take a credit on their bill. Susan and the Board feel this is the right thing to do and is further evidence that we are taking action to prove we are listening to our customers (alongside the work we are doing with WaterFit Live). Susan has said that she wants SWW to be focused on delivering for customers, communities, and the region, with no excuses.

9. **I also understand the Company is at present under investigation by OFWAT as to whether South West Water is accurately reporting leaks and the volume of water consumed.**

Regarding the Ofwat leakage investigation, it is important that our customers have confidence in our data. That is why we rigorously check our data which is externally audited by an independent third party. We will of course provide any information the Regulator requests and we will fully cooperate.