

# Capital investment

Our Corporate Responsibility (CR) Policy provides us with a structured approach towards embedding CR and sustainability principles throughout our business operations. During 2008 our capital investment activities focused on the three key CR themes of:

1. Predicting carbon in our capital programme
2. Standardising sustainability
3. Community engagement

Further details on each of these themes can be located in the subsequent text and case studies which accompany this section of the report.

In recent years incorporating environmental and sustainability criteria into the delivery of our capital programme has grown in significance. While whole-life cost models have been routinely used to determine project solutions for some time, during the last 18 months we've developed a suite of models to assess carbon and broader sustainability costs associated with the design and construction of proposed capital solutions. These models will help us in gaining a greater understanding of the sustainability impacts associated with our capital programme.

Our capital investment activities stretch across the UK. We're involved in two joint venture schemes:

- Southern Water to build new wastewater treatment facilities in the Brighton and Hove district
- Scottish Water to construct both water and wastewater treatment works.

Our electricity distribution contract extends across north west England and involves the building of substations on behalf of our client Electricity North West. We also undertake capital activities on behalf of Northern Gas Networks, our gas client in the north of England.

In the north west of England we have the largest water and wastewater capital investment programme in the UK, delivering benefits to our customers and to the environment. We own and manage approximately 42,000km of water pipes and 43,000km of sewers, many of which were constructed by the Victorians. We are continuing to upgrade these to accommodate increasing demands on our network and to meet more stringent water quality and environmental standards. Our water and wastewater treatment works also form a large part of our capital investment programme, with legislation, increased demand for water services and the age of our treatment facilities forming the principle drivers for capital improvements.