

Environment

During the past year we've continued to work towards improving the environmental sustainability of our business. We believe that protecting and enhancing the environment is the right thing to do for our business and our stakeholders.

We maintained a solid focus on well-established activities such as managing leakage from our water network, where we hit our target for the third year running, and wastewater treatment works compliance, where we reduced the number of failing works from 18 in 2007 to 8 in 2008 (we have nearly 600 works in total).

In addition we made good progress in some of our more recent programmes such as waste and resource use, sustainable capital investment, sustainable catchment management and biodiversity. We're aiming to introduce new approaches in these areas, demonstrating and embedding solutions to deal with the most pressing sustainability issues.

We recycled over 92% of the 1.3 million tonnes of waste that we manage in 2008/09 and we increased the proportion of recycled material we use in our water, gas and electricity activities from 46.25% in 2007/08 to 54.3% in 2008/09.

During 2008 our capital investment activities focused on the key themes of predicting carbon in our capital projects, standardising the approach to sustainability through a dedicated delivery plan and community engagement.

We also piloted an approach to biodiversity management at our operational sites. We delivered year 4 of the SCaMP programme and have now outperformed the government's PSA target for 95% of sites of special scientific interest (SSSIs) being in favourable or unfavourable recovering condition, with 96% of the SSSIs covered by SCaMP achieving this level.

Performance dropped in the area of pollution incidents in our regulated water business, where we had an increase in the total number from 166 in 2007 to 202 in 2008. This regrettably included a category one incident, after having no incidents of this type in 2007. The proportion of network spoil recycled dropped slightly between 2007/08 and 2008/09, from 92% to 89%, partly due to a large increase in the overall volumes of this waste stream.

Detail on our programmes on carbon management and sustainable supply chain can be found separately within this report.