



2020

Summary Assurance Report



INTRODUCTION

This is South West Water's second annual Summary Assurance Report, which complements our other annual reporting, including the assurance sections within our Annual Report and Annual Performance Report (both available at www.southwestwater.co.uk/report2020 and www.bournemouthwater.co.uk/report2020).

It provides an update on the assurance we have performed and commissioned during 2019/20 as well as the results of that assurance, focusing on the 'Significant Areas for Assurance' identified in our Assurance Plan. The following shows some of our core documents which are available on our website:



RISKS, STRENGTHS AND WEAKNESSES STATEMENT

This statement sets out our risks, strengths and weaknesses to the information that we publish following consultation with customers and other stakeholders.



DRAFT ASSURANCE PLAN

The draft assurance plan lays out areas we have identified as key areas for assurance (including as a result of the risks, strengths and weaknesses consultation).



FINAL ASSURANCE PLAN

Following consultation with customers, employees and other stakeholders the final assurance plan updates the draft assurance plan to address feedback received.



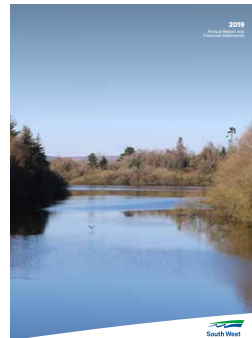
ANNUAL PERFORMANCE REPORT AND REGULATORY REPORTING

The annual performance report lays out our performance against the regulatory targets we have committed to achieve. Our regulatory reporting lays out key financial and non financial performance for the year.



BUSINESS PLAN 2020-25

In September 2018 we published our business plan for 2020-25 'The New Deal', which was given fast-track status by Ofwat. For further information on South West Water's New Deal visit southwestwater.co.uk/newdeal.



ANNUAL REPORT AND FINANCIAL STATEMENTS

Our annual report and financial statements are published in line with Companies Act requirements and as well as reporting on overall performance, provide a more detailed review of our financial performance during the year.



SUMMARY ASSURANCE REPORT

Our summary assurance report (incorporating our 'Data Assurance Summary') provides an update on the assurance which we have performed in line with this plan.



OUR WEBSITES

The documents listed here are published on our websites (southwestwater.co.uk and bournemouthwater.co.uk) alongside other useful documents – such as our charges to customers for the year.



SUMMARY PERFORMANCE REPORTS

We publish summary performance reports for each of the South West Water and Bournemouth Water operational areas; these provide a shorter summary of performance against each of our regulatory targets.



Assurance

The assurance we perform and commission is designed to provide comfort to the users of the information which we provide internally and externally.

It goes beyond providing comfort that South West Water is compliant with obligations, for example commenting on whether information is fair, balanced and understandable.

Assurance can be provided at different levels dependent on the complexity of what is being assured and the level of reliance which users of the information place upon it.

Assurance is rarely able to provide absolute certainty over reported information, however we aim that the assurance we perform and commission provides sufficient comfort over reported information in line with expectations of the users of the information.

What is the summary assurance report?

This is a summary of the results of assurance performed in respect of annual reporting and updates on the Company's Assurance Plan which was published earlier in the year.

South West Water's Assurance Plan is available at southwestwater.co.uk and bournemouthwater.co.uk and includes further detail on assurance we perform and commission. All planned assurance processes which were contained within the plan to date have occurred as stated, with some limited changes which are discussed in the significant assurance areas contained in this report.

We have implemented certain additional processes where we have identified additional areas for assurance. Again these have been discussed within this report.

The report incorporates our 'Data Assurance Summary.' It goes further than the Data Assurance Summary by providing an update on other significant areas which we have identified as requiring assurance. It also provides an overview of the Governance and Assurance framework which we apply at South West Water.

South West Water and Bournemouth Water

South West Water provides water and wastewater services in Devon and Cornwall as well as small parts of Somerset and Dorset.

Since 2016 it has also been providing water services within the Bournemouth Water area.

This report covers both areas and all references to South West Water reflect the merged Company covering both areas unless explicitly stated otherwise.

Usability of the document

We have made this report as user-friendly as possible, whilst ensuring that the document is relevant to customers and other stakeholders who read the report and provides a meaningful summary. By the nature of assurance, some sections of this report are technical in nature. We appreciate that further explanation could be required by some readers of the document and we are happy to provide explanation of concepts if required (email: riskandcompliance@southwestwater.co.uk).

The ongoing assurance process

This report summarises significant areas of assurance, in addition to significant assurance processes which carry on throughout the year. As a summary, this report does not cover all areas which we assure (internally or externally). We are happy to summarise further specific details of assurance if required.

EXECUTIVE SUMMARY

This document is published alongside the Company's suite of statutory and regulatory annual reporting. We are pleased to present this summary of the assurance performed in our significant areas for assurance (including in respect of annual reporting).

This report incorporates key areas where improvements have been made as well as setting out the governance and assurance frameworks underpinning the assurance performed.

We are pleased that internal and external assurance processes did not identify any material issues in the data reported or the processes and controls underpinning our Annual Report and Financial Statements or Annual Performance Reporting and Regulatory Reporting. Both our financial auditor, Ernst & Young (EY) and our technical auditor, Jacobs has provided independent opinions and summaries, which we have published.

We have strengthened and formalised certain administrative procedures within the Company for Annual Reporting and other data submissions in respect of version control and consistency verification to ensure that stakeholders are provided with finalised fully assured data at all times.

Beyond our annual reporting assurance processes, a wide range of assurance activity has been performed throughout 2019/20. This has included in responding to queries and the final determination process following our business plan entitled 'New Deal' receiving fast-track status from Ofwat.

In addition, we perform a wide range of assurance on a day-to-day basis, including on other specific projects which have not been identified as significant areas for assurance.

South West Water is proud to maintain our range of certifications and accreditations against recognised other international standards and we are committed to the approach of continual improvement which underpins both these international standards and our future plans for 2020-25.

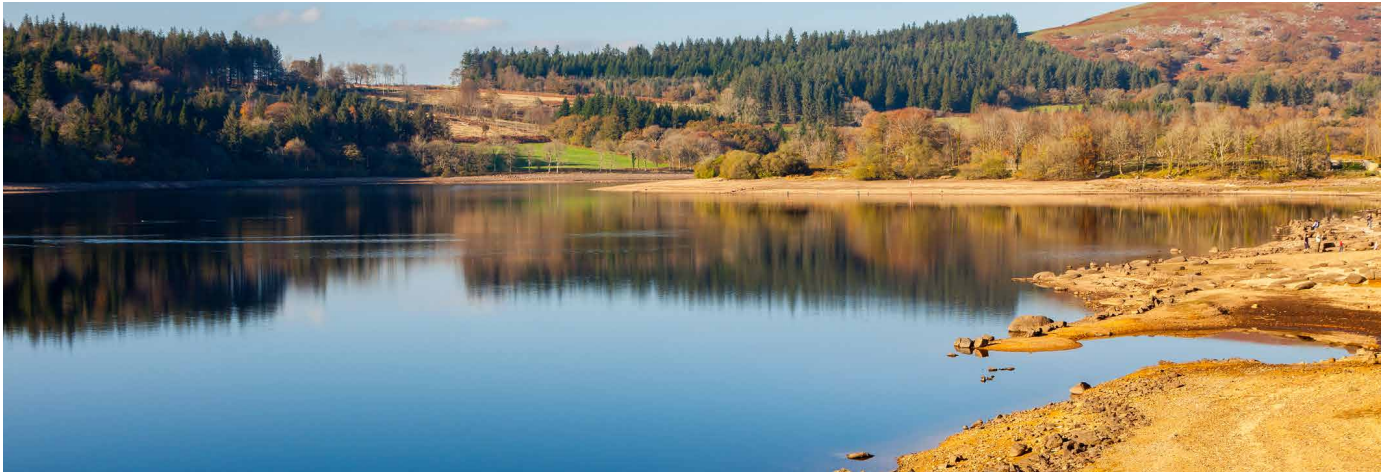
Assurance plan

Introduction	1
Executive summary	4
The Company monitoring framework	5
Governance at South West Water	6
South West Water's integrated assurance framework	9
Annual reporting – incorporating data assurance summary	10
Other significant assurance areas – update	17
Commitments following risks, strengths and weaknesses statement – update	22
Ongoing ISO assurance	23

ONLINE

**southwestwater.co.uk
bournemouthwater.co.uk**

THE COMPANY MONITORING FRAMEWORK



Ofwat Company monitoring framework

In 2015 Ofwat, the economic regulator for the water and wastewater industry in England and Wales, introduced the Company Monitoring Framework (CMF) which was used as a tool to encourage companies to deliver high quality assurance of the information that they produce.

An assessment was carried out each year by Ofwat to ensure that companies were communicating in a clear, accessible and transparent way and that the information gave a fair view of how a company is performing. Companies were then put into one of three categories depending on how they scored: self-assurance, targeted or prescribed.

In the last assessment, undertaken in January 2019, we were categorised as targeted as Ofwat identified some areas of concern with our data reporting. We have since addressed these concerns by providing additional information within our Annual Performance Report.

In August 2019 Ofwat issued an information notice informing companies that they would not be publishing further CMF assessments but would continue to scrutinise and challenge companies' approaches to data quality and assurance of their performance reporting. We continuously keep this information under review, alongside risk monitoring, to ensure that all our customers and stakeholders have trust and confidence in the information we provide. We have continued to publish a Risks, Strengths and Weaknesses statement and Assurance Plan, first introduced as part of the CMF, as we believe it is a worthwhile exercise, ensuring that we are meeting our customers' needs with regards to the information we provide to them.

Risks, strengths and weaknesses and assurance plan

We fully engaged in this process and sought to use the consultation as fully as possible to improve assurance processes as well as taking the opportunity to review the nature and format of our reporting.

Risks, Strengths and Weaknesses commitments

The Risks, Strengths and Weaknesses Statement identified a number of actions we have committed to in respect of the data we publish. These were in the following areas:

- Reporting of ODI performance to customers
- Reporting of the WaterShare performance scorecard
- Customer understanding of reporting against consistency measure methodologies
- Communication to customers regarding regulatory reform and markets
- Valuing water use in a changing environment
- Our websites
- Customer awareness of information published

Some of these actions have resulted in improvements to the Annual Performance Report and Regulatory Reporting. An update will be provided within the next Risks, Strengths and Weaknesses exercise (or equivalent) in Autumn 2020 Where relevant improvements are also noted within commentary in this document concerning significant areas for assurance.

South West Water will review the documents we produce and ensure they are as useful as possible for our stakeholders as we enter the new regulatory period (2020-25).

Introduction

During the period covered by this Annual Performance report, South West Water was operating within a larger corporate group context. Pennon Group plc owned Viridor as well as South West Water during the period and the governance framework around this wider group context included a strong focus on ensuring the independence of South West Water from the remainder of the group.

Pennon Group sold Viridor on 8 July 2020. From the date of the sale, the structure of the Pennon Group and South West Water governance framework changed significantly with the continuing group focused solely on South West Water and Pennon Water Services. Sir John Parker, the Chairman of the Pennon and South West Water, the CEO of the Group and managing Director of South West Water will not be seeking re-election on 31 July 2020. In addition, Lord Matthew Taylor and Martin Hagen who have both served on the Board for South West Water for 10 years will also not seek re-election.

Noting the refocus of the Group on South West Water and Pennon Water Services, the Board's internal succession plan has been enacted with the appointment of Susan Davy to CEO and Gill Rider to the role of Chair from the date of the Pennon Group AGM on 31 July 2020. Pennon and South West Water Boards will have consistent Chair and Non-Executive Director memberships in future given the revised focus of the Group.

From the date of the Pennon Group 2020 AGM the other non-executive Directors of the South West Water will be Neil Cooper (as Senior Independent Director of both South West Water and Pennon), Iain Evans (also a non-executive Director of Pennon), Claire Ighodaro (also a non-executive Director of Pennon) and Jon Butterworth (also a non-executive Director of Pennon). Louise Rowe continues as finance Director of South West Water. Paul Boote will be the Finance Director of Pennon but will not be a South Water Director.

The governance framework for the Group will continue to ensure the full independence of the Board of South West Water from any competing interests within Pennon Group. South West Water will continue to be operated as a standalone Company with its own independent Board separate from the remainder of the Group. The new single focus and activity of the Group is now the provision of water to customers and removal of wastewater. Our strict governance around Board leadership and effectiveness, Director independence, with robust and transparent monitoring of those matters, ensures that South West Water will continue to operate within a robust ringfence directed towards its interests alone. The new Chair and all of the Non-Executive Directors are considered to have the appropriate skills and experience in their respective disciplines and personality to bring independent and objective judgement to South West Water Board's deliberations. Rigorous annual Board evaluations are carried out, there is a majority of Independent Directors on the Audit, Remuneration and

Nomination Committees, and the Board is advised and guided by the Company Secretary on ensuring strict compliance with all its governance and Board effectiveness requirements including around conflicts of interest and division of responsibilities.

Through the period covered by this Report, South West Water remained committed to operating its business adhering to the highest standards of corporate governance. We see strong governance as central to the successful management of any company, and the framework for the effective delivery of our own strategy and sustainability objectives.

South West Water is wholly owned by a single company, Pennon Group plc and the Chairman of South West Water (Sir John Parker) was during the year also the Chairman of Pennon Group.

South West Water's Senior Independent Director (Lord Taylor of Goss Moor) was available to stakeholders to address any specific concerns they may have relating to South West Water. He was not a Director of Pennon Group plc.

In addition to the role of Senior Independent Director, South West Water has two further Non-Executive directors, Martin Hagen and Jon Butterworth, who were not directors of Pennon Group. These Directors provide a strong independent voice on the Board and were available to address South West Water's customer and other stakeholders' concerns if required.

Pennon Group plc has a Senior Independent Director (Gill Rider) available to shareholders and other stakeholders and a Non-Executive Director Neil Cooper, both of whom are also Non-Executive Directors of South West Water.

Our governance structure helps ensure we operate effectively and cohesively across the Group with efficient and transparent decision making while preserving the degree of regulatory independence that Ofwat requires for the ringfenced business of South West Water.

In January 2019, Ofwat issued revised 'Board leadership, transparency and governance' principles, which apply from April 2019. The principles consolidate and update the previous Ofwat principles and it is a licence obligation for South West Water and other water companies to meet these principles. They operate in parallel with the Companies Act 2006.

The objectives and provisions covered by these principles are:

- Company purpose, values and culture
- Operating as a standalone regulated company
- Board leadership and transparency
- Board structure and effectiveness.

We have laid out on pages 104 to 106 of the Annual Performance Report and Regulatory Reporting how we complied with these principles and any additional steps we have taken in the year to comply.

Further information on the approach to Group and South West Water governance is included in pages 54 to 72 of South West Water's Annual Report and Financial Statements.

We describe the governance structures and the respective roles of the Board, its Committees and Executive Management on pages 60 and 73 of the Annual Performance Report (APR).

Our Board structure is designed to ensure both independence and efficiency of decision making at all times.

Board independence

All of the Non-Executive Directors were considered by the Board to be independent throughout the year. None of the relationships or circumstances set out in provision 10 of the UK Corporate Governance Code (the UK Code) applied to the Non-Executive Directors listed on page 114 of the APR.

Notwithstanding their directorship of Pennon Group plc, Neil Cooper and Gill Rider are considered to be independent in character and judgement given that they were appointed to the South West Water Board in order to facilitate the Group's revised governance framework, rather than to represent the interests of the shareholder.

Sir John Parker was considered to be independent at the time of his appointment in accordance with provision 9 of the UK Code. At that time, the Board concluded that none of the conditions set out in provision 10 of the UK Code applied to Sir John; although he was appointed to the position of Pennon Group plc on the same date, he was not placed on the South West Water Board by Pennon in order to represent Pennon's interests but rather to help the flow of information and foster an understanding of the issues facing South West Water at Pennon Board level. The operation of the Group's governance framework is underpinned by the dual South West Water/Pennon appointments held by Sir John and other Non-Executive Directors.

All Directors are subject to re-election each year in accordance with provision 18 of the UK Code. At year end, the Board had 25% female representation, which is less than its 33% female representation target. Further details of gender diversity within the Company are described on page 62 of the APR.

All of the Non-Executive Directors were during the year considered to have the appropriate skills, experience in their respective disciplines and personality to bring independent and objective judgement to the Board's deliberations. Their biographies on pages 62 to 64 of the APR and the experience chart on page 70 of the APR demonstrate collectively a broad range of business, financial and other relevant experience.

Lord Matthew Taylor, Martin Hagen, and Jon Butterworth were during the year South West Water Non-Executive Directors. These Directors provided an independent voice and channel for concerns of customers and other stakeholders to be raised if required.

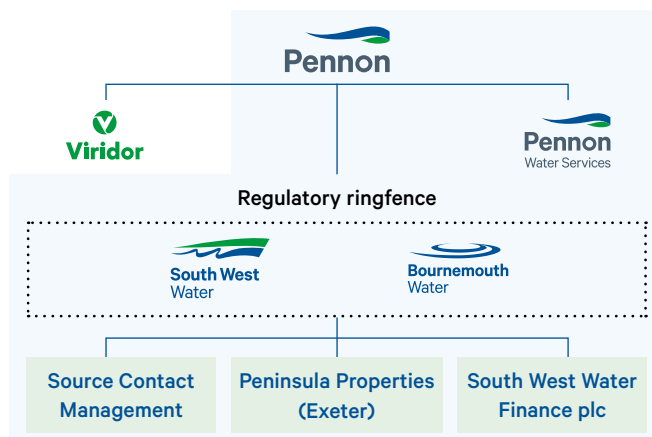
Neil Cooper and Gill Rider were likewise considered to be independent in character and judgement. They were also appointed to the South West Water Board in order to facilitate the Pennon Group's revised governance framework, rather than to represent the interests of the shareholder.

Neil Cooper and Gill Rider are also Non-Executive Directors of our parent entity, Pennon Group plc. In addition, Lord Matthew Taylor and Martin Hagen have both served in excess of nine years on the Board, having both been appointed in 2010. In light of the above circumstances and the possible factors that could impair the individual Directors' independence, the Board undertook a particularly rigorous review of their performance and independence. Furthermore, as part of the external Board evaluation exercise, a review was undertaken of the performance of each individual Director. Following these reviews, the Board can confirm that, based on their participation at meetings and their contribution outside of the boardroom, each of the Non-Executive Directors continued to perform effectively and demonstrate commitment to their roles throughout the year. It is intended that both Lord Matthew Taylor and Martin Hagen will step down from the Board on conclusion of the Annual General Meeting in July 2020.

South West Water's Group context

South West Water Limited is a subsidiary of Pennon Group plc (which is South West Water's immediate and ultimate parent company), a FTSE 100 company, whose principal significant trading subsidiaries during the year are shown below:

Note: this is a summary structure and includes only South West Water's trading subsidiaries. South West Water's subsidiaries are listed in full in South West Water's Annual Report and Financial Statements (note 17, page 151). It is also a structure which shows Viridor as part of the group. As of 8 July 2020, Viridor was no longer part of the group.



Continuing Group visualised in blue box above.

South West Water

South West Water provides regulated water and wastewater services across Cornwall, Devon and parts of Dorset and Somerset, water services in the Bournemouth Water area of operation (covering areas of Dorset, Hampshire and Wiltshire) in addition to a small number of non-appointed services.

South West Water has been providing water services in the Bournemouth Water area since 1 April 2016 when the operations of Bournemouth Water were merged into South West Water. They are now part of the governance systems and processes described in this section of the report, which apply across the whole Company.

The Bournemouth Water brand has been maintained within the Bournemouth Water area and South West Water ensures that Bournemouth Water customers and other stakeholders' interests are appropriately reflected and represented.

A Customer View Group continued to operate in the Bournemouth Water area for 2019/20 but will be merged with the new WaterShare+ customer panel from 2020/21. (see pages 107 to 109 of the APR).

South West Water's subsidiaries

Source Contact Management Limited manages South West Water's billing, collections and customer contact activities.

Peninsula Properties (Exeter) Limited advises South West Water on property development opportunities.

South West Water Finance plc acts as a financing company, raising borrowings for South West Water.

Viridor

During the year Viridor remained part of the group although has since been sold to a third party. Viridor provides waste management services to UK residential and commercial customers including recycling, composting and energy recovery facilities. Pennon Group has now sold Viridor to a third party. The sale completed on 8 July 2020.

Pennon Water Services

Pennon Water Services provides retail services to non-household customers. Whilst part of the wider Pennon Group, South West Water has in place robust policies and practices to ensure full competition compliance with the market codes for the non-household retail market.

South West Water Limited Board of Directors

The South West Water Board of Directors during the year comprised the Chairman (a Non-Executive Director), two Executive Directors, a Senior Independent Director (a Non-Executive Director) and four further Independent Non-Executive Directors.

Since May 2019, Chris Loughlin, the Pennon Group Chief Executive, has assumed the role of South West Water Managing Director.

In addition Susan Davy, Pennon Group Chief Financial Officer, and Iain Evans, who is a Pennon Group Non-Executive Director, attend the South West Water Board. Claire Ighodaro was appointed as a Director of Pennon Group in September 2019, and she also now attends the South West Water Board.¹

At all times during the year, the Board considered the Independent Non-Executive Directors to be independent in accordance with the UK Corporate Governance Code.

The Board believes its Directors have an appropriate range of skills and experience to oversee the business of the Company. The skills of the South West Water Board as constituted during the year are summarised on page 70 of the APR.

All of the Non-Executive Directors were considered to have the appropriate skills and experience in their respective disciplines and personality to bring independent and objective judgement to the Board's deliberations. Their biographies on pages 62 to 64 of the APR and the experience they hold (see chart on page 70 of the APR) demonstrate collectively a broad range of industry, financial and other relevant experience.

¹ Following Pennon's sale of Viridor in July 2020, the structure of the South West Water and Pennon Group plc boards changed significantly. Details of the changes can be found on page 60 of the APR.

South West Water's integrated assurance framework

South West Water's risk and assurance processes are embedded into the management of the Company and are designed to ensure risks are promptly identified, updated on a regular basis and appropriate mitigation is in place to suit the risk appetite. The methodology for identification and mitigation of risk is similar at individual business unit and corporate levels.

South West Water's integrated assurance plan ensures, utilising a risk based approach, that an appropriate balance of varied providers of assurance are deployed dependent on the assessed risk and complexity of assurance requirements. The integrated assurance approach includes:



This risk-based integrated assurance framework is applied to all areas of the business, including all key projects as they arise. The mix of assurance methods used is reviewed by the South West Water Audit Committee, which is responsible for ensuring robust and comprehensive assurance frameworks are in place to support Board assurance and compliance requirements.

In any significant area or projects where assurance is required over submitted data or information, certificates are prepared by those responsible to confirm that the submission is robust and all material issues have been addressed.

Independent internal review is used to ensure that processes are robust and adhered to.

External review and audit processes are utilised whenever significant data is provided by South West Water externally (such as the PR19 business plan, tariffs/charges submissions and Annual Performance Report and Regulatory Reporting). The allocation of assurance work between external providers (including financial and technical auditors) is based upon the content of the data submission and multiple providers of external assurance are frequently engaged on the same project. The professional credentials of the third party assurance providers are considered in detail to ensure they have the relevant knowledge and experience.

Robust feedback processes are established to ensure that issues or queries raised during internal and external assurance processes are followed up to ensure that any changes required or follow up work is completed as appropriate.

In addition to strategic leadership provided by the Board, for significant projects a Steering Group is formed to give direction, monitor project delivery and issue regular updates to the Board. The Board and Audit Committee review and challenge assurance applied in each case under this framework.

For all key projects and data submissions the Board confirm in their opinion that assurance provision, governance and internal systems of control have been sufficient.

PERFORMANCE COMMITMENTS

SIGNIFICANT ASSURANCE AREA 1: PERFORMANCE COMMITMENTS

Why is it significant?

South West Water's and Bournemouth Water's 2015-20 business plans targeted a number of 'performance commitments' to deliver customer and other stakeholder priorities. The commitments were developed following extensive consultation and an assessment of the value customers place on the improvements which influence the amount the Company is allowed to charge customers. Outperformance of some of the commitments results in financial rewards, with penalties for underperformance, through our Outcome Delivery Incentives (ODIs).

2019/20 is the final year of the period placing even greater significance on reported performance, including in respect of its impact upon period long performance measures. Customers and other stakeholders expect the reported performance against these commitments to be robust and have been subject to an appropriate level of assurance, including external third party assurance.

INTEGRATED ASSURANCE FRAMEWORK ELEMENTS UTILISED

1st line

- Ongoing performance reviews and monthly reporting within teams and senior management, including formal Executive ODI Group
- Departmental certification and 'sign off' of submitted data
- Process and culture formed on quality

2nd line

- Risk and Compliance internal audits

3rd line

- Pennon Group Independent Internal Audits
- Jacobs technical auditors (and EY for financial data performance commitments)
- SGS ISO auditors, including ISO9001:2015 (Quality), ISO14001:2015 (Environmental) and ISO50001:2011 (Energy) certifications.

PERFORMANCE COMMITMENTS CONTINUED

ASSURANCE PERFORMED

The performance commitment data is initially provided alongside a methodology explaining how the data is collated and a narrative commentary written by the relevant departments within South West Water. This follows departmental reviews and sense checks and explicit management sign off of the data.

All of the performance commitment data is subject to a mixture of assurance provided by a combination of the internal Risk and Compliance team, Pennon Group Internal Audit and the external technical auditor, Jacobs (and where performance commitments relate to financial data, the financial auditor, EY). The level and extent of assurance applied to each performance commitment is determined by a risk assessment of how prone each reported commitment may be to error, and any assurance already performed upon the data.

South West Water's data owners (including all ODI data owners), senior managers responsible for data and the Company's Directors attended a launch event for the external technical non-financial data audits relating to annual reporting and the business planning process. A risk assessment was performed a risk assessment of each set of data to determine the level of external audit work required. This was against a set of objective criteria (such as whether there are other external verifications in place) as well as agreed subjective criteria (such as complexity of the data).

The results of these assessments influenced the level of audit required, however at a minimum all ODI data was subject to a thorough independent external audit for each of:

- the methodology used to obtain and compile the data from source;
- the ODI data reported for 2019/20 and compliance with the methodology to obtain and compile the data; and
- the commentary explaining the performance for the year (including that included in the Annual Performance Report and Summary Performance Report).

Following the audit and follow up actions, management, including directors signed off the final position and commentary. The technical auditor also confirmed to the Board that audit actions have been resolved prior to the Board 'sign off' of the Annual Performance Report and the Summary Performance Report.

Audits of the non-financial data were completed in advance of publication of any of South West Water's annual reporting and in advance of the publication of Pennon Group plc's Annual Report to ensure that any data published in each of these reports was in line with audited data.

The risk assessments performed and results of Jacobs' and EY's external audits are being considered by South West Water and will further influence both the internal and external audit programme during 2020/21.

RESULTS OF ASSURANCE PERFORMED

All internal departmental and central verification was completed and signed off by those responsible for the data. Jacobs and EY have not identified any material issues with the ODI reporting methodologies or the resultant ODI data published in the Annual Performance Report and in the Summary Performance Reports.

Between the two auditors, they completed audits of all ODI data as well as other financial and non-financial data reported in South West Water's annual reporting. Jacobs' and EY's audit reports are published on pages 130 to 134 of the Annual Performance Report.

ANNUAL REGULATORY REPORTING

SIGNIFICANT ASSURANCE AREA 2: ANNUAL REGULATORY DATA (OTHER THAN 2020 PERFORMANCE COMMITMENTS)

Why is it significant?

Regulatory Reporting (including price control, additional segmental reporting and other regulatory information such as cost assessment tables) which is published alongside the Annual Performance Report is an annual requirement of our regulator, Ofwat. It is included within South West Water's Annual Performance Report and Regulatory Reporting document.

It is prepared in accordance with Ofwat's Regulatory Accounting Guidelines (RAGs), which ensures the Regulatory Reporting is prepared in a consistent manner across all water companies. In the 2020 Annual Performance Report, South West Water has again provided a detailed section of performance in line with the consistency performance measures which will form the basis for many of the performance commitments across the 2020-25 period. This section, complementing regulatory table 3S, is designed to help bridge the gap between 2015-20 and 2020-25 measures, demonstrating the continuation of improvement to services.

INTEGRATED ASSURANCE FRAMEWORK ELEMENTS UTILISED

1st line

- Delegated Manager Review of submitted data
- Published Board sign-off of Regulatory Reporting

2nd line

- Verification of data included within the Regulatory Reporting

3rd line

- EY audit of sections 1 and 2
- EY and Jacobs assurance procedures on sections 3 and 4.
- Technical auditor assurance on information submitted to discoverwater.co.uk
- SGS ISO auditors, including ISO9001 (Quality) and ISO14001 (Environmental) certifications.

ASSURANCE PERFORMED

All tables within the Regulatory Reporting section were subject to audit procedures or other assurance procedures performed by South West Water's statutory financial auditor EY, or the Company's technical auditor, Jacobs.

EY performed an audit on sections 1 and 2 of the Regulatory Reporting. These sections include baseline level of historical cost financial information aligned to price controls and further disaggregation of revenue and costs which allow stakeholders to review Company performance against the Final Determination. EY presented an unmodified audit opinion on the fair presentation of these sections of the Regulatory Reporting and that they have been properly prepared.

Section 3 of the Regulatory Reporting, includes tables 3A, 3B and 3D and covers current performance commitments, which are discussed on pages 09 and 10. (Table 3C is not relevant to South West Water). Table 3S and an additional section of the report produced by South West Water covers shadow reporting of consistency measures. In line with the risk assessment process this has been assessed as requiring an enhanced level of assurance, and procedures performed by the technical auditor were extended.

Section 4 of the Regulatory Reporting contains additional financial and non-financial information, including 'cost assessment' tables. There is no specific requirement that this information is externally assured, however this section of the report contains a significant amount of financial and non-financial information and metrics which we feel is likely to be of interest and used by various stakeholders of South West Water. We have therefore agreed a set of assurance procedures with the statutory auditor EY and the technical auditor Jacobs to ensure that the information is assured to a similar level as our performance commitments and can be relied upon by stakeholders.

Responsibilities for completing tables and associated commentaries to be shown alongside the tables are delegated to the relevant management team within South West Water. A thorough internal verification of the information reported is performed within the relevant teams overseen by the Risk and Compliance team. The completed tables and associated commentary is provided to the auditors and all of the relevant management are made available to the auditors. In line with statutory requirements, the Board reviews and approves this and publishes a sign-off alongside the Regulatory Reporting.

In line with statutory requirements, the Board has also provided a published statement, formally signing off the Regulatory Reporting.

Jacobs provided additional specific assurance reviews of data included in our submission to discoverwater.co.uk.

RESULTS OF ASSURANCE PERFORMED

We have included reports and summaries of external assurance work completed within the Annual Performance Report and Regulatory Reporting (APR) (pages 130 to 134).

EY presented their audit opinion on the fair presentation of sections 1 and 2 of the Regulatory Reporting and that they have been properly prepared (see page 130 to 131 of the APR).

A summary has been provided on pages 132 to 134 of the APR of the results of Jacobs' assurance procedures and EY's agreed-upon-procedures work. Neither EY, nor Jacobs identified any material issues with the South West Water's Annual Performance Report and Regulatory Reporting and Jacobs noted that high standards had been maintained in internal processes during the year.

Internal verifications and sign-offs were appropriately completed with no issues arising.

Further, Jacobs has provided a memorandum summarising their additional work in respect of the data submitted for discoverwater.co.uk. These memorandums have been published on the South West Water website and do not identify any material issues.

ANNUAL REPORT AND FINANCIAL STATEMENTS

SIGNIFICANT ASSURANCE AREA 3: ANNUAL REPORT AND FINANCIAL STATEMENTS

Why is it significant?

The Annual Report and Financial Statements provide financial and other information about the Company's activities during the year in accordance with International Financial Reporting Standards and the Companies Act 2006. This makes the format and basis of preparation of the information consistent with annual reporting of all other large UK companies.

In line with Ofwat's requirements on Board transparency and leadership, South West Water has also committed voluntarily to apply the UK Corporate Governance Code 2018 in preparing its annual report to the extent it can in the context of being a subsidiary company of a quoted company.

INTEGRATED ASSURANCE FRAMEWORK ELEMENTS UTILISED

1st line

- Extensive management oversight

2nd line

- Verification programme
- Monthly review of financial performance and position by the Board

3rd line

- Pennon Group Internal Audit - programme includes regular audits of financial systems, processes and internal controls
- Statutory External Audit - performed by EY and overseen by the Audit Committee.

ASSURANCE PERFORMED

The Annual Report and Financial Statements were subject to an extensive programme of internal and external assurance. South West Water's financial processes and procedures are rigorous, robust and subject to extensive management scrutiny and internal review as well as being an integral component of the independent Group Internal Audit plan.

South West Water's Executive Management and Statutory Boards review the Company's financial position and performance on a monthly basis, and there is a thorough process of validation to ensure that annual and monthly financial reporting is in line with the underlying financial systems and transactions.

Our external auditor, EY, audited the annual report and financial statements. Their audit plan was reviewed by the Audit Committee, who are actively engaged with the external auditor. The Audit Committee has policies in place to ensure that the external auditor acts independently and effectively - for example the external auditor is not used for non-audit services, except where the fees are not material and the external auditor is best placed to provide those services.

Although South West Water is not a listed company itself, the Company has decided to comply with the principles of the UK Corporate Governance Code so far as it is possible in the context of being a subsidiary of a listed company (Pennon Group plc). These principles set out standards of good practice in relation to board leadership and effectiveness, remuneration, accountability and relations with shareholders. They also cover governance in respect of the Audit Committee and audit services. A review was performed to ensure the new 2018 version of the Code is properly reflected in our 2020 reporting.

The Board also made a statement to confirm it considers the document 'fair, balanced and understandable.' This statement was made following an extensive verification process undertaken in conjunction with the preparation of the document in addition to a review undertaken by the statutory external auditor, EY.

RESULTS OF ASSURANCE PERFORMED

EY provided an unmodified, unqualified opinion on South West Water's Annual Report and Financial Statements.

All internal verifications and sign-offs have been completed and internal audit outcomes did not identify any material control weaknesses. The Board has signed off the Annual Report and Financial Statements and are satisfied that the report is 'Fair, balanced and understandable.'

THE SUMMARY PERFORMANCE REPORTS AND SUMMARY ASSURANCE REPORT

SIGNIFICANT ASSURANCE AREA 4: THE SUMMARY PERFORMANCE REPORTS AND SUMMARY ASSURANCE REPORT

Why is it significant?

We are publishing our fourth set of Summary Assurance Report and Summary Performance Reports. This followed engagement with customers and other stakeholders, which identified them as important complementary documents to the more comprehensive Annual Performance Report and Regulatory Reporting.

The Summary Performance Reports (one for each of the original South West Water and Bournemouth Water areas) are short summaries of our performance which are designed to be user friendly and engaging, focusing on key headlines and performance.

We want the Summary Performance Reports to be useful to customers and increase our already strong levels of customer engagement and as such believe it is vital the document is as rigorously assured as the comprehensive Annual Performance Report and Regulatory Reporting (noting that the documents should be an unbiased summary of data which has been assured for inclusion in the more comprehensive report).

The Summary Assurance Report aims to ensure that stakeholders can gain an understanding of the assurance which has been performed upon the annual reporting as well as on other data and information published by South West Water. This Summary Assurance Report is an important follow up to the Assurance Plan and it is important that it is a fair, unbiased and accurate summary of assurance performed.

INTEGRATED ASSURANCE FRAMEWORK ELEMENTS UTILISED

1st line

- Compilation of Summary Performance Report using only assured data from the full Annual Performance Report and Regulatory Reporting

2nd line

- Verification of data and information within the report to the comprehensive report

3rd line

- Technical auditor review of document for unbiased nature of compilation from full reporting
- EY review of accuracy and summary of their assurance work
- Dialogue between EY and Jacobs to confirm respective audit scope and audited data.

THE SUMMARY PERFORMANCE REPORTS AND SUMMARY ASSURANCE REPORT CONTINUED

ASSURANCE PERFORMED

Summary Performance Reports

We acknowledge that as these shorter documents are published outside of a statutory requirement, with no formal assurance requirements, there is a risk that the document could be produced in a biased manner. If it were produced in this way the value to stakeholders would be greatly diminished. To ensure this is not the case the document:

- includes a page showing the performance for the year against all of South West Water's performance commitments
- only include data and information shown in the Company's Annual Performance Report and Regulatory Reporting which has been subject to the rigorous assurance described on pages 10 and 11
- include balanced commentaries against both South West Water and Bournemouth Water areas
- all Company data within the reports has been fully verified by the Company's technical auditor.

Summary Assurance Report

Our technical auditors has read and reviewed this report to ensure that their work has not been misrepresented. Jacobs' report includes consideration of any bias included within the report.

Following publication of these reports, we will again seek feedback from customers including the WaterShare Panel and Customer View Group to ensure the documents are as 'user friendly' as possible.

RESULTS OF ASSURANCE PERFORMED

Internal verification has confirmed that all data included within the Summary Performance Report is included within the Annual Performance Report and Regulatory Reporting which has been subject to the rigorous assurance procedures described in this report.

Jacobs has also not reported any issues in this regard in its Assurance Report.

EY and Jacobs have read and reviewed both reports. No issues were identified regarding bias within the Summary Performance Reports nor with the Summary Assurance Report.

PERIODIC REVIEW 2019 (PR19)

SIGNIFICANT ASSURANCE AREA 5: PERIODIC REVIEW 2019 (PR19)

Why is it significant?

PR19 sets the framework for the services South West Water delivers and the prices it is able to charge during the 2020-25 period. South West Water submitted its business plan to Ofwat on 3 September 2018, which Ofwat assessed, tested and challenged. The plan was awarded 'fast track' status providing early planning certainty for the company and its customers.

Following a series of follow up queries and responses, Ofwat published its Final Determination in December 2019, and this was accepted by South West Water.

South West Water has used the early planning certainty to implement changes necessary to procedures to ensure the plan is delivered.

INTEGRATED ASSURANCE FRAMEWORK ELEMENTS UTILISED

1st line

- Rigorous project management approach
- Monthly reporting to Board level project steering group
- Director review of query responses

2nd line

- Independent central review of query responses
- Internal assurance

3rd line

- Pennon Group Internal Audit
- Jacobs audit and challenge of technical data including 2019/20 performance and early planning/implementation
- Other specific external assurance commissioned as deemed appropriate
- External Customer Panel oversight.

ASSURANCE PERFORMED

The PR19 business planning process is an extensive programme, which has used many levels (including both internal and external assurance) of our Integrated Assurance Framework. Our 2018/19 Assurance Plan and 2018/19 Summary Assurance Report detail the plans and results of the assurance in respect of the submitted business plan.

In responding to follow-up queries and information requests, the Company has aimed to provide accurate and detailed responses in as efficient a manner as possible. A central review of all responses prior to a Director review has been provided for all responses. Additional internal and external assurance has been obtained on a case by case basis depending on the nature of the query.

Executive Level committees were established to oversee the implementation of the plan and in particular, during 2019/20, the implementation of strategy and changes required to ensure the plan is delivered and the Board continue to oversee and challenge delivery.

Pennon Group Internal Audit has performed an audit in respect of preparedness for the 2020-25 in a number of higher risk, important performance commitment areas and Jacobs has also considered data in respect progress in delivery ahead of 2020-25 consistency targets.

RESULTS OF ASSURANCE PERFORMED

The plan was fast-tracked by Ofwat, providing early planning certainty for the company and its customers. South West Water is the only water company to have achieved this status for two consecutive price reviews.

South West Water accepted the Final Determination following responses to queries it provided.

The WaterFuture Customer Panel (South West Water) and Customer View Group (Bournemouth Water) monitored progress in respect of PR19 and appointed Deloitte as their independent report writer to assist them in producing their report to Ofwat alongside the Company's submission of its Business Plan for 2020-25.

Pennon Group Internal Audit findings are being actioned where they were raised, where key performance commitment target areas were audited.

HEALTH, SAFETY AND WELLBEING

SIGNIFICANT ASSURANCE AREA 6: HEALTH, SAFETY AND WELLBEING

Why is it significant?

Within South West Water, we are committed to providing a place of work free from harm, by preventing injury and ill health, where everyone goes home safe every day. The health and safety of our employees and all company stakeholders comes first. We aim to do everything safely and responsibly, or not at all – regardless of what the task is or who has asked us to do it.

In 2017, a new Group-wide vision and strategy for health and safety, called 'HomeSafe' was launched. HomeSafe is designed to: standardise our approach to health and safety across the Pennon Group, so we only have one way of doing things; establish clear and simple processes, procedures and rules that govern how we should all act and work in order to get home safe; and, most importantly, reinforce our existing positive attitude and behaviours to health and safety.

In recognising its importance, health, safety and wellbeing has been added to South West Water's Assurance Plan as a 'significant area for assurance'. With the implementation of the Group's HomeSafe programme the Company has committed to reducing its Lost Time Injury Frequency Rate (LTIFR) to 0.50 by 2025 as well as reducing the number of RIDDOR incidents.

INTEGRATED ASSURANCE FRAMEWORK ELEMENTS UTILISED

1st line: Ongoing performance reviews and monthly reporting within teams and senior management

- Departmental certification and 'sign off' of submitted data
- Monthly reporting to Board level
- Certification by business units and Board of all submissions

2nd line: Internal assurance

- HSSA team
- Senior Management site safety visits

3rd line: Regulatory inspection

- Pennon Group Internal Audit oversight
- Pennon Serious Incident Review Panel
- Annual technical data audits.

ASSURANCE PERFORMED

South West Water has an established programme of health and safety Director and Senior Management visits across its operational sites, which are supplemented by a Group-wide Health, Safety, and Security Assurance (HSSA) Plan performed by the HSSA Team. This Plan is aligned with the requirements of the ISO 45001:2018 Occupational Health and Safety standard. The Plan is risk and theme based with targeted assurance of both legal and systems compliance, and with strong linkage to the HomeSafe delivery programme.

The enhanced data set designed to provide better data and management information is subject to a specific annual technical audit, provided by the Company's technical auditors, Jacobs. This audit considered data including LTIFR¹ and RIDDOR² performance.

RESULTS OF ASSURANCE PERFORMED

Results of internal health and safety audits have been reported to the Executive and the Audit Committee and improvements have been implemented where opportunities for them have been identified. No issues were raised impacting the quality of data reported in respect of health and safety.

The LTIFR across the Company has reduced and this along with RIDDOR information was audited as part of the Company's technical audits with no issues identified.

1. A lost time injury is defined as any work-related injury that results in a person being unfit for work on any day beyond the day of the incident. Lost time injuries are expressed as a frequency rate (LTIFR) per 200,000 working hours.
2. Reporting of Injuries, Diseases and Dangerous Occurrences Regulations. RIDDOR puts duties on employers, the self-employed and people in control of work premises (the Responsible Person) to report certain serious workplace accidents, occupational diseases and specified dangerous occurrences (near misses).

TARIFFS AND CHARGES

SIGNIFICANT ASSURANCE AREA 7: TARIFFS AND CHARGES

Background

The bills paid by our domestic customers and the wholesale charges paid by non-household customers in our areas are determined by the tariffs and charges published in January and February each year.

These tariffs and charges are set in line with the Company's business plan and a number of other constraints, including a pledge that the price differential between our two operational areas following the merger will be maintained. The tariffs are also designed to be cost reflective of the differing wholesale and retail services provided.

It is important that the customers can have confidence that the bills which they receive reflect the published charges schemes and that those charges schemes have been through a sufficiently rigorous assurance process to ensure the constraints have been met.

During the year, South West Water planned for and published wholesale, end user household, developer services as well as New Applicant and Variation tariffs and charges for 2020/21. As these are or the first year of a new regulatory period with additional new requirements, there was additional extensive preparation and modelling performed.

ASSURANCE PERFORMED

The Company meets with representative customer groups throughout the year to ensure that the structure of South West Water's charges remains the most appropriate for customers in our areas. The calculation of the tariffs and charges within this structure, which comply with the constraints in place, is led by the Company's Regulatory Directorate utilising a model developed by an external specialist.

Internally there is a process of sign off for all variable inputs into the model and for forecasts and expert judgements used.

KPMG performed a set of procedures mutually agreed between South West Water and KPMG, reflective of risks which may result in tariffs and charges not meeting the constraints discussed above.

KPMG focused on:

- identifying whether inputs to South West Water's model agree to underlying sources
- replicating key calculations to ensure the model is operating correctly
- checking that the tariffs and charges comply with key constraints and guidelines
- checking that the revenues and margins from the model outputs are in line with the approved business plan.

In addition for 2019/20, KPMG are providing additional procedures assuring the externally developed 2020-25 model.

External assurance was supplemented by internal procedures.

The Board signs an explicit Statement of Assurance alongside publication of the charges schemes in January and February each year confirming, amongst other things, that in the Board's opinion the Company's processes and internal systems of control ensure that the data and information contained in the Charges Schemes meet the Company's obligations.

RESULTS OF ASSURANCE PERFORMED

KPMG performed the agreed-upon-procedures and reported to the South West Water Board. KPMG confirmed that there were 'no issues identified that would present concerns that would represent material risk of the tariffs being non-compliant'.

KPMG did again however note recommendations where some refinement of calculations was possible and improvements to process. None of the recommendations identified by KPMG were deemed to be a potential or likely 'compliance problem.' All of these recommendations are being considered and will be addressed prior to the 2021/22 tariff setting process.

The Board signed the Statement of Assurance, which has been published on the South West Water and Bournemouth Water websites.

THE GOVERNMENT £50 CONTRIBUTION

SIGNIFICANT ASSURANCE AREA 8: THE GOVERNMENT £50 CONTRIBUTION

Why is it significant?

South West Water domestic customers in the original South West Water area have been receiving an annual £50 contribution towards their bill from central UK Government since April 2013. South West Water receives the contribution from the Government and the contribution is directly passed onto customers by South West Water in the form of a £50 discount on customers bills (pro-rated for bills relating to periods of less than a year).

The scheme will continue during 2020/21. South West Water receives no financial benefit from the payment and it is important that customers and Government can have confidence that the whole reduction reaches customers and that the contribution is claimed only for eligible customers.

ASSURANCE PERFORMED

The £50 contribution is automatically applied to all domestic customer bills within our billing system (this is pro-rated, where bills reflect a period of less than a year).

At the commencement of the £50 contribution scheme, South West Water performed a review of all customers' account classifications (as domestic or business) to ensure that everyone entitled to receive the contribution did so and equally that the Government Contribution is only received by those customers the Government has defined as eligible.

South West Water's domestic retail function has a specific compliance team overseeing the billing system and matters relating to Customer Service. The Pennon Group Internal Audit also perform a cyclical annual audit of our billing systems.

South West Water and the Department for Environment, Food and Rural Affairs (DEFRA) have engaged PwC to perform a quarterly audit of the scheme. This audit includes PwC reviewing a sample of payments made to ensure that they have been correctly applied and that the classification of accounts within South West Water's systems remains appropriate.

RESULTS OF ASSURANCE PERFORMED

Results of internal and external assurance have not identified any material concerns surrounding the £50 contribution scheme and PwC has completed its quarterly audits on schedule throughout the year.

PwC's quarterly audits occasionally identify a very small number of properties which are incorrectly classified as eligible or ineligible. This can occur for example where the usage of a property has changed. This can be complex in certain circumstances, for example where there is mixed use of a property, potentially changing during the year such as a seasonal Bed and Breakfast property.

ACTIONS WE COMMITTED TO FOLLOWING THE RISKS, STRENGTHS AND WEAKNESSES ENGAGEMENT

SIGNIFICANT ASSURANCE AREA 9: RISKS, STRENGTHS AND WEAKNESSES

As described on page 02, we published our statement of 'Risks, Strengths and Weaknesses' and committed to actions to address risks and weaknesses in our data and information provision as identified by our customers and other stakeholders. As these commitments have been identified to address priority areas identified by customers and other stakeholders, we have again determined it important to include these actions as a significant assurance area.

SPECIFIC ASSURANCE PLAN - REPORTING OF OUTCOME DELIVERY INCENTIVES (ODIS) PERFORMANCE

See significant assurance area 1.

SPECIFIC ASSURANCE PLAN - REPORTING OF THE WATERSHARE SCORECARD

We have committed to further developing communications with customers to ensure clarity on the benefits of the WaterShare mechanism by September 2020 and will review progress during the 2020 Risks, Strengths and Weaknesses process.

SPECIFIC ASSURANCE PLAN - CUSTOMER UNDERSTANDING OF REPORTING UNDER THE CONSISTENCY MEASURE METHODOLOGIES

South West Water provided additional disclosures in the 2020 Annual Performance Report in line with 2020-25 consistency measure methodologies. We have emphasised that there is no change to service as a result of this. Jacobs have reviewed the consistency measures in their technical audit. (see also significant assurance area 2).

SPECIFIC ASSURANCE PLAN - COMMUNICATION TO CUSTOMERS REGARDING REGULATORY REFORM AND MARKETS

Markets such as new appointments and variations (NAV) are relatively new markets, which whilst we do currently actively engage with customers in, given the risk of any new market, we have committed by September 2020 to ensuring that we are providing information to customers active in the markets to enable them to work effectively. Given the timing of the updates, we will reflect on performance through customer consultation during the 2020 Risks, Strengths and Weaknesses process.

SPECIFIC ASSURANCE PLAN - OUR WEBSITES

We have committed to develop the Bournemouth Water website to meet future needs and expectations of customers by September 2020. Given the timing of the updates, we will reflect on performance through customer consultation during the 2020 Risks, Strengths and Weaknesses process.

SPECIFIC ASSURANCE PLAN - CUSTOMER AWARENESS OF INFORMATION PUBLISHED

Following feedback received from customers, we will develop our communications around publication of documents so that they are aware of what is available. Given the timing of the updates, we will reflect on performance through customer consultation during the 2020 Risks, Strengths and Weaknesses process.

SIGNIFICANT ASSURANCE AREA 9: RISKS, STRENGTHS AND WEAKNESSES

1ST LINE

- Management and Board review

2ND LINE

- WaterShare panel feedback and testing (where appropriate)
- Customer testing and feedback

3RD LINE

- Jacobs review

ONGOING ISO ASSURANCE – CONTINUAL IMPROVEMENT

South West Water seeks to continually improve in all areas of its operations. All of the performance commitments within the 2015-20 business plan are aimed at improving performance across the period or for continued excellent performance where high levels are already achieved. These performance commitments are all in customer priority areas.

Wherever possible South West Water uses the results of assurance work performed to drive continual improvement and actively seeks the opinions of internal and external assurance providers concerning improvements that can be made.

South West Water operates an Integrated Management System. Individual accreditations and certifications are therefore not managed in isolation, rather South West Water's systems comprise sets of policies and procedures to ensure that South West Water meets customer and stakeholder requirements such as the identified performance commitments which are customer priorities including priorities in respect of quality, energy, environment (including flow monitoring requirements), information security and sampling.

These systems are at the heart of what we do to ensure we are providing a continually improving quality service.

The below summarises the standards we are currently certified and accredited against and the assurance work performed during the year. Each refers to all areas of our business, including both the South West of England and the Bournemouth area unless otherwise stated.

ISO 9001 – QUALITY MANAGEMENT SYSTEMS

We have proudly been certified in line with ISO 9001 since 2003.

SGS performed continued external audits in respect of ISO 9001:2015. No major issues or minor issues were noted.

A number of areas for potential improvement in line with examples of best practice (either within the Company or elsewhere) were identified including improvements to sharing of ISO 9001 (and ISO 14001) internal audit findings throughout the Company, review of some system documentation and formalisation of certain risk procedures. Each potential improvement has either been or is being implemented.

Internally an extensive programme of internal audits led by the Company's Risk and Compliance team is performed, with all larger operational sites and head office functions audited on a cyclical basis as well as a sample of smaller operational sites.

ISO 14001 ENVIRONMENTAL MANAGEMENT SYSTEMS (AND THE ENVIRONMENTAL PERMITTING REGULATIONS)

SGS performed an external audit in respect of ISO 14001:2015 following our upgrade to the 2015 update to ISO 9001 in July 2017, again well ahead of the requirement to transition to this standard.

It was noted that some newer 'F gas' systems had not been incorporated into the annual maintenance programme - this has now been addressed. Some further minor matters were reported to South West Water, which have subsequently been addressed. The Risk and Compliance team perform an extensive programme of internal audits.



ISO 50001 – ENERGY MANAGEMENT SYSTEMS

In November 2015 we became certified against ISO 50001:2011.

The certification is in line with our attempts to deliver best practices in our management of energy. Energy is integral within our business plan and there are energy related performance commitments in place for each of the original South West Water and Bournemouth Water areas.

Internal energy audits have been performed during the year by both energy specialists and independent trained energy auditors.

An external ISO surveillance audit was performed during the year by SGS, and the Company maintained its certification.



ISO 27001 – INFORMATION SECURITY MANAGEMENT

South West Water's corporate network at head office sites has been certified in accordance with ISO27001 since 2009 and is currently certified against the 2013 version of the standard.

The scope covers the secure management of customer and company information and the physical and logical security of corporate IT infrastructure and application services.

South West Water have a dedicated Information Security team and there is an internal audit programme in place performed by specialists from within the Information Security team, which is supplemented by assurance commissioned from external sources, in particular covering higher risk areas.

Formal external audit is performed by SGS, and an external ISO surveillance audit was performed during the year by SGS, with no significant issues noted.



ISO 17025 – SAMPLING

South West Water's laboratories perform sampling, including for:

- South West Water's drinking water supply and treated waste water
- on a commercial basis to third parties.

The scope of South West Water's certification includes both procedures within our laboratories and on site sampling. A programme of internal and external audits (by UKAS) is performed and no significant issues have been identified during the year.

MCERTS SELF-MONITORING OF FLOW

South West Water has more than 200 wastewater sites which have a flow monitoring requirement in their permit, which requires the sites to comply with the MCERTS scheme in order to fulfil environmental responsibilities. At the end of the 2019/20 various improvements were identified that were required in order to meet the MCERTs standards necessary for certification of our water and wastewater discharge permits. We have established an Executive led programme team to oversee the delivery of all of the necessary improvements and actions required to meet these requirements.

We have established an Executive led programme team to oversee the delivery of all of the necessary improvements and actions required to meet these requirements and achieve MCERTS recertification in August 2020.

In line with our 2020-25 Business Plan and our customers' priorities, South West Water is now working towards certification in line with BS 18477:2010 'Inclusive service provision. Requirements for identifying and responding to consumer vulnerability.' A gap analysis has been performed and the Company is addressing matters identified.



**South West
Water**



**Bournemouth
Water**

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