

Hafren Dyfrdwy

Strategic Direction
Statement to 2050

Our Strategic Direction Statement

**RHAGOROL O'R TAP
WONDERFUL ON TAP**

**HAFREN
DYFRDWY**

severn dee

Welcome from James, our Managing Director

Croeso gan James, ein Rheolwr Gyfarwyddwr

I'm delighted to be able to introduce our first-ever Strategic Direction Statement for Hafren Dyfrdwy, covering the period through to 2050. We're a proud local company, serving over 100,000 households and businesses across our communities in Mid and North Wales. We are really proud of being a custodian of such a valued Welsh asset, such as some of its water.

We know having a clear strategic direction is key as we seek a more sustainable path for our company and plan how to best respond to the future opportunities and challenges that the next thirty years presents. This will allow us to continue to support our current and future, local customers in the best way.

Our strategic direction has been shaped by a number of key factors:

- Maximising our contribution to our local customers, businesses and communities;
- Balancing the need for investment and affordability of our bills;

- Playing our part in mitigating and responding to the climate and nature emergencies;
- Our focus on taking a lead in protecting and enhancing our rich, natural environment;
- Delivering for Wales' "Well-being of Future Generations Act" and planning in the context of government policy and guidance; and
- Working collaboratively with regulators, government, local bodies and companies in our sector in Wales.

We set out our future priorities in this document, not just so that we can be a leading, community focused water and wastewater company, but also so we can make a meaningful and positive environmental and social difference, not only to our local region, but to Wales as a whole.



James Jesic
Managing Director

A handwritten signature in black ink that reads "James Jesic".

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Development of our future priorities

Our Strategic Direction Statement sets out our long-term priorities based on our view of future trends and the areas of importance to all of our stakeholders. Delivering our priorities requires a long-term perspective, increased emphasis on innovation and collaboration, and a progressive regulatory environment.

Key trends

- Changing demographic of our population.
- Evolving customer expectations and attitudes.
- Economic, structural and regulatory changes.
- Mounting concerns over damage to the environment.
- Greater impact and experiences of climate change.
- Adoption of emerging solutions to decarbonise.

Biggest challenges

- Demographic change will influence future demand for water.
- Climate change will reduce water availability and exacerbate peak demand.
- More extreme weather will increase the risk of flooding.
- The link between a healthy environment and climate change will drive a shift in attitude.
- Combating climate change will lead to more policy interventions.
- The investment required will impact customer bills and affect affordability for some.

Future priorities

- Guarantee future water supplies.
- Ensure water is used more wisely.
- Deliver a high quality, affordable service.
- Lower the risk of flooding and pollution.
- Protect and enhance our environment.
- Make a positive social difference.
- Maintain a safe, inclusive and fair workplace.

1. Introduction - Our Purpose and Values



About us

One of the **eleven** regulated water and wastewater companies in **England and Wales**.

Supplying around **61 million litres** of clean drinking water every day.

Average bill of less than **£1 a day**, the lowest in Wales (and England).

Serving over **100,000 households** and businesses.

Removing **over 18 million litres** of sewage and wastewater every day.

Our region includes **Lake Vyrnwy**, which we aim to become a leader in land management and biodiversity.

Maintaining over **3,000km** of water mains and sewers.

Enhancing biodiversity through new **catchment management initiatives**.

Employing over **130** skilled and dedicated employees.

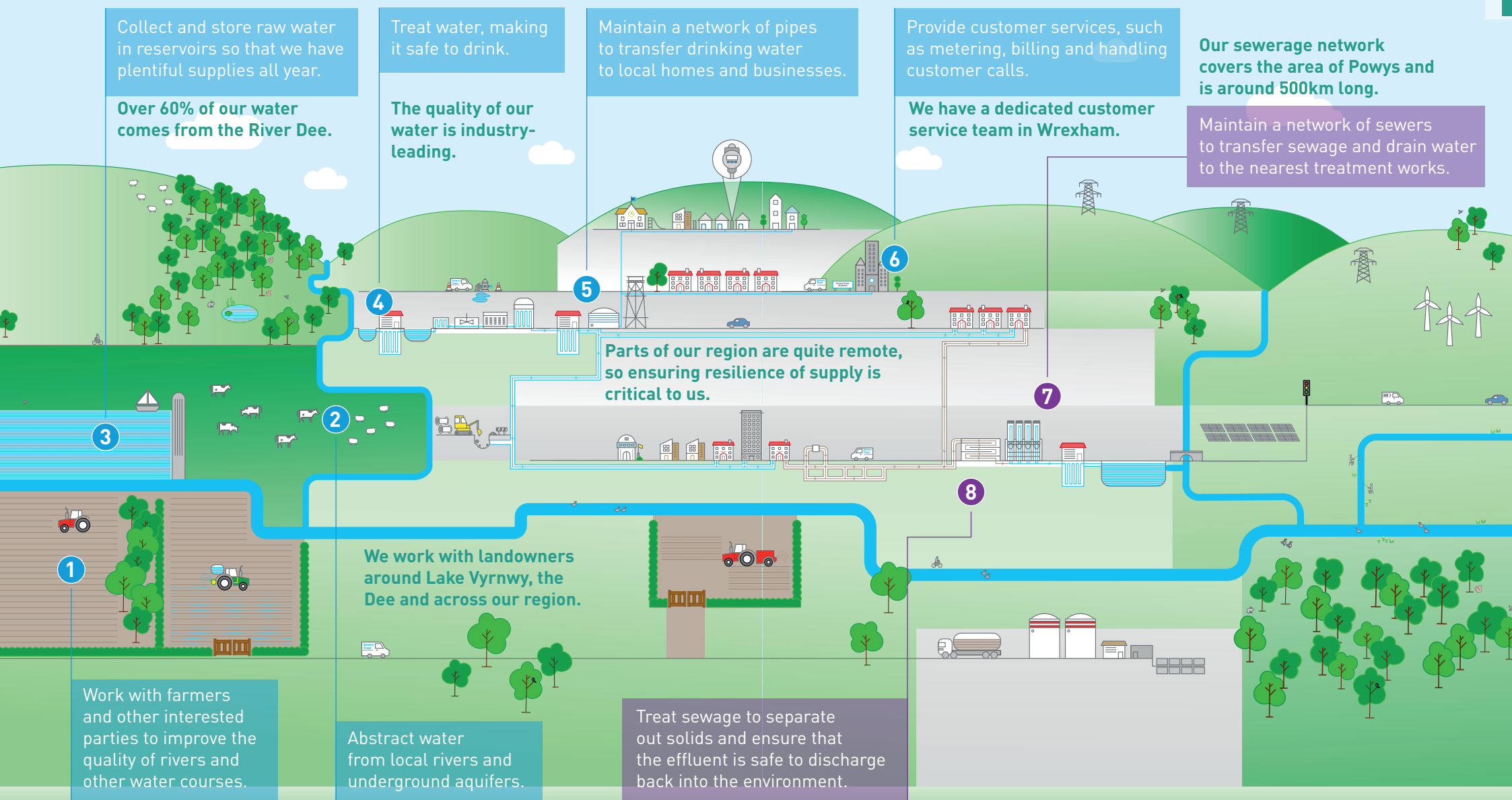
Hafren Dyfrdwy was launched in 2018, and is a local company based in Mid and North Wales.

Our enduring focus is on delivering for our customers in Wales, both now and for generations to come.



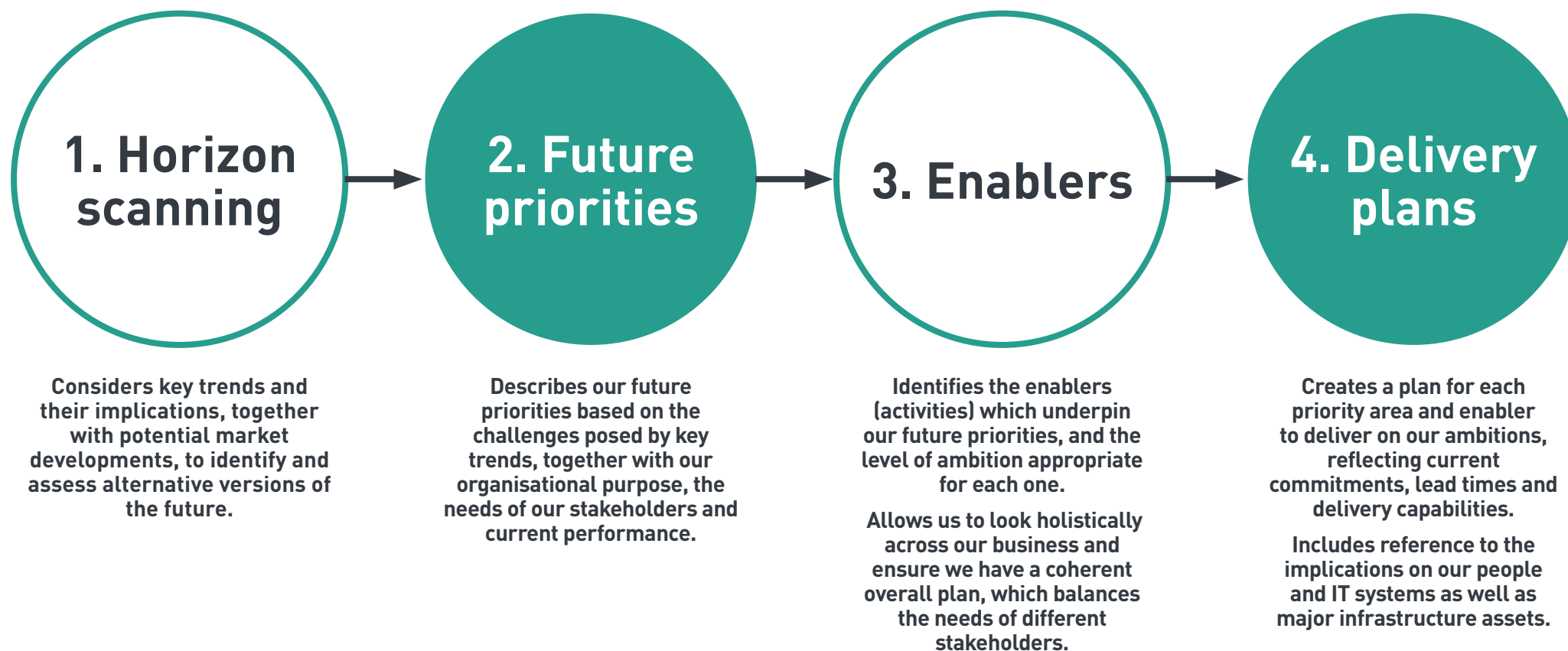
What we do

From providing clean water every time our customers turn on the tap to returning it to rivers even cleaner than we took it. **We are proud to take care of one of life's essentials.**



How we plan for the long-term

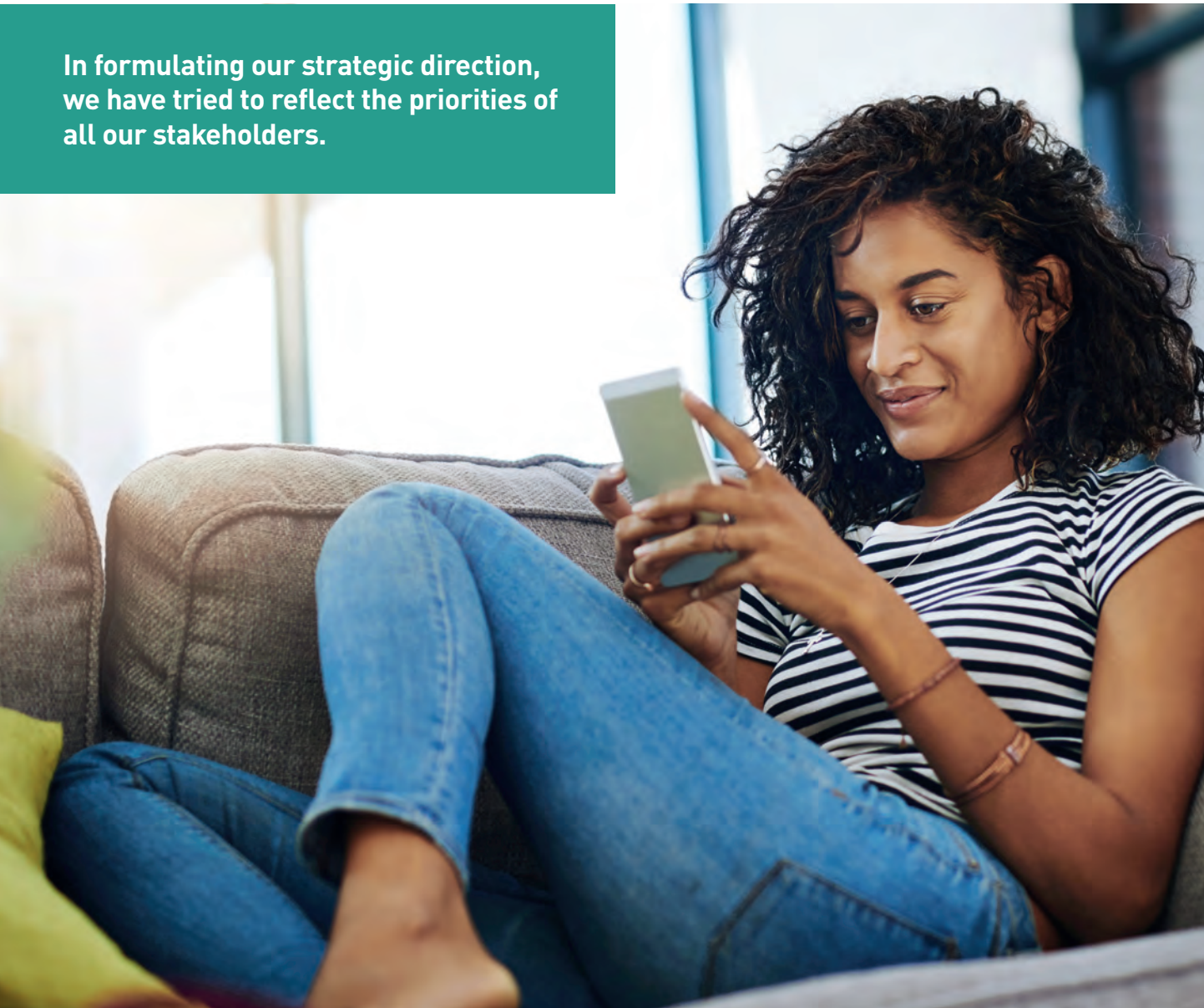
We recognise that the future is uncertain and that we cannot predict with accuracy what will happen. Therefore, we employ a strategic planning process to understand the risks we may face and identify the most appropriate responses.



Our Strategic Direction Statement sets out our long-term ambitions. This will be used to help support the development of our future price review plans, our role in the National Environment Programme and our longer-term water resources and wastewater plans.

Recognising the needs of all our stakeholders

In formulating our strategic direction, we have tried to reflect the priorities of all our stakeholders.



Our customers want...

- Safe and consistently high-quality drinking water conforming to all relevant standards.
- Reliable supplies, with interruptions and low-pressure events kept to a minimum.
- Affordable and fair bills.
- Help when they need it – in emergencies, after incidents or when in hardship.
- Us to minimise sewer flooding and pollution events.
- Us to be convenient and easy to interact with.
- A high-quality customer experience, comparable with leading retail organisations.
- Support in understanding how they use water.
- Us to be an active role model and leader in improving our rich, local, natural environment.

Our communities want us to...

- Protect and improve the quality of the natural environment, such as rivers and streams.
- Work with other agencies and stakeholders to solve community concerns, such as flood risk.
- Create new community resources through supporting locally inspired and led projects.
- Support those in society that are vulnerable, disadvantaged, or in need.
- Bring jobs and training opportunities, and support social mobility.
- Reflect the communities we serve in our workforce by improving diversity.

Recognising the needs of all our stakeholders

Our employees want...

- Meaningful roles which provide job satisfaction and offer a sense of purpose.
- A fair, inclusive and safe place to work.
- A vibrant workplace and high-performance culture.
- Everyone's contribution to be recognised and fairly rewarded.
- Job security.
- Investment in skills and knowledge, and long-term career.
- Development opportunities.
- Chances to give back to the communities we serve.

Our partners want...

- Contract security.
- Fair commercial terms, which balance risk and return between all parties.
- Clear deliverables and performance measures.
- Efficient work allocation and management.
- Timely payment.
- Opportunities to work together to create efficiencies or open up new business opportunities.
- Clarity on future plans.

Our regulators want...

- Compliance with licence conditions, standards, obligations and performance commitments.
- Long-term resilience of water supply and wastewater systems.
- Improvements to customer outcomes through efficiency, better customer insight and innovation.
- Increased focus on collaboration and multi-stakeholder partnerships.
- Us to provide greater public value, delivering more for customers, society and the environment.
- Improvements to customer outcomes through efficiency, better customer insight and innovation.
- Us to continue to offer an affordable service to all customers, as well as supporting those most in need.

Welsh Government wants...

- A resilient water sector capable of responding to future challenges.
- Increased focus on protecting and enhancing the environment.
- Protection and support for customers that need it.
- Increased collaboration across water and wastewater companies in Wales.
- Close working with the Local Authorities in our region to drive the best outcomes.

Improving the well-being of future generations in Wales is core to our strategic direction

We are passionate about ensuring the future well-being of generations in our region, and within Wales as a whole. Playing our part in supporting on the well-being goals is central to our strategy.

We recognise that, given our role in the Foundational Economy in Wales, we have a responsibility in delivering against the seven Well-being goals contained within the Well-being of Future Generations Act.

The Act places a duty on public bodies in Wales to consider the longer-term impact on future generations of actions taken.

In defining our future priorities, we have considered the implications on each of these well-being pillars.

Prosperous

An innovative, productive and low carbon society which recognises the limits of the global environment and therefore uses resources efficiently and proportionately (including acting on climate change). It is an economy with a well-educated population, which generates wealth and provides employment opportunities.

Resilient

A nation which maintains and enhances a biodiverse natural environment with healthy functioning ecosystems that support social, economic and ecological resilience and the capacity to adapt to change (for example climate change).

Healthier

A society in which people's physical and mental well-being is maximised and in which choices and behaviours that benefit future health are understood.

More Equal

A society that enables people to fulfil their potential no matter what their background or circumstances (including their socio economic background and circumstances).



Globally Responsible

A nation which, when doing anything to improve the economic, and cultural well-being of Wales, takes account of whether doing such a thing may make a positive contribution to global well-being.

Vibrant Culture and Thriving Welsh Language

A society that promotes and protects culture, heritage and the Welsh language, and which encourages people to participate in the arts, and sports and recreation.

Cohesive Communities

Attractive, viable, safe and well-connected communities.

Our priorities support the regulatory framework and ensure we deliver a great service and a strong social and environmental purpose

Purpose

Key areas

Water Strategy for Wales

The Water Strategy for Wales focusses on how the resilience of the system in Wales can be increased, whilst limiting the costs and impacts to the consumer, environment and businesses.

- **Water for nature, people and business:** Identify relationships between people and the natural water environment.
- **Improving the way we plan and manage our water services:** Improve the management of water services.
- **Delivering excellent services to customers:** Covers both affordability and the overall customer experience.
- **Protecting and improving drinking water quality:** Ensure a high standard of water quality.
- **21st century drainage and sewage systems:** Encourages the development of more sustainable drainage and sewage systems.
- **Supporting delivery:** Ensures that the Welsh Government supports delivery of the strategy.

Environment (Wales) Act 2016

The Act aspires to enable Wales' resources to be managed in a proactive, sustainable and joined-up way and to establish the legislative framework necessary to tackle climate change.

What the Act introduces

Key introductions from the act include:

- Statutory emissions targets;
- Increased protections for biodiversity; and
- New controls to reduce levels of waste.

Key areas of the Act

- Sustainable management of natural resources.
- Climate change.
- Collection and disposal of waste.
- Fisheries for shellfish and marine licensing.
- Flood & Coastal Erosion Committee, land drainage.

As part of the Act, water companies in Wales are bound by a specific biodiversity duty, which requires us to enhance biodiversity and promote the resilience of ecosystems. This is already something we champion and work hard to support.

State of Natural Resources Report

The report sets out the state of Wales' natural resources and identifies opportunities which will help build resilient ecosystems and help Wales meet its well-being goals.

State of Natural Resources Report:

Natural Resources Wales ("NRW") identifies risks against each type of habitat. The report also identifies six areas of opportunity to mitigate against some of these risks. These cover green infrastructure, woodland, coastal zones, floodplains and hydrological systems, soils and utilising uplands. We later consider the four long-term Sustainable Management of Natural Resource goals devised to help enhance the state of Wales' natural resources.

NRW Area Statements

In addition, NRW have devised 'Area Statements' for regions in Wales outlining their strategic goals. Key themes for our Mid Wales region include:

- Improving the region's rich biodiversity;
- Sustainably promoting the environment for recreation, health, wellbeing and the economy;
- Sustainably managed land and agriculture; and
- Managing commercial forestry.

2. The key trends

How the next 30 years will unfold is uncertain.

By considering what the most influential trends might be, we can assess the drivers of change and start to visualise how the future may look.

At Hafren Dyfrdwy we have identified six key trends.



Changing **demographics** of our population



Mounting concerns over damage to the **environment**



Evolving customer expectations and **attitudes**



Greater impact and experiences of **climate change**



Economic, structural and regulatory change



Adoption of emerging solutions to **decarbonise**

The key trends



Changing demographics of our population

Change in the demographic make-up of our local community is expected over the next thirty years; this includes an increasingly ageing population, increased numbers of tourists visiting the area and overall population growth across Wales.

Likely to result in:

- Higher demand for drinking water.
- Increasing levels of vulnerability, linked to an ageing population.
- Increasing pressure on existing housing stocks and calls for more home building.
- Greater need for food, which will place further demand on water for agriculture.
- Greater requirement for collaboration between areas, owing to differing expected demographic trends.



Evolving customer expectations and attitudes

Customer demands are ever-evolving, with customers increasingly demanding that companies demonstrate a strong social purpose, provide more personalised service, enhanced digitalisation and exhibit greater environmental credentials.

Likely to result in consumers being:

- Focused on 24/7, next day or on-demand services.
- More conscious of social and environmental sustainability, and seeing this as being central to how organisations are viewed.
- Less tolerant of service failure.
- Increasingly concerned about health, well-being and social issues.
- Increasingly aware of an organisation's approaches to fairness and equality particularly in respect of vulnerability and affordability.



Economic, structural and regulatory change

Since the COVID-19 pandemic, there has been shift in societal and economic expectations for the future. Changes in the political area, including devolution, "Brexit" and the shift to Net Zero are likely to drive a changing regulatory environment.

Likely to result in:

- Increased affordability challenges in certain sectors of society.
- A shift in working patterns, with more and more people being encouraged to adopt a hybrid approach to work.
- Continued shift to a digital economy and society, with greater reliance on maturing technologies and growth in new digital technologies.
- More acute digital exclusion for some sectors of society, unless traditional communication methods continue to be supported.
- Changing regulatory standards and policies in response to a changing political landscape.

The key trends



Mounting concerns over damage to the environment

Society will become increasingly aware of, and concerned about, the impacts of their own, and others', activities on our natural environment. This increasing awareness will drive a change in attitudes from individuals and organisations alike.

Likely to result in increased awareness of:

- Levels of pollutants entering our waterways.
- Land contamination and its sources.
- Levels of recycling and use of single-use plastics.
- Over-extraction of freshwater stocks.
- Soil degradation.
- The impacts society's activities have on natural habitats and biodiversity.
- Carbon associated with business/individual actions.
- The efforts polluters are taking to reduce damage to the environment.



Greater impact and experiences of climate change

Climate change will continue to have an impact on our weather patterns creating more extreme weather events, which is likely to have a significant impact on the natural environment, the economy and society as a whole.

Likely to result in increased experience of

- Hotter, drier summers.
- Warmer, wetter winters.
- More extreme weather events, such as storms and heatwaves.
- Gradual warming of water temperatures.
- Deterioration in raw water quality.



Adoption of emerging solutions to decarbonise

Given the current policy environment, and the commitment of many businesses and organisations to become Net Zero within the next 30 years, we anticipate a growth in use of new solutions to support the move to a 'greener' economy.

Likely to result in the greater deployment of:

- Low/zero carbon electricity generation.
- Carbon capture and storage or large-scale geo-engineering technologies.
- Decarbonisation of heat and transport (e.g. through hydrogen, biofuels, electricity).
- Green finance and focus on 'green' credentials.
- Reforestation and restoration to improve natural habitats.
- Recycling and repurposing to reduce waste.
- This will be balanced off with organisations (such as our own) becoming increasingly reliant on ageing assets.

3. The biggest challenges

By considering the potential implications of our key trends, it is possible to identify where the biggest future challenges, and possible opportunities, may arise.

To assess the scale of those impacts, or indeed opportunities, is harder.

This section covers the biggest challenges we are facing.

Demographic change will influence **future demand for water**

The link between a healthy environment and **climate change will drive a shift in attitude**

Climate change will **reduce water availability and exacerbate peak demand**

Combating climate change will lead to **more policy interventions**

More extreme weather will **increase the risk of flooding**

The investment required will impact customer bills and **affect affordability for some**

Demographic change will influence future demand for water across Wales

While the population in Wales is forecast to grow in the next 30 years, levels are expected to stay relatively flat in the Hafren Dyfrdwy region. Despite this, we still foresee a change in demand for water driven by societal change and increased national demand.



- **National population growth:** In Wales, it is estimated that the national population will increase by over 100,000 by 2043. This will place additional pressure on the national provision of water and wastewater services.
- **Ageing population:** Within our region, the proportion of people over 65 is forecast to increase. This trend is expected to drive a change in consumption patterns for water in certain areas, as well as driving increased levels of vulnerability.
- **Household occupancy:** By 2043, the number of single-person occupancy households in the Hafren Dyfrdwy area is expected to increase by around 9%, which will drive an increase in the number of homes and developments we will need to supply to, despite a relatively flat population profile.
- **Societal change:** Welsh Government has stated a longer-term ambition of having at least 30% of people working at home, or near home. The potential result is a shift in spatial and temporal demand across our network.
- **Tourism:** Given our region's stunning natural beauty, it has always been a magnet for daytrips and has attracted visitors from across the UK. With the recent rise in staycations, this is a trend we expect to continue, placing additional seasonal demand on water supplies, which may require building a network whose full capacity may not be needed all year round.

Climate change will

reduce water availability and exacerbate peak demand

Climate change over the next 30 years is expected to lead to greater challenges around the availability of water, more significant peaks in demand and impacts on our natural environment.

- **Climate change:** By 2050, we expect that summers in Wales will be on average 1.1°C warmer with 15% less rainfall*. This will extend the effective duration of the summer period and reduce seasonal rainfall when demand is most acute. Warmer weather will also increase discretionary water use as people spend more time outdoors. Heatwaves will be hotter, more frequent and more prolonged, exacerbating peak water demands and placing additional stress on the system.
- **Abstraction:** Lower summer water levels will impact water quality and reduce the amount we can abstract sustainably, meaning greater reliance will need to be placed on storage reservoirs. Around 60% of our water is abstracted from the River Dee.
- **Agriculture:** Farmers will need to adapt what they grow and how they farm. Demand for water for agriculture will increase primarily through livestock requiring more hydration but also through crop irrigation. Plant diseases and pests may become more prevalent, increasing pesticide and fungicide usage, with the risk of more chemical residue entering the water cycle.
- **Everyone playing their part:** Given potential pressures on water availability, households, businesses and public bodies will need to support reducing water consumption. This will need to be supported by water companies continued efforts to reduce leakage.
- **Impacts on biodiversity:** More species will become endangered or at risk of being displaced by others better adapted to survive. Habitat protection and flexible safeguards for water abstraction will become increasingly important.

*Using RCP 6.0 under the 50th percentile scenario



More extreme weather will increase the risk of storms and flooding

Climate change, increased urbanisation and housing development is expected to lead to an increased risk of flooding (of all types) and storms, which without further intervention increases the risk of sewer overflows and damage to the natural environment.



- **Increased rainfall:** Although summers are predicted to be drier, by 2050 winters are forecast to experience around 5% increased precipitation in Wales*, with more extreme heavy rainfall events (such as slow-moving storm patterns) increasing the risk of rivers breaking their banks or saturated ground flooding.
- **Housing and urban development:** The rise in impermeable surfaces resulting from an increase in housing and urban development will exacerbate the issue, increasing surface run-off and reducing the infiltration capacity into the ground.
- **Remote populations:** The Hafren Dyfrdwy region has the lowest population density of all regulated water and wastewater companies in the UK. Given the region's topography, an increasing incidence of extreme weather events, such as storms, may create challenges in providing a resilient supply to our most remote customers.
- **Solutions and innovation:** Given the damaging impact of flooding and storm events, and the fact that they have multiple causes and triggers (e.g. urbanisation, climate change) a multi-agency approach (working with partners on river quality for example) is required to limit the potential impacts.

*Using RCP6.0 under the 50th percentile scenario

The link between a healthy environment and

climate change will drive a shift in attitude

Our region is home to rich levels of biodiversity, with 60% of land within the area protected as either a Site of Special Scientific Interest or as a Special Area of Conservation.

- **Climate change progress:** As we move towards 2050, we expect that concern over the level of progress towards climate goals will continue to grow as the impacts of climate change become more apparent and global endeavours risk falling short of what is needed.
- **Customer expectations:** This concern will lead people to be more conscious of the impacts of their lifestyle choices and drive a desire to consume less, lower waste and increase recycling. Our customers will be looking to us to help inform and support their endeavours to use less water.
- **Environmental pollutants:** As all forms of environmental pollution become less socially acceptable, there is likely to be more scrutiny of the materials we return to the environment as part of our normal operations or that are permitted in times of network stress (i.e. sewer overflows).
- **Biodiversity:** Habitat preservation and restoration will be increasingly important as the value and role of nature is more widely recognised and the loss of globally significant habitats inspires action. We have a large landholding, with our Lake Vyrnwy estate, for example, covering c. 10,000 hectares, much of which is already used to support biodiversity.



Combating climate change will lead to

more policy interventions

The Welsh government takes an active role in supporting individuals and businesses to contribute towards the country's Net Zero by 2050 target and adoption of greener technologies.

- **Social goals:** We anticipate that Government will continue to assume a large role working alongside businesses to pursue social goals in relation to decarbonisation and overcome barriers that are hindering consumer, business or wider societal change. We will need to be ready to adapt to any future change in the prevailing political direction.
- **Decarbonisation:** Potential policy interventions are likely to be focused on speeding up decarbonisation efforts and managing the impacts of climate change, both through adaption and mitigation. As designated critical national infrastructure, there will be particular emphasis on us to enhance the resilience of our assets and strengthen our contingency measures and plans.
- **Targets:** In 2021, the Welsh Government released its Net Zero Pathway, with interim net emission reduction targets outlined. By 2030, Welsh Government has set an interim target of a 63% reduction in greenhouse gas emissions.

As a Group (Hafren Dyfrdwy is part of the Severn Trent PLC Group), we have committed to being carbon neutral by 2030 on our Scope 1 (owned assets) and Scope 2 (energy used in a company's processes) carbon emissions.

- **Frameworks:** We also anticipate further changes to laws, regulations and standards related to the environment, which will require us to adopt more stringent standards and increased transparency around data collection and reporting.
- **Fiscal and monetary policy:** Carbon taxes and other market-based incentives may be used to limit fossil fuel use and drive down the carbon emissions resulting from products and services. Whilst this could increase the cost of our day to day operations and our capital solutions, it may also present opportunities to make greater use of nature-based solutions or participate in new markets, such as green hydrogen or ammonia.



The investment required will

impact customer bills and affect affordability for some

Whilst we currently have the lowest bills in Wales (and England), the investment required to combat the impacts of climate change, existing levels of economic hardship and future economic uncertainty will present affordability challenges.



- **Affordability:** Whilst we continue to strive to eliminate water poverty through offering generous levels of support to those most in need (with up to 90% of their bill funded), one in eight people in Wales find their water bill unaffordable. We must, therefore, continue with more targeted efforts to tackle affordability challenges through working collaboratively, continuing to provide financial help to customers that need it and by supporting wider communities through projects and local charities.
- **Economic uncertainty:** Given the significant macroeconomic impact of the COVID-19 pandemic and other significant changes, the economy is likely to face significant pressure. The impacts of future recessions and periods of economic growth will not be shared across the nation equally, with impacts unevenly spread across our household and non-household customers alike.
- **Cost-of-living:** Economic conditions and the challenges facing society can change rapidly. As the country overcomes the pandemic, it is currently facing into one of the most challenging backdrops in decades, with high inflation and rising economic and geopolitical uncertainty. This is creating a significant pressure on the cost of living, and risks placing more customers into financial vulnerability. We are already considering how we can additionally support customers most in need, and will continue to provide proactive and adaptable support to our customers.
- **Future plans:** Planning for higher levels of resilience and meeting long-term targets like carbon net zero, lower leakage or reducing the impact of sewer overflows will require material investments in our physical assets and changes to how we operate. In proposing new investments, we need to be conscious of the impact on customer bills, especially for those that already struggle financially.

4. Our future priorities

Here, we outline our priority areas, which we feel are critical in addressing the challenges and opportunities facing us. These are not exhaustive, but give a feel for the activities we're considering.

Some of these are within our gift, others require industry collaboration, investment, or changes to the regulatory framework.

Increase our abilities to source and deliver water to **guarantee future water supplies**

Help our customers to be more water conscious to **ensure water is used more wisely**

Deliver a **high quality, affordable service and support our most vulnerable customers**

Improve the resilience of our network to **lower the risk of flooding and pollution**

Adopt more sustainable practices to **protect and enhance our environment**

Work with our communities to **make a positive social difference**

Invest in our high performing culture to **maintain a safe, inclusive and fair workplace**

We have mapped our future priorities to the

Well-being of Future Generations Act

Highlights of our future priorities against each pillar.

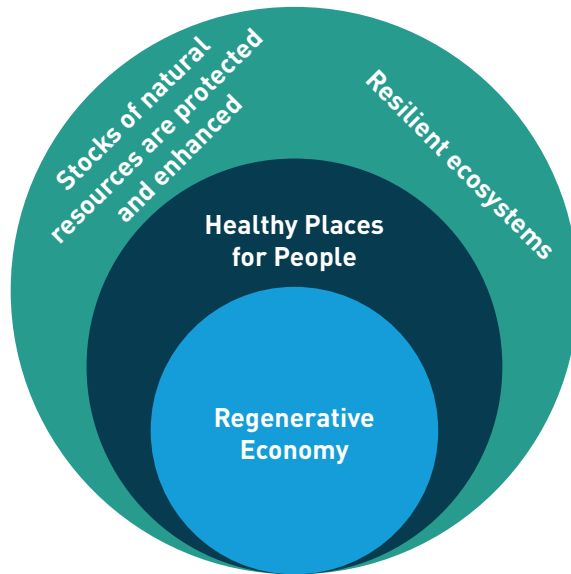
- **Prosperous:** We believe our approach to catchments, the environment and balancing affordability will help support future prosperity.
- **Resilient:** Efforts to support the resilience of our network and the region's biodiversity through nature-based solutions, will support future generations.
- **Healthier:** Maintaining our health and safety standards and improving water quality through lead pipe replacement supports in driving a healthier Wales.
- **More equal:** Working to eliminate water poverty and our commitments to diversity and inclusions will help close inequity across our communities.
- **Cohesive communities:** Improving the accessibility of our sites to all communities and our community outreach programmes all help support a more cohesive community.
- **Thriving culture and language:** Our Welsh language commitments and community outreach to even our most remote customers will help ensure we best protect the rich culture within our region.
- **Globally responsible:** Our contribution to enhancing the rich biodiversity in our region, as well as minimising our carbon and environmental impact will help support a globally responsible Wales.

	Prosperous	Resilient	Healthier	More Equal	Cohesive Communities	Vibrant Culture and Thriving Welsh Language	Globally Responsible
Guarantee future water supplies	✓	✓	✓				✓
Ensure water is used wisely		✓	✓		✓		✓
Delivery a high quality, affordable service	✓			✓	✓	✓	
Lower the risk of flooding and pollution	✓	✓	✓	✓	✓		✓
Protect and enhance our environment	✓	✓	✓		✓	✓	✓
Make a positive social difference	✓	✓		✓	✓	✓	
Maintain a safe, inclusive and fair workplace	✓	✓	✓	✓			

Our priorities have been developed with the aims of the

Sustainable Management of Natural Resources in mind

The four aims of the SMNR



Ecosystems

Ensuring we have adaptable, resilient and safeguarded natural resources is crucial so that we can face into the climate and nature emergencies in the best possible way. We have a strong environmental focus in all we do. Our future plans look to minimise the use of non-renewable resources, support biodiversity through collaboration with partners and drive towards being an exemplar in land and water management.

Social

Meeting this aim depends on having resilient ecosystems, and the health and well-being of the nation contributes to our ability to take advantage of the economic opportunities of a regenerative economy. Our plans around improving water quality, enhancing our region's biodiversity and the resilience of our network will help create healthy places for people to thrive.

Economic

Wales aims to use no more than its fair share of global resources and for the economy to operate within the regenerative capacity of the Earth's ecosystems. We will support this aim, through our plans around catchments, balancing customer affordability and investment, and minimising our own (and our supply chain's) carbon emissions.

Following the release of the first State of Natural Resources Report (SoNaRR), four long-term aims to ensure natural resources are managed sustainably were devised. Our priorities aim to help support its delivery.

We believe that working innovatively and collaboratively is key to delivering the best outcomes, particularly given the climate and nature emergencies.

Increase our ability to source and deliver water to **guarantee future water supplies**

Water is something that most of us take for granted – we barely even give it a thought. We turn on the tap and receive clean, safe drinking water, 24 hours a day, 365 days a year.

Lower rainfall in summer will require increased focus on drought resilience.



Our plans to guarantee future water supplies

Deliver high quality drinking water

- **Catchments:** Working with stakeholders to implement changes to working practices to improve the quality of raw water sources, as well as working with NRW on their River Basin Management Plans.
- **New technology:** Investing in water treatment and the distribution network to ensure water is safe to drink and consistently meets our customers' expectations in terms of taste, colour and smell.
- **Lead pipe replacement:** Removing lead pipework across our network to stop lead entering the water supply and contributing to a Lead Free Wales.

Enhance asset reliability to minimise outages and their effects

- **Maintenance and capacity:** Ensuring our assets have appropriate maintenance regimes to suit their unique circumstances and expanding use of proactive maintenance to lessen the risk of failure. We will look to invest in duplicate capacity for critical assets.
- **Asset design:** Investigating options to shift to a more standardised, modular asset design to simplify maintenance and lower costs, as well as adapting our assets to withstand the impacts of climate change (e.g. flooding, erosion or subsidence).

Meet our customers' drinking water requirements

- **Abstraction:** Optimising abstraction at current sites, recommissioning former boreholes, where sustainable and feasible, as well as relooking at the Dee General Direction levels of service and shares between abstractors.
- **Storage:** Enhancing raw water storage capacity through the restoration of existing reservoir capacity.
- **Treatment:** Upgrading our treatment works to increase capacity and the speed that water can be added to the system.

Adopt a data-led approach to optimise performance

- **Monitoring:** Rolling out network sensors and meters, where practical and beneficial, to provide real-time system feedback, inform decision-making and monitor performance. The use of digital twins/simulations can help identify areas of weakness.
- **Forecasting:** Enhancing our modelling and forecasting capabilities to better predict demand patterns and allow us to plan (invest) with greater certainty.

Reduce leakage by half

- **Detection:** Improving leakage detection by embedding more loggers across the network to provide early indication of leaks.
- **Network enhancement:** Adopting innovative pressure management solutions, which minimise stress on the network, and investing in targeted mains renewal schemes.
- **Repairs:** Streamlining our processes to reduce the time it takes to fix all visible leaks and trialling innovative ways to repair pipes from the inside.

Support efforts to reduce water scarcity

- **Collaboration:** Working with Dŵr Cymru, Water Resources West and neighbouring English water companies to improve mutual resilience and optimise the use of resources.
- **Sharing assets:** We will continue to explore opportunities to bring more benefits to Wales, such as increasing local resilience, improving the local economy and other benefits to well-being and the environment.
- **Demand:** We will collaborate across the sector, and support customers, businesses and partners to become more aware of the impacts of their demand and behaviours when it comes to water use.



Enhancing the quality of raw water at source

We know how important delivering safe, clean drinking water is to our customers and so we've already invested in a number of schemes to enhance water quality, better manage our catchments and reduce discolouration.



Our water: We source over 60% of our raw water from the River Dee. Given our geography, our region is home to water with a high level of Manganese*, which can lead to an increased risk of discolouration.

Catchment management: Given our reliance on water from the River Dee, we have focused on catchment management processes in this area. To enhance the resilience and quality of raw water at source. We work in partnership with United Utilities and the Welsh Dee Trust. This has supported:

- Reducing levels of chemicals and pesticides present in the River Dee through working with local landowners and the use of 'chemcatchers', which has driven lower level of treatment costs, as less chemicals and treatment is required to treat the source water;
- Increasing levels of biodiversity in and around the River Dee catchment; and
- Extending catchment management schemes to other areas of our region, such as at Lake Vyrnwy.

We will continue to work collaboratively with partners and local businesses on delivering enhanced water quality and use of nature based solutions across our catchments.

Discolouration: To enhance water quality we continue to utilise a source to tap approach of reducing discoloration risk entering our network and a targeted flushing plan to remove any harmless deposits already there. This has resulted in a 26% reduction in the number of water quality contacts between 2019 and 2021.

* Manganese is derived from minerals and sediments in the earth. Although natural and common, when present in a water supply it can cause discolouration.



Supporting the drive towards a Lead Free Wales

It's estimated that around 25% of homes in Wales are supplied water via lead piping. We are committed to supporting efforts to replace lead piping within our region.



Background to lead: Until it was banned in 1969, lead was used widely to link water mains in the road to properties. The water we supply is essentially lead-free but traces can be picked up from the service pipe or domestic plumbing. High lead levels can be a health risk, so we treat our water to make sure that lead dissolution is kept to an absolute minimum and monitor lead levels across our area.

Lead Free Wales: We are pleased to be playing our part in the Welsh Government's long-term ambition of a Lead Free Wales. Working in partnership with Wrexham County Borough Council and private homeowners we exceeded our first year lead pipe replacement target four times over. We will continue to look at ways of expanding our reach across the whole of our region.

Future activities: We will continue to seek new ways to reduce the cost and complexity of replacing both water company lead communication pipes and customer owned lead supply pipes to provide a lasting solution for lead and contribute towards the drive towards a Lead Free Wales. Initiatives we are considering, include:

- Enhancing customer communication and advice programmes to explain the risk to health of lead in water;
- Implementing water sampling programmes, in hotspot areas, to confirm the lead risk faced by customers;
- Increasing the amount of more 'opportunistic' replacement of lead communication pipes during our leakage, mains renewal and other network activity;
- Undertaking a service pipe survey to provide complete knowledge of the location of lead pipes so we can understand the risk at a company level so we can plan for the long term; and
- Investing in research and development to develop innovative, lower cost methods to replace lead pipes.

Help our customers to be more water conscious to **ensure water is used wisely**

Our water supplies will be under pressure from demographic change, climate change and environmental restrictions on abstraction.

It is, therefore, vital that our customers understand the value of water and that we help them in their efforts to use less to protect water sources for the future and keep bills low.



Our plans to ensure water is used wisely

Improve the quality and usefulness of data

- **Billing:** Replacing our billing platform, in time, to accommodate greater data and enable more flexible tariffs, products and services. This will allow us to reward customers who use water responsibly.
- **Data analytics:** Upgrading our data analytics capabilities to provide more actionable insight, both for us and our customers.

Give customers information and tools to make more informed decisions

- **Education:** Educating consumers about the importance of water and how to better understand their use, such as through our sponsored exhibitions at Xplore! Science Centre in Wrexham.
- **Tailored advice:** Offering more personalised insight to improve our messaging and encourage behavioural change.
- **Empowering customers:** Empowering customers to make informed choices about investing in water conservation measures for the home and garden.

Lobby for change on behalf of our customers

- **New developments:** Campaigning for all new residential developments to achieve a minimum estimated water efficiency of 110 litres per person per day.
- **Water efficiency:** Lobbying regulators to improve the water efficiency of products and introduce tougher minimum standards, as well as working with manufacturers and retailers to improve water efficiency labelling.

Helping our customers to reduce consumption

- **Products and services:** Expanding the reach of our home water checks and audits and growing the range of free and paid for products we offer to support water conservation and efficiency in the home and garden.
- **Smart appliances:** Offering discounted smart water appliances which promote efficient water use.
- **Business partners:** Partnering with business customers and their supply chains to identify opportunities to lower water use and promote best practice.
- **Leakage:** We also recognise our own role in reducing leakage, and as described earlier, this is a key area where we are continuing to look at improving.

Increase water recycling to replace primary water consumption

- **Auditing:** Auditing high-use businesses in our region and partnering to install grey-water systems.
- **Harvesting:** Retro-fitting rainwater harvesting and grey water recycling systems for our household customers.
- **Drought storage:** Exploring dual flood-drought storage opportunities whereby we store and divert potential flood water and use it at a treatment works downstream.
- **Recycling:** Investigating options to utilise treated wastewater as a direct feed into a treatment works (closed loop recycling).



Trialling smart meters to assess the impact on our rural customer base

Between now and 2050, we plan to continue trialling the use of smart meters. Our rurality presents unique opportunities to co-create digital solutions that can benefit not just the water sector.



Customer consumption: Building more infrastructure can provide sufficient water to meet our customers' needs, however we recognise that customers can also play a role by modifying their consumption, especially at peak times. This could reduce the amount of infrastructure we need to build and the carbon footprint associated with treating and transporting water.

Better insights: Smart meters provide customers with better insight into how much water they use, which will create more accurate bills and helps to ensure everyone pays their fair share.

Digital infrastructure: Digital connectivity is required to support the use of smart metering. Given the rural topography of our region, the success of rolling out digital initiatives such as the "Shared Rural Network" and other digitalisation initiatives in Wales will be critical.

Demand patterns: It will also help us as a supplier to understand; differing demand patterns across our network, how sensitive demand is to warmer weather, and how our advice and services can best be targeted to customers who would benefit the most.

Water efficiency advice: We already offer water efficiency advice, free and subsidised products, plus our more proactive targeted home water efficiency checks – we want to do more to help our customers save water and money.

Deliver a high quality, affordable service and support our most vulnerable customers

Our customers are central to everything we do, and our teams work tirelessly to provide them with a great experience.

We recognise that different customers need different things from us, and these needs change over time.

By rolling out new technologies and evolving the way we use data, we believe we can offer a more personalised, convenient and flexible service, all at a price that remains affordable.



Our plans to deliver a high quality, affordable service

Offer support to all our customers when they need it

- **Customer awareness:** Increasing customer awareness of the support we can offer to those that are in financial hardship or are vulnerable.
- **Providing appropriate support:** Improving our identification of customers experiencing both long-term and transient hardship or vulnerability. We will continue to offer specific support for customers in water poverty or financial hardship through specialised tariffs, deferred payment plans, or grants.
- **Vulnerable customers:** Ensuring that all vulnerable customers are registered on the Priority Services Register and that their needs are understood. Providing tailored 1-2-1 assistance to vulnerable customers, or those with specific needs, as well as supporting those on the Priority Services Register during emergencies. We are also exploring how we can further align our support to that of CCW Wales' vulnerability manifesto.

Eliminate water poverty in our region

- **Technology and data:** Leveraging advancements in technology, robotics and artificial intelligence to drive process efficiencies and automation.
- **Enhance our network:** Reduce network losses and realise the benefits from the efficient delivery of capital projects.
- **Collaboration:** Cross-sector and wider collaboration to share assets, resources or services.
- **Void and non-payment:** Minimising bill non-payment from those who are able to pay.
- **Costs:** Continue to maintain our focus on efficient service delivery.

Understanding more about our customers and their needs

- **Customer engagement:** Continuing to engage with selected sub-groups of customers on issues of interest or relevance to them.
- **Welsh Language:** Honouring our commitments to the Welsh Language will support us in building better relationships with those in our communities who have Welsh as a first language.
- **Data:** Both improving the completeness and quality of key data and combining data from different sources to provide additional insight, and create customer value.
- **Social media:** Utilising social media data and interaction analytics to better understand customer behaviour and preferences.
- **Cyber resilience:** Enhancing our cyber resilience to protect customer data from malicious attacks.

Deliver a great customer experience, putting us in the industry's top quartile

- **Technology:** Utilising technology and better data to provide a more personalised and consistent omni-channel experience and creating a single customer view for more holistic account management.
- **Customer behaviour:** Integrating behavioural science into our service design to improve the quality of customer interaction and increasing levels of self-service so customers can choose how and when to interact with us.
- **Customer resolution:** Improving first-time contact resolution through process simplification, better training and staff empowerment.
- **Communications:** Increasing coordination and proactivity of communications, preventing the need for customers to contact us.
- **Partnerships:** Partnering with best-in-class organisations to share learnings and best practice.



Eliminating water poverty in our region

Although we offer the lowest bills in England and Wales, a significant minority of our customers still struggle to pay their bills. CCW Wales research suggests that 1 in 8 people in Wales find their bill unaffordable.



Water poverty: Working with others in our sector, we want to end 'water poverty' by 2030 – which means that no household will face a water bill that's more than 5% of their disposable income. This will not be easy and will require us to maintain our focus on costs, help our customers reduce consumption as well as providing financial assistance.

Existing schemes: Our existing schemes include our Here2Help Scheme, which is our social tariff. We also provide support under the WaterSure Scheme, which is voluntary in Wales. In addition, we offer different methods of making the bill more manageable, including payment breaks to support customers in short-term need.

Current levels of support: Our ambition is to provide impactful support, our social tariff offers up to 90% of the bill. We recognise we need to do more to raise awareness of the support we can provide. We are actively considering how best we can extend the support offered and develop new measures to catch more households in difficulty.

Service: To make sure we retain a great level of customer service, we are investing in our customer journey and working closely with CCW Wales to identify ways of further enhance our existing customer service offer.

Customer engagement: We believe extending our reach into the community is a key way of sharing the different levels of support available to people. Some of our outreach programmes include:

- Building links with Local Authorities in our region, as well as local Housing Associations, to identify ways of providing additional support to our customers;
- Setting up of a Care and Assistance team based in Wrexham, who retain a local focus and are trained to respond to customers' individual needs, both financial and non-financial; and
- Commitment to supporting our Welsh-speaking customers, through enhancing the levels of Welsh-speaking customer support provided through launching of our own Welsh Language Scheme.

Improve the resilience of our network to **lower the risk of flooding and pollution**

Sewers play a vital role in removing wastewater from properties together with rainwater from roofs, streets and other non-permeable surfaces.

Climate change is expected to lead to wetter winters and more extreme rainfall, which coupled with more homes means our sewers will need to cope with higher peak volumes.

If the amount of water entering the sewer exceeds its capacity or there is a blockage restricting flow, there is a risk of flooding and that diluted sewage might be released back into the environment.



Our plans to lower the risk of flooding and pollution

Lower the volume of water entering the network

- **Catchments:** Creating more flood resilient communities through catchment-scale initiatives utilising blue-green infrastructure.
- **Sustainable urban drainage (“SUDs”):** Retro-fitting more SUDs to manage local run-off volumes and slow the rate of flow entering specific sewers.
- **Water retention:** Encouraging the use of enhanced water retention materials to capture water.
- **Harvesting:** Promoting rainwater harvesting and grey water systems that collect, store and re-use water.

Increase our ability to cope with higher flow and volumes

- **Capacity:** Enhancing network capacity by increasing the size of sewer infrastructure.
- **Treatment:** Investing in more capacity where volume cannot be reduced sufficiently and permits allow. Ensuring our existing system is resilient to current and future challenges is key, as well as finding ways to trial more innovative solutions.
- **Overflows:** Separating sewage and surface water in areas prone to over-spills. We will work with and support affected communities.
- **Partnerships:** Working with councils, planners and developers to ensure new developments meet required wastewater network standards.

Reduce network blockages

- **Lobbying:** Lobby for better labelling on flushable products and the banning of non-degradable items.
- **Awareness:** Increasing awareness of what should not be washed or flushed into the network.
- **Prevention:** Investing more in proactive maintenance and replacement regimes targeted at critical areas prone to blockages.
- **Dispersal technologies:** Investigating efficacy of fat, oil and grease dispersal products and techniques (e.g. bio-augmentation).

Improve our data collection and modelling capabilities

- **Sensors:** Ensuring all critical parts of our network are covered by sensors to provide real time visibility on network condition.
- **Data:** Incorporating more data and variables to improve our predictive modelling.
- **Modelling:** Enhancing our simulation and forecasting capabilities to prevent blockages and flooding and pollution events, before they occur.
- **Artificial intelligence:** Using sensors and AI to enhance asset monitoring and predict issues with health and performance before they occur.
- **Citizen Science:** Enhancing the use and collection of information on the natural world, collated by the public and in partnership with scientists.

Seek to minimise unplanned outages or their effects through enhanced asset reliability

- **Maintenance:** Ensuring our assets have appropriate maintenance regimes to suit their unique circumstances and expanding the use of proactive and prescriptive maintenance regimes to lessen the risk of asset failure, as well as improving critical spares availability to allow quicker recovery from failure.
- **Asset design:** Investigating options to shift to a more standardised, modular asset design to simplify maintenance and lower costs.
- **Capacity:** Investing in duplicate capacity for critical assets in which failure would result in a loss of service or risk a water quality event.
- **Cybercrime:** Ensuring our critical systems are protected from cyber threats and malicious attacks.



Investing in, and enhancing, our waste network in our most rural communities

Our waste business provides services to 20,000 properties in the Powys area, which covers just under 500km of sewers. We have continued to invest and maintain our network in this area.



Asset focus: We have continued to focus on the wastewater assets used in our operation to enhance their resilience, and undertaking in-depth investigations when problems are reported. In 2020/21, we achieved an industry leading 100% compliance at our treatment works.

Carbon reduction: We are continually looking at ways of reducing our carbon footprint. In our waste business one of our sites (Llys Rhysnant) is off-grid. We will continue to investigate ways of managing our environmental impacts of our business.

Topography: Our region has a high proportion of customers in rural areas, customers in these areas have a higher propensity to not be on the public sewage network. We will continue to work with Welsh Government on any policy changes which may impact how these customers are best supplied.

Innovation: Our rural topography means we are prone to landslips, which can cause damage to our sewer infrastructure. We are currently looking at the feasibility of planting willow trees to improve ground stability, an approach that may also have wider flood risk mitigation benefits, as tree planting can reduce surface water run-off rates, as well as further enhancing our region's biodiversity.



Exploring the use of smart networks to improve our future resilience

Across the next 30 years, we need not only to continue to invest in our physical assets but also utilise new technologies to ensure we can run those assets efficiently and safely, especially at times of stress.

Smart networks: Smart networks have the ability to support the remote management and monitoring of the water supply system. Advances in technology will support the monitoring of water pressure, water temperature, leakage and availability at our most critical sites. We are currently exploring adding more smart network management solutions across our region, starting with the Wrexham ring main. This integrated monitoring of our system is anticipated to drive a more consistent, resilient supply.

Sensors: We already have sensors and monitors across our waste network providing data to help us understand network performance and where issues are arising. Over the course of the next 30 years, we will look at continuing to extend the length of our network and the number of assets that have embedded sensors to provide a network-wide perspective through use of smart technologies.

Targeted investments: This will allow us to make more targeted investments in elements of the network which may be under-performing or to address challenges, such as sewer overflows, where reliable data has not previously been available.



Adopt more sustainable practices to protect and enhance the environment

Climate change and resource consumption are two of the greatest challenges facing the world today and if left unchecked will pose a threat to the environment, and our ability to continue to provide the essential service our customers rely on.

We recognise that we have a responsibility to play our part in lowering our direct impact and promote solutions which respect and enhance the natural environment.



Our plans to protect and enhance our environment

Reduce our carbon footprint

- **Optimisation:** Optimising our working practices to minimise our carbon footprint, and adopting the carbon triangle of reducing, replacing and removing our emissions.
- **Innovation:** Trialling new technologies and innovation to reduce our reliance on offsetting.
- **Partners:** Working with our supply chain to support them in reducing their own emissions (Scope 3).

Send zero waste to landfill from our operations

- **Culture:** Embedding a zero-waste culture and minimising the use of single-use or non-recyclables.
- **Landfill avoidance:** Repurposing excavated highway waste or screening to avoid landfill.
- **Reusing and recycling:** Recycling or creating new markets for end-of-life products.
- **Supplier selection:** Building waste-related requirements into supplier selection criteria.

Minimise the use of chemicals in our processes

- **Raw water quality:** Improving raw water quality to reduce the level of chemical treatment required.
- **Chemical free treatment:** Adopting chemical-free treatment across our water and wastewater treatment processes, such as enhanced biological phosphate removal.
- **Lead pipe replacement:** Replacing lead pipework to mitigate the need for additional chemical treatment.

Increase the removal of micro-contaminants

- **Customers:** Working with customers to reduce the levels of micro-contaminants (micro-plastics, non-organics, residues and pharmaceuticals) in sewage.
- **Innovation:** Investing in new technology to develop better solutions to increase the removal of micro-contaminants from final waste effluent.
- **Treatment:** Improving the quality of the water we return to the environment through investing in treatment works enhancements.

Reduce the impact of storm overflows

- **Monitoring:** Installing monitors at Combined Sewer Overflows ("CSO") to provide real-time data and prevent unnecessary discharges.
- **Investment:** Focusing investment on CSOs prone to overflowing, ensuring that no CSO causes a waterbody to fail to achieve good ecological status.
- **Enhancement:** Affixing filters or alternative remedies to individual CSOs, to minimise impact on the occasion they might overflow.
- **Blockages:** Reducing the incidences of blockages.

Support efforts to improve overall water quality

- **Monitoring:** Increasing real-time monitoring of water quality up and downstream of our works.
- **Catchments:** Working with businesses to reduce the level of slurry, chemical residues and pollutants entering the water system.
- **Nature based solutions:** Using natural solutions to enhance local water quality, such as constructed wetlands or riverbank planting.
- **Partnerships:** Working with the EA (cross-border), NRW and other stakeholders to support innovative, catchment-based enhancements to ecosystems.

Reduce the volume of water we abstract

- **Leakage:** Reducing the amount of water lost through network leaks and bursts.
- **Consumption:** Reducing customer consumption to decrease the total amount of water that needs to be abstracted and treated.
- **Water used in treatment:** Investing in reducing the amount of water used in our treatment processes, which cannot be recovered.
- **Volume:** Limiting abstraction at vulnerable sites to ensure that river flows and groundwater levels support ecology and natural resilience.



Being an environmental leader in land and water management

Our long-term aim is for Lake Vyrnwy to be an exemplar in land and water management. The site, which includes some 10,000 hectares of land, is home to native rare species and vital peatland habitats.



Investor in Wales: Our plans for Lake Vyrnwy represent the largest statutory environmental programme in our part of Wales for over 20 years. The Welsh Government declared a nature emergency for Wales in 2021 and concerns of the impacts of climate change on the natural environment are significant. Our plans for Vyrnwy over the course of the next 30 years will help Hafren Dyfrdwy play its part in combating both.

River water quality: We are investing c.£2.5 million in this AMP (the 5 year price review period up to 2025) alone on improving the river water quality of c.46km of rivers in our region and locations around Lake Vyrnwy. This will enhance the quality of source water.

Peatland restoration: We are currently restoring 450 hectares of peatland on the Lake Vyrnwy estate in partnership with Royal Society for the Protection of Birds ("RSPB") Cymru and NRW. The restoration of peatland is very important in our response to the climate and nature emergencies, with peatland being effective at storing carbon and enhancing biodiversity.

Visitor site: Lake Vyrnwy is already our premier visitor site, attracting around 200,000 visitors a year. We are working to enhance the visitor experience through improving its accessibility and the range of resources offered.

Forestry: The estate is home to c.2,000 hectares of commercial woodland. We are exploring replanting options to maximise this forestry to help combat the nature and climate emergencies, whilst also enhancing the visitor experience. Options being considered include enhancing the coverage of broadleaf woodland as well as schemes to improve carbon capture, biodiversity and catchment management.



Minimising our carbon footprint through reducing, replacing and removing

The water sector collectively contributes c.1% of the UK's carbon emissions, and, therefore, we are acutely aware of the emissions that arise from our treatment processes and the amount and source of the energy we use.



Minimising our carbon footprint: To support in reducing our carbon footprint, we are re-thinking every aspect of our business processes and adopt new ways of working including:

- 1. Reducing** our direct emissions of greenhouse gases arising from our operations through process optimisation and the use of new technologies to reduce the level of nitrous oxide and methane produced in our wastewater treatment processes;
- 2. Replacing** traditional fossil fuels with alternative, carbon-free fuel sources, e.g., by switching our electricity and heating to renewable-backed sources and transitioning our vehicle fleets to run on renewable fuels;
- 3. Removing** greenhouse gases from the atmosphere using our land e.g., by restoring peatland and improving soil sequestration, and developing new technologies to capture and store emissions; and
- 4. Offsetting** any residual emissions by creating offsets internally e.g., through the generation and export of renewable energies or the recovery of materials which supplant use of fossil fuel alternatives, or by buying offsets on the open market.

Playing our part: We recognise the economic, social and environmental importance of a green economy to Wales, and believe we can play a role in this given our expertise and commitment to minimising our carbon footprint.

Work with our communities **make a positive social difference**

Hafren Dyfrdwy does not operate in a bubble; we are part of the communities we serve.

As a socially purposeful organisation we recognise that our influence and resources can help tackle issues of local importance and deliver wide-reaching societal, economic and environmental benefits.



Our plans to make a positive social difference

Educate and inspire our communities

- **Site access:** Encouraging more people to visit our sites, with a broader range of learning activities offered.
- **Schools:** Expanding our offering in schools to include practical skills. We are also working towards becoming a School Valued Partner (scheme run by Careers Wales).

Provide people with life skills and learning opportunities

- **Work experience:** Provide internships and work experience opportunities to help local school leavers gain work experience and build their CV.
- **Apprenticeships:** Running apprenticeship schemes to provide on-the-job training and formal qualifications to set people up for their future careers.

Promote social mobility and help communities thrive

- **Recruitment:** Fair and transparent recruitment practices, which promote a level playing field for people from all backgrounds.
- **Inclusion:** Creating more opportunities for those without degrees or formal qualifications, by removing educational requirements where not essential, or offering more on-the-job learning.

Support local charities and community well-being

- **Charitable giving:** Donating to charitable causes that aim to boost well-being across the region via our Community Fund.
- **Community support:** Providing ad-hoc support for our communities when they need it, just like the Emergency Coronavirus Fund we launched to help our communities deal with the impact of COVID-19.

Increase community resources in our region

- **Recruiter for Wales:** Providing opportunities for local people, such as our 2021 announcement of 40 operational roles being created in Powys.
- **Community resources:** Creating community resources where the public can safely enjoy water and the natural environment.
- **Supply chain:** Committed to supporting suppliers based in Wales, to the extent possible.
- **Regional Growth Bids:** Playing our part in supporting Regional Growth Bids.

Enhance biodiversity across our region

- **Land management:** Changing land practices to support wildlife (such as our plans at Lake Vyrnwy).
- **Net gains:** Committing to a biodiversity net gain across capital programmes that require Preliminary Ecology Appraisal (PEA).

Supporting public health

- **Lead pipe replacement:** Working towards removing lead pipework across our network and on customers' premises to stop lead entering the water supply. We have recently partnered with Wrexham Borough Council.
- **Detection:** Detecting and tracking diseases present in wastewater to help pinpoint outbreaks.



Supporting our region through a community fund to support local projects

Our customers and the communities we serve are at the core of everything we do, and that's why we launched the Hafren Dyfrdwy Community Fund to support local projects.



Community Fund: In 2021, we created a £50,000 fund for not-for-profit organisations within our region, to fund projects which aim to improve community wellbeing. Organisations are able to apply for between £2,000 and £10,000 for new projects.

Community wellbeing covers three key themes:

- **People:** Projects that help people to lead a healthier life and gain new skills;
- **Places:** Projects that help to create better places to live in and use; and
- **Environment:** Projects that will help look after our natural environment, give people greater access to that environment or help look after water.

Response to COVID-19: Recognising the short-term impact of Coronavirus on the communities we serve, we worked with Community Foundation Wales, Powys County Council and Wrexham County Borough Council to identify organisations most in need of support during the Pandemic. As a result, we have donated £30,000 to charity and community groups working on the front line to support communities through the crisis in Wales.



Working collaboratively to deliver a better environment for all

Our region is rich in biodiversity, but we recognise that all natural environments are fragile. Over 60% of our own landholding has some form of protected area status and we are committed to its protection and enhancement.

Nature Emergency: The Welsh Government declared a Nature Emergency in 2021, with 17% of species facing the threat of extinction in Wales. We recognise that the environment and its natural capital are critical to society, this is an issue which has always been close to our, and our customers', hearts.

Land stewardship: We are committed to protecting and enhancing the environment, through better stewardship of the land we own, by supporting local charities, and by exploring multi-stakeholder catchment-scale approaches.

Collaborative working: We believe that working in partnership with a range of stakeholders in Wales, will allow us to play our part in best enhancing, and protecting, the rich natural environment in which we operate. Some examples of our current collaborative working include:

- Joining forces with North Wales Wildlife Trust to enhance over 60 hectares of invertebrate and flora habitat at Minera and Marford quarries;
- In Powys, we partnered with Montgomeryshire Wildlife Trust on their project 'Pathways for Pearls', to create a well-connected, wildlife-rich landscape between Welshpool, Cyfronydd and Guilsfield. This will be of particular benefit to pollinators and the rare Pearl-Bordered Fritillary butterfly; and
- Engaged with local Public Service Boards and other public authorities within our supply area to identify opportunities for joint working to maximise benefits to local ecosystems.



Invest in our high performing culture to **maintain a safe, inclusive and fair workplace**

As a responsible employer, we want to look after our people, be that their physical, mental or emotional, well-being. All are important to ensure we have a happy, skilled and engaged workforce, who are equipped to safely deliver high quality services to our customers and enjoy their work.



Our plans to maintain a safe, inclusive and fair workplace

Maintain our industry leading safety performance

- **Health and safety:** Preparing our teams with the necessary skills and equipment to carry out their job safely.
- **Partners:** Ensuring our value chain meets our requirements, share lessons learnt and work together in the pursuit of best practice.
- **Innovation:** Leveraging new technology and data to gain insight into safety to drive improvements.

Care for individuals' mental health and well-being

- **Training:** Expanding the provision of mental health training programmes to improve awareness and promote well-being.
- **Employee Assistant Programme ("EAP"):** Enhancing our EAP to offer support, information and advice to employees and their families.
- **Upgrading our sites:** Upgrading our sites to improve how our people feel at work and about their workplace.

Reflect the diversity of the communities we serve

- **Recruitment:** Improving our recruitment practices and the diversity of candidates on shortlists.
- **Outreach:** Growing our outreach programmes to ensure young people are more likely to hear about the opportunities we can offer.
- **Role-models:** Becoming active role-models within the communities we serve.

Create an inclusive working environment

- **Policies:** Ensuring our policies better reflect the society we live in and support the changing way we work.
- **Training:** Ensuring all employees are trained in diversity and inclusion, and ensuring our leaders lead by example.
- **Employee advisory groups:** Expanding our employee advisory groups to raise awareness, educate our workforce and work with external bodies to drive out discrimination.

Create the most skilled workforce in the industry

- **Training facilities:** Investing in training to develop a skilled workforce fit for the future.
- **New technology:** Developing innovative learning technologies, such as augmented and virtual reality to simulate different environments, enabling our people to practise safely.

Reward the great performance of our teams

- **Reward:** Ensuring our reward framework continues to attract, motivate and retain people who are inspired by and live our values.
- **Performance:** Acknowledging great performance through initiatives such as the Our Brilliant People scheme and our Awesome Awards events.
- **Future plans:** Providing opportunities for employees to plan for the future via our pension or Sharesave schemes.

Nurture and develop talent within our organisation

- **Internal promotion:** Aspiring to fill more vacancies through internal promotions, rather than externally.
- **Succession planning:** Expanding our planning activities to provide a more systematic, enterprise-wide approach to building our talent pipeline.
- **Access to learning:** Enhancing our employees access to the learning and guidance they require to navigate clear career paths where they aspire to develop.



Embracing diversity and creating a workforce that truly reflects the communities we serve

As a responsible employer and socially purposeful organisation, we take our obligations around inclusion and diversity seriously. We are committed to creating a fair working environment for all our staff where everyone has the opportunity to succeed, and to diversify our workforce to better reflect the communities we serve.



Welsh Language commitment: The Welsh language is a key part of our regions' culture and identity. We provide language classes to employees and work with local communities and organisations to enhance our Welsh Language scheme to ensure that all customers have access to the same level of service.

Advisory groups: To help us shape our policies and learn from the communities who are most affected by these issues, we have created four employee-led advisory groups covering ethnicity, sexual orientation (LGBTQ+), disability, and women in Operations & STEM subjects (science, technology, engineering and maths) across the Group. These help raise awareness, educate our workforce, and work with external bodies to help us create the policies and interventions to drive out intentional and unintentional discrimination.

Mentoring: We also have a Group reverse mentoring scheme where colleagues from under-represented groups are matched up with our Executive team, to share insights and propose ideas for positive change.

Inclusion: In 2021, our employees have scored us at 9.1 out of 10. Our overall engagement score was 8.7 which puts us in the top 5% of utilities globally – as a Group, we ranked as 6th out of the FTSE100 for Equality in the Responsibility100 index (and most responsible overall).

Thank you for reading our Strategic Direction Statement.

We thank everyone who has fed back on our SDS consultation. We have considered all the responses received and amended this document to reflect those which added clarity or enhanced our thinking. Alongside the formal consultation process, we also did a piece of research asking customers for their thoughts on the future challenges facing us. This (alongside the understanding of our customers we have gained over the past 5 years through our continual research and PR19 plan) gives us the belief that our future priorities resonate strongly with our customers, and our wider stakeholders, and that they support and want to play their part in the future direction we're taking.

Hafren Dyfrdwy documents you might like:

Hafren Dyfrdwy produces a variety of regulatory and informational documents, which provide more detail on specific aspects of our business:

- **Annual Report and Accounts** provides an overview of our strategic, operational and financial performance.
- **Annual Performance Report** Describes how we have delivered against our regulatory measures and for our customers.
- **Water Resource Management Plan for PR19** Sets out our long-term plans for ensuring water availability.

These documents and many more can be found on our website hdcymru.co.uk

Severn Trent PLC documents you might like:

Hafren Dyfrdwy is part of the Severn Trent PLC Group. Some Group documents you may like, include:

- **Sustainability Report** Explains our sustainability framework and how we intend to deliver on our ESG commitments.
- **Climate Adaptation Report** Explores the risks associated with climate change and how we are building climate resilience.

These documents and many more can be found on our website severntrent.com

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