



Hafren Dyfrdwy: Our Social Purpose

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Introduction

At Hafren Dyfrdwy, we believe that being a socially purposeful company is a core principle. We are a company guided by a clear public service ethos that also draws on the benefits of private sector investment to improve services. We seek to give our customers the best of both worlds.

We are proud of the way we have set out our socially purposeful ambitions and want to 'lock in' our approach for the benefit of future generations. This is why we have produced this document. It sets out what we believe it means for Hafren Dyfrdwy to be a socially purposeful company, how we can be held to account for living up to these principles whilst supporting wider society.

This document draws on our Hafren Dyfrdwy heritage and the work of our sister company, Severn Trent Water.



Enshrining social purpose at the heart of our decision-making

A socially purposeful company must have social purpose at the heart of its decision-making.

For us, this means making decisions for the long-term; adding value for our customers, the communities we serve and the environment; and treating all of our employees and other stakeholders fairly.

Our social purpose has been developed in full consideration of the Well-being of Future Generations Act and is aligned to its ambitions to improve Wales' social, cultural, environmental and economic well-being. Through actively thinking about, and considering, the long-term impact of our decisions on our employees and communities, we can make a long-lasting positive change to current and future generations.

At Hafren Dyfrdwy we already seek to operate by our social purpose principles. However, we would like to go further and see them written into our licence, our core constitution document, subject to the agreement of our regulator, Ofwat.



Hafren Dyfrdwy Social Purpose measures

A clear purpose is important, but it is also necessary to have a broader package of measures to support its effective delivery. This broader package is set out below.

Deliver excellent core services

Our core job is to deliver excellent water and waste water services for our customers.

In line with our regulatory commitments, we will publish a plan every five years setting out priorities and service commitments, commitments driven by what customers tell us is most important to them.

We will also publish independently assured reports every year setting out how we are performing against the core performance commitments. We will always make sure our performance is transparent so we can easily be held to account.

A powerful voice for customers, employees and stakeholders

As a socially purposeful company, we give a powerful voice to customers, employees and other stakeholders.

We will use market research and the latest best practice to capture customers' views and priorities as we deliver and implement our plans.

We will also give an important voice to our employees. We value our well-established Company Forum and also make sure that all employees have the opportunity to be part owners of the company, a benefit about 74 per cent already take advantage of.

We recognise the value and importance of our Welsh identity for our customers and are committed to communicating to delivering the Welsh language standards for those customers who choose to communicate with us in Welsh. We will be providing Welsh language courses for employees who support Hafren Dyfrdwy customers and include Welsh Language as a desirable / essential skill on job descriptions for new employees. We will report transparently on our compliance with the Welsh Language Standards.



Working in partnership to do more for our communities

We will seek to maximise the benefits local communities in the way we deliver first class services, often by working through partnerships in which we can achieve more for society than we can alone.

For the environment, we have committed to being Carbon Neutral by 2030 and are working in partnership to deliver broader environmental and societal benefits. For example we are working with the Newtown Go Green Consortium and have a long standing partnership with the RSPB at Lake Vyrnwy.

For broader society, we have put in place comprehensive support for any customers struggling with their water bill, we're rolling out an education programme for local schools and we're encouraging every colleague to spend at least two days' a year volunteering on company time. We are also continuing to support WaterAid, the charity that provides life-saving services to some of the poorest communities in the world.

We will summarise the additional benefits we provide to wider society in our annual report, allowing us to be held to account.

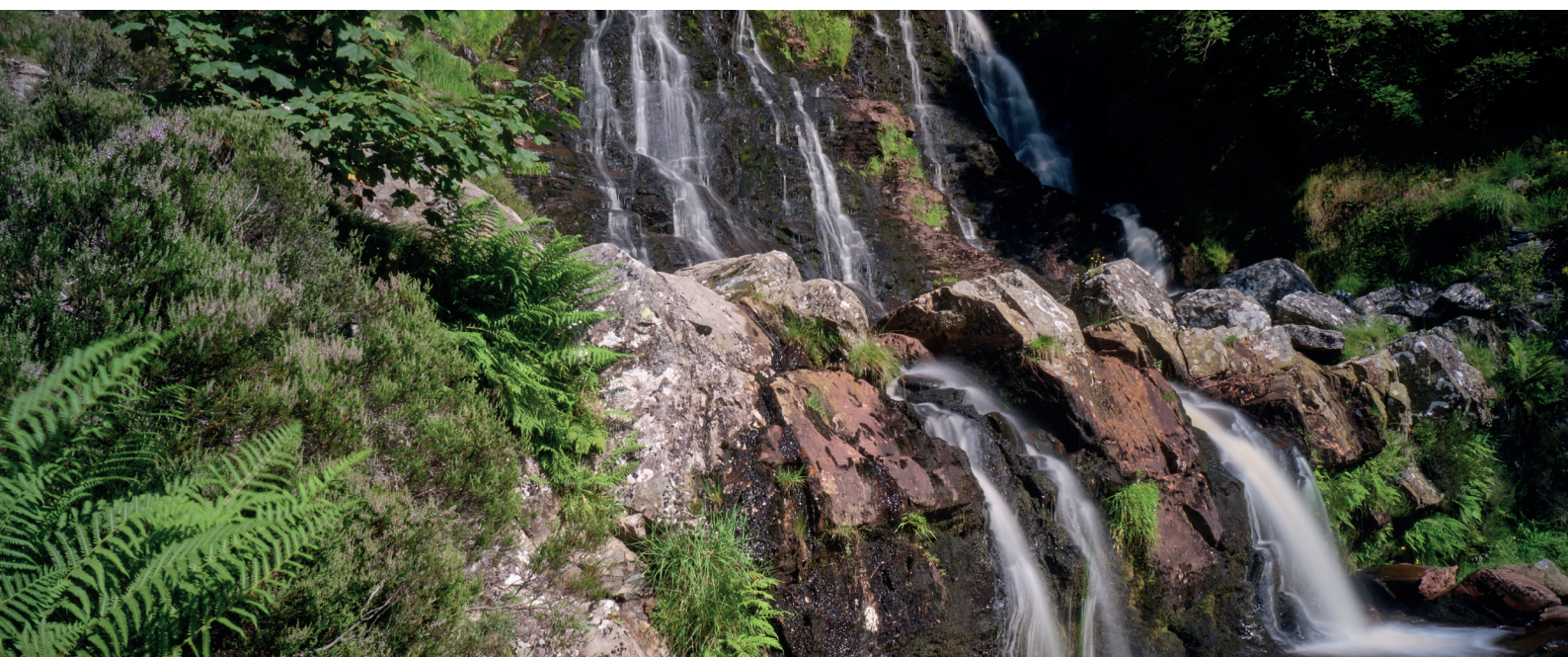
Striving to be an exemplary employer

We will always strive to be an exemplary employer and are accredited as a real Living Wage employer. In the next five years we will extend our commitment to paying the real Living Wage to people who work with Severn Trent in our supply chain, not just our direct employees.

We will specifically:

- Support every employee with mental and physical well-being.
- Provide world-classing training opportunities, giving everyone the opportunity to make the most of their talent.
- Promote diversity and inclusion.
- Ensure staff are rewarded fairly and are treated with respect.
- Commit to promoting social mobility through recruitment and development.

We will report on our performance in our Annual Report and Accounts.



Operating to clear ethical principles

We adopted a clear company-wide ethical framework called Doing the Right Thing. Amongst other things, we hold ourselves accountable to being honest and fair, to paying our fair share of tax and to taking a long-term approach.

We will report on our performance annually.



Align company interests behind those of customers

We will align the interests of investors behind those of customers through mechanisms like Outcome Delivery Incentives.

If we invest more and are able to deliver extra for customers in areas they say are most important to them, Outcome Delivery Incentives mean we can fund these improvements. If we fail to deliver, we suffer a penalty.

For customers who may be in difficult circumstances and need additional support, we have worked in partnership with organisations such as Powys Association of Voluntary Organisations, Warm Wales and Newydd and Mid-Wales Housing. This collaboration has helped us reach more customers that were struggling to pay their bills.

We will provide an annual, independently audited report on our performance.

Transparent and accountable

We believe that transparency is at the heart of what it means to be a socially purposeful company. Transparency is a powerful and flexible tool for holding organisations to account.

We commit to:

- Publishing annual, audited reports setting out our operational, social, environmental and financial performance.
- Making our senior management fully available to appropriate customer groups, the Company Forum and other stakeholders.
- Maintaining the very highest standards of corporate governance through our commitment to Ofwat's principles for Board leadership, transparency and governance and compliance with the UK Corporate Governance Code (on a voluntary basis).

Conclusion

Whilst circumstances change, the underlying values that make a socially purposeful company are enduring. We have sought to codify the very best practice from within Hafren Dyfrdwy and beyond to provide a right framework to maximise our contribution to wider society for generations to come.



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