

Severn Trent PLC - Case Study

About the company

Severn Trent Plc is a leading environmental services group providing water, waste and utility services.

Severn Trent has several subsidiaries including Severn Trent Water which is the Group's regulated water business. It provides water and sewerage services to more than three million households and businesses in England and Wales. In 2001 it was rated the UK's most admired water company in a survey by Management Today.

The Group's other main subsidiaries include Biffa which is the largest single supplier of integrated waste services in the UK; Severn Trent Services which supplies products and services associated with water, wastewater, air and contaminated land and Severn Trent Systems which supplies IT services and software solutions to utilities, particularly in the areas of customer management and work and asset management.

In 2001 Severn Trent Plc generated revenues of £1.8 billion with staff of over 14,000.

Sustainable development policy

Severn Trent's goal is to help create a sustainable environment for the communities it serves. This policy is delivered through four cornerstones: measurements and targets, environmental awareness, environmental management system and promoting diversity.

The company's vision is to be at the forefront of the international environmental services industry; business is part of the process of achieving a sustainable future for society. Their corporate values of Environmental Leadership, Service and Quality, enshrined in the Group's Code of Business Principles and Conduct, define its business culture and guide their strategies.

Drivers for the policy

Severn Trent believes that every business needs ideals above those of simply making money and no business can operate in isolation from society. Business is part of the process of achieving a sustainable future for society as a whole. Business must practice stewardship of natural resources, recognise its role as an integral part of the communities within which it operates, and be accountable for its activities. A vibrant and healthy environment is fundamental to the well being of society.

Business success generates shareholder value together with benefits for the wider group of stakeholders. Severn Trent recognises that open and responsive relations with its stakeholders are essential and that all stakeholders should benefit from its activities. As a business, the Group acts as both a corporate citizen, with opportunities to shape the lives of the communities where they operate, and as an employer with significant responsibilities for the working environment they provide for our people.

The company's objectives include:

- To grow as an environmental services group by providing services that solve environmental problems, that respond to new environmental expectations and that help to deliver sustainable development.
- To maximise the opportunities for recovering energy or other value from the waste and waste waters that we handle in order to reduce the emissions of greenhouse gases that cause climate change.
- To ensure that action is taken to cope with the impact of climate change.
- To promote the use of water appropriate for sustainable development.
- To promote biodiversity and respect the potential of biological resources that may support less energy-intensive development in future.
- To be forward-thinking participants in protecting the environment for society and extending the business case for sustainable development.

- To have relationships with customers and suppliers that will help deliver shared environmental objectives.
- To be good corporate citizens, contributing to and participating in the communities where it operates with particular focus on environmental education, the built environment and the natural environment.
- To provide a safe working environment where employees are valued and respected, and enable employees to share in these objectives by providing appropriate training, disseminating knowledge and supporting innovation.
- To show exemplary environmental standards in its own operations; in particular by complying in full with all relevant environmental legislation; reviewing regularly the environmental performance of operations; setting targets to reduce significant impacts and ensuring continual improvement; reporting on progress and assessing in advance the environmental effects of significant investment decisions.
- The Company's values define its culture and guide its strategies and include a commitment to provide services which safeguard public health and prevent pollution by treating and disposing safely of society's waste. Their business depends upon a healthy environment and it is committed to preventing pollution, minimising waste and sustainable development.

The practice

Severn Trent Water has produced a Code of Business Principles and Conduct which includes the following: It will :

- Display integrity when dealing with customers.
- Recognise that it is in the best interests of its shareholders to have regard for the views of important stakeholders such as customers, employees, local communities and the broader environment.
- Aim to be good corporate citizens and take into account the concerns of the wider community.
- Business actions will be consistent with its value of environmental leadership.
- Try to ensure their suppliers share their values.

The Company lives up to its value of Environmental Leadership through a commitment to sustainable development, preventing pollution and minimising waste. It implements an Environmental Management System, Health and Safety Management System and Community Affairs Programme that support the Code of Business Principles and Conduct in delivering their objectives. Targets for the delivery of the sustainable development objectives listed above are set for the Company as a whole and by the individual business units. These targets and information about performance are made public in the Company's annual "Stewardship" report. An annual review of the system is carried out as part of the organisation's Environmental Management System.

Severn Trent Water takes a proactive approach to environmental matters and engages in national and international debate on emerging issues. It assesses in advance the environmental effects of any significant development made by the company.

It reviews regularly the environmental performance of existing operations and discloses the results.

Severn Trent Plc has an environmental education programme designed to promote environmental awareness and responsibility amongst young people. It operates a network of five environmental education centres and six site-based visitor centres around the country, which offer courses for visiting schools. During 2001 over 30,000 pupils from 1,100 schools and 8000 adults attended these centres.

The Group established an independent charitable trust in 1997 which helps customers who cannot afford to pay their water bills. The Trust works with advisors from many organisations and approximately 70% of people once helped by the trust are now able to pay their bills on a regular basis.

Severn Trent Water has an Environmental Awards Scheme which is an internal competition which raises the environmental awareness of their employees and strengthens their links with the local community. Prize money is recycled to local communities and schools in support of worthwhile environmental projects of the winner's choice.

Severn Trent works with young people to address social exclusion issues such as homelessness, deprivation and disability. It has a long-term partnership actively and financially supporting the Cromford Venture Centre in Derbyshire. This centre helps deprived young people gain confidence and self-esteem and is managed by the Arkwright Society and Prince's Trust. Over 40 staff at Severn Trent helped out at the Centre in 2001. It was the Company's "Charity of the Year" 2002 and received a £50,000 donation. This partnership has been included in the World Business Council for Sustainable Development's Work Book, which was used by stakeholders in the Johannesburg Earth Summit in 2002

Severn Trent also supports Fairbridge West Midlands, a charity offering long-term personal development programmes which enable disadvantaged young people from inner cities to gain the skills they require in society. Severn Trent employees also help out on the "John Muir Environmental Leadership" course, a five day course run throughout the year which focuses on practical and taught conservation work in the community.

Severn Trent PLC's environmental management system gained certification to ISO 14001 in November 1999. The system was updated in 2001.

Business costs and benefits

Severn Trent Plc has been named as the leading utility in the Dow Jones Sustainability World Index. The index, which tracks the performance of the top 2,500 companies on the Dow Jones Global Index, rates a company's social and environmental activity alongside its economic performance. Severn Trent, BT and Granada were the only UK companies to have topped their sectors. Other leading companies include Sony Corp., Volkswagen AG, Procter & Gamble Co and Intel Corp.

"Severn Trent has been a component of the index for three years (as at 2001 – Company Biography prepared by SAM research for the DJSI) in a row and has consistently outperformed the rest of the industry. Over the years, the company has displayed superior strategy, management tools and improvement programmes in all three dimensions of corporate sustainability. Clear improvements have also been achieved in terms of emissions and waste minimisation."

Commenting on the group's achievement, Severn Trent Plc Group Chief Executive, Robert Walker, said: *"The challenge is not just about contributing to sustainable development within our own operations, but working with its customers to help modern society operate in a more sustainable way."*

Severn Trent Plc won a place in the finals of the 2002 Business in the Community Awards for Excellence and the UK's National Utility Achievement Awards.

Severn Trent Plc won the top award in the national green apple environmental good practice awards 2001, for collaborating with the King's Mill Hospital Trust in Mansfield in reducing water usage in the hospital and enhancing their overall environmental performance.

Severn Trent had a 2000-2001 target of reducing annual business mileage by 5% through revised job scheduling, the figure reached was actually 7.3%.

In 2001-2002 the Group increased the amount of electricity generated from renewable sources from 35% to over 40% of their total electricity needs. 9% of their demand is generated from their own renewable sources, and 30% is exported to the National Grid. They also reduced their own demand for electricity from the National Grid by 5,500 Mwh in 2001.

Severn Trent was recently awarded an AAA rating by Innovest, the US based institutional investment research firm based in New York. It is the only company in the water, wastewater and solid waste sector to have received such a rating.

The future

What changes are envisaged in the future? Has there been any evaluation to guide the development of future policies and practices?

Further information

The website address for more details.