

UTILITIES COMPANIES BEAR DISPROPORTIONATE RESPONSIBILITY FOR PERILOUS STATE OF UK'S RIVERS - EDENTREE INVESTMENT MANAGEMENT

- COMMON MISCONCEPTIONS AROUND WATER POLLUTION INHIBIT BEHAVIOURAL AND POLICY CHANGE

Utilities companies are disproportionately blamed for water pollution that has dramatically reduced water quality in the UK to the point where many rivers may be unable to recover, according to EdenTree's Insight Report *The Condition of Our Rivers* which was published today.

Findings from the report confound conclusions in the UK media that Combined Sewer Overflows (CSOs) are the major driver behind impure river water in the UK. Qualitative research conducted by EdenTree amongst a number of the UK's utility companies found that, while all admitted some overflow was inevitable, their contribution to river pollution was as low as 1% in some regions and no higher than 4% nationally.

In fact, the majority of UK-based utilities companies have proactively developed schemes to reduce the risk of CSO altogether. Thames Water's Tideway Tunnel (London's Super Sewer), for example, will intercept, store and convey all raw sewage and rainwater currently overflowing into the Thames estuary, largely removing the problem of CSO from the Thames River altogether.

Instead, agriculture was found to account for approximately 40% of pollution affecting water bodies in the UK, including ammonia and phosphate deposits that are amongst some of the most damaging. Utilities companies again have proactively moved to help mitigate the risks here. Severn Trent's Environmental Protection Scheme, or STEPS, offers grants to farmers and land managers in their region to invest in tailored solutions to help tackle water pollution.

Urban run-off from towns, cities and transport account for an additional 18% of water pollution in the UK due to inadequate sustainable urban drainage solutions and outdated planning systems that do not ensure sustainable solutions are built in by design. Some housebuilders, like Berkeley Group, have designed schemes to ensure that new properties are better equipped to reduce water waste and deal with waste in a more sustainable way.

Not all utilities businesses in the UK have displayed positive performance, however. Among the laggards are South West Water which has been responsible for at least 146 serious pollution incidents annually for the past decade, including 245 incidents in 2013 and further 225 incidents in 2020.

Neville White, Head Responsible Investing Policy & Research, EdenTree Investment Management, comments: “Water quality in the UK has been an increasingly contentious issue in recent years as its decline has become more pronounced, particularly in the rivers of England and Wales. What we have found is that public sentiment and, to a great extent, the media have often demonised utilities companies as the culprits, but deeper research has found this not to be the case.”

“While a very few utilities businesses require further engagement to improve their performance, the evidence finds that agriculture and urban run-off are by far the greater risk when it comes to water pollution. Utilities companies by-and-large, and some housebuilders, have shown incredible dedication and innovation in trying to help solve urban and rural causes of water pollution.”

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Notes to editors

Media enquiries

Vested

EdenTree@fullyvested.com

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