



Sustainability | Leadership | Innovation

WONDERFUL ON TAP



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Severn Trent: Communicating with purpose

Finalist: Communicating integrated thinking award

What

Severn Trent is a regulated water and sewerage company in the UK. In 2017, the company refocused on its social purpose, integrating this throughout its strategy and business decisions. The company also consulted widely with stakeholders when developing its regulated business plan for 2020–2025.

Communicating its integrated approach clearly and credibly to investors and other stakeholders was critical for the company. To do so, it has centred sustainability throughout a range of communications, showing how social purpose creates long-term value. It has found that the needs of stakeholders – including investors, customers and the environment – can be mutually reinforcing.

The response has been positive. Severn Trent's regulated business plan was one of three awarded 'fast-track status' by Ofwat, the industry regulator. The plan uses straightforward, accessible language to lay out the company's goal to put people and society first, and what that will look like.

Finance has been involved throughout, strengthening the narrative by demonstrating how social purpose also builds financial resilience.

'We are driven by our social purpose and believe this is also in the long-term interests of our investors. To be a financially sustainable business we first need to be socially and environmentally sustainable. And in delivering for our customers, our investors will still be able to make attractive, appropriate returns.'

Liv Garfield,
Chief Executive, Severn Trent.

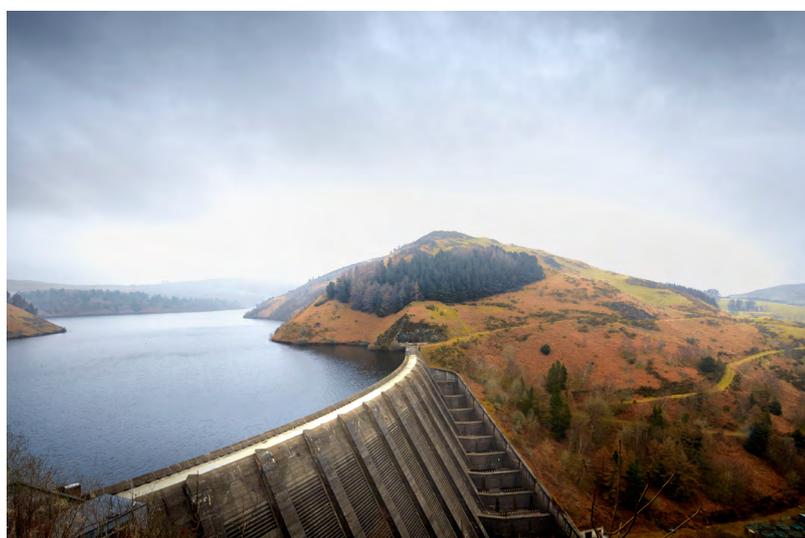
Why

Severn Trent's work on social purpose isn't new. As a private company delivering a public service, social purpose has long been an accepted part of its strategy. For Severn Trent, thinking sustainably is both the right thing to do and offers the long-term thinking that is necessary for a water company.

Since 2017, though, Severn Trent has strengthened its integrated thinking and how it communicates this to stakeholders, helping the company to connect with investors, customers and regulators.

The company found that investors increasingly expect companies to make a positive contribution to society and the environment as well as a financial return. By consulting with customers, Severn Trent learned that customers also care deeply about creating a more sustainable world. These perspectives have been echoed by industry regulators.

This made it vital for the company not only to act purposefully but also to show what it was doing. By doing so, Severn Trent aimed to build trust with its stakeholders and deliver sustainable returns to its investors.



‘The judges were particularly impressed with the social purpose that Severn Trent has embraced. The suite of communications clearly articulates their commitment to this, and also provides examples of how integrated thinking has been embedded.’

Finance for the Future Awards judges

How

Severn Trent has developed a range of communications channels to show its integrated thinking to investors and other stakeholders:

- > Environmental and social issues were already embedded into Severn Trent's business planning and strategy. To be truly socially purposeful, though, the company decided it needed to talk about its approach and values externally.
- > Severn Trent engaged directly with stakeholders when building its **2020–2025 business plan**. It got feedback through perception studies and by speaking directly to customers and investors. This helped the company to understand its audience and how to incorporate what is important to them into business planning.
- > An integrated approach demands collaboration. The finance function worked alongside corporate responsibility, strategy and regulation teams to develop coherent messaging that resonates with investors.
- > Finance's work has been critical for highlighting the value of a socially purposeful approach. The annual report and business plan show how a sustainable approach increases financial resilience and long-term financial health and builds this messaging into key financial documents such as the tax strategy.
- > Severn Trent uses multiple channels to communicate the social and business need for its sustainable approach to a range of audiences. These channels include integrated annual reports, roadshows and events, presentations and regular investor newsletters.
- > The **annual report** is the main document for investors, but only shows a snapshot of past results. Therefore, Severn Trent developed investor newsletters so that it could share key updates with investors and keep them engaged.
- > The company's consistent message also meant that the company could direct the same content to multiple stakeholders. For its new business plan, Severn Trent used a launch event to connect with both employees and investors.
- > Documents use language that is clear and accessible, helping Severn Trent's message to connect with all stakeholders. Severn Trent believe that jargon and complex language aren't needed to seem credible and authoritative – and in fact can reduce trust.
- > The company includes colour, icons and simple diagrams in its published materials, so that each element of a document is reinforcing the same message.
- > Severn Trent's commitment to a sustainable water industry has prompted it to push for improved practices across the industry. It advocates for stronger regulation. The company also played a leading role in developing five pledges for water companies in England, including pledges to become carbon neutral, commit to social mobility and reduce the number of plastic bottles being thrown away.

www.severntrent.com



DISCLAIMER

This case study presents **Severn Trent** entry for the Finance for the Future Awards 2019. The case study only includes information that was part of the organisation's 2019 entry. Some of this information may now be out of date. For a current view of the organisation's work, please visit their website at the link given above.



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