

**PENNON GROUP PLC**  
**10 July 2025**

**Ofwat announces next steps for South West Water as part of its sector wide investigation**

Today, Ofwat as part of its sector wide investigation into wastewater activities, has announced its findings for South West Water.

Ofwat's proposed decision is to accept South West Water's enforcement package, in lieu of a financial penalty given South West Water has stepped up and acknowledged what has gone wrong and how it will put things right.

Ofwat has recognised the work South West Water has done to improve systems, processes and controls in this area in recent years and the investments already made to address these historical findings.

South West Water has agreed undertakings worth £24m<sup>[1]</sup> to be delivered over the period to 2030 including:

- £20m accelerating investment from K9 to reduce the number of spills at environmentally sensitive locations or within a focused community
- £2m fund for customers to tackle sewer misuse and misconnections to address environmental pollution, infrastructure strain and public health issues caused by improper connections to the sewer system
- £2m Nature Recovery Fund to support environmental groups to deliver measurable environmental gains

These investments will provide improvements for both customers and the environment alongside our K8 plans to tackle all storm overflows at our bathing and shellfish waters and our highest spilling sites.

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<sup>[1]</sup> The enforcement package proposed is in lieu of a penalty of £19.0m, which equates to c.6.5% of wastewater revenue (below the 10% maximum possible for such enforcement).

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