



REPORT PROFILE

The theme of this annual report is "Water for Growth and Sustainable Development" which is interpreted in terms of Umgeni Water's role as a water utility in ensuring that it provides adequate water services for sustainable economic growth and social development. Umgeni Water defines sustainable development as the long-term maintenance of economic, social and environmental systems.

The scope of this report covers Umgeni Water's performance in respect of social, economic and environmental indicators for the financial year 01 July 2007 – 30 June 2008.

Umgeni Water has adopted a sustainability philosophy in which it has committed to the following:

- To contribute to social and economic development in an equitable but prudent manner while conserving its natural resource endowment;
- To monitor and reduce environmental stress related to its activities;
- To pursue the solvency and sound financial management of Umgeni Water while ensuring the lowest possible constant tariff in real terms;
- To develop institutional capacity to respond to environmental social and economic challenges; and
- To practice environmental stewardship

Information for the 2007/08 Annual Report was prepared consistent with the following principles:

Report Content

- Materiality
- Stakeholder Inclusiveness
- Completeness

There have been no significant changes in the size, structure, ownership or products to materially influence the scope, boundary or measurements of this report. We are confident that the report provides a complete and balanced view of our performance for the 12-month reporting period and does not omit material information that would influence our stakeholder's assessment of our operations.

Report Quality

- **CLARITY**
We have endeavoured to present data and information in a clear and unambiguous manner to ensure that the information in our report is readily understandable and accessible to our stakeholders.
- **BALANCE**
The Report reflects a balanced approach, highlighting positive and negative aspects.
- **COMPARABILITY**
Although we continuously improve our measurement and monitoring systems, we are committed to presenting information and data in a consistent manner to enable comparative analysis. Trend information is presented for all key sustainability information from 2004 and where changes in data measurement or collection methodologies have occurred, we have stated the basis, calculation and assumptions in a footnote in the text.
- **TIMELINESS**
The data and information is a reflection of our operational activities and is relevant to the reporting period of 12 months ending 30 June 2008.
- **REPORT BOUNDARY**
The topics and indicators selected in this report reflect our key economic, environmental and social impacts which would substantively influence the perceptions and decisions of our stakeholders.
- **ACCESSIBILITY**
Umgeni Water values the opinions of its stakeholders. Hence, we encourage you to forward your views and comments on the feedback form provided on the last page of the annual report.
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IDENTIFICATION OF ISSUES

The issues chosen to report on are aligned to the theme "water for growth and sustainable development". Furthermore, emphasis is placed on the primary business of Umgeni Water, which is to supply bulk potable water and wastewater services to the Water Services Authorities comprising its customers.

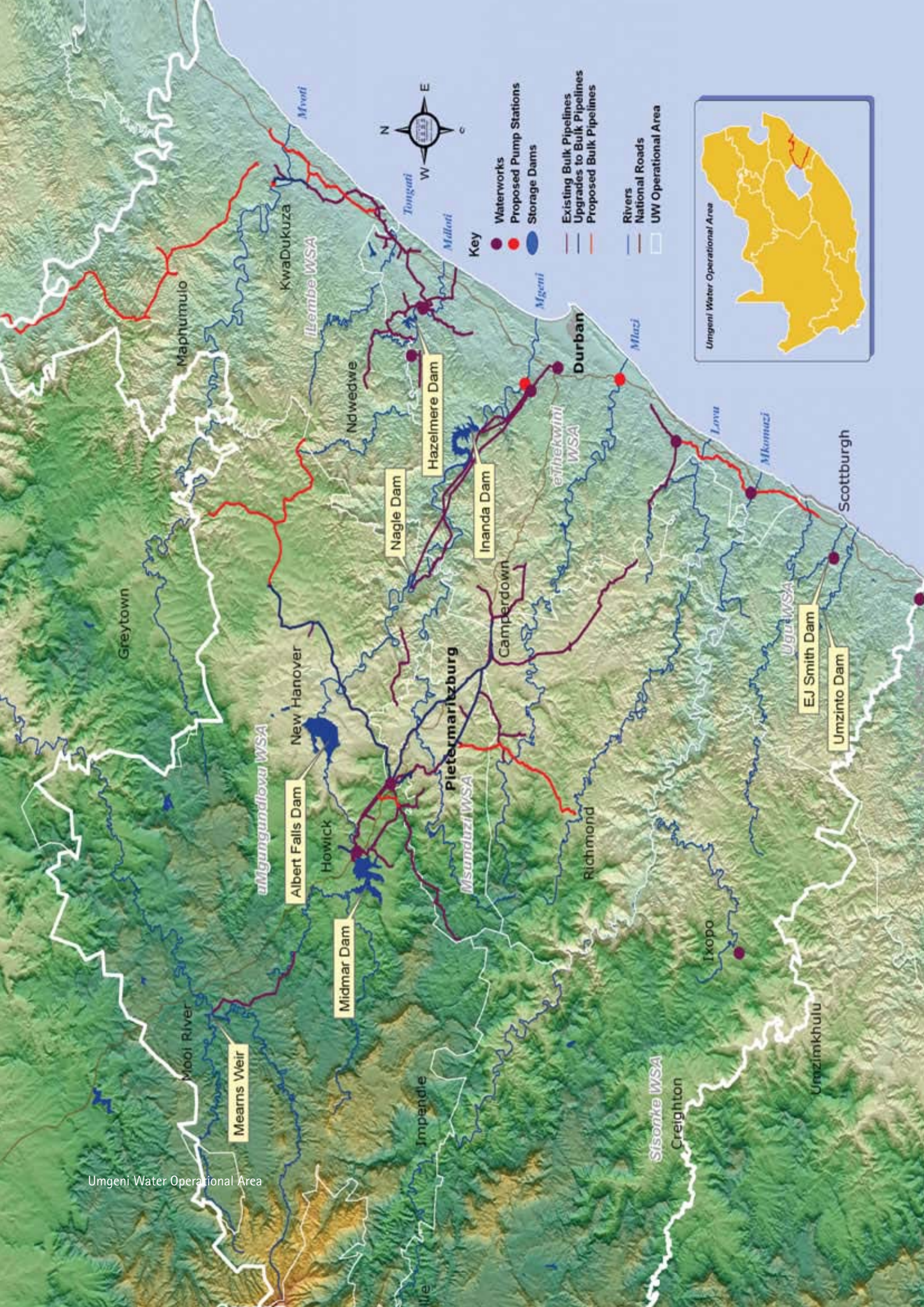
The identification of suitable issues was done using the strategic risk register developed by Umgeni Water.

This report incorporates the recommendation of the independent verification process conducted for the 2006/2007 Sustainability Report. Material issues have been selected for the current report using the risk management framework, in conjunction with stakeholder interaction (formal and informal). Stakeholder issues have been identified from meetings with customers and shareholders, as well as articles published in newspapers during the reporting period. The report will therefore focus on the following issues:

- Corporate governance
- Water resources (Status of raw water – quantity and quality)
- Safety of drinking water, e.g compliance

- Integrity of water infrastructure
- Capital Expenditure program implementation
- Addressing backlogs
- Water affordability
- Climate change
- Wastewater effluent and the receiving environment
- Role of water in social development
- Financial performance.





Umgeni Water Operational Area

Key

- Waterworks
- Proposed Pump Stations
- Storage Dams
- Existing Bulk Pipelines
- Upgrades to Bulk Pipelines
- Proposed Bulk Pipelines
- Rivers
- National Roads
- UWI Operational Area

