

How we operate



Planning horizons

We plan across multiple horizons, using an adaptive planning approach, which helps to ensure we are delivering our purpose in a sustainable way. Short-term planning and targets for the year ahead allow us to measure progress towards our medium-term plans. Medium-term planning aligns with our five-year regulatory cycles, and these plans are created to help us towards our very long-term plans to ensure resilience.

Key resources

We depend, and strive to have positive impacts, on each of the six capitals – from sustainable natural resources across the water cycle, to our extensive network of assets, and our colleagues and supply chain.

1.8bn

litres of water supplied every day across the North West

122,000km

of water and wastewater pipes – enough to circle the earth more than three times

External environment

We are influenced by, and must adapt to, a number of external factors, including the regulatory and economic environment we operate in, and our reliance and impact on the natural environment.

5-year

regulatory cycles (AMPs), with long-term adaptive plans

40%

higher urban rainfall in the North West than average across England and Wales

1

Sustainably sourcing water

4

Renewable energy from bioresources

Providing great water

2

Supplying treated water 24/7

3

Cleaning and returning wastewater

For a

**Greener
Healthier
Stronger
North West**

Strategic priorities and material themes

Our strategic priorities are designed to help us deliver our purpose, and we regularly engage with stakeholders to ensure we are addressing the things that are most material to them and to the company.

Progressive

approach to ESG with strategy clearly aligned

Transparent

reporting with top material themes all covered through comprehensive disclosures

Culture and core values

We have an innovative and high-performance culture, underpinned by three core values that reflect the behaviours we believe are most important to help us deliver our purpose.

Robust

governance with culture clearly led from the top

Executive

remuneration closely linked to sustainability-related performance

Risk and resilience

Successful management of risks and uncertainties enables us to deliver on our purpose and strategic priorities, and to be more resilient across our corporate, financial and operational structures. We have a robust risk and resilience framework for the identification, assessment and mitigation of risk. This is supported by strong governance and we are focused on continual improvement.





Greener

Protecting and enhancing the natural environment in our region

We have delivered a number of environmental improvements in the last decade, including significant peatland restoration activities, tree planting, and improvements for rivers and bathing waters. AMP8 will be the largest environmental investment we have ever delivered, including an industry-leading programme to further reduce spills from storm overflows.



Healthier

Supporting society across the North West with great-quality services

We are focused on delivering reliable and resilient water and wastewater services, while continually improving these for our customers and helping families with affordability and vulnerability support. Colleague health, safety and wellbeing is a top priority, we regularly engage and develop our people, and we are committed to further improving equity, diversity and inclusion.



Stronger

Responsible business and governance supporting jobs and communities

Our activities support thousands of jobs, directly and through our supply chain, helping to grow the North West economy. We actively engage and invest in regional communities for the long term. We spend customers' money wisely, and efficiently deliver against our commitments.

Creating value for Customers

- Reliable and resilient service
- Continually improving service at an efficient cost
- Supporting vulnerable people through assistance schemes
- Sharing the cost equitably

Top

listed company and sixth ranked water and wastewater provider

£525m

affordability support helping one in six North West households in AMP8



Creating value for the Environment

- Protecting and enhancing reservoirs, catchments, rivers and bathing waters
- Minimising any potential negative impacts from our activities
- Reducing our carbon footprint

39%

reduction in spills per overflow delivered so far since 2020

>5 times

larger environmental enhancement expenditure for AMP8



Creating value for Communities

- Supporting jobs and the economy
- Opening our land to the public for access and recreation
- Building partnerships
- Working with schools and young people to develop skills

£21.6m

invested in the community during AMP7 (B4SI method)

£257m

total taxes paid in 2024/25, contributing towards public finances



Creating value for Colleagues

- Looking after health, safety and wellbeing
- Attracting, developing and retaining a diverse team
- Open and active communication to boost engagement

87%

colleague engagement, exceeding the high performing norm

£nil

pension deficit, fully funded on a low dependency basis



Creating value for Suppliers

- Investing in local infrastructure and generating jobs and skills
- Acting fairly and adhering to the Prompt Payment Code
- Working with SMEs and start ups through our Innovation Lab

99%

of supplier invoices paid within 60 days or less

30,000

jobs supported through our plans for the 2025–30 (AMP8) period



Creating value for Investors

- Investing in our assets for growth and resilience
- Providing an appropriate and progressive inflation-linked return
- Managing risk prudently
- Quality and transparent reporting

51.85p

dividend per share for 2024/25, grown in line with CPIH inflation

c.7%

compound annual growth rate for AMP8 based on final determination



Our core activities

Our core activities cover each stage of the water cycle for all customers, and associated retail activities for household customers. Business retail is undertaken through our joint venture, Water Plus, through a competitive market.

Water resources – sustainably sourcing water

We collect raw water from a variety of sources, including lakes, rivers and boreholes, but predominantly from open reservoirs. We have more reservoirs than any other UK water company – the biggest are Thirlmere and Haweswater in the Lake District National Park. We own and manage 56,000 hectares of land, much of which is catchment land (the areas immediately surrounding our reservoirs).

How we manage this to build a stronger, greener and healthier North West:

Reservoirs provide great raw water, but have high maintenance needs and the raw water requires

more treatment than some other sources. They are quick to fill when it rains, but more vulnerable to periods of dry weather than groundwater sources. Our water resources management plan helps us to ensure the long-term resilience of this precious resource. We manage our land and water resources in a sustainable way, protecting and enhancing local habitats. We optimise the use of our land to protect water quality, create natural carbon sinks by restoring peatland and planting woodland, and explore potential clean energy development. We also open much of our land to the public to enjoy nature and its health and wellbeing benefits.

Our key areas of focus and targets for AMP8

- North-south water transfer scheme to enable movement of surplus water to support other regions during times of drought
- Investing in our reservoir assets to improve safety and resilience
- Further 1,500 hectares of peatland restoration, helping to improve raw water quality as well as carbon benefits
- Conserving and enhancing biodiversity

AMP8

Household retail – supporting customers

We provide household customer services including meter reading, billing, account management services, and water efficiency support.

How we manage this to build a stronger, greener and healthier North West:

We provide a number of ways for customers to get in touch with us, from phone numbers to social media and an online live chat, to ensure we make it as easy as possible for customers to interact

with us in the way that suits them best. We have also actively engaged with customers in the development and improvement of many aspects of the customer experience, including bill design.

Bioresources – generating renewable energy

Sludge is a by-product from the wastewater treatment process. It is transported to our bioresources treatment facilities, which use digestion technologies to safely and compliantly treat more than 200,000 dry tonnes of sewage sludge a year. The digestion treatment process produces biogas and biosolids.

How we manage this to build a stronger, greener and healthier North West:

We minimise waste from our water and wastewater operations to promote a circular economy.

We use biogas to generate renewable electricity, some of which is used to power our operations and some feeds into the grid to provide a green source of energy for others to access.

Self-generation reduces our carbon footprint and saves costs. We purchase electricity to cover the remaining electricity needs and 100 per cent of this is certified renewable.

We have also been trialling the use of biogas to create hydrogen and graphene, which has multiple applications such as extending the life of tyres, cutting the carbon footprint of concrete, and boosting the performance of batteries and solar panels.

We give biosolids to local farmers to use as a high-quality and effective fertiliser and soil conditioner. We seek to comply with all relevant rules and regulations, including Farming Rules for Water.

Our key areas of focus and targets for AMP8

- Over £1.1 billion investment in bioresources, which is more than triple that during AMP7
- Using innovation to remove water from sludge, helping to reduce transport costs and produce a higher-quality fertiliser for use in agriculture
- Achieving the highest-quality standard for biosolids
- Increasing the amount of energy produced from biogas, helping to boost self-generation and reduce energy costs, which are our biggest base operating cost

AMP8

Our strategic priorities



Improve our rivers



Create a greener future



Deliver great service for all our customers



Provide a safe and great place to work



Spend customers' money wisely



Contribute to our communities

Water network plus – supplying treated water 24/7

We treat raw water in one of our 86 water treatment works and then store it in covered reservoirs before transporting it to homes and businesses right across the region, using over 43,000 kilometres of water pipes – that's longer than the circumference of the earth.

How we manage this to build a stronger, greener and healthier North West:

Every day, we deliver an average of 1.8 billion litres of safe, clean drinking water to around 8 million people and businesses. Our integrated supply network enables us to move water around the

region as needed. Along with production planning and the optimisation of storage levels ahead of anticipated demand increases, and a fleet of alternative supply vehicles, this helps us to deliver a more resilient water supply. We use sensors and artificial intelligence, and have dedicated teams to detect and fix leaks across our pipes as well as helping customers identify leaks on their property, which can save them money on their bills, as well as reducing water losses. Our Haweswater Aqueduct uses gravity to transfer water from Cumbria to Manchester, helping to reduce our carbon footprint from energy-intensive pumping.

Our key areas of focus and targets for AMP8

- Improving water quality for 2 million customers, helping to drive 34 per cent reduction in customer contacts
- 13 per cent reduction in leakage
- Replace 30,000 lead pipes
- £139 million to continue re-lining the Vyrnwy Aqueduct
- Construction commencing on Haweswater Aqueduct Resilience Programme (HARP) via direct procurement (DPC)

AMP8

We have a sector-leading affordability support package and approach to helping vulnerable customers through our Priority Services offering.

Over AMP8, we will be further increasing that support, as well as installing smart meters across the North West to help measure and manage water consumption and leakage.

Our key areas of focus and targets for AMP8

- Doubling affordability support to £525 million, helping one in six households in the North West
- £256 million investment in metering, rolling out around a million smart meters
- Supporting households and businesses to reduce their water consumption by 5 and 7 per cent, respectively

AMP8

Wastewater network plus – cleaning and returning wastewater

Every day, we collect used water from customers' toilets, emptied sinks, baths, showers and household appliances. 54 per cent of our sewers are combined, meaning they also take rainwater. We have over 79,000 kilometres of wastewater pipes and sewers that transport it to one of our 583 wastewater treatment works, where it is separated and treated, before being returned to the natural environment through rivers and streams, so that the water cycle can begin again.

How we manage this to build a stronger, greener and healthier North West:

We clean wastewater to a very high standard, meeting increasingly stringent environmental consents to protect and enhance nature and biodiversity in the North West. We have a long

coastline and 34 designated bathing waters in our region that we help to look after.

With more combined sewers than average, our network comes under more strain from urban water runoff when it rains. In periods of unusually high rainfall, when sewer capacity is overloaded, storm overflows are activated using a separate pipe to allow wastewater, heavily diluted with rainwater, to flow directly into rivers or the sea to help prevent flooding of streets, homes and businesses. We are investing significantly in additional storage and rainwater management solutions to reduce the need for spills, and we have already delivered a significant reduction since 2020. We are also exploring new and innovative ways of working, such as nature-based solutions and partnerships with groups such as The Rivers Trust.

Our key areas of focus and targets for AMP8

- >60 per cent reduction in spills from storm overflows in the decade to 2030 – the highest targeted reduction in the sector
- 30 per cent reduction in pollution incidents, and zero serious pollutions
- 40 per cent reduction in internal sewer flooding
- Upgrading 80 treatment works to reduce phosphorus levels
- Installing batteries and generators to reduce pollution incidents caused by power cuts
- Working with others to improve water quality in Windermere

AMP8