

The six capitals

Delivering our purpose requires us to sustainably source, use and replenish resources from each of the six capitals.

Our business is dependent upon the availability and quality of these capitals – financial, manufactured, intellectual, social, human and natural.

As our business draws on these resources, we focus on minimising any negative impacts that may result. We also look to invest in the future, to positive effect, recognising that we must be careful about how we harness and protect them over the long term to ensure sustainable value creation and resilience.

Traditional financial accounting doesn't always show the full picture – we rely on things that are not on our balance sheet, like the colleagues that work for us and the natural environment, and we have an impact on things that have no associated income statement or cash flow value. Evaluating and monitoring the impacts and dependencies we have on the six capitals, alongside financial information, helps to give a fuller and more balanced picture of how we are performing, the value we are creating, and the sustainability of our activities.

We are integrating six capitals thinking into all our business processes and planning, to enhance our understanding of the wider consequences of different strategic options. Our performance monitoring and disclosures align with this 'wider value' way of thinking. As well as monitoring financial performance, our operational performance metrics – aligned to the stronger, greener and healthier aspects of our purpose – help us to assess and monitor the positive and negative impacts we have across the capitals and the value created for a range of stakeholders.

We followed a multi-capital value approach in the formation of our AMP8 business plan, using a suite of screening tools to inform our preferred solutions including assessment against the six capitals framework for value.

Financial capital

Our activities, including significant long-term infrastructure projects, require access to a pool of funds. In order to protect affordability and spread the cost fairly between generations of customers, we need to use debt and equity financing as well as direct procurement for customers (DPC) and funds received as revenue.

How we manage this key resource

We maintain a robust capital structure, with a responsible mix of equity and debt. We monitor our performance against key credit ratios to help us maintain strong and stable investment-grade credit ratings, giving us efficient access to debt markets across the economic cycle.

We provide regular updates to investors and establish a two-way dialogue about matters of interest to them. We maintain relationships with a range of banks and access to a broad and diverse range of markets. Our medium-term note programme enables efficient debt issuance under pre-agreed contractual terms, our sustainable finance framework allows us to raise debt based on our strong ESG credentials, and the board delegates authority to the CFO so we can respond quickly to attractive financing opportunities. This helps us consistently raise efficient financing.

We aim to avoid a concentration of refinancing in any one year, our debt portfolio has a very long average life, and we monitor liquidity forecasts to maintain resources to cover the next 15–24 months of projected cash flow needs. We have clear and transparent hedging policies covering credit, liquidity, interest rate, inflation and currency risk, and these are aligned with the regulatory model.

Key dependencies:

- Financing our activities and smoothing out cash flows; and
- Paying our expenditure costs.

Improving our impact:

- Being efficient in our operations;
- Working with long-term investors and maintaining good governance for fair and sustainable returns; and
- Being a responsible business that acts fairly on tax.

Relevant material themes:

- Financial risk management
- Corporate governance and business conduct

Manufactured capital

We have a large number of physical assets that are essential in enabling us to provide our services to customers and protect public health, including buildings, fleet, equipment and infrastructure.

How we manage this key resource

The significant investment we have made in our assets since privatisation has provided substantial benefits to customers, including reduced supply interruptions, reduced sewer flooding incidents, and improved water quality. We expect to continue with a substantial investment programme for the foreseeable future as current environmental legislation is expected to drive significant investment needs, as shown in our AMP8 business plan. Long-term planning helps us understand where and when we need to invest, and we continually monitor the condition, performance and health of our assets.

We manage our assets in a holistic way that seeks to minimise whole-life costs, and we embrace new technology and innovation. This helps us deliver efficient expenditure without compromising on quality of service or long-term resilience, saving future operating costs and reducing future customer bills.

Our assets and infrastructure projects can affect people who live nearby. We consult with these communities in the planning stage and work hard to minimise any negative impact, such as odours from our wastewater treatment works.

Key dependencies:

- Delivering safe and reliable services; and
- Keeping our assets secure.

Improving our impact:

- Maintaining, protecting and improving assets and infrastructure;
- Developing new assets and infrastructure where required;
- Managing the effectiveness of our capital delivery programmes; and
- Following best practice approaches to be efficient and effective, such as ISO 55001 – Asset Management.

Relevant material themes:

- Resilience
- Customer service and operational performance

Intellectual capital

The knowledge and systems we have across our business, including our understanding of the region and the people who live here, are critical to effectively running our treatment works and maintaining our assets to ensure a long-term resilient service.

How we manage this key resource

We use a variety of methods to drive innovation. We scout ideas from other industries and from across the world, and we invite companies to bring new solutions to us through our Innovation Lab programme. Our core values encourage colleagues to voice new ideas and we encourage innovation across the business, including our CEO Challenge programme where graduates develop novel ways to tackle challenges that we face. These initiatives can lead to the development of products and software that give us a competitive advantage.

Dynamic Network Management (DNM) is one example of how our culture of innovation has helped us to improve our services. We developed the technology to improve management of our sewer network and it helped us significantly reduce sewer flooding incidents. We then developed and applied DNM further to maximise the benefits it offers across the entire water cycle, which is in line with our Catchment Systems Thinking approach. This is discussed within how we manage natural capital on pages 22 to 23.

Key dependencies:

- Providing the know-how to run our business effectively and efficiently;
- Delivering continuous improvement and innovation to be more efficient and effective, and giving us a competitive advantage; and
- Protecting us from cyber attacks.

Improving our impact:

- Investing in research, development and innovation;
- Monitoring and managing our processes, systems and digital capability; and
- Collaborating with the supply chain and other partners.

Relevant material themes:

- Cyber security
- Diverse and skilled workforce
- Innovation

Social capital

It is important that we maintain positive and constructive relationships with a wide variety of stakeholders across our region.

How we manage this key resource

We actively engage with all our stakeholders, as set out on pages 46 to 48. These include community bodies, regulators, environmental interest groups, and political and governmental bodies. We seek to work alongside them to understand short and long-term priorities, exchanging information, building partnerships and working together wherever we can. Our supplier relationship management process ensures regular discussions to help identify issues and opportunities for a smooth and productive relationship, and we engage suppliers on sustainable and ethical issues through our United Supply Chain approach.

Engagement helps us assess the issues that are most important to stakeholders, which feed into our materiality assessment. This helps to shape our plans and the disclosures throughout this report, as set out on pages 28 to 30. We conducted extensive customer and community research, which fed into the development of our AMP8 plan.

Key dependencies:

- Maintaining and growing trust with all of our stakeholders to encourage them to act in a way that helps deliver improvements;
- Shaping how we best deliver value for customers and other stakeholders by understanding their needs and priorities; and
- Collaborating on shared challenges such as leakage, flooding and water efficiency.

Improving our impact:

- Managing service quality and resilience now and for the future;
- Supporting customers with affordability challenges and those in vulnerable circumstances;
- Creating spaces for access and recreation; and
- Communicating and collaborating with all stakeholders.

Relevant material themes:

- Trust, transparency and legitimacy
- Supporting communities
- Responsible supply chain

Human capital

Colleagues are essential in delivering our purpose and a skilled, engaged and motivated team is fundamental to great service and colleague retention, which helps ensure efficient training and better performance.

How we manage this key resource

We support thousands of jobs in the North West, including graduate and apprenticeship programmes. We are an accredited Living Wage Foundation employer, providing competitive salaries and benefits, healthcare schemes, an attractive pension offering, share incentive plan, and colleagues at all levels have the same bonus measures as executive directors, so everyone benefits from the success of the company. We measure engagement through an annual survey, and regularly outperform UK norms.

We provide comprehensive training and development opportunities, offer hybrid working where practical, and are committed to protecting the health, safety and wellbeing of our colleagues and those in our supply chain. We promote equity, diversity and inclusion, recruiting from across the communities we serve and supporting our colleagues with equal opportunities. Networks, representing groups of colleagues that may face specific challenges, are overseen by an executive sponsor and support colleagues through their career progression.

Key dependencies:

- Delivering services for customers through the skills, knowledge and experience of our workforce;
- Delivering our services in an efficient and productive way; and
- Providing diversity of thought and a range of perspectives.

Improving our impact:

- Prioritising health, safety and wellbeing;
- Developing, training and recruiting the workforce, including graduate and apprentice programmes; and
- Managing equity, diversity and inclusion with fair opportunities and remuneration.

Relevant material themes:

- Health, safety and wellbeing
- Diverse and skilled workforce
- Colleague engagement

Natural capital

We rely on natural resources at every stage of the water cycle, as shown in the infographic to the right.

How we manage this key resource

Much of the water we abstract originates on land before running off into water. A lot of this land is managed by tenant farmers or in partnership, and we ensure it is well managed to improve water quality and help protect habitats. We manage 'sludge' waste from our treatment activities in a sustainable way, with the vast majority going to beneficial use such as recycling or fertiliser for land. We plan and invest for the long term to ensure we have resilient water resources, and we also manage extreme wet and dry periods in the near term. In dry weather, our integrated supply zone allows us to move water efficiently around the region, we can bring additional supplies into service to meet demand, and we encourage customers to use water more efficiently with advice, free water-saving devices, and metering initiatives. To reduce the use of storm overflows, we must find alternative ways to cope with extreme rainfall, while avoiding flooding. Enlarging sewers or building storage tanks is carbon intensive and subject to space constraints, so we are innovating with sustainable drainage and other nature-based solutions where practical.

Key dependencies:

- Storing raw water and receiving wastewater and biosolids safely back into the environment;
- Attenuating water and flows in support of flood management;
- Location for assets and offices; and
- Treatment and construction resources, such as chemicals, cement, metals and energy.

Improving our impact:

- Managing abstractions, pollution incidents, catchment programmes, overflows and final effluent quality;
- Looking after land, including habitat health and biodiversity; and
- Reducing GHG emissions, and air pollutants.

Relevant material themes:

- Climate change adaptation
- River water quality and storm overflows
- Water resources and leakage

Water resources – sustainably sourcing water

Providing great water:

We collect raw water from a variety of sources across the North West, including lakes, rivers and boreholes, but predominantly from open reservoirs. The biggest are Thirlmere and Haweswater in the Lake District National Park. We have more reservoirs than any other UK water company. They provide great tasting water, but have high maintenance needs and the raw water requires more treatment than some other water sources. They are quick to fill when it rains, but are more vulnerable to periods of dry weather than ground water sources.

For a stronger, greener and healthier North West:

We own and manage 56,000 hectares of land, much of which is catchment land (the areas immediately surrounding our reservoirs). We are optimising the use of this land to protect water quality, create natural carbon sinks by restoring peatland and planting woodland, and explore potential clean energy development. We manage our land and water resources in a sustainable way, protecting and enhancing local habitats, and open our land to the public to enjoy nature and its health and wellbeing benefits.



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

Supplying treated water 24/7

Providing great water:

We treat raw water in one of our 86 water treatment works and then stored in covered reservoirs. An average of 1.8 billion litres of safe, clean drinking water is delivered every day to more than 7 million people and businesses, using more than 43,000 kilometres of water pipes.

For a stronger, greener and healthier North West:

Our integrated supply network enables us to move water around the region as needed. Along with production planning and 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.

Dynamic Network Management

We use Dynamic Network Management (DNN) to proactively manage our network in a more effective and efficient way.



This creates long-term value, improving our asset reliability and resilience, reducing unplanned service interruptions, and delivering cost savings.

Bioresources – generating renewable energy

Providing great water:

We minimise waste from our water and wastewater operations to promote a circular economy. Sludge by-product from wastewater treatment is transported to our bioresources treatment facilities, which process more than 200,000 dry tonnes of sewage sludge a year.

For a stronger, greener and healthier North West:

Our sludge treatment processes use digestion technologies to safely and compliantly treat the sewage sludge. The digestion treatment process produces biogas and biosolids.

We use some of this biogas to generate renewable electricity and power our operations and some is fed into the grid. 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 give biosolids to local farmers to use as a high-quality and effective fertiliser and soil conditioner. We are closely following developments in the interpretation of Farming Rules for Water, and the restrictions this could have on our provision of biosolids to farmers.

Cleaning and returning wastewater

Providing great water:

We have 79,000 kilometres of pipes that transport wastewater from sewers to one of our 583 wastewater treatment works. Wastewater is separated, treated and, once it is clean enough to meet stringent environmental consents, we return it to the natural environment through rivers and streams so that the water cycle can begin again. Of our sewers, 54 per cent are combined, taking a mix of wastewater and rainwater. In unusually high rainfall, when sewer capacity is overloaded, storm overflows are activated, using a separate pipe to allow this heavily diluted mix to flow directly into rivers or the sea to help prevent flooding of streets, homes and businesses. Read more on page 28.

For a stronger, greener and healthier North West:

We have a long coastline and 29 designated bathing waters in our region. With more combined sewers, our network comes under more strain than many others when we have to deal with higher than typical levels of urban water runoff from rainfall. Achieving future targets to reduce the use of storm overflows will, therefore, require particularly high levels of investment in the North West. We have already delivered a significant reduction in the number of spills since 2020, we have ambitious plans for AMP8, and we are accelerating the work to go further faster. We are also exploring new and innovative ways of working such as nature-based solutions and partnerships with groups such as The Rivers Trust.

Regulatory environment

The vast majority of our activities sit within United Utilities Water Limited (UW), the second largest of 11 regulated water and wastewater businesses in England and Wales.

UW is subject to regulation of price, performance and compliance by various bodies, as shown in the diagram below. These bodies exist to help protect the interests of customers and the environment and assess whether companies are meeting their obligations. One of the ways they do this is to undertake comparative assessments of companies' performance.

We must balance incentives and requirements that can sometimes act in tension, such as the desire for rapid environmental improvements and the upward pressure this can place on customers' bills. We maintain constructive dialogue to agree commitments for continuous improvement.

The Water Industry National Environment Programme (WINEP) sets out the actions needed to meet environmental obligations. The Drinking Water Inspectorate (DWI) can put in place

programmes of work to improve drinking water quality. Companies must also prepare and maintain long-term plans for managing water resources (WRMP) and drainage and wastewater (DWMP). These feed into business plan submissions from companies for five-year asset management periods (AMPs), which are submitted to Ofwat as part of the price review (PR) process.

Ofwat then sets each company's final determination (FD) detailing revenue, required service levels, and the incentive package for the AMP, which companies can either accept or appeal to the Competition and Markets Authority. Performance against the FD is reported in an annual performance report (APR).

2023/24 was the fourth year of the 2020–25 period (AMP7), and in October 2023 we submitted our 'PR24' business plan for the 2025–30 period (AMP8).

AMP8 business plan

We have submitted an exciting and ambitious plan for the 2025–30 period, reflecting the biggest investment in our region's water and wastewater infrastructure in over 100 years.

The plan we have submitted delivers what matters for customers, communities and the environment – safeguarding and securing supplies, protecting and enhancing our rivers, improving drinking water quality, and reducing flooding. It has been set in the context of our long-term delivery strategy, and addresses new environmental legislation, stakeholder priorities, and continuous improvements for customers.

Transforming services for customers and proposing an environmental programme seven times the size of AMP7, our plan provides significant growth opportunities for the North West – supporting 30,000 jobs and helping to ignite the regional economy – and for the business, with 37 per cent real growth in our Regulatory Capital Value (RCV) across AMP8.

We have stretched ourselves to innovate and optimise our plan, enabling significant efficiency to be realised, and we are enhancing our affordability support for customers, proposing a material increase with a £525 million affordability support package that would help one in six customers in the region.

We have five diverse counties in the North West with different challenges and needs, as set out on pages 26 to 27, and we have built targeted county-based plans that deliver what matters to each of them, based on extensive engagement. This has helped us secure strong support, with research showing that 74 per cent of customers support our proposals.

We have a strong balance sheet and financial flexibility, giving us confidence that we can deliver this level of investment, and we are not waiting – we have already started, with accelerated investment enabling us to make an early start on tackling storm overflows and other environmental improvements.

Read more at pr24.unitedutilities.com

Natural environment

The natural environment is constantly changing. We have already experienced prolonged dry periods, more extreme rainfall events, and freezing temperatures followed by rapid thawing. This increases the level of risk for water availability, flooding and network damage.

The North West population is also increasing, with an anticipated one million increase by 2050, and much of the landscape in our region is legally protected for its environmental or cultural significance. We must plan well into the future and continually adapt to strengthen our long-term operational resilience, and we have a role to play in restoring healthy and resilient ecosystems.

We need to work collaboratively to deliver nature-based solutions, which offer many benefits including carbon sequestration, cleaner water, and improved biodiversity.

Read about our [long-term planning](#) on pages 32 and 33

Political environment

Political decisions have the potential to impact on our operations, including any changes to legislative obligations under environmental and competition law. We engage with regional and national politicians and other policymakers to understand developments and key policy issues, improving policy development where possible, and stay flexible to adapt as needed. For instance, with publication of the Environment Act 2021 the government set out an ambitious plan for reducing spills from storm overflows, as well as obligations to reduce phosphorus and address nutrient imbalance. We are already investing significant amounts in AMP7 to improve the quality of rivers and seas in the North West, and our AMP8 plan includes our biggest ever environmental investment programme, addressing these new legislative requirements. We also have a part to play in the plans of devolved regions and mayors for growth and green energy development in the North West, such as plans to host a pioneering carbon-capture facility on our head office site in Warrington.

Technology and innovation

New technology and innovation can create opportunities for improvements in service and efficiency. The use of artificial intelligence and machine learning helps us to improve performance, and is central to our Dynamic Network Management approach as set out in the infographic on pages 22 to 23.

In an increasingly digital world, customer expectations change and we must evolve our services to ensure we meet those expectations. Technology has changed the way customers can get in touch to access their bills, update their information and receive updates on services and support.

Technology can also create risks, such as the threat of cyber-attacks, which has increased in recent years as a result of global political tensions. Protecting infrastructure, customer information and commercial data from malicious activity is a key priority.

Economic environment

Our costs are impacted by market rate movements such as interest rates and inflation. Inflation has risen sharply in recent years, and the government raised interest rates in response.

The impacts on our business are complex, with cost increases partly offset by increased allowances under the regulatory mechanism. Of our debt, £4.7 billion is in index-linked form, therefore impacted by inflation, but our regulatory capital value (RCV) also rises with inflation and our £4 billion of fixed-rate debt increases in benefit as interest rates rise. Unlike many, our low dependency pension schemes are protected from market rate movements.

The economic environment also impacts customers, with the most deprived communities typically hit the hardest. We have more in the North West than any other region, making the industry-leading affordability support we provide even more critical.

Stakeholders

There are many people and groups who take an interest in the water industry, its role in society, and the North West region. The nature of our work and the huge areas of land we manage means we interact with a wide variety of stakeholders, from communities and environmental interest bodies, to suppliers and regulators.

It is important that we understand what matters to each of them and develop constructive relationships built on mutual trust. We engage and consult with stakeholders to understand their views and priorities as we develop and execute our plans, balancing their often conflicting priorities.

Each of our operational performance measures is linked to one or more stakeholders for whom we are creating value.

Read about how we engage with stakeholders and factor their views into strategic decision-making at board level in [Our S172\(1\) Statement](#) on pages 47 to 48



RAPID is a partnership made up of Ofwat, the Environment Agency and DWI.

Five counties

Each of the five diverse counties across the North West is unique.

In order to help shape and adapt our AMP8 business plan, we've been working with stakeholders and customers to better understand the needs, challenges and opportunities of each county.

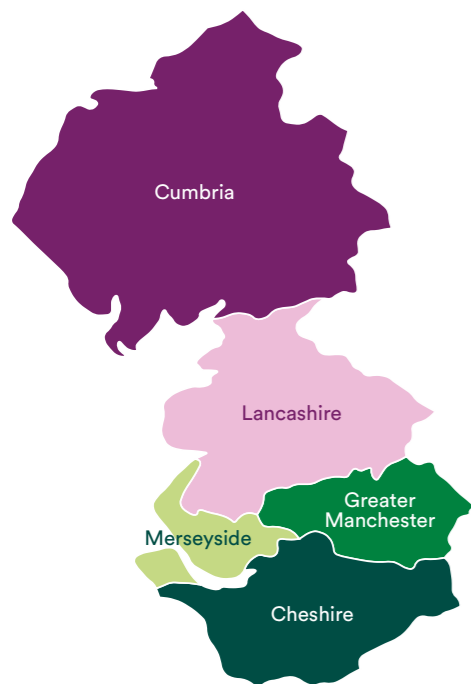
We've engaged with 95,000 people in Cumbria, Lancashire, Merseyside, Greater Manchester and Cheshire, shaping our plans for each county to address the things that they have told us matter most.

This has helped us to develop not just one plan, but five individual plans for the 2025–30 period, adapted to meet the diverse needs of each county. We call it place-based planning.

Adopting this approach means we will deliver outcomes that are tailored for customers in the places where they live. We hope that by setting out our plan this way, we have made our investment plans and the benefits they would deliver more meaningful to customers and communities.

These pages set out some of the characteristics of each county, and how we plan to address its individual challenges and opportunities.

Read more on our county-based plans at pr24.unitedutilities.com



Cheshire

River water quality is important for Cheshire and, while it has transformed over the last 30 years, there is still much to do. Our plan targets improvements to 24 kilometres of rivers and tackles 63 storm overflows in Cheshire. We will work with partners, building on our innovative Cheshire Hub partnership, to identify opportunities to work collaboratively and deliver nature-based solutions to improve our rivers.

Agriculture is a dominant industry across the Cheshire environment and a key part of its economy. It is important that we work closely with local landowners and farmers to ensure sustainable catchment management practices that do not impact on water quality. Through our Catchment Systems Thinking approach, also known as CaST, we collaborate with farmers to take a joined-up and holistic approach to farming and protecting water quality.

With an ageing population across Cheshire, we recognise how important it is to have a service tailored to customers' individual needs. We will offer sector-leading support for vulnerable customers with additional needs through our Priority Services schemes.

Many customers in and around Cheshire receive their water supply from Lake Vyrnwy in Wales. This is supplied through the Vyrnwy Aqueduct. Our business plan includes investment to improve 65 kilometres of the Vyrnwy Aqueduct, helping to secure a long-term resilient supply for current and future generations and reduce discolouration.

Due to the flat nature of the area, some areas of Cheshire are vulnerable to flooding. We are partnering with local authorities to reduce flood risk, such as the Northwich flood defence scheme, and we are working with the National Trust to trial leaky dams at Lyme Park – improving water quality and slowing flows to deliver natural flood management.



Cumbria

Cumbria is home to some of the wettest areas in England. Over a third of the North West's water supply originates in Cumbria, captured in reservoirs and transported across the region. We will work to increase the resilience of supplies during dry weather events and ensure that in doing so, the environment is protected. We will improve the catchments that protect raw water quality, delivering sustainable abstraction now and for the future. We will also work to improve the resilience of our assets to flooding.

Keeping rivers and lakes clean is hugely important. Our plan targets improvements to 219 kilometres of rivers and tackles 158 storm overflows in Cumbria. This will help to ensure great river water quality, protect biodiversity, and contribute to achieving bathing water standards across coastal and inland bathing waters. Over 500,000 hectares of land across Cumbria are farmed. We work with farmers to support sustainable agricultural practices to maximise benefits for river water quality, such as in the River Petteril where our work with dairy farms is improving rivers.

Cumbria has a wide variety of special landscapes: two national parks; two world heritage sites; three areas of outstanding natural beauty; and hundreds of designated sites of special scientific interest. We will continue to invest, working alongside partners, to protect these landscapes and manage our catchment land. Cumbria is home to Britain's Energy Coast, where more than 5 per cent of the nation's electricity is generated, and our infrastructure is critical in supporting this and the growing 'green energy' sector. Our plan also includes 2,144 hectares of peatland restoration across Cumbria.

Cumbria has finely balanced needs across the tourist economy, food production, and delivering for protected environments. Preserving this balance is critical over the long term. We will provide services that respond to changing needs throughout the year and work with other partners to preserve the environment.



Greater Manchester

Flooding from rivers, sewers and surface water presents significant challenges for homes and businesses in Greater Manchester. We will work with partners to deliver an integrated water management plan to minimise the risk of flood and disruption. Through using nature-based solutions, we also aim to deliver more green spaces.

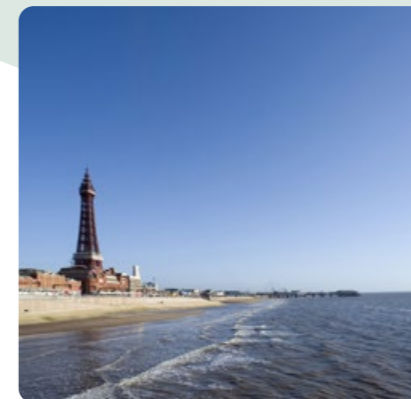
River water quality in the Irwell and Mersey catchments requires significant improvement due to the legacy of the industrial revolution and the impact of transferring and treating wastewater from 2.8 million people. Of the North West's storm overflows, 37 per cent are in this county – that's over 800 overflows. Our plan would see us invest over £2 billion to improve the river environment in and around Greater Manchester, tackling 105 overflows and improving 82 kilometres of rivers along the Mersey, Irk and Irwell.

Affordability is a challenge for many customers across Greater Manchester. We offer sector-leading support to customers who face difficulty when paying their water bill and have put in place extra support for vulnerable customers with additional needs.

Customers in and around Greater Manchester receive their water supply from Haweswater in the Lake District, transported by gravity through a 110 kilometre long supply pipe – the Haweswater Aqueduct. We will invest in this pipeline to secure a long-term resilient supply for future generations.

Through partnerships, we will provide the critical water infrastructure to support growth in this booming county, and our investment and creation of more high-skilled green jobs will help develop the green economy.

The Greater Manchester Combined Authority's vision for the county is that it be 'a place for everyone'. We want to support it to achieve this for its diverse population of 2.8 million people and over 120,000 businesses.



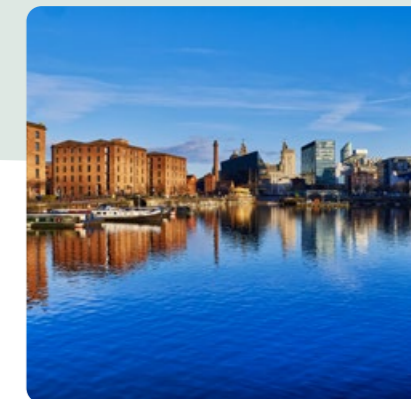
Lancashire

Lancashire's coastline and popular beaches mean that bathing water quality is a priority for both customers and visitors to the region. With multiple coastal towns and cities such as Blackpool, Morecambe and Southport relying on tourism-related revenues, it is important that we continue to invest and work with partners to ensure the right solutions to improve bathing water quality.

Lancashire is home to some of the region's most beautiful natural features. The county is carved by many rivers drained from the Pennines, including the Ribble, Wyre and Lune, all of which drain to the west of the county, and enter the Irish Sea. Protecting the Areas of Outstanding Natural Beauty of Lancashire from increasing threats from climate change, including wildfires, flooding and drought, remains a priority. Another priority is ensuring damaged peatland in East Lancashire and the Pennines is restored, in order to protect this important store of carbon and minimise its adverse impact on water quality. We will work in partnership with environmental NGOs to deliver environmental benefits, and actively prevent the destruction of habitats.

Victorian sewer systems are particularly prevalent in the historic towns of East Lancashire, with higher proportions of overflows. We're investing to reduce the number of spills from 91 storm overflows in the area, and protecting and improving water quality and amenity along 35 kilometres of rivers along the Ribble, Lune and Wyre. We're bringing forward part of this investment so we can start work on improving many of these sooner.

There are a mix of socio-economic levels across Lancashire. It is important we make provision for those who may need more support. Our sector-leading affordability and vulnerability support is important for many people across the county, and our plan sees us doubling our support by 2030.



Merseyside

The River Mersey is an iconic part of this increasingly vibrant region. Water quality in the river has transformed over the last 30 years, but there's still more to do.

Liverpool has the highest proportion of combined sewers, which creates surface water management challenges and means a high number of overflows. Reducing the frequency that these overflows operate requires re-plumbing the sewer system and we have a long-term plan for this. Our AMP8 plan targets improvements to 26 kilometres of rivers and tackles 20 storm overflows in Merseyside. We have also proposed spending over £11 million in 'Cleaner Mersey' to investigate the best way to deploy the much larger anticipated investments required in the next ten to 15 years.

Merseyside has a significant length of coastline, making parts of the coast vulnerable to coastal erosion and flooding, which are forecast to become more frequent with climate change. Our plans would see us invest to ensure assets are resilient to climate change and the impacts of coastal erosion, and protect up to 169 homes from flooding. We have also proposed investment across the Merseyside coastline to benefit bathing and shellfish waters.

The population and economy of Liverpool are growing, and our water infrastructure needs to develop to support this growth. Customers in Merseyside receive their water supply from sources in Cheshire and Lake Vyrnwy in Wales. We will invest in our water supply pipeline to secure long-term resilient supplies from Lake Vyrnwy for future generations.

Affordability is a real concern for some customers in Merseyside. There are concentrations of extreme deprivation and four of the ten most deprived areas in England are in this area. We will continue to offer sector-leading support to customers who face difficulty when paying their water bill and have put in place extra support for vulnerable customers with additional needs.

Assessing and prioritising material themes

In order to ensure we are disclosing relevant information across this integrated report, as well as our corporate website and other communications, we have conducted a materiality assessment that considers material themes and their potential impact on both our ability to create value as a company and the value we create for our many stakeholders.

Stakeholder views and priorities

There are a number of stakeholders who take an interest in the water industry, its role in society, and the North West region. We actively engage with these stakeholders to help us understand their views and priorities.

➔ Read more about [how we engage with stakeholders](#) on page 46

Understanding what matters to our stakeholders helps us to prioritise areas for focus and investment, enabling us to factor their views into strategic decision-making at board level, as set out in our S172(1) Statement on pages 47 to 48.

This understanding feeds into our materiality assessment, giving rise to the materiality matrix on the page opposite, which drives the matters disclosed across this report, helping to ensure we are disclosing relevant information of interest to our stakeholders.

Other considerations

In defining the strategic relevance of a theme to the company, we continue to adopt the integrated reporting <IR> framework definition of materiality and value creation. This means considering

the impacts of the company on all of our stakeholders, alongside our dependencies, i.e. the impacts of the material themes on the company. This value may be financial or non-financial. This approach is consistent with the concept of double materiality.

In this year's assessment, we have also considered the definition of materiality adopted by the International Sustainability Standards Board (ISSB), which strengthens the concept of considering a material risk or opportunity from a level of **interest** to stakeholders to consider the impact on **value created** for stakeholders, in addition to the potential effect on our ability to create value as a company.

Disclosure guidance from the ISSB suggests that material sustainability-related risks and opportunities are discussed using a four-pillar approach, in line with the TCFD and TNFD frameworks. We have adopted this approach to report on our most material themes (which represent areas of risk and opportunity), as set out on page 30.

2023/24 assessment

We have carried out a thorough review of our material themes and materiality matrix. Striking the right balance between

different interests and views is not easy, but our assessment process consolidated feedback based on a balance of views obtained from all of our stakeholders.

The applicability of industry-specific topics in the Sustainability Accounting Standards Board (SASB) standards were also considered as part of this assessment, as required by the ISSB S1 standard.

➔ Read more on our website at unitedutilities.com/corporate/responsibility/our-approach/esg-reporting/sasb

We also considered the UN Sustainable Development Goals that we contribute towards, as set out on pages 08 to 09.

Our materiality assessment is aligned closely with our assessment of principal risks and uncertainties, with close linkage between the themes highest in terms of company value (horizontal axis) and our top principal risks and common causal and consequence themes identified.

Our assessment process this year identified 29 material themes.

➔ Read about the material issues impacting our [key resources](#) on pages 20 to 23

Our materiality assessment process

1 Define

We reviewed current best practice in materiality reporting. The assessment criteria was confirmed as potential value creation for both the company and stakeholders. Building on our existing matrix, we evolved the matrix design to integrate fully with our strategic priorities. This assessment provides the basis for disclosures included in this report, with more detailed commentary on the most material themes.

2 Engage

Views were obtained from across all our stakeholder groups. Insight from consultations and data was made available through the engagement processes described on page 46. Key internal subject matter experts and stakeholder relationship managers provided further insight on themes.

3 Assess

Comments and data were drawn together to form an initial view of the themes. The rationale for theme selection and its significance was reviewed and approved by the executive team. This included potential new themes, removal of themes, and movement of existing themes.

4 Align

We cross-referenced and aligned identified themes with SASB industry-specific topics and our principal risks and uncertainties, as set out on pages 52 to 56. Matrix visuals were then created to easily display the prioritisation of themes.

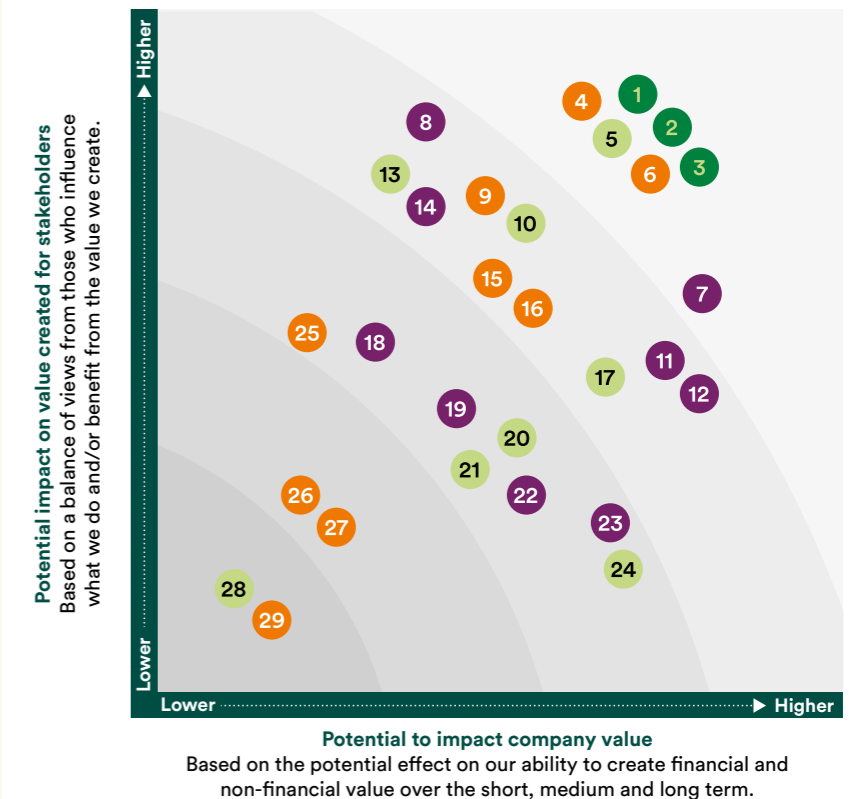
Key

Our material themes are aligned to the key ambitions of our purpose – stronger, greener and healthier.

- Overarching theme
- Greener
- Healthier
- Stronger

Materiality matrix

Themes are plotted on the matrix from higher (top right) to lower (bottom left) in terms of their potential to impact company value (horizontal axis) and their potential impact on the value we create for stakeholders, and have been colour-coded according to the key elements of our purpose.



Material Theme

- | | |
|--|---|
| 1 Trust, transparency and legitimacy | 16 Health, safety and wellbeing |
| 2 Resilience | 17 Natural capital and biodiversity |
| 3 Political and regulatory environment | 18 North West regional economy |
| 4 Customer service and operational performance | 19 Land management, access and recreation |
| 5 River water quality and storm overflows | 20 Sewage sludge to land |
| 6 Climate change adaptation | 21 Waste management |
| 7 Cyber security | 22 Responsible supply chain |
| 8 Affordability and vulnerability | 23 Innovation |
| 9 Drinking water quality | 24 Energy management |
| 10 Water resources and leakage | 25 Data security |
| 11 Financial risk management | 26 Colleague engagement |
| 12 Corporate governance and business conduct | 27 Competitive markets |
| 13 Climate change mitigation | 28 Air quality |
| 14 Supporting communities | 29 Human rights |
| 15 Diverse and skilled workforce | |

Spotlight on: river water quality and storm overflows

The protection of rivers across the UK, and in particular the use of storm overflows, has rapidly grown in significance in recent years, now sitting in the top five themes.

Storm overflows and storm tank discharges have been an important part of the sewerage network for over 150 years, acting as a safety valve for sewers at times of heavy rainfall, protecting homes, businesses and land from pollution events, but this needs to change.

In normal conditions, sewage, mixed with rainwater in wet weather, transits through our wastewater treatment works, and only treated water is returned to the natural environment. If the flow is too much for the works to deal with, it is usually stored in tanks until the incoming flows have returned to normal levels. Then the tanks are emptied and the water is treated.

Our sewers are typically no more than 15 per cent full in dry conditions but, when rainfall is very heavy and the tanks fill to capacity, overflows act as a

pressure relief valve allowing rainwater, mixed with sewage, to rise inside the sewer and eventually enter a separate pipe, which flows into a river or the sea. Sewers operate this way to help prevent the flooding of streets, homes and businesses.

The North West has 54 per cent combined sewers, receiving a mix of rain and sewage, compared with the industry average of 33 per cent. We also have 40 per cent higher urban rainfall than the average for England and Wales, so considerably more surface water enters our sewers.

When overflows are activated they can sometimes affect river and bathing water quality. With more extreme rainfall events and significant population growth expected over the next 25 years, more foul and rainwater will be entering our sewers, and the use of storm

overflows would increase if investment needs were not addressed.

We understand and share concerns around this and we are committed to driving a step change, recognising this as one of our six strategic priorities.

This significant change will not happen overnight, and we have 25 per cent more storm overflows than the industry average to tackle. We are proposing a long-term programme of investment that will deliver significant changes to the region's sewer system and an increase in capacity. This will reduce the need to use storm overflows and create new ways of storing and dealing with excess wastewater at times of heavy rainfall. We have made a fast start to a very ambitious plan that is already delivering improvement, and we are keen to go further faster, as discussed on pages 69 to 70.



Reporting on our material themes

Information on all material themes can be found within our report and corporate website.

The top three overarching themes are covered across the entire report:

- Our comprehensive disclosures across this report and our corporate website provide leading levels of transparency, and our integrated reporting approach ensures all material matters, financial and sustainability-related, are covered together in an understandable way that represents the integral nature of sustainability to how we run our business and create value.
- Resilience is a key consideration in our planning, as set out on pages 32 to 33, including the very long-term approach we take and our adaptive planning approach. It is key to the way we

manage our key resources, as set out on pages 20 to 23, and resilience in the round is the ultimate focus of our robust risk management procedures, as detailed on pages 51 to 56.

- The external environment in which we operate, including the political and regulatory environment and the developments around the price review and our AMP8 business plan submission, is covered on pages 24 to 27.

Matters of corporate governance and business conduct are dealt with in our corporate governance report on pages 99 to 163.

As set out in our business model on pages 18 to 19, we provide disclosures across the four pillars set out by the ISSB – strategy, governance, risk management, and metrics and targets. For each pillar, we set out general company information followed by information relating to our most material themes, i.e. the remaining themes that sit within the upper two segments of the matrix. These are split into the key elements of our purpose – greener (climate and nature-related), healthier and stronger. The ‘greener’ elements also cover our disclosure requirements under the TCFD (climate-related) and TNFD (nature-related), as shown on page 03.

Strategy

➔ See pages 31 to 43

Governance

➔ See pages 44 to 50

Risk management

➔ See pages 51 to 62

Metrics and targets

➔ See pages 63 to 67

General disclosure requirements of the TNFD

The Task Force on Nature-related Financial Disclosures (TNFD) framework recommendations include six general requirements that apply to all four pillars of recommended disclosures: strategy, governance, risk and impact management, and metrics and targets.

A. Application of materiality

Pages 28 to 29 set out our materiality assessment for disclosures, which includes nature and climate-related themes. The materiality of nature-related matters reflects the impact of the business and its activities across the value chain on the environment. Climate-related issues are quantified by the impact of highest assessed risks.

B. Scope of disclosures

Scope of the disclosure account covers activities and assets, impacted and dependent on by our direct operations; upstream value chain (materials and construction); and downstream value chain (water use and customer behaviour).

C. Location of nature-related issues

Our services are dependent on the extent and condition of catchment land, including but not limited to the 56,000 hectares of land that we own across the North West of England.

D. Integration with other sustainability-related disclosures

Our annual report has included climate-related financial disclosures (TCFD) since 2020 and we were an early adopter of nature-related financial disclosures (TNFD) in 2022. We also report on nature loss in the World Economic Forum (WEF) risk index.

E. Time horizons considered

As set out on pages 32 to 33, we plan over short, medium and long-term horizons:

Short term – up to one year

Medium term – up to 2030

Long term – beyond 2030, typically to 2050, 2080 or 2100

F. Engagement of Indigenous Peoples, local communities and affected stakeholders in the identification and assessment of the organisation's nature-related issues

As part of the AMP8 business plan we engaged with 95,000 customers to inform our decisions, with environmental issues at the heart of this research. Our five counties model has a key focus on stakeholder management, to strengthen relationships with local community groups in order to help us meet their needs.

Our strategic priorities help us to deliver our purpose

Each of our six priorities is linked to one of the key elements of our purpose – stronger, greener and healthier – and helps us to address material themes identified.

Last year we re-shaped our strategy into six priorities, reflecting the key long-term drivers of the business and the services that matter to stakeholders, alongside ongoing developments in the political and regulatory environment. We believe that focusing on these priorities will help enhance our resilience, and by setting out clear and actionable aims in this way, and monitoring our performance against

them, we hope to improve trust and transparency. By focusing on long-term drivers, our strategy directly addresses the top three themes determined through our materiality assessment described on pages 28 to 29. Each of our six strategic priorities, as set out below, also addresses one or more of the material themes identified.

In this section you will find:

- Our strategic priorities
- Short, medium and long-term planning horizons
- Our strategy for managing climate-related risks and opportunities and our net zero transition plan
- Our strategy for managing nature-related risks and opportunities
- Our strategy for other risks and opportunities identified as material themes against the stronger and healthier elements of our purpose

Improve our rivers

We have a strong track record in minimising pollution, and continue to protect bathing waters across the North West. River health in the UK has grown in public interest in recent years. The industrial legacy and high rainfall in our region means we have a bigger task than many to deliver the significant reduction in spills from storm overflows required by the Environment Act 2021. This will form a significant component of our investment in AMP8, with £3.1 billion dedicated to it in our business plan, and we are accelerating part of this investment, with good progress already made.

Material themes addressed:

- River water quality and storm overflows

➔ Read more on our [accelerated solutions](#) to improve river water quality on page 73

Deliver great service for all our customers

We strive to continually improve our service for customers – improving water quality, minimising interruptions, fixing leaks and reducing the risk of sewer flooding. Engagement helps us understand what matters most to customers – the stretching targets in our AMP8 business plan reflect views based on extensive engagement and this is reflected in strong levels of customer acceptability. Great service also means helping customers with affordability and vulnerability support, and keeping their data secure.

Material themes addressed:

- Customer service and operational performance
- Drinking water quality
- Affordability and vulnerability
- Data security

Create a greener future

We are committed to protecting nature and biodiversity, and reducing water consumption. We have a net zero transition plan underpinned by our six carbon pledges and ambitious science-based targets. We generate clean energy from bioresources and through partners. We are looking at how we can make the best use of our land to deliver a greener future, be that through our pledges to create woodland and restore peatland, or increasing our renewable energy generation capacity.

Material themes addressed:

- Climate change mitigation
- Water resources and leakage
- Natural capital and biodiversity
- Energy generation
- Waste management
- Air quality

Provide a safe and great place to work

We invest in our colleagues’ training and development, and are dedicated to maintaining high levels of health, safety and wellbeing. We want to attract, develop and engage great talent across the organisation, we support and encourage a diverse and inclusive culture, and we want colleagues to be empowered to contribute to making things better. To facilitate this, our new ‘Call it Out’ initiative enables everyone to raise any topic or suggestion for improvement directly with the CEO, and all contacts receive a response within 48 hours.

Material themes addressed:

- Health, safety and wellbeing
- Diverse and skilled workforce
- Colleague engagement

Spend customers’ money wisely

We continuously challenge ourselves to improve cost efficiency in a sustainable way, so we can keep customer bills as low as possible in the long term without compromising on service or resilience. We look to minimise whole-life cost and deliver the best value solutions, using innovation to find better ways of working, raising efficient financing and managing risk prudently, leveraging partnerships and driving value in our supply chain, capitalising on digital and automation opportunities, and removing areas of duplication or waste.

Material themes addressed:

- Financial risk management
- Innovation
- Responsible supply chain

Contribute to our communities

We work closely with communities across the North West and we invest in those communities as well as opening our land for access and recreation. We actively engage and make use of partnerships to drive value for communities, such as our participation in the Love Windermere initiative. We produced individual business plans for each of the North West’s five counties, recognising their unique and diverse needs and challenges, and we have mobilised our teams into county delivery squads to help manage these relationships and ensure we can deliver our planned improvements for each county with minimal disruption.

Material themes addressed:

- Supporting our communities
- Land management, access and recreation