

# Our business model

How we deliver our purpose and generate value

## Our operating environment and dependencies

Pages 20 to 30

**Key resources**  
We depend on each of the six capitals to deliver our purpose, including sustainable natural resources across the water cycle, our extensive network of assets and people. We also work hard to positively impact these capitals.

**1.8bn**  
litres of water supplied every day, abstracted from reservoirs and other water resources before treatment

**669**  
treatment works to clean both raw and used water and more than 122,000 kilometres of water and wastewater pipes

**Materiality assessment**  
Our operating environment and dependencies, including stakeholder views and priorities, help us to identify and prioritise material themes. Our disclosures across the four pillars that follow have been aligned to the top material themes to ensure we are providing information on what matters most to our stakeholders.

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

**40%**  
higher urban rainfall in the North West than average across England and Wales

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

## Our approach to creating sustainable long-term value

Pages 31 to 67

**Strategy**  
Our six strategic priorities help us deliver our purpose and drive sustainable long-term improvements for customers, the environment and society, at an efficient cost. We use scenario analysis and adaptive planning across short, medium and long-term horizons to ensure flexibility and resilience.

**Governance**  
We are committed to responsible business, factoring ESG matters and stakeholder priorities into decision-making at all levels of the business. Remuneration for our executive and senior leaders is linked to performance against customer, environmental and financial targets.

**Risk management**  
We have a robust framework for identifying, assessing and managing risks and opportunities, with regular monitoring as well as longer-term plans to enhance our resilience to climate change. Our Dynamic Network Management and culture of innovation help us to maximise opportunities to work better, safer, and more efficiently.

**Metrics and targets**  
We monitor and measure our performance against a range of operational metrics, aligned to the stronger, greener and healthier elements of our purpose, which help us to assess value creation for a range of stakeholders. Financial performance metrics cover the income statement, balance sheet, and investor returns.

Value creation for multiple stakeholders

Long-term planning horizons

Responsible, diverse and inclusive culture

Holistic remuneration approach

Robust risk management framework

Culture of innovation

KPIs linked to ESG and delivery of our purpose

Short, medium and long-term targets

## What we do

Key differentiator: Dynamic Network Management

Sustainably sourcing water

Renewable energy from bioresources

Providing great water

Supplying treated water 24/7

Cleaning and returning wastewater

for a **Greener Healthier Stronger** North West

Read more about the **five counties in our region** on pages 26 to 27

## Delivering on our purpose

Pages 68 to 89

**Protecting and enhancing the natural environment in our region**  
We have delivered a number of environmental improvements over AMP6 and AMP7, including significant peatland restoration activities, tree planting, and improvements for rivers and bathing waters. The business plan we have submitted for AMP8 includes the largest environmental improvement plan we have ever delivered.

**Supporting society across the North West with great quality services**  
We are focused on continually improving our water and wastewater services and supporting customers with affordability and vulnerability. Colleague health, safety and wellbeing is a top priority and we are committed to improving equity, diversity and inclusion.

**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 spend customers' money wisely and deliver against our commitments, investing in communities for the long term.

**Net zero**  
transition by 2050

**60%**  
spill reduction targeted in the decade to 2030

**26%**  
targeted reduction in water quality contacts

**1 in 6**  
customers to get financial support in our AMP8 plan

**7,000**  
new skilled jobs created by our AMP8 plan

**74%**  
support for our submitted business plan

## Creating value for a range of stakeholders

Pages 06 to 09

Customers	Environment	Communities	
<ul style="list-style-type: none"> <li>Continually improving service at an efficient cost</li> <li>Supporting vulnerable people through assistance schemes</li> </ul>	<ul style="list-style-type: none"> <li>Reducing our impact</li> <li>Protecting and enhancing reservoirs, catchments, rivers and bathing waters</li> </ul>	<ul style="list-style-type: none"> <li>Building partnerships</li> <li>Working with schools and young people to develop skills</li> <li>Opening our land to the public</li> </ul>	
<p>Affordability</p> <p><b>£280m<sup>(1)</sup></b> support for customers over 2020–25 <small>(1) 50 per cent company funded.</small></p>	<p>River health</p> <p><b>24%</b> reduction in spills per monitored overflow since 2020</p>	<p>Community investment</p> <p><b>£11.8m</b> invested in the community so far during AMP7</p>	<p>Total taxes</p> <p><b>£240m</b> paid in 2023/24, contributing towards public finances</p>
<p>Customer satisfaction</p> <p><b>#1</b> water and sewerage company in Customer Service Index</p>	<p>Carbon emissions</p> <p><b>3.4%</b> reduction in scope 1 and 2 emissions since 2020</p>		

Pages 06 to 09

Colleagues	Suppliers	Investors	
<ul style="list-style-type: none"> <li>Looking after health, safety and wellbeing</li> <li>Attracting, developing and retaining a diverse team</li> </ul>	<ul style="list-style-type: none"> <li>Investing in local infrastructure and generating jobs and skills</li> <li>Acting fairly and adhering to the Prompt Payment Code</li> </ul>	<ul style="list-style-type: none"> <li>Investing in our assets for growth and resilience</li> <li>Managing risk prudently and providing an appropriate return</li> </ul>	
<p>Pension schemes</p> <p><b>£nil</b> deficit, fully funded on a low dependency basis</p>	<p>Supply chain payments</p> <p><b>&gt;99%</b> of invoices paid within 60 days or less</p>	<p>Dividend</p> <p><b>49.78p</b> per share for 2023/24, increased in line with CPIH inflation</p>	<p>Jobs supported</p> <p><b>30,000</b> across the value chain through our AMP8 business plan</p>
<p>Training and development</p> <p><b>Won</b> Water Industry Skills Employer of the Year 2023</p>		<p>Return on regulated equity (RoRE)</p> <p><b>8.5%</b> outperforming the base return of 4 per cent</p>	