

How we create value

We create sustainable long-term value for a range of stakeholders



Customers

In the short/medium term:

- We focus on providing continuous, resilient and reliable water and wastewater services for customers, ensuring clean water is available at their taps when they need it, and wastewater is taken away when it goes down their drains.
- When customers need to contact us, we are helpful, friendly and supportive, talking and listening to them so that we can understand and meet their expectations.
- We maintain bills that are good value for money, as well as providing help and support for those who are struggling to pay.

In the long term:

- Our water and wastewater services make a major contribution to the long-term health and wellbeing of customers in the North West, providing clean, safe drinking water and hygienic sanitation.
- Through long-term financing and the regulatory framework, we are delivering multi-million pound infrastructure projects to improve services and resilience for the long term. We ensure the cost of this is shared fairly and affordably between those that benefit now and in the future, helping to keep bills affordable.
- Providing additional help to vulnerable customers helps us to build long-term trust.



Environment

In the short/medium term:

- We meet increasingly stringent environmental consent levels and are investing to reduce the use of storm overflows, helping to improve the quality of rivers and bathing waters, which in turn helps to support tourism in the region.
- Our investment in renewable energy generation is reducing our carbon footprint and contribution to climate change.
- Investment in infrastructure, such as our West-East Link Main and West Cumbria pipeline, allows us to transfer water around the region more efficiently to avoid depletion of individual water sources.

In the long term:

- Promoting campaigns to educate the public and younger generations on water usage helps protect this valuable resource and reduce usage now and for years to come.
- We innovate and invest in new technologies and nature-based solutions to solve environmental challenges for future generations.
- We manage our land in a way that safeguards habitats and protects the wildlife that makes its home in rivers and other water bodies.
- We plan far ahead to ensure our activities and investment enhance the long-term resilience of the rural and urban environments across the North West.



Communities

In the short/medium term:

- We look after beautiful rural landscapes and pockets of urban green space, and open much of our land to the public, supporting regional tourism and offering communities health and wellbeing benefits through access to relaxation and recreation in nature.
- Working in partnership with others means we can accomplish more in tackling mutual issues, such as partnering to engage people with nature and river improvements.
- Our operations and projects are often near homes and businesses, and we engage with these communities to build understanding and trust.

In the long term:

- Our graduate and apprentice programmes ensure we have a diverse and skilled talent pipeline providing skills development and opportunities across the region.
- Managing land responsibly means we leave the North West region in a better condition for future generations.
- We work with teachers and children to raise awareness about water and the natural environment, giving the next generation an understanding of the true value water brings and how we can all play our part in protecting the services that nature provides.



Colleagues

In the short/medium term:

- We have a strong focus on health, safety and wellbeing and our number one priority is that all colleagues go home safe and well at the end of the day.
- We invest in training and development to enable our colleagues to grow their skills and to keep them motivated.
- Listening to our colleagues helps to create an engaged workforce, increasing job satisfaction, and through colleague communications and conferences we update our people on business developments so they feel part of a team.

In the long term:

- Investing in the development of current, and future, colleagues means we will have a workforce with the right skills for the future.
- Health, safety and wellbeing extends to mental as well as physical health. We promote awareness of stress and other mental health issues, promoting an all-round healthy lifestyle in the long term which, in turn, reduces the burden on healthcare services in the region.
- We provide pension offerings that support colleagues in later life.
- Promoting equity, diversity and inclusion helps ensure we have a workforce that truly represents the region.



Suppliers

In the short/medium term:

- We spend significant amounts of money with our suppliers each year to help deliver maintenance and enhancement projects across our asset base. This investment helps support thousands of jobs in our region.
- Paying suppliers on time gives them confidence in us and allows companies to maintain cash flow and become more resilient.
- While our operations and suppliers are mainly UK and European, so lower risk, we work closely with them to address human rights, and in particular modern slavery.

In the long term:

- Supporting jobs through our supply chain in the short term catalyses the development of skills and jobs in the North West, providing a stimulus to benefit the regional economy in the long term. Our AMP8 business plan supports 30,000 jobs, directly and through our supply chain, including 7,000 new skilled jobs created.
- Working together to develop technologies means we can identify solutions that will make our services better in the future.
- We act with integrity, giving suppliers confidence in the way we do business, which translates to transparency and fairness for everyone that works with us.



Investors

In the short/medium term:

- We are committed to high ethical standards of business conduct, strong corporate governance and doing the right thing so investors can have confidence in the way we do business.
- The returns generated through dividend income support investors, who are lending us their money in exchange for a share in the company's risk and return.
- We maintain a high level of quality and transparency in what we report.
- Our focus on innovation drives continuous improvements, enabling us to be at the frontier of our industry.

In the long term:

- The majority of shares in our company are typically held for the long term, and we provide an appropriate return to investors through a combination of dividend income and long-term growth.
- We plan far into the future and invest in our infrastructure to ensure sustainability and operational resilience.
- We manage risk prudently so investors can have confidence in our stability and resilience in the round.
- We link investor returns to our environmental and social projects through our sustainable finance framework.

The value that we create goes wider than our direct stakeholders

Bringing people together

We have undertaken a number of initiatives that bring people together across a variety of organisations and different industries. Our summits on affordability, vulnerability, and diversity and inclusion help us to share ideas and best practice, driving improvements that go wider than our region and customers. The Hardship Hub enables debt advisers to help more people and find cross-industry help more quickly, all in one accessible place.

Reducing emissions helps to mitigate climate change

Climate change is a real and present risk, and we are committed to contributing to, and preparing for, a global transition towards a low-emission economy.

We are playing our part to help mitigate climate change, and we set out on pages 37 to 39 our transition plan to reach net zero by 2050, underpinned by our six carbon pledges and ambitious science-based targets.

Contributing to public finances

We are committed to paying our fair share of tax and have held the Fair Tax Mark for five consecutive years.

We paid total taxes of £240 million this year, including business rates, employment taxes, and environmental taxes.

These help to fund essential public services across the country.

Charitable activities

We provide colleagues with up to three days' paid volunteering leave per year, match individual colleague fundraising efforts to any UK-registered charity up to £200 per person per year, and cover the admin fees of payroll giving, or 'Give As You Earn'.

We achieved bronze in the Payroll Giving Quality Mark this year, after colleagues donated more than £80,000 to their favourite charities.

Working with SMEs and start ups

We are undertaking our fifth Innovation Lab process this year, following previous successes with a range of partners.

Our Innovation Lab process creates a unique opportunity for small and medium-sized enterprises (SMEs) and start ups, who we would otherwise not have worked with, to develop and test their products and ideas in a live customer environment.

Dividend income for a diverse investor base

Our shareholders include charities, customers, pension funds that provide income to millions of people every year, and colleagues holding shares under our employee share scheme.

This means that the predictable and progressive inflation-linked dividends that we pay are relied on by millions of people, both directly and indirectly, in the North West and the wider world.

How we create value

Our activities contribute to the UN Sustainable Development Goals

The Sustainable Development Goals (SDGs) comprise 17 global goals to be achieved by the year 2030, and were adopted by a summit of the United Nations (UN) in 2015. They are designed to be the blueprint to achieve a better and more sustainable future for all.

Our approach to responsible business aligns quite naturally with the goals and we have identified nine that are most material to our business and where we contribute the most. We contribute to the delivery of a wider selection of the SDGs through our investment projects and these are described in our sustainable finance framework.

SDG 8 Decent work and economic growth

We are a significant contributor to the North West economy. Our AMP8 business plan would support the employment of 30,000 people, including creating 7,000 new skilled jobs. We provide training and development opportunities in safe, secure working environments, graduate and apprentice opportunities, programmes for young people experiencing difficulties securing employment, offer equal opportunities to all, and value diversity among our colleagues.

- Relevant material themes:**
- Affordability and vulnerability
 - Health, safety and wellbeing
 - Diverse and skilled workforce

SDG 9 Industry, innovation and infrastructure

We invest heavily in infrastructure to improve the performance and resilience of our assets and operations. The AMP8 plan we have submitted would represent the biggest investment in our region's infrastructure in more than 100 years. We embrace innovation, especially in an increasingly digital world, to ensure the region where we operate has reliable, sustainable and resilient infrastructure, now and into the future.

- Relevant material themes:**
- Resilience
 - Innovation
 - North West regional economy

SDG 1 No poverty

The North West contains more areas of extreme deprivation than any other region in England. We have a sector-leading package of affordability support, and have helped over 375,000 households since 2020. We are also strong supporters of the Consumer Council for Water's drive to implement a national social tariff.

- Relevant material themes:**
- Affordability and vulnerability
 - North West regional economy
 - Customer service and operational performance

SDG 6 Clean water and sanitation

Part of our purpose is to provide great water. This is the reason we exist, ensuring customers in the North West have safe, resilient and affordable water and wastewater services. This includes avoiding wasting water, and we promote water efficiency through campaigns, advice, education and free water-saving gadgets for customers. We protect and enhance water-related ecosystems across our region through initiatives such as our Catchment Systems Thinking approach.

- Relevant material themes:**
- Customer service and operational performance
 - Drinking water quality
 - River water quality and storm overflows

SDG 11 Sustainable cities and communities

We use our understanding of customer needs and priorities to deliver services that meet their expectations and engage with communities to enhance participation in what we do. As set out on pages 32 and 33, we plan at least 25 years into the future to prepare for increases in the population and new housing that will need connections for water and wastewater services. We are exploring ways to do this using natural solutions to manage water and wastewater, such as sustainable drainage systems (SuDS).

- Relevant material themes:**
- Customer service and operational performance
 - Resilience
 - Supporting communities

SDG 12 Responsible consumption and production

We are committed to sustainably managing natural resources, including reducing leakage and encouraging and supporting customers to reduce water consumption. We generate renewable energy and high-quality fertiliser from bioresources, and 98 per cent of our waste goes to beneficial use.

- Relevant material themes:**
- Resilience
 - Climate change mitigation
 - Responsible supply chain
 - Water resources and leakage

SDG 13 Climate action

Responding to the climate emergency is imperative for us all and building a greener North West is central to our purpose and one of our strategic priorities. Delivering against our carbon pledges and science-based targets, while ensuring that our activities and the North West region are resilient to the impacts that a changing climate might bring, is key to our long-term planning.

- Relevant material themes:**
- Climate change mitigation
 - Climate change adaptation
 - Resilience
 - Responsible supply chain

SDG 14 Life below water

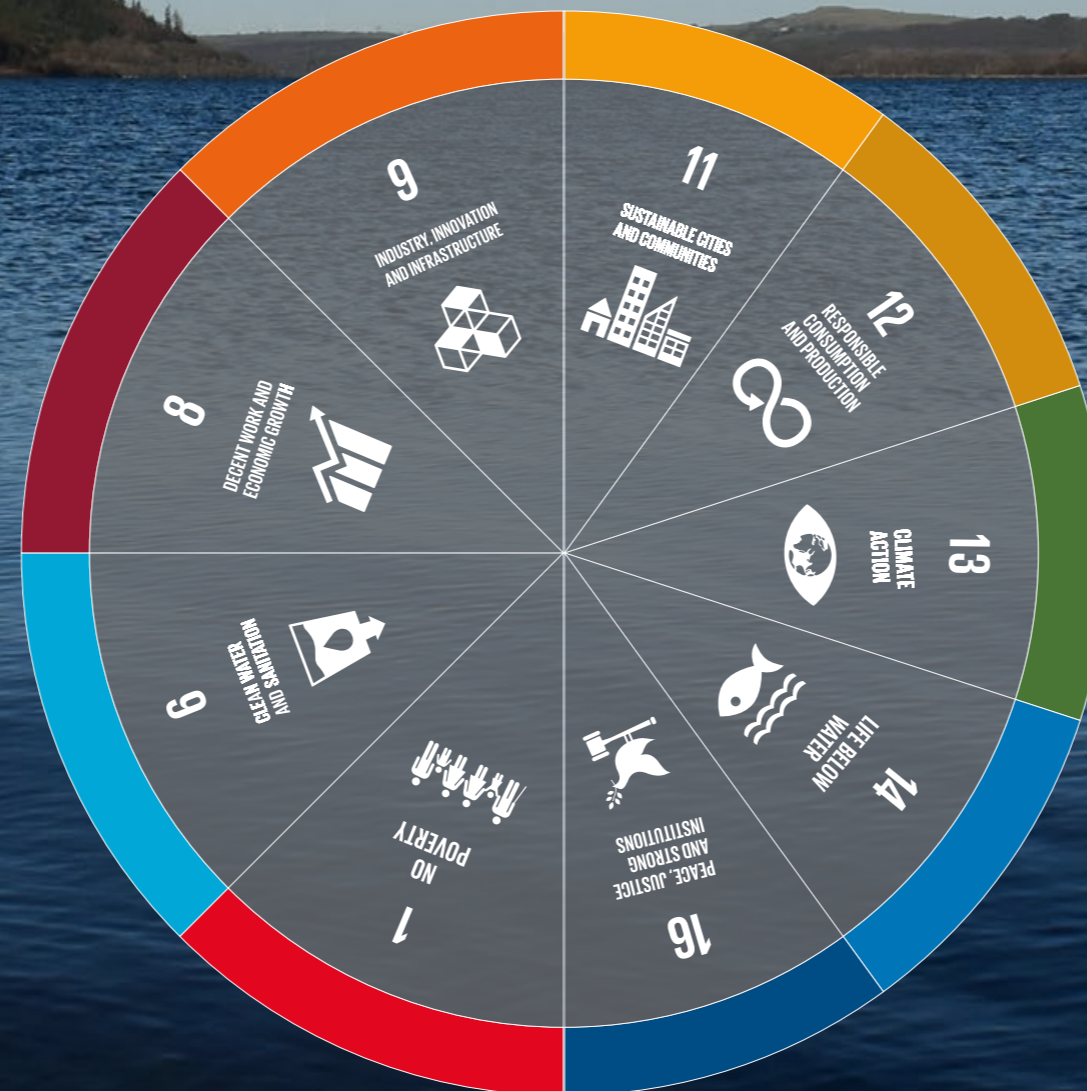
We are sector leaders in minimising pollution. We have 29 bathing waters in the North West, and have made good progress in improving river water quality, which has a knock-on impact on our oceans. This includes reducing storm overflow activations and addressing nutrient imbalance.

- Relevant material themes:**
- River water quality and storm overflows
 - Natural capital and biodiversity
 - Environmental impacts

SDG 16 Peace, justice and strong institutions

We run our business in a responsible manner, and doing the right thing is one of our core values. We maintain high standards in corporate governance and ethical standards of business conduct – those systems and processes through which our organisation is managed, controlled and held accountable. We are committed to open, honest and transparent corporate reporting.

- Relevant material themes:**
- Trust, transparency and legitimacy
 - Political and regulatory environment
 - Corporate governance and business conduct



Read our sustainable finance framework on our website at unitedutilities.com/corporate/investors/credit-investors/sustainable-finance