

# Sustainable Finance Framework

## Allocation and Impact Report 2024



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# 2023/24 performance

**£1.7bn**

of cumulative funding to 31 March 2024 for sustainable projects

**Upper quartile**

across a range of Environmental, Social and Governance (ESG) indices

Ambition for

**net zero carbon**

across scope 1, 2 and 3 emissions by 2050

Already surpassed our 2030 target with

**1,211 hectares**

of peatland restoration, with further potential sites identified

Met leakage target for the

**18th**

consecutive year

Sector-leading affordability support helping around

**375,000**

customers since 2020 and over 400,000 customers signed up to Priority Services

Over

**100,000**

customers lifted out of water poverty

‘Good’ or ‘industry leading’ ratings (3 or 4 star) in the Environment Agency’s assessment every year since its inception, and on track for

**4-star rating**

for 2023

Committed to support the ‘10,000 Black Interns’ programme over the next five years and converted

**over 20**

interns into full-time employment following the programme

**81%**

colleague engagement score for 2023/24, in line with the UK high performance norm

Fair Tax Mark accreditation retained for the

**fifth**

consecutive year

Targeting 100% of sites of special scientific interest (SSSIs) at ‘favourable’ or ‘unfavourable – recovering’ status by 2030, currently at

**91%**

having significantly improved from 48% in 2004

We remain on track for our target of a sustainable

**60%**

reduction in spills from storm overflows between 2020 and 2030

# Foreword from Phil Aspin | Chief Financial Officer



**I am pleased to introduce our 2024 allocation and impact report, setting out how we have used the funds raised through our sustainable finance and the impact this has had on our environmental and social performance.**

Climate change is already affecting our business, with increasingly volatile weather. This year's challenges have ranged from dry weather in the early summer triggering actions under our drought plan, and then shifting suddenly to a prolonged period of heavy rainfall over autumn and winter, followed by a freeze-thaw event. Annual rainfall in 2023 was exceptionally high across the North West – it was the wettest for the last 69 years, with parts of our region experiencing rainfall up to a third higher than the long-run average.

This extreme weather did have an adverse impact on some elements of our services, with increased instances of flooding and spills from storm overflows, but our strong operational resilience and the hard work of colleagues across the business helped us to maintain an overall strong level of service and minimise environmental impact.

We met or beat around 80% of our regulatory performance commitment targets for the year, including performance improvements for customers and the environment, we delivered all of our Water Industry National Environment Programme commitments for the year, and we are on track for the top four-star rating in the Environment Agency's annual Environmental Performance Assessment for 2023, having secured this in five of the last eight years.

In October 2023, we submitted an ambitious business plan for our next regulatory period from 2025 to 2030 (AMP8). The plan includes an environmental investment programme seven times the size of AMP7, to meet the growing expectations the public have of the environment and to get ahead of new legislative requirements such as the storm overflow discharge reduction plan.

With the help of an innovative county-based engagement approach, and the development of five individual plans to tackle the unique challenges and opportunities facing each of the five diverse counties across the North West, we have secured strong customer advocacy with 74% support for our plan. Our plan is set in the context of a long-term delivery strategy out to 2050, and we have a number of long-term investment drivers linked to sustainability, going beyond AMP8.

Our plan is designed to deliver significant further improvements in service, resilience, and environmental protection and enhancement for the region, tackling the things that matter to customers and other stakeholders, and we are not waiting. We have already begun building capability and getting a head start on key issues. In addition to our existing strong team, we have recruited some fantastic new talent. Our in-house rainwater management and modelling team, new regulatory and compliance function, and county-level stakeholder managers are mobilising ahead of the start of AMP8. Our accelerated investment has enabled us to press ahead with our storm overflow reduction programme, with part of this already being invested during our current AMP7 regulatory period ending in March 2025. We are focused on agile solutions to deliver spill reductions at pace, and we are already making good inroads with plans to roll out similar solutions to other locations.

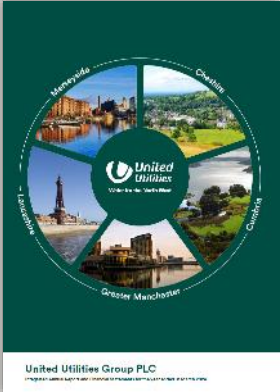
Supporting this accelerated investment and ongoing environmental investment, 2024 has been our biggest year for sustainable financing to date with £1.25 billion raised over four transactions. Looking ahead, we expect our level of sustainable debt issuance to remain high, underpinned by our strong green credentials, significant environmental investment programme in AMP8, and longer-term drivers of sustainable investment.

# Foreword from Phil Aspin | Chief Financial Officer

Our approach to responsible business has ensured consistent upper quartile performance in selected ESG ratings and indices. We remain a member of the Dow Jones Sustainability World Index, along with just three other companies from the multi utilities and water sector. In the Sustainalytics assessment, our risk rating has further decreased in May 2024 to negligible risk, putting us amongst the top 1 per cent of performers in the utilities industry group. We are proud to be ranked amongst Corporate Knights' 2024 100 Most Sustainable Corporations in the World.

This report complements our comprehensive corporate reporting of financial and non-financial information that aims to provide stakeholders with the necessary information to demonstrate that we are purpose led and that we focus on what matters to them. Our Integrated Annual Report and Financial Statements has this year been further aligned to the standards from the International Sustainability Standards Board (ISSB) providing information on strategy, governance, risk management, and metrics and targets, for the most material sustainability-related risks and opportunities we face. Our operational performance for the year is structured across the stronger, greener and healthier elements of our purpose, with their clear alignment to ESG. For stakeholders who are primarily focused on the sustainability aspects of our performance, we have produced a separate sustainability report.

## Complementary reports



→ **Integrated Annual Report and Financial Statements**

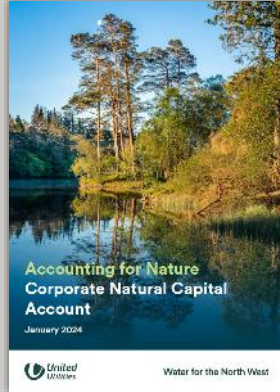
With full disclosure on the Task Force on Climate-related Financial Disclosures (TCFD) recommendations and Task Force on Nature-related Financial Disclosures (TNFD) recommendations



→ **Sustainability Report**



→ **Climate Change Adaptation Report**



→ **Corporate Natural Capital Account**



→ **Sustainable Finance Framework**



→ **Tax Report**  
Aligned to Fair Tax Mark accreditation

# A purpose-led business operated in a responsible manner

## OUR PURPOSE

To provide great water for a stronger, greener and healthier North West.

Our purpose highlights how strongly environmental, social and governance (ESG) matters are integrated into the way we approach our business and the way we monitor our performance – everything aligns under the stronger, greener and healthier ambitions within our purpose.

Our metrics and targets, including our operational key performance indicators (KPIs), are linked to ESG and aligned to the stronger, greener and healthier elements of our purpose, with clear links to our strategic priorities.

### Stronger

We deliver an essential service, help customers in vulnerable situations, invest in local communities, and support jobs and the economy, giving the North West resilience in a changing world.

### Greener

We protect and enhance urban and rural environments, and adapt to the challenges of climate change, allowing people, wildlife and nature to thrive, making the North West a better place to live now and for the future.

### Healthier

We provide great quality drinking water and safely remove and recycle used water for more than seven million customers, while taking care of the beautiful landscapes in the North West every day.

## External recognition of our ESG credentials



United Utilities Group PLC has been included in the FTSE4Good Index Series since June 2001. Latest review July 2024.



For 2023, our overall performance was 77% and we are proud to be a component of the iconic Dow Jones Sustainability World Index. Effective December 2023.



In the annual review in July 2023, our status was assessed as Prime.<sup>(1)</sup>



In May 2024, we received an ESG Risk Rating of 8.9 (5th out of 682 in the utilities industry group) and are considered to be at negligible risk of experiencing material financial impacts from ESG factors.<sup>(4)</sup>



We received an overall Advanced ESG score by Moody's ESG of 61/100 in year 2023 and United Utilities Group PLC has been reconfirmed as a constituent of the Euronext Vigeo UK 20 index in December 2023.<sup>(2)</sup>



In 2023, we achieved CDP leadership scores in both climate change (A-) and supplier engagement (A) assessments and also achieved a B on our first Water Security assessment.



As of November 2023, United Utilities Group PLC received an MSCI ESG rating of A.<sup>(3)</sup>

- (1) [issgovernance.com/esg/ratings/badge](https://issgovernance.com/esg/ratings/badge)
- (2) [moodys.com/esg](https://moodys.com/esg)
- (3) [msci.com/notice-and-disclaimer](https://msci.com/notice-and-disclaimer)
- (4) [sustainalytics.com/legal-disclaimers](https://sustainalytics.com/legal-disclaimers)

# A purpose-led business operated in a responsible manner

## OUR STRATEGIC PRIORITIES

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.

Our six strategic priorities enable delivery of our purpose and are aligned to the greener, healthier and stronger elements of our purpose. These permeate everything we do: the stages in our water cycle, our principal risks, board and committee activity, and the measures in our remuneration policy are all aligned to one or more of these themes.

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.

### 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.

### 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.

### 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.

### 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.

### 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.

### 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.

# Investing for the benefit of our environment

In October 2023, we submitted our business plan for the 2025 to 2030 period (AMP8) to our economic regulator Ofwat. We believe that our plan is an ambitious and high-quality plan that delivers benefits for customers, communities and the environment, and was shaped by county-based engagement with customers and other stakeholders.

This proposed plan demonstrates extensive ambition and would see us deliver the largest investment in water and wastewater infrastructure in more than a century, investing in assets and delivering improved services for customers and the environment. If approved, it will deliver a step change in tackling those issues that matter the most – from reliable water supplies to cleaner rivers and bathing waters – helping to make the North West stronger, greener and healthier.

We are proposing to:

- Safeguard supplies for three million people – as we improve water quality and the security of future water supplies, increasing resilience and halving the chance of a hosepipe ban in the future;
- Protect and enhance more than 500 kilometres of rivers and bathing waters – delivering the largest spill reduction programme in the UK, reducing storm overflow spills by 60% from the 2020 baseline;
- Reduce leakage – building a more resilient water network, fixing leaks and replacing old pipes, targeting a reduction in leakage of 25% over the decade to 2030; and
- Respond to the challenges of climate change – strengthening our network to reduce the risk of flooding to homes and businesses, improving services for customers, protecting the environment and reducing greenhouse gas emissions.

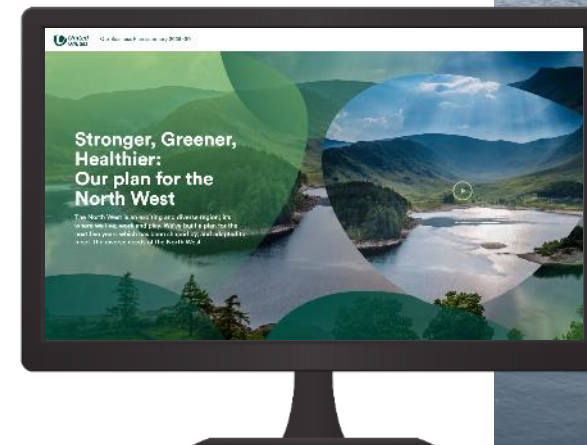
The plan would support 30,000 jobs, of which 7,000 would be new jobs within the company and wider supply chain, bringing investment in skills and opportunities to the heart of our local communities and giving a boost to the regional economy.

Importantly, we have taken robust action to make bills as affordable as possible despite delivering record levels of investment. We are proposing to provide more support for hard-pressed households than ever before, with £525 million of support so we can help more than one in six customers. Our engagement has been robust – we have spoken with 95,000 customers, securing strong advocacy with 74% support for the plan. We have also conducted 79 research projects driving innovation and opportunity.

We have already been able to begin work on our storm overflow reduction programme included within our business plan submission, having received approval from Ofwat to accelerate investment in this area, using some of the funding raised during the year ending 31 March 2024 under our sustainable finance framework.

→ **Read more in our case study:**  
**Better Rivers accelerated programme**

→ **You can find more details on our business plan at:**  
**[pr24.unitedutilities.com](https://pr24.unitedutilities.com)**





# Our sustainable finance and how we have used the funds

Our Sustainable Finance Framework was published in November 2020 (the “Framework”) and was developed to align with relevant ICMA and LMA principles.<sup>(1)</sup> Under our Framework we stated our intention to follow market best practice and to communicate in a transparent manner on:

Use of proceeds

Process of project evaluation and selection

Management of proceeds

Reporting

## Our sustainable finance portfolio

During the year to 31 March 2024, four new sustainable financing instruments were issued under the Framework with net proceeds totalling £1.25bn. Including the two sustainable financing instruments issued in previous years, as at 31 March 2024, there were six sustainable financing instruments issued under our Framework:

Name	GBP 300m 0.875% Fixed Rate Notes due 2029 (SF1)	GBP 150m Floating Rate Loan due 2032 (SF2)	GBP 300m 5.125% Fixed Rate Notes due 2038 (SF3)	GBP 350m 5.75% Fixed Rate Notes due 2036 (SF4a <sup>(2)</sup> )	GBP 50m <sup>(3)</sup> tap of GBP 350m 5.75% Fixed Rate Notes due 2036 (SF4b <sup>(2)</sup> )	EUR 650m 3.75% Fixed Rate Notes due 2034 (SF5)	Total
Issuer	UUWF	UUW	UUWF	UUWF	UUWF	UUWF	
On lent to	UUW	N/A	UUW	UUW	UUW	UUW	
Form of financing	Bond	Loan	Bond	Bond	Bond	Bond	
Label	Sustainable	Sustainable	Sustainable	Sustainable	Sustainable	Green	
Issue/drawdown date	28 January 2021	29 July 2022	6 April 2023	26 June 2023	7 February 2024	23 February 2024	
Maturity date	28 October 2029	30 June 2032	6 October 2038	26 June 2036	26 June 2036	23 May 2034	
ISIN	XS2291328735	N/A	XS2608701574	XS2641168997	XS2762291172 (temp) XS2641168997	XS2771661357	
Net proceeds	£297.0m	£149.6m	£297.5m	£347.3m	£52.1m	£556.3m	£1,699.8m
Allocation status	Fully allocated	Fully allocated	At issuance: 50% 31 Mar 2024: 74%	At issuance: 50% 31 Mar 2024: 72%	At issuance: 51% 31 Mar 2024: 63%	At issuance: 50% 31 Mar 2024: 54%	

On 28 May 2024 United Utilities Water Finance PLC (UUWF) issued £350m of sustainable bonds, which were on lent to United Utilities Water Limited (UUW). As this bond was issued after 31 March 2024 (the data cut off point of this report), the allocations associated with this sustainable bond will be reported in next year’s allocation and impact report due to be published in summer 2025.

<sup>(2)</sup> SF4a and SF4b will be reported as a combined transaction, SF4, in future years.

<sup>(3)</sup> As this bond is a fungible tap of an existing bond the net proceeds exceed the face value reflecting the market yield at issuance of the tap.

# Our sustainable finance and how we have used the funds

## Use of proceeds

An amount at least equal to the net proceeds from the issuance of the Sustainable Financing Instruments, will be used to finance or refinance, in whole or in part, new or existing projects that meet the Project Eligibility Criteria as set out in the Framework. Eligible Projects are those projects where expenditures have occurred within the three-year period prior to the issuance year of the Sustainable Financing Instruments, and/or where expenditure has occurred within a two-year period following the issuance.

## Eligible project portfolio

	Year ended 31 March 2019	Year ended 31 March 2020	Year ended 31 March 2021	Year ended 31 March 2022	Year ended 31 March 2023	Year ended 31 March 2024
<b>Eligible project portfolio<sup>(4)</sup></b>	£442.5m	£420.2m	£621.1m	£676.9m	£723.6m	£796.3m
<b>Amounts allocated as at 31 March 2024</b>	£(297.0)m	£nil	£(36.7)m	£(223.3)m	£(326.5)m	£(367.2)m
<b>Unallocated eligible projects</b>	Time ineligible	Time ineligible	Time ineligible	£453.6m	£397.0m	£429.1m

<sup>(4)</sup> The amount of eligible project portfolios can differ from those reported in previous years as previously unclassified projects are reviewed and appropriately categorised or previously eligible projects no longer meet the eligibility criteria (e.g. following divestment, technology switch, etc.).

## Allocations – debt issued in prior years

Our first sustainable instrument (SF1) was fully allocated in the prior year and so there have been no changes to allocations on this instrument.

Our £150m sustainable floating rate loan due 2032 (SF2) that was raised in the prior year was 75% allocated as at 31 March 2023. The residual amount has been allocated during the year and this loan was fully allocated as at 31 March 2024, as shown in the below table:

SF2	Net proceeds allocated at <sup>(5)</sup> :		
	Issuance (29 July 2022)	31 March 2023	31 March 2024
<b>Sustainable Water and Wastewater Management</b>	£37.0m	£59.6m ∇	£73.8m ◇
<b>Terrestrial and Aquatic Biodiversity Conservation</b>	£22.5m	£35.4m ∇	£55.7m ◇
<b>Pollution Prevention and Control</b>	£5.9m	£5.9m ∇	£6.1m ◇
<b>Renewable Energy</b>	£1.5m	£1.5m ∇	£3.0m ◇
<b>Environmentally Sustainable Management of Living Natural Resources and Land Use</b>	£6.5m	£6.7m ∇	£5.8m <sup>(6)</sup> ◇
<b>Clean Transportation</b>	£1.0m	£2.4m ∇	£4.8m ◇
<b>Access to Essential Services</b>	£0.4m	£0.4m ∇	£0.4m ◇
<b>Total</b>	£74.8m	£111.9m ∇	£149.6m ◇
<b>Unallocated amounts</b>	£74.8m	£37.7m	-
<b>% allocated / unallocated</b>	50% / 50%	75% / 25%	100% / 0%

◇ limited assurance by KPMG in respect of the year ended 31 March 2024 (see page 12)  
 ∇ limited assurance by KPMG in respect of the year ended 31 March 2023 (see page 12)

<sup>(5)</sup> Net proceeds allocated refers to expenditures that have occurred on Eligible Projects as at the date indicated.

<sup>(6)</sup> The cumulative amount allocated as at 31 March 2024 is lower than the position as at 31 March 2023 due to an updated categorisation of spend to other eligible categories.

# Our sustainable finance and how we have used the funds

## Allocations – debt issued in the current year

Our new sustainable debt issued during the year to 31 March 2024 was allocated c50% to refinancing at issuance, leaving c50% to be allocated to future spending to have greater additionality of impact compared to 100% refinancing. In the period between issuance and the 31 March 2024, additional proceeds have been allocated to eligible projects. The below tables show the allocations both at issuance and as at 31 March 2024 for SF3 – SF5:

Eligible category	Net proceeds allocated at issuance <sup>(5)</sup> :			
	SF3 (issued 6 April 2023)	SF4a <sup>(2)</sup> (issued 26 June 2023)	SF4b <sup>(2)</sup> (issued 7 February 2024)	SF5 (issued 23 February 2024)
Sustainable Water and Wastewater Management	£106.0m	£138.2m	£9.5m	£102.0m
Terrestrial and Aquatic Biodiversity Conservation	£42.0m	£36.0m	£17.0m	£178.6m
Pollution Prevention and Control	£1.9m	£0.7m	-	-
Access to Essential Services	£0.2m	-	-	-
<b>Total</b>	<b>£150.1m</b>	<b>£174.9m</b>	<b>£26.5m</b>	<b>£280.7m</b>
<b>Unallocated amounts</b>	<b>£147.4m</b>	<b>£172.3m</b>	<b>£25.5m</b>	<b>£275.6m</b>
<b>% allocated / unallocated</b>	<b>50% / 50%</b>	<b>50% / 50%</b>	<b>51% / 49%</b>	<b>50% / 50%</b>

Eligible category	Net proceeds allocated as at 31 March 2024 <sup>(5)</sup> :			
	SF3	SF4a <sup>(2)</sup>	SF4b <sup>(2)</sup>	SF5
Sustainable Water and Wastewater Management	£164.6m ◇	£212.7m ◇	£10.5m ◇	£108.3m ◇
Terrestrial and Aquatic Biodiversity Conservation	£50.8m ◇	£33.8m ◇	£22.5m ◇	£192.3m ◇
Pollution Prevention and Control	£5.8m ◇	£2.4m ◇	-	-
Access to Essential Services	£0.2m ◇	£0.2m ◇	-	-
<b>Total</b>	<b>£221.5m ◇</b>	<b>£249.1m ◇</b>	<b>£33.0m ◇</b>	<b>£300.6m ◇</b>
<b>Unallocated amounts</b>	<b>£76.0m</b>	<b>£98.2m</b>	<b>£19.0m</b>	<b>£255.6m</b>
<b>% allocated / unallocated</b>	<b>74% / 26%</b>	<b>72% / 28%</b>	<b>63% / 37%</b>	<b>54% / 46%</b>

◇ limited assurance by KPMG in respect of the year ended 31 March 2024 (see page 12)

# Our sustainable finance and how we have used the funds

## Allocations – total sustainable debt outstanding

Table of total allocations as at 31 March 2024 across the full sustainable finance portfolio:

Eligible category	SF1	SF2	SF3	SF4a	SF4b	SF5	Total
Sustainable Water and Wastewater Management	£197.7m $\Delta$	£73.8m $\diamond$	£164.6m $\diamond$	£212.7m $\diamond$	£10.5m $\diamond$	£108.3m $\diamond$	£767.6m
Terrestrial and Aquatic Biodiversity Conservation	£89.6m $\Delta$	£55.7m $\diamond$	£50.8m $\diamond$	£33.8m $\diamond$	£22.5m $\diamond$	£192.3m $\diamond$	£444.7m
Pollution Prevention and Control	£5.0m $\Delta$	£6.1m $\diamond$	£5.8m $\diamond$	£2.4m $\diamond$	-	-	£19.4m
Renewable Energy	-	£3.0m $\diamond$	-	-	-	-	£3.0m
Environmentally Sustainable Management of Living Natural Resources and Land Use	-	£5.8m $\diamond$	-	-	-	-	£5.8m
Clean Transportation	-	£4.8m $\diamond$	-	-	-	-	£4.8m
Access to Essential Services	£4.7m $\Delta$	£0.4m $\diamond$	£0.2m $\diamond$	£0.2m $\diamond$	-	-	£5.5m
<b>Total</b>	<b>£297.0m <math>\Delta</math></b>	<b>£149.6m <math>\diamond</math></b>	<b>£221.5m <math>\diamond</math></b>	<b>£249.1m <math>\diamond</math></b>	<b>£33.0m <math>\diamond</math></b>	<b>£300.6m <math>\diamond</math></b>	<b>£1,250.8m</b>
Unallocated £m	-	-	£76.0m	£98.2m	£19.0m	£255.6m	£448.9m

$\diamond$  limited assurance by KPMG in respect of the year ended 31 March 2024 (see box to right)

$\Delta$  limited assurance by KPMG in respect of the year ended 31 March 2021 (see box to right)

## Assurance statement

KPMG LLP (“KPMG”), our independent auditor, has provided limited assurance over the selected information in the above tables denoted by the symbol  $\diamond$  using the assurance standard ISAE (UK) 3000.

 **KPMG’s limited assurance report, dated 10 July 2024**

KPMG also provided limited assurance in 2023 and 2021 over the selected information in the above tables denoted by the symbols  $\nabla$  and  $\Delta$  respectively using the assurance standard ISAE (UK) 3000.

 **KPMG’s limited assurance reports, dated 17 July 2023**

 **KPMG’s limited assurance reports, dated 5 July 2021**

# Our sustainable finance and how we have used the funds

## Process for project evaluation and selection

To ensure that allocations are made to Eligible Green or Social Projects (as specified in the framework) we have established a Sustainable Finance Committee comprising representatives from Treasury, Sustainability, Finance and the Regulated Business. The committee is supported by a cross-department Sustainable Finance Working Group.

All investments funded under the Framework are subject to rigorous governance and assurance activity throughout the project lifecycle. Project approval committees at three key stages in the project lifecycle approve the release of allocated funding. These stages typically include initial project approval, full construction contract approval, and final project completion.

Throughout the project lifecycle, multi-layer assurance activity ensures that the necessary project steps and activities have been completed and reviewed by the appropriate roles. These assurance activities include regular reviews, progress reports, and compliance checks to maintain project integrity and alignment with the project requirements.

Projects are initially evaluated and allocated to the eligible categories under the framework based on the relevant internal strategic programme categories. This initial allocation is then verified by a cross-department Sustainable Finance Working Group to ensure accuracy and alignment with sustainability goals. Finally, the allocation is signed off by the Sustainable Finance Committee, which provides an additional layer of oversight and ensures adherence to the framework's principles.

The Sustainable Finance Committee has:

- Ensured that allocated Eligible Projects have followed the relevant UU project development policies;
- Ensured that allocated Eligible Projects are aligned with the ICMA and LMA principles' categories;
- Approved changes to the register of Eligible Projects where eligibility criteria is no longer met; and
- Reviewed and approved this Allocation and Impact Report.

## Management of proceeds

The net proceeds arising from the issuance under our Framework is managed by our Treasury function. Unallocated amounts have been placed on deposit with banks that meet the group's prudent banking counterparty risk policy. Our Treasury function has tracked the unallocated amounts prior to their utilisation.

Our Treasury team has ensured that the portfolio of Eligible Projects has exceeded, or been at least equal to, the amount of Sustainable Financing Instruments raised under this Framework.



# Contributing to environmental and social performance

Our eligibility criteria link through to overall company responsible business metrics that matter to our stakeholders.

## Green Bonds Principles Category

**Sustainable Water and Wastewater Management**

## Eligibility Criteria

- Projects which reduce pollution and impacts of water abstraction
- Projects which improve water quality
- Projects which reduce water losses from the system
- Flooding mitigation projects

## Overall company impact metrics

Leakage	Year	2021/22	2022/23	2023/24
	Annual MI/d	413.9	423.0	408.6
	3-year average MI/d	426.1	420.5	415.2

Regulated emissions per megalitre of treated water, Kg CO <sub>2</sub> e/MI	Year	2021/22	2022/23	2023/24
	Kg CO <sub>2</sub> e/MI	106.9	101.4	177.6 <sup>(7)</sup>

Regulated emissions per megalitre of sewage treated, Kg CO <sub>2</sub> e/MI	Year	2021/22	2022/23	2023/24
	Kg CO <sub>2</sub> e/MI	144.2	158.8	209.0 <sup>(7)</sup>

## Highlights

Our programme of cleaning and re-lining our 65-kilometre Vyrnwy Aqueduct is helping to secure long-term resilient supply for current and future generations and reduce discolouration.

## Relevant SDGs



**Terrestrial and Aquatic Biodiversity Conservation**

- Investments and/or expenditures relating to projects which deliver improved conservation outcomes
- Investments and/or expenditures relating to river quality improvements

Improving river water quality and the water environment	Year	2021/22	2022/23	2023/24
	Net days schemes delivered early/late <sup>(8)</sup>	62 <sup>(8)</sup>	80 <sup>(8)</sup>	102 <sup>(8)</sup>

Percentage of Sites of Special Scientific Interest (SSSI) designated favourable or recovering	Year	2021/22	2022/23	2023/24
	Trees	91%	91%	91%

Cumulative number of trees planted over 2020 to 2025 period	Year	2021/22	2022/23	2023/24
	Trees	461,240	565,733	600,466

Our better rivers accelerated programme is enabling us to get started now on our long-term commitment to deliver a step change in the number of spills from storm overflows, helping to improve river quality.



<sup>(7)</sup> The regulated emissions per megalitre of treated water/sewage treated have been redefined by Ofwat in 2024 to include more scope 3 categories than in prior years, therefore 2023/24 metrics are not directly comparable with earlier years. Had the metric not been redefined, performance would have improved in 2023/24.

<sup>(8)</sup> Positive numbers indicate that schemes to improve river water quality and/or the water environment have been delivered early. Negative numbers indicate that schemes to improve river water quality and/or the water environment have been delivered late.

# Contributing to environmental and social performance

## Green Bonds Principles Category

## Eligibility Criteria

## Overall company impact metrics

## Highlights

## Relevant SDGs

**Pollution Prevention and Control**

- Investments and/or expenditures relating to projects which reduce waste and increase the proportion recycled, and/or recover energy from waste materials

Percentage of biosolids recycled in compliance with regulatory standard and Biosolids Assurance Scheme	Year	2021/22	2022/23	2023/24
	%	100.00	100.00	100.00

Our programme of improvements to our sludge treatment facilities to prevent or minimise emissions and impacts on the environment.



**Renewable Energy**

- Investments and/or expenditures relating to solar photovoltaic or wind power installations
- Investments and/or expenditures relating to construction and operation of biogas-powered combined heat and power (CHP) plants

Total energy generated from sewage sludge (CHP and biomethane exported to gas grid as GWh equivalent)	Year	2021/22	2022/23	2023/24
	GWh <sup>(9)</sup>	182.7	167.7	160.6 <sup>(10)</sup>

Nitrous Oxide (NOx) emissions per unit of renewable energy generated	Year	2021/22	2022/23	2023/24
	NOx/GWh	1.19	1.07	0.96

Investment in the refurbishment of combined heat and power engines contributing to renewable energy generation.



**Environmentally Sustainable Management of Living Natural Resources and Land Use**

- Investments and/or expenditures relating to projects which deliver an increase in natural capital value
- Investments and/or expenditures relating to projects which contribute to avoidance of designated area deterioration

Enhancing natural capital for customers	Year	2021/22	2022/23	2023/24
	£million	3.234	0	15.777

Area of peatland restored	Year	2021/22	2022/23	2023/24
	Hectares	Activity underway	585	1,211

Area of woodland created	Year	2021/22	2022/23	2023/24
	Hectares	9	37	37

Creation of an innovative reedbed solution to protect local river water quality by treating storm spills whilst providing a natural amenity for the local community.



<sup>(9)</sup> The Biomethane element was previously expressed as an electricity equivalent in previous reports.

<sup>(10)</sup> Energy generated from sewerage sludge has reduced slightly compared to prior years as outages at certain digestion sites reduced biogas output (this impact is expected to improve next year). Additionally, biogas has been used for on-site heating avoiding the need for fossil fuel purchases but reducing CHP generation (this impact is expected to continue next year).

# Contributing to environmental and social performance

## Green Bonds Principles Category

Clean Transportation

## Eligibility Criteria

- Investments and/or expenditures relating to acquisition and deployment of battery electric vehicles and associated charging infrastructure

## Overall company impact metrics

Number of fully electric vehicles deployed in fleet	Year	2021/22	2022/23	2023/24
	Number of vehicles	27	33	91

## Highlights

Investment enabling the deployment of electric vehicles into the corporate fleet and associated charging infrastructure.

## Relevant SDGs



## Social Bonds Principles Category

Access to Essential Services

## Eligibility Criteria

- Investments and/or expenditures relating to programs which enable vulnerable customers to maintain access to water and other supplies

## Indicative metrics

Number of customers lifted out of water poverty	Year	2021/22	2022/23	2023/24
	Number of customers	98,293 <sup>(1)</sup>	106,936 <sup>(1)</sup>	100,758

Number of households registered for Priority Services	Year	2021/22	2022/23	2023/24
	Number of households	186,224	294,490	401,987

Investment in our Priority Services schemes that provide sector-leading support for vulnerable customers with additional needs.

## Relevant SDGs



All performance indicators throughout this report have received an appropriate level of assurance, such as independent third-party verification, regulatory reporting assurance processes, or through our own internal audit team.

<sup>(1)</sup> Restated to include company-funded customers lifted out of water poverty, which are subject to a maximum cap in the associated regulatory target that was previously reported.



# Summary of the group's wider ESG KPIs

## Building a greener North West

Our key performance indicators for building a greener North West are achievement of our Better Rivers commitments, our carbon pledges relating to renewable energy, green fleet, peatland restoration and woodland creation, and the Environment Agency's Environmental Performance Assessment.



## Better Rivers: Better North West commitments

The percentage of in-year milestones delivered as part of our Better Rivers programme.

**Target**  
**At least 95% of programme milestones delivered by 2025**

**Annual performance**  
**100%**

All of this year's Better Rivers programme milestones have been delivered, including ensuring 100% of our storm overflows are monitored, which was completed by December 2023.

**2022/23:** 100% of milestones for the year

**2021/22:** n/a – new measure in 2022/23

## Carbon pledges

Six pledges supporting our climate change mitigation activities including green fleet, peatland restoration and woodland creation, and supplier engagement.

**Target**  
**Individual targets for each of the six carbon pledges**

**Annual performance**  
**Good progress**

Having already delivered two of our six pledges, during the last 12 months we have surpassed our 2030 target for peatland restoration ahead of schedule, with potential identified to go further. We continue to make progress on the other pledges, as detailed on page 31.

**2022/23:** Pledges 2 and 6 met

**2021/22:** Pledges 2 and 6 met

## Environment Agency's Environmental Performance Assessment rating

The Environment Agency's (EA) annual assessment across six key sector environmental performance measures.

**Target**  
**Upper quartile performance within the water industry each year**

**Annual performance**  
**Good progress**

The most recent assessment is for 2022, when we were awarded three stars, meaning we were classed by the EA as a good company. The EA will publish its annual assessment for 2023 in July 2024, and we are on track for 4-star 'industry-leading' performance.

**2021:** Joint first

**2020:** Joint first

# Summary of the group's wider ESG KPIs

## Operational performance | Building a greener North West

### Status key

<b>Annual performance</b>	<span style="color: green;">●</span> Met expectation/target	<span style="color: orange;">●</span> Close to meeting expectation/target	<span style="color: pink;">●</span> Behind expectation/target
<b>Against 2025 target</b>	<span style="color: green;">●</span> Confident of meeting target	<span style="color: orange;">●</span> Some work to do	<span style="color: pink;">●</span> Target unobtainable

### Stakeholder key



Customers



Environment



Communities



Colleagues



Suppliers



Investors

Measure	2025 target	Performance				Assurance <sup>(16)</sup>	Key stakeholder	Status	
		2023/24	2022/23	2021/22	Actual performance			Against 2025 target	
Pollution incidents per 10,000km sewer network <sup>(12)</sup>	19.5	<b>27.93</b>	16.29	17.71	RRA		<span style="color: pink;">●</span>	<span style="color: green;">●</span>	
Reduction in spills per storm overflow monitored	33% sustainable reduction <sup>(14)</sup>	<b>24%</b>	41%	29%	IAT		<span style="color: orange;">●</span>	<span style="color: green;">●</span>	
Treatment works compliance <sup>(12)</sup>	99%	<b>99.0%</b>	98.5%	99.0%	RRA		<span style="color: green;">●</span>	<span style="color: green;">●</span>	
Leakage reduction <sup>(12)</sup>	15% <sup>(13)</sup>	<b>9%</b>	6%	8%	RRA		<span style="color: green;">●</span>	<span style="color: green;">●</span>	
Reduction in per capita consumption <sup>(12)</sup>	6.3% <sup>(14)</sup>	<b>2.5% decrease</b>	0.5% increase	1.5% increase	RRA		<span style="color: pink;">●</span>	<span style="color: pink;">●</span>	
Internal flooding incidents per 10,000 sewer connections <sup>(12)</sup>	1.34	<b>4.35</b>	2.32	2.98	RRA		<span style="color: pink;">●</span>	<span style="color: pink;">●</span>	
External flooding incidents <sup>(12)</sup>	5,859	<b>7,063</b>	5,916	6,223	RRA		<span style="color: pink;">●</span>	<span style="color: orange;">●</span>	
Waste to beneficial use	98%	<b>98.3%</b>	98.3%	97.8%	IAT		<span style="color: green;">●</span>	<span style="color: green;">●</span>	
Enhancing natural capital for customers <sup>(12)</sup>	£4m	<b>£15.777m</b>	£0	£3.234m	RRA		<span style="color: green;">●</span>	<span style="color: green;">●</span>	
Number of trees planted	500,000	<b>600,466</b>	565,733	461,240	IAT		<span style="color: green;">●</span>	<span style="color: green;">●</span>	
Carbon pledge 1: reduction of scope 1 and 2 GHG emissions	14% reduction <sup>(15)</sup> (42% by 2030)	<b>3.4% reduction</b>	3.7% reduction	2.2% reduction	ITV		<span style="color: orange;">●</span>	<span style="color: orange;">●</span>	
Carbon pledge 2: renewable electricity purchased	100% by 2023	<b>100%</b>	100%	96%	ITV		<span style="color: green;">●</span>	<span style="color: green;">●</span>	
Carbon pledge 3: green fleet	100% by 2028	<b>91 vehicles</b>	33 vehicles	27 vehicles	IAT		<span style="color: green;">●</span>	<span style="color: green;">●</span>	
Carbon pledge 4: peatland restoration	1,000 hectares by 2030	<b>1,211 hectares</b>	585 hectares	Activity underway	ITV		<span style="color: green;">●</span>	<span style="color: green;">●</span>	
Carbon pledge 5: woodland created	550 hectares by 2030	<b>37 hectares</b>	37 hectares	9 hectares	ITV		<span style="color: green;">●</span>	<span style="color: green;">●</span>	
Construction services suppliers with science-based targets	66%	<b>23%</b>	23%	n/a	IAT		<span style="color: green;">●</span>	<span style="color: green;">●</span>	
Better air quality: nitrogen oxides (NOx) emissions per unit of renewable electricity generated <sup>(12)</sup>	1.42	<b>0.96</b>	1.07	1.19	RRA		<span style="color: green;">●</span>	<span style="color: green;">●</span>	
Energy generated directly, and with partners, as a percentage of used	25% at 2026	<b>22.4%</b>	23.0%	n/a	ITV		<span style="color: green;">●</span>	<span style="color: green;">●</span>	

<sup>(12)</sup> Measure relates to the water and wastewater activities of our regulated entity, United Utilities Water Limited.

<sup>(13)</sup> As measured against a 2017/18 baseline.

<sup>(14)</sup> As measured against a 2019/20 baseline.

<sup>(15)</sup> As measured against science-based target baseline year 2019/20.

<sup>(16)</sup> Read more about the assurance over our performance metrics on page 63 of our Integrated Annual Report.

ITV = Independent third-party verification. RRA = Regulatory reporting assurance. IAT = Internal audit team.

# Summary of the group's wider ESG KPIs

## Building a healthier North West

Our key performance indicators for building a healthier North West are colleague engagement, customer satisfaction as measured through our ranking within Ofwat's C-MeX survey, and the number of customers lifted out of water poverty.



### Colleague engagement

Level of colleague engagement as measured by our annual colleague opinion survey.

**Target**  
**At least as high as utilities norm benchmark**

**Annual performance**  
**81%**

We have achieved a strong set of results this year, scoring well against external benchmarks. Our overall engagement score is in line with the UK high performance norm benchmark.

**2022/23:** 82%

**2021/22:** 87%

### C-MeX ranking

Ofwat's customer measure of experience (C-MeX), comprising two surveys – the customer service survey, and the customer experience survey.

**Target**  
**Upper quartile against water and sewerage companies (WaSCs)**

**Annual performance**  
**2nd quartile**

We continue to be the highest performing listed company, ranked fourth out of the WaSCs, and sixth out of all 17 companies.

**2022/23:** top listed company, fourth WaSC, and fifth overall

**2021/22:** top listed company, fourth WaSC, and seventh overall

### Customers lifted out of water poverty

Where our support acts to lift a customer out of water poverty, which is defined as spending more than 3% of income on their water bill.

**Target**  
**At least 66,500 customers lifted out of water poverty by 2024/25**

**Annual performance**  
**100,758**

We have helped more than 100,000 customers out of water poverty so far this AMP (including more than 84,000 against our regulatory target and related outcome delivery incentive, which applies a maximum cap on the number of company-funded customers that can be included).

**2022/23:** 106,936 customers

**2021/22:** 98,293 customers

# Summary of the group's wider ESG KPIs

## Operational performance | Building a healthier North West

### Status key

<b>Annual performance</b>	<span style="color: green;">●</span> Met expectation/target	<span style="color: orange;">●</span> Close to meeting expectation/target	<span style="color: pink;">●</span> Behind expectation/target
<b>Against 2025 target</b>	<span style="color: green;">●</span> Confident of meeting target	<span style="color: orange;">●</span> Some work to do	<span style="color: pink;">●</span> Target unobtainable

### Stakeholder key



Customers



Environment



Communities



Colleagues



Suppliers



Investors

Measure	2025 target	Performance				Assurance <sup>(16)</sup>	Key stakeholder	Status	
		2023/24	2022/23	2021/22	Actual performance			Against 2025 target	
Customer ODIs <sup>(12)</sup>	Year-on-year improvement	<b>£34m</b>	£25m	£25m	RRA		<span style="color: orange;">●</span>	<span style="color: green;">●</span>	
Water quality customer contacts per 10,000 population <sup>(12)</sup>	12.2	<b>13.2</b>	14.1	17.9	RRA		<span style="color: green;">●</span>	<span style="color: green;">●</span>	
Supply interruptions per property per year (hours:minutes:seconds) <sup>(12)</sup>	00:05:00	<b>00:09:39</b>	00:38:44	00:07:58	RRA		<span style="color: pink;">●</span>	<span style="color: orange;">●</span>	
Unplanned outages of peak week production capacity <sup>(12)</sup>	2.34%	<b>2.05%</b>	1.73%	2.07%	RRA		<span style="color: green;">●</span>	<span style="color: green;">●</span>	
Number of household written complaints compared to WaSCs <sup>(12)</sup>	Upper quartile	<b>Third quartile<sup>(17)</sup></b>	Second quartile	Second quartile	RRA		<span style="color: pink;">●</span>	<span style="color: orange;">●</span>	
Speed of resolution <sup>(12)</sup>	5 days	<b>3.95 days</b>	3.9 days	3.5 days	RRA		<span style="color: green;">●</span>	<span style="color: green;">●</span>	
Developer satisfaction score (D-MeX) <sup>(12)</sup>	Above industry median	<b>Above industry median</b>	Above industry median	Above industry median	RRA		<span style="color: green;">●</span>	<span style="color: green;">●</span>	
Number of households registered for Priority Services <sup>(12)</sup>	In excess of 220,000 (7%)	<b>401,987 (12.35%)</b>	294,490 (9.1%)	186,224 (5.9%)	RRA		<span style="color: green;">●</span>	<span style="color: green;">●</span>	
Certification for Priority Services <sup>(12)(18)</sup>	Maintain certification	<b>ISO22458: 2022 Verification achieved</b>	ISO22458: 2022 Verification achieved	Maintained BS18477	ITV		<span style="color: green;">●</span>	<span style="color: green;">●</span>	
Helping customers look after water in their home <sup>(12)</sup>	10% increase	<b>34.30%</b>	31.60%	23.85%	RRA		<span style="color: green;">●</span>	<span style="color: green;">●</span>	
Compliance Risk Index <sup>(12)</sup>	0.00	<b>6.00</b>	3.67	3.02	RRA		<span style="color: pink;">●</span>	<span style="color: pink;">●</span>	
Wellbeing Charter accreditation	Retain accreditation	<b>Retained</b>	Retained	Retained	ITV		<span style="color: green;">●</span>	<span style="color: green;">●</span>	
Accident frequency rate for colleagues (per 100,000 hours)	10% year-on-year improvement	<b>0.092</b>	0.072	0.073	IAT		<span style="color: pink;">●</span>	<span style="color: green;">●</span>	
Accident frequency rate for contractors (per 100,000 hours)	Year-on-year improvement	<b>0.043</b>	0.078	0.043	IAT		<span style="color: green;">●</span>	<span style="color: green;">●</span>	
Your Opinion Survey score for diversity and inclusion questions	Upper quartile against utilities norm	<b>Upper quartile</b>	Upper quartile	Upper quartile	ITV		<span style="color: green;">●</span>	<span style="color: green;">●</span>	

<sup>(12)</sup> Measure relates to the water and wastewater activities of our regulated entity, United Utilities Water Limited.

<sup>(16)</sup> Read more about the assurance over our performance metrics on page 63 of our Integrated Annual Report.

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<sup>(17)</sup> Latest comparative data available 2022/23.

<sup>(18)</sup> The new Consumer Vulnerability standard, ISO 22458:2022 replaces the previous BS18477:2010 Inclusive Service Provision standard.

# Summary of the group's wider ESG KPIs

## Building a stronger North West

Our key performance indicators for building a stronger North West are our capital programme delivery incentive, community investment, and our ratings and rankings against a range of trusted investor indices.



### Capital programme delivery incentive (CPDi)

Measures the extent to which we have delivered our capital projects efficiently, on time, and to the required quality standard.

**Target**  
**At least 85%**

**Annual performance**  
**98%**

We have delivered a strong performance, exceeding our target and improving on last year.

**2022/23:** 92.9%

**2021/22:** n/a – new measure in 2022/23

### Community investment

Total community investment as measured by the Business for Societal Impact (B4SI) method.

**Target**  
**Average community investment between 2020 and 2025 to be at least 10% higher than the average between 2010 and 2020 of £2.56m per annum**

**Annual performance**  
**£3.99m**

Direct community investment has increased this year and we have once again exceeded our target.

**2022/23:** £2.88m

**2021/22:** £2.82m

### Performance across a range of trusted investor indices

Company performance relative to water and utilities sector participants in a selection of trusted investor ESG ratings and indices.

**Target**  
**Upper quartile**

**Annual performance**  
**Upper quartile**

We have maintained upper quartile performance across our selection of ESG ratings and indices.

**2022/23:** Upper quartile

**2021/22:** Upper quartile

# Summary of the group's wider ESG KPIs

## Operational performance | Building a stronger North West

### Status key

<b>Annual performance</b>	<span style="color: green;">●</span> Met expectation/target	<span style="color: orange;">●</span> Close to meeting expectation/target	<span style="color: pink;">●</span> Behind expectation/target
<b>Against 2025 target</b>	<span style="color: green;">●</span> Confident of meeting target	<span style="color: orange;">●</span> Some work to do	<span style="color: pink;">●</span> Target unobtainable

### Stakeholder key



Customers



Environment



Communities



Colleagues



Suppliers



Investors

Measure	2025 target	Performance				Assurance <sup>(16)</sup>	Key stakeholder	Status	
		2023/24	2022/23	2021/22	Actual performance			Against 2025 target	
Credit rating UJW (Moody's, S&P, Fitch) <sup>(12)</sup>	A3, BBB+, A-	<b>A3, BBB+, A- (Stable outlook)</b>	A3, BBB+, A- (Stable outlook)	A3, BBB+, A- (Stable outlook)	ITV		<span style="color: green;">●</span>	<span style="color: green;">●</span>	
Maintain sustainable finance framework	Available/continued issuance	<b>Available</b>	Available	Available	IAT		<span style="color: green;">●</span>	<span style="color: green;">●</span>	
Anti-bribery: percentage of identified colleagues completing required training	100%	<b>100%</b>	100%	100%	IAT		<span style="color: green;">●</span>	<span style="color: green;">●</span>	
Number of children benefitting from education materials	20,000	<b>39,131</b>	23,253	12,998	ITV		<span style="color: green;">●</span>	<span style="color: green;">●</span>	
Partnership leverage <sup>(12)</sup>	1:4	<b>1:3</b>	1:4	1:4	RRA		<span style="color: orange;">●</span>	<span style="color: green;">●</span>	
Invoices paid within 60 days	At least 95%	<b>99.60%</b>	98.91%	99.34%	ITV		<span style="color: green;">●</span>	<span style="color: green;">●</span>	
Average time taken to pay invoices	<28 days	<b>11</b>	12	13	ITV		<span style="color: green;">●</span>	<span style="color: green;">●</span>	
Supplier Relationship Management score	90%	<b>95%</b>	90%	54%	IAT		<span style="color: green;">●</span>	<span style="color: green;">●</span>	
CIPS ethical mark	Retain accreditation	<b>Retained</b>	Retained	Retained	ITV		<span style="color: green;">●</span>	<span style="color: green;">●</span>	
Percentage of targeted suppliers signed up to United Supply Chain	100%	<b>94%</b>	89%	90%	IAT		<span style="color: green;">●</span>	<span style="color: green;">●</span>	
Percentage of partner and strategic suppliers that have sustainability risk assessments in place	75%	<b>78%</b>	73%	72%	IAT		<span style="color: green;">●</span>	<span style="color: green;">●</span>	
Percentage of suppliers in high risk categories (in sustainability risk assessments) covered by enhanced due diligence audits	5%	<b>4%</b>	3%	Delivery scheduled from 2022	IAT		<span style="color: green;">●</span>	<span style="color: green;">●</span>	
UK Corporate Governance Code	Maintain compliance	<b>Compliant</b>	Compliant	Compliant	IAT		<span style="color: green;">●</span>	<span style="color: green;">●</span>	
Fair Tax Mark	Retain accreditation	<b>Retained</b>	Retained	Retained	ITV		<span style="color: green;">●</span>	<span style="color: green;">●</span>	
Living Wage accreditation	Secure and retain	<b>Retained</b>	Retained	Retained	ITV		<span style="color: green;">●</span>	<span style="color: green;">●</span>	
Pension Quality Mark +	Retain accreditation	<b>Retained</b>	Retained	Retained	ITV		<span style="color: green;">●</span>	<span style="color: green;">●</span>	

<sup>(12)</sup> Measure relates to the water and wastewater activities of our regulated entity, United Utilities Water Limited.

<sup>(16)</sup> Read more about the assurance over our performance metrics on page 63 of our Integrated Annual Report.

ITV = Independent third-party verification. RRA = Regulatory reporting assurance. IAT = Internal audit team.

# Sustainable bond proceeds in action

To demonstrate how our sustainable finance proceeds have been used in more detail we have included four project case studies. We have sought to cover a cross section of projects:

- Two larger projects with spend exceeding £50 million<sup>(19)</sup>, one from each of our top two highest allocated eligible categories
- Whilst small, in honour of achieving our 2030 peatland restoration target over six years early, we have included a peatland restoration project
- To demonstrate the joined-up action needed from multiple agencies to improve river ecological status, we have included our Chipping integrated catchment management project

<sup>(19)</sup> Including spend expected to be allocated next year.

## Vyrnwy Aqueduct Modernisation Programme (VAMP)

The Vyrnwy Aqueducts, first installed in the 1890s, transport water over 65 kilometres from its source in Lake Vyrnwy, Wales, to reservoirs in Liverpool, supplying much of Merseyside and parts of Cheshire with water.

The aqueducts comprise of three 42-inch diameter water pipes, two of which are constructed of cast iron and the other is bitumen lined steel. The aqueducts are currently undergoing major refurbishment works to ensure we continue to provide wholesome drinking water to our customers.

### The challenge

Over time, deposits of iron and manganese have accumulated within the pipelines. Whilst these minerals do not pose any health risks, they can result in discolouration of the water and be detrimental to the internal condition of the pipe.

Due to the ages of the lines and the accumulation of minerals deposited, they now require cleaning and/or rehabilitation. To keep this important water source on supply for customers at all times, the refurbishment programme will be completed over a phased approach with work on each of the three lines being carried out at different times.

The works required to the aqueduct include cleaning the steel line and slip lining the cast iron lines. Traditionally, cleaning a pipe of this size uses a vast amount of water and requires lots of vehicle movements, but we are keen to minimise the environmental impact of the work, so we have established new and innovative techniques to reduce the carbon footprint impact and water usage required to carry out this work.

### The solution

Pipes are cleaned using 'pigs', which are devices that are pushed/pulled through a pipe to clean it. The process is repeated using 'pigs' with different scouring covers, starting with a rough one to begin, moving to a less coarse one at the end.



A 'pig' being lowered into the aqueduct



A used 'pig' covered in the iron and manganese picked up from the pipe



CASE STUDY

# Sustainable bond proceeds in action



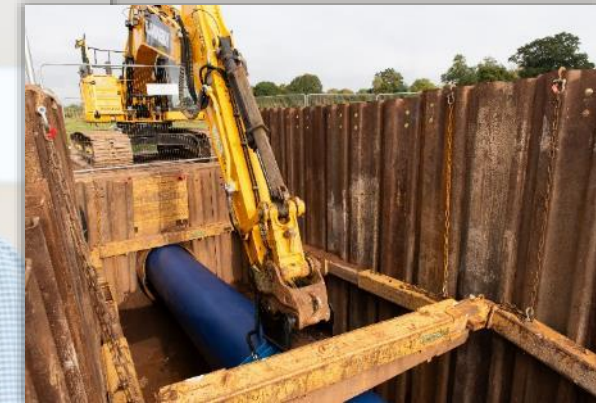
CASE STUDY

## Vyrnwy Aqueduct Modernisation Programme (VAMP)

Traditionally ‘pigs’ were propelled by water, however, this project uses air to propel the ‘pigs’ instead. This innovative approach not only cleans the pipes more effectively compared to conventional cleaning methods such as pressure jetting, but also delivers substantial environmental and sustainability benefits, which was at the heart of the decision to adopt an alternative approach.

Benefits included:

- Saving over 15 million litres of water, compared to using traditional techniques
- Saving 118.2 tonnes of CO<sub>2</sub>
- Eliminating 1,104 water tanker journeys and more than 2,200 construction vehicle journeys. This has significantly reduced costs, time, traffic congestion and noise, carbon emissions and environmental impact as well as supporting road safety
- Achieving better cleaning results by using a close-fit, full-contact, cleaning technique
- The air pig technique cleans the pipes significantly faster, reducing the time from weeks to days. For example: more than 2.5 kilometres of pipe in one section of the project was completed in just four days
- Air pigging enables longer sections of pipes to be cleaned with only a launch and reception pit for each section; reducing the number of access pits required from 37 to 12, reducing costs, adding further protection to the live supply of water and reducing the impact on ecology, customers and communities



**£52.6m**

funded by SF4a over the three years to 31 March 2024, with additional future project spend expected to be allocated in future years



# Sustainable bond proceeds in action

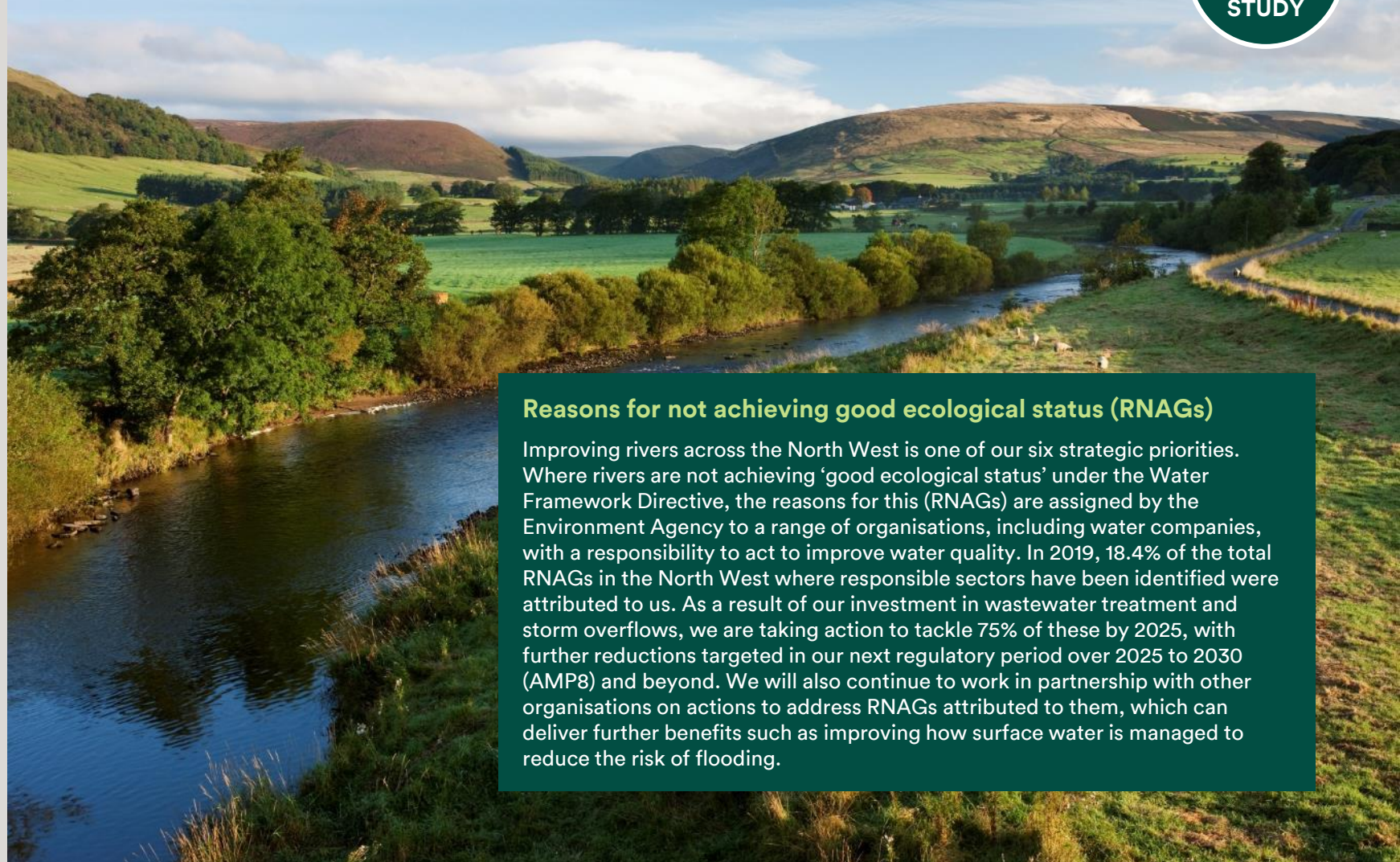


## Chipping Integrated Catchment Project

Chipping Brook is a tributary of the River Loud, which in turn is a tributary of the River Hodder. The Hodder sub-catchment, located within the larger Ribble catchment, is an Area of Outstanding Natural Beauty with Sites of Special Scientific Interest (SSSI). Historically, the catchment has experienced fluvial flooding (where rivers overflow their banks into surrounding areas) as well as water quality challenges from diffuse rural pollution (such as farming run-off).

Having completed a catchment investigation in our 2015 to 2020 regulatory period (AMP6), it was identified through modelling that, although Chipping Wastewater Treatment Works was a contributing source of pollution into Chipping Brook, there were greater inputs from diffuse rural pollution – as well as wider challenges including fluvial flooding.

In our current 2020 to 2025 regulatory period (AMP7), investment at Chipping Wastewater Treatment Works was included in the water industry national environment programme with the aim of supporting water quality improvements to 21.1 kilometres of river, alongside reducing diffuse pollution across the River Loud catchment, helping to bring the River Loud to ‘good’ ecological status under the Water Framework Directive.



**Reasons for not achieving good ecological status (RNAGs)**

Improving rivers across the North West is one of our six strategic priorities. Where rivers are not achieving ‘good ecological status’ under the Water Framework Directive, the reasons for this (RNAGs) are assigned by the Environment Agency to a range of organisations, including water companies, with a responsibility to act to improve water quality. In 2019, 18.4% of the total RNAGs in the North West where responsible sectors have been identified were attributed to us. As a result of our investment in wastewater treatment and storm overflows, we are taking action to tackle 75% of these by 2025, with further reductions targeted in our next regulatory period over 2025 to 2030 (AMP8) and beyond. We will also continue to work in partnership with other organisations on actions to address RNAGs attributed to them, which can deliver further benefits such as improving how surface water is managed to reduce the risk of flooding.

# Sustainable bond proceeds in action



## Chipping Integrated Catchment Project

The nature of the challenges within the catchment meant that a conventional solution, namely investment purely at the wastewater treatment works, would not drive the required improvements. Taking an integrated approach and recognising the multi-agency requirements, we established the Chipping Integrated Catchment project, bringing together United Utilities, the Ribble Rivers Trust and the Environment Agency to steer a partnership approach within the catchment.

Alongside investment at Chipping Wastewater Treatment Works to drive water quality improvements by upgrading United Utilities' assets, the catchment element of the project includes investment across a series of farms – investing in a range of interventions such as woodland planting, riparian buffer strips (areas of vegetation alongside rivers that provide a physical barrier to slow the flow of overland run-off), and slurry store separation.

Through the project steering group, each farm is assessed against both water quality metrics, applying regulatory approved methodologies, and natural flood management opportunities to ensure flood risk reduction benefits are realised. Managed through the Ribble Rivers Trust, matched funding opportunities are also identified, including complementary activities delivered through the Countryside Stewardship scheme. This enables the project to maximise benefits and efficiency.

The project will continue delivering farm interventions until 2025, at which point a period of monitoring will be undertaken with project partners to understand the long-term benefits that the project has delivered. We continue to seek out further opportunities to build on the learnings from this project and deliver improvements across catchments using our Catchment Systems Thinking approach.



**£7.4m**  
funded by SF5 on Chipping  
(including wastewater treatment  
works improvements) over the  
two years to 31 March 2024,  
with additional future  
project spend expected  
to be allocated in  
future years

Image courtesy of Ribble Rivers Trust

# Sustainable bond proceeds in action



## Peatland restoration at Dove Stone

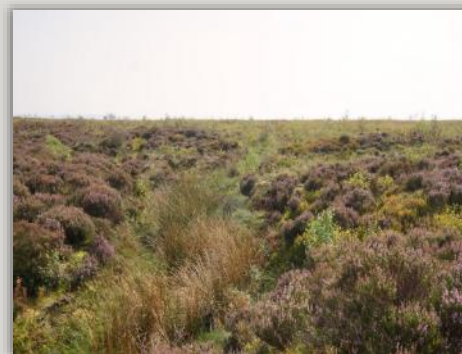
Dove Stone is a dramatic landscape where land is owned by United Utilities. It is located in East Manchester on the edge of the Peak District National Park, and within the Dark Peak Site of Special Scientific Interest (SSSI). It also has European designations – a Special Area for Conservation (SAC) for habitat and a Special Protection Area (SPA) for birds. Drawing from Greater Manchester and surrounding conurbations, it is an extremely popular site for visitors as well as being an important site for nature conservation and recovery.



The site is dominated by 2,000 hectares of blanket bog, a globally rare habitat. However, 20 years ago it was in a very degraded condition and most of the SSSI condition assessment was ‘unfavourable’ and ‘declining’. A legacy of industrial air pollution and wildfires had left huge areas of bare peat, deep erosion gullies and little wildlife. Significant restoration began on the site in 2005 with United Utilities’ award-winning Sustainable Catchment Management Programme, the aims of which were to improve the SSSI condition, restore biodiversity, and protect raw water quality.



Livestock were excluded from large areas of the site to allow restoration to begin. The bare peat was covered in a mulch of chopped up heather, which was then treated with lime, fertilizer and grass seed. Some gullies were partially blocked using stone dams dropped from helicopters in the steeper gullies and heather bales in shallower gullies. In under four years the gully above looked like this, left, and although the SSSI was assessed to be still in ‘unfavourable’ condition, it was now recovering.



Since 2010, over 4,000 hectares of land has been managed in a partnership between United Utilities and RSPB, with the prime focus on further habitat restoration and visitor experience. To rewet the blanket bog, peat dams have been effectively used to create pools and techniques to restore sphagnum moss, a keystone species, have been pioneered on the site. Twenty years ago, there were only a handful of pools on the blanket bog but now there are over 30,000 and over a million sphagnum plants have been put in. Much of this work has been delivered by RSPB volunteers through over 40,000 hours of work. Pictured above is how the same gully looked in 2023.

The significant investment over many years in restoration has had many benefits:

- The colour of water running off the bog has gradually decreased, showing an improvement in raw water quality
- Wildlife has increased and monitoring by the RSPB has shown bird numbers to be increasing
- Blanket bog is a vast store of carbon, storing more per hectare than tropical rainforest. The more degraded condition a bog is in, the more CO<sub>2</sub> is released so there has been a significant climate benefit
- Research has also shown that restoring blanket bog slows the flow of water off the hill, therefore reducing flood risk for communities downhill

We have already surpassed our **1,000ha** by 2030 target for peatland restoration this year, with plans to go even further

# Sustainable bond proceeds in action



## Peatland restoration at Dove Stone

The success of United Utilities' partnership with RSPB at Dove Stone has been recognised with a European Natura 2000 Award 2016: Winner – Conservation Partnership success in blanket bog restoration and CIEEM Awards 2018: Best Practice Award Large Scale practical nature conservation. On average, for every £1 of investment made by United Utilities, a further £6 of value can be generated by this partnership at Dove Stone.

The complete restoration of the peatland habitat at Dove Stone is a long-term project and there is still considerably more work required to achieve the fully functioning blanket bog we strive for and before we can achieve SSSI 'favourable' condition. In 2021, United Utilities confirmed we would be investing an additional £0.4 million in the restoration of the site through our Green Recovery programme in the period to 31 March 2025 – this allowed an additional £1.2 million in grant funding to be secured from the Nature for Climate fund. This additional investment is enabling a further 941 hectares of peatland to undergo restoration by 2025.

In addition to providing a great visitor experience, RSPB outreach activity raises awareness of the impacts of wildfires which damage the peat, impact water quality and damage carbon stocks. The wildfires are often caused accidentally by the improper use of disposable barbeques or even deliberate arson and a holistic approach is taken to managing and reducing the risk of wildfires. Activities range from awareness raising with the public and partner organisations, fire management plans and close working with Greater Manchester Fire and Rescue Service.

**£0.9m**

funded by SF2 on peatland restoration under our Green Recovery programme including £0.3m on Dove Stone over the three years to 31 March 2024, with additional future project spend expected to be allocated to other sustainable financial instruments in future years



# Sustainable bond proceeds in action



## Better Rivers accelerated programme

As described in more detail in our allocation and impact report from the prior year, storm overflows play a major part in preventing flooding in our streets and homes. They act as a pressure relief valve when there is too much rainfall, allowing rainwater, mixed with sewage, to rise inside the sewer and eventually enter a separate pipe which flows into a river or the sea. More extreme rainfall events and population growth would increase the activation of overflows if left unaddressed.

We are committed to driving a step-change in the level of spills from storm overflows. Our Better Rivers capital delivery programme is a £3 billion investment programme over AMP8, to reduce spills from storm overflows across the North West.



This first, multi-million pound investment phase will make a head start on reducing spills ahead of 2025, helping towards the 60% reduction in spills we are targeting in the decade to 2030.

There are, in total, over 2,200 overflows across the North West and approximately 442 of them have been earmarked for investment in AMP8. This scale and volume of works is unprecedented, and that's why more than 150 projects have been brought forward for an early start backed by around £200 million of accelerated funding, which will be funded by our sustainable financing instruments. This includes all of our projects in the Lake Windermere area, England's largest lake.

This work is batched up geographically and is being delivered by dedicated Better Rivers county-centric teams, and progress is well underway at one of the first of the projects to begin, on Sunnybank Road in Greater Manchester.



Sunnybank is a semi-rural residential area in the Unsworth area of Bury South in Greater Manchester with a population of 10,000, close to the border of Whitefield. This area developed during the industrial revolution due to its nearby waterways which supplied bleach and dye works. The area is served by a wastewater treatment works at Blackford Bridge.

Our aim is to improve water quality at the local Parr Brook and River Roch by reducing the number of times the storm overflow operates in the area.

After local community and stakeholder consultations, we began a £2.5 million project in October 2023 to install a new underground storage tank on land next to Glendale Avenue and Sunnybank Road. The new storm tank will hold 500,000 litres of storm water and will be operational by July 2024. This rapid solution deployment is being replicated at additional sites across the region.

# Sustainable bond proceeds in action



## Better Rivers accelerated programme

### Find out more

Read more about our Better Rivers commitments and plans on our website at:

→ [unitedutilities.com/better-rivers](https://unitedutilities.com/better-rivers)

View our map of overflows across the North West at:

→ [unitedutilities.com/better-rivers/storm-overflow-map](https://unitedutilities.com/better-rivers/storm-overflow-map)



Read our Better Rivers Report 2024, detailing the progress we're making to deliver our Better Rivers: Better North West commitments

→ [Better Rivers Report 2024](#)



**£17.1m**  
funded by SF5 on our Better Rivers accelerated programme during the year to 31 March 2024, with additional significant amounts of future project spend expected to be allocated in future years



# Progress against our carbon pledges

In 2020, we made six pledges that set out our initial priorities in the global goal to curb climate change to no more than 1.5°C. Our progress meeting these pledges is summarised on this page. Before the start of the next investment period we will review our pledges and targets to reflect our business plan to 2030 and the opportunities which it will bring for emissions reduction.



## Pledge 1 42% reduction of scope 1 and 2 emissions from our 2020 baseline by 2030

**Our progress**  
3.4%  
● Some work to do

It continues to be challenging for us to reduce scope 1 and 2 emissions whilst serving an increasing North West population. 60% of scope 1 and 2 emissions are from the release of methane which has a higher global warming potential in AR5. This change, from AR4, was the primary driver for the small increase in emissions in 2023/24.

2019/20: 138,961 tCO<sub>2</sub>e baseline  
2023/24: 134,239 tCO<sub>2</sub>e 3.4% reduction

## Pledge 2 100% renewable electricity by 2021

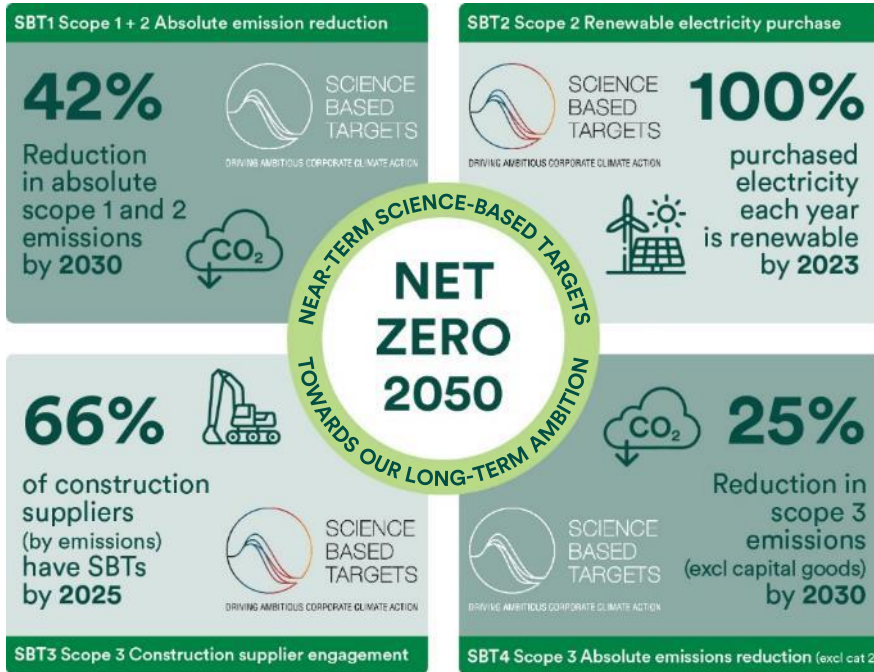
**Our progress**  
100%  
✓ Pledge met

Since October 2021, all electricity we buy through annual contracts is renewable. Around 22% of our needs are renewably generated directly by us or with partners and the remainder is purchased and backed with REGO certificates. We are working on plans to further increase the energy we can self-supply through investment in renewable capacity and storage.

## Pledge 3 100% green fleet by 2020

**Our progress**  
91 vehicles  
● Confident of meeting pledge

Having assessed our travel patterns with advanced telemetrics we are now using this insight to develop the infrastructure a green fleet needs. We are installing home chargers for fleet drivers, have begun to install fast and rapid chargers across our operational sites and forecast to have 200 all-electric vehicles (EVs) by the end of 2025. We also encourage personal green travel through salary sacrifice schemes for bikes and EVs and discounted travel on Warrington buses.



## Pledge 4 1,000 hectares of peatland restoration by 2030

**Our progress**  
1,211ha  
● Confident of meeting pledge

We have carried out peatland restoration activities across the North West building on the 2,000 hectares improved through our 2005–15 SCaMP projects. We already have 1,211 hectares under restoration towards meeting this pledge and the LTP. We have also identified a potential further 2,800 hectares that may be improved or protected, subject to detailed suitability assessments.

## Pledge 5 Plant one million trees to create 550 hectares of woodland by 2030

**Our progress**  
37ha  
● Confident of meeting pledge

Woodland creation requires substantial preparatory work including identifying suitable sites, considering the appropriate species mix and planting density, securing funding and producing a long-term management plan. We are making great progress and our current schedule will create around 500 hectares of new woodland over the next three planting seasons.

## Pledge 6 Set a scope 3 science-based target by 2021

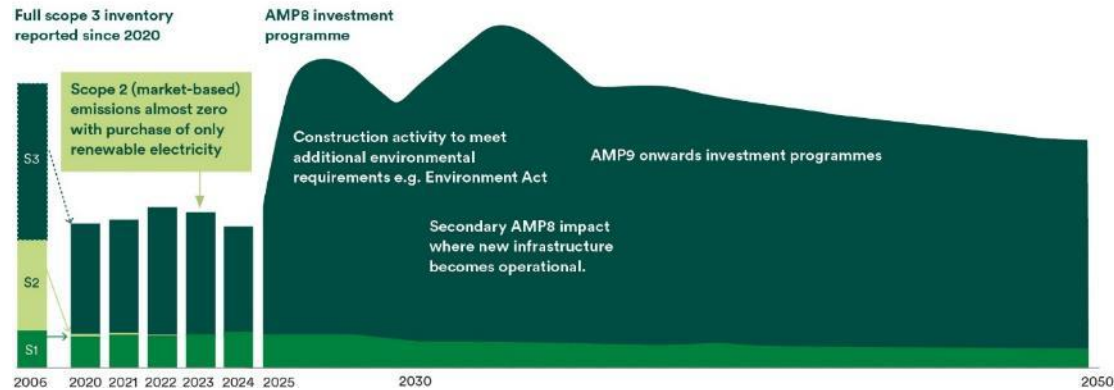
**Our progress**  
SBTs verified July 2021  
✓ Pledge met

Our two scope 3 science-based targets (SBT3 and SBT4 above) cover all our relevant scope 3 emissions. Our total scope 3 emissions in 2023/24 are now 2% lower than our 2019/20 baseline. 18% of our scope 3 emissions are from our construction services partners. We work with our construction partners to reduce emissions from their infrastructure projects and encourage them to set their own targets verified by the Science Based Targets initiative (SBTi). Of our construction suppliers, 23% (by 2023/24 emissions) have already set SBTi verified science-based targets for their organisation. In total, 94% have either already set targets or have an active commitment to set targets as can be seen on the SBTi Target dashboard.

# Our net zero transition plans

## Our emissions challenge – growth from environmental obligations, population and climate change

Our total emissions have reduced over the last three years but our long-term emissions forecast in the October 2023 business plan shows the scale of our emissions challenge ahead. We anticipate significant growth from the investments required to address population increases, to adapt our assets and infrastructure for climate change as well as additional legal and regulatory requirements to protect the water environment.



### Action plan

#### Short term including recent progress

#### Medium term up to 2030

#### Long term to 2050 and beyond



#### Reduce

consumption by careful use of resources

- Colleague campaign 'Use Less, Save More'
- Achieved ambitious targets for percentage of waste to beneficial reuse

- Optimise wastewater processes for GHG
- Sensitive delivery of environment improvement programmes

- Identify and implement further efficiency opportunities
- Reduce use of carbon intensive materials and techniques



#### Replace

processes and resources with more sustainable alternatives

- ◆ Renewable electricity sourcing
- Substantial renewable energy generation capacity and capability
- 60%+ sludge processing by lower GHG advanced digestion
- Electric vehicle infrastructure

- Grow further renewables capabilities and capacity
- Bioresources planning and investment to increase sludge processing capacity
- ◆ Electric vehicles rollout and trials for HGVs

- Eradicate use of fossil fuels, e.g. use hydrogen to fuel HGVs
- Nutrient recovery initiatives
- Continual stretch for sustainability informed by latest Innovations



#### Remove

GHGs from the atmosphere

- Woodland creation – planning and first schemes planted and registered
- Peatland restoration – schemes started

- ◆ 550ha woodland creation
- ◆ 1000ha peatland restoration

- Ongoing benefits of restored peatland
- Benefits from growth of new woodlands
- Carbon capture, use and storage



#### Collaborate

to tackle emissions in the supply chain

- Led water industry on task and finish group on chemicals and GHGs
- Climate-related criteria in AMP8 delivery partner selection
- ◆ Encourage capital delivery partners to set SBTs

- Influence national approach to water environment improvements
- Sustainability performance indicators for suppliers
- Quantify more scope 3 emissions using product and activity data

- Collaborate to decarbonise our infrastructure programmes and wider supply chain
- Drive standards reform to enable use of low emission materials and techniques
- Offset residual emissions



#### Innovate

to address current technological or market gaps

- Carbon categories in United Utilities Innovation Labs
- CEO Challenge improvement projects on energy and carbon
- Identification of future research and innovation needs
- Support regional transition via membership of Net Zero North West

- Explore low-carbon capital delivery options, e.g. nature-based solutions and low-carbon concrete
- Process emissions monitoring
- Nutrient recovery research
- Research to support net zero treatment works and communities

- Transformation in water and wastewater processing towards net zero treatment works
- Application of circular economy principles across the business
- Utilise emerging Environment Attribute Certificates schemes

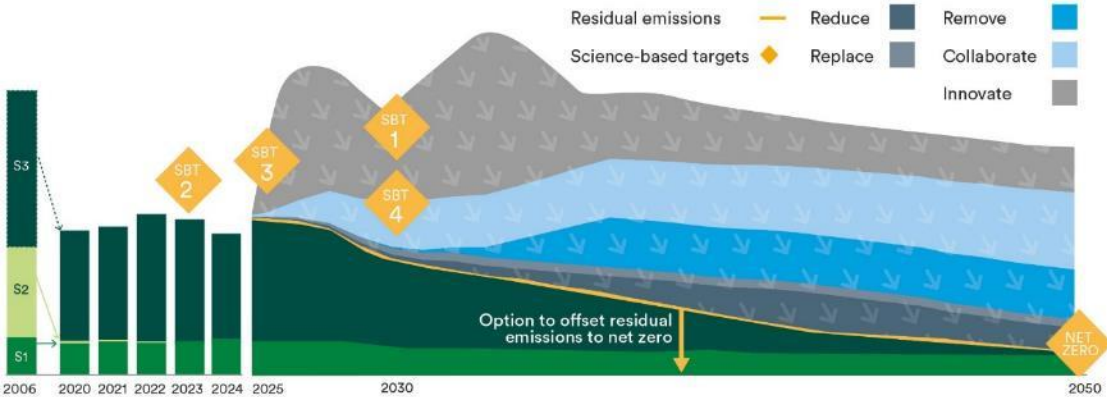
◆ Actions that directly link to our six carbon pledges or near-term science-based targets. For current progress on pledges, see page 31.



# Our net zero transition plans

## Our route to net zero – adopting a science-based approach

The graph below shows how we are planning for emissions growth to be managed using the five themes of our transition plan. The depth of each layer relates to the GHG emissions that might be avoided by interventions such as those outlined above. Having already taken the most commercially attractive options costs, complexity and uncertainty will increase in the medium to long term, hopefully mitigated by advances achieved through collaboration and innovation.



# Future targets

This page sets out some of the future targets we have set ourselves over the short, medium and long term in relation to the **stronger**, **greener** and **healthier** elements of our purpose.

Short term

Medium term

Long term

**2025**

**Greener: nature**

Improve water quality in 1,315km of rivers across the North West

**2025**

**Stronger**

100% of targeted suppliers signed up to United Supply Chain

**2025**

**Healthier**

>220,000 customers registered for Priority Services scheme

**2025+**

**Greener: climate**

Work to enable future water trading

**2028**

**Greener: climate**

100% of our fleet to be green

**2045**

**Stronger**

Install additional water meters to achieve coverage of around 75% of households

**2030**

**Healthier**

50% female executives and their direct reports

**2030**

**Greener: nature**

Improve 437 storm overflows and reduce spills by 60%

**2030**

**Greener: climate**

Absolute greenhouse gas emissions reductions targets

**2030**

**Greener: climate**

Restore 1,000ha of peatland and create 550ha of woodland

**2050**

**Greener: climate**

Net zero GHG emissions aligned to the Paris Agreement and Net Zero Standard

**2050**

**Greener: nature**

Help reduce water demand to 110 litres per person per day

**2050**

**Greener: nature**

Reduce leakage by 50%

**2050**

**Greener: nature**

Reduce to an average of no more than ten spills per storm overflow per year

**2070**

**Healthier**

Eliminate lead pipes in customers' homes

**United Utilities Group PLC**

Haweswater House  
Lingley Mere Business Park  
Lingley Green Avenue  
Great Sankey  
Warrington  
WA5 3LP

Registered in England and Wales  
Registered number 6559020

 [unitedutilities.com/corporate/investors/credit-investors](https://unitedutilities.com/corporate/investors/credit-investors)



**Water for the North West**