

# Anchored by purpose: Building a resilient future

**Anglian Water Services Limited**  
Annual Integrated Report 2024

## Strategic Report

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## Supplementary reporting



### Price Review 2024 (PR24)

This executive summary provides an overview of our business plan for the regulatory period 2025-2030, known as AMP8.



### Our Service Commitment Plan

This plan responds to Ofwat's 2022/23 assessment of water company performance. This report focuses on performance across nine commitments.



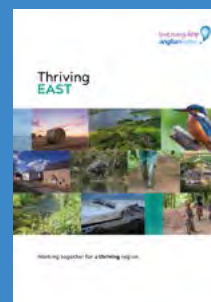
### A year of progress on river health

This report provides an annual update against our Get River Positive commitments and other environmental performance measures related to river health.



### Pollution Incident Reduction Plan (PIRP)

Our PIRP sets out the actions we are taking between 2023 and 2025 to improve our pollutions performance.



### Thriving East

Thriving East is research, commissioned with Capital Economics, on the region served by Anglian Water.



### Sustainable Finance Impact Report (SFIR)

Our SFIR charts our progress against our Key Performance Indicators tied to sustainable investments.

Our values are integral to delivering our Purpose.

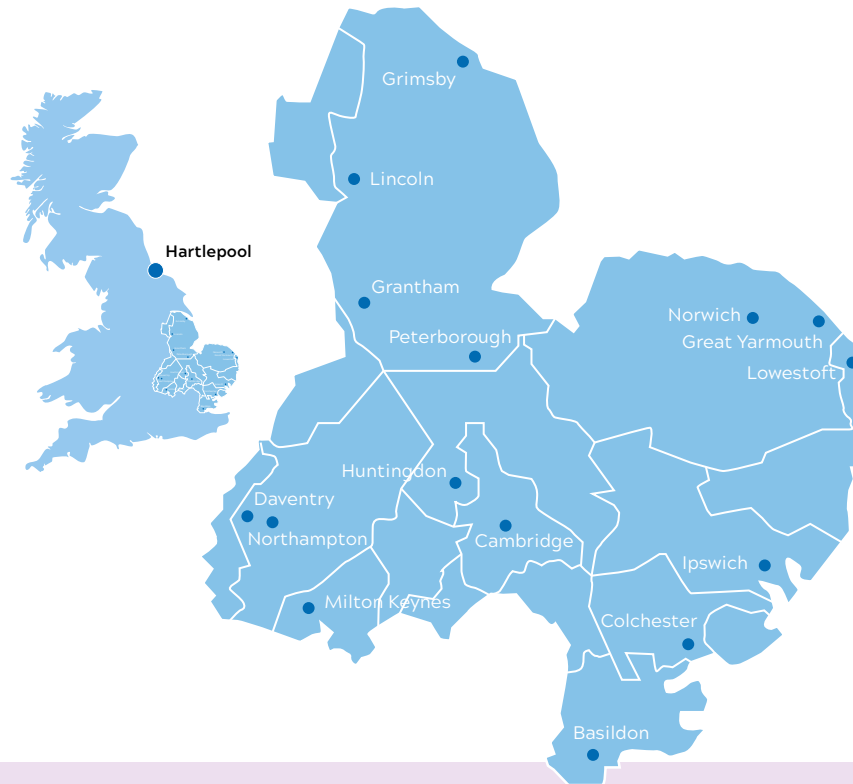
Together we...



Do the right thing



Our Purpose is to bring environmental and social prosperity to the region we serve through our commitment to Love Every Drop.



With the British Standards Institution, we led the development of a new Publicly Available Specification for embedding purpose in organisations, PAS:808 2022. We are the first company being assessed against the standard, using it to inform our ongoing work to put our Purpose and environmental, social and governance considerations at the heart of everything we do. Read more in Holding Ourselves to Account, pages 35-36.



Our Purpose and values underpin how we create value for our stakeholders:

Environment and planet

Customers and communities

People and partners

Shareholders

Investors, banks and rating agencies

Regulators

National and local government



# Annual performance at a glance

## Financial performance

<p>Revenue up £132m (+9%) to <b>£1,626m</b> <small>(2022/23: £1,495m)</small></p> <p>Operating profit up £7m (+2%) to <b>£431m</b> <small>(2022/23: £424m)</small></p>	<p>Operating cash flow up £56m (+8%) to <b>£767m</b> <small>(2022/23: £711m)</small></p> <p><b>£37.6m</b> in Ofwat-related penalty <small>(2022: £22m)</small></p>
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All funding in place to complete our AMP7 (2020-2025) plan.



## Investing in the future

<p><b>Highest-ever</b> annual investment in our capital programme at <b>£963m</b> for 2023/24, totaling £2.7 billion for the AMP, to date <small>(2022/23: £725m)</small></p>	<p>One of the largest Water Industry National Environment Programme (WINEP) in our industry, worth <b>£811m</b> between 2020-2025</p>	<p><b>£9bn</b> worth of investment – our biggest yet – proposed in our business plan for AMP8 (2025-2030)</p>
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## Delivering on our Purpose: Environmental performance

<p>Record wet weather and high ground water levels resulted in flooding across parts of our region. We have established 9 multi-agency groups in response</p>	<p><b>Industry leading on average spills</b> per storm overflow (Anglian Water: 22, industry average: 33) <small>(2022 average: 15)</small></p>	<p><b>99%</b> compliance on Abstraction Licences <small>(2022/23: 99%)</small></p>
<p><b>262,621</b> smart meters installed <small>(2022/23: 233,365)</small></p>	<p><b>11 serious pollutions</b> <small>(2022: 11)</small></p> <p>Per Capita Consumption <b>132</b> litres a day <small>(2022/23: 138)</small></p>	<p><b>182</b> megalitres per day lost to leaks – our lowest ever three-year rolling average <small>(2022/23: 182)</small></p>

## Delivering on our Purpose: Social performance

<p><b>389,000</b> customers received support this year through our financial support schemes <small>(2022/23: 334,000 customers)</small></p>	<p><b>£1.35</b> average customer charges per day. We continue to be among the lowest utility bills for the majority of customers <small>(2022/23: £1.24)</small></p>	<p><b>12.7%</b> of customers are on our Priority Services Register, well ahead of target and the industry average of 8% <small>(2022/23: 11.4%)</small></p>
<p>Customer Measure of Experience (CMeX) improving (7th in industry) alongside Developer (4th) and retailer satisfaction <small>(2022/23: CMeX 10th, DMeX 9th)</small></p>	<p><b>100%</b> score for purpose and values in Business in the Community's (BITC) Responsible Business Tracker® <small>(2023: Overall score 87%, 2022: 80%)</small></p>	<p>Recognition for our commitment to build a diverse and inclusive organisation</p>  

# Purpose at our core



**Welcome to Anglian Water's 2023/24 Annual Integrated Report. It covers a year of strong financial performance, unstinting support from our shareholders, submission of our stretching AMP8 plan to Ofwat and an unprecedented level of help for vulnerable customers. This all comes against a backdrop of sector instability, operational challenges – driven by climate change – and a continued cost-of-living crisis.**

But before delving into the financial insights, challenges and achievements outlined in this report, I want to take a moment to express my heartfelt gratitude for the welcome I've received since joining Anglian Water.

I began my role as Chair Designate in November 2023, assuming the role of Chair in January 2024. I took over the reins from John Hirst, who held the post from April 2020, having been on the Board since 2015, first as a non-executive director and then Audit Chair. During his Board tenure, Anglian Water successfully navigated a global pandemic, put in place its biggest ever customer support programme, drove shareholder funded initiatives like Get River Positive and submitted its most ambitious business plan. On behalf of everyone at Anglian Water, I would like to thank John for his dedication and achievements.



## Committed and passionate people

In the short time I've been in post, I've been inspired by the commitment, resilience and passion that defines the spirit of Anglian Water. I am thrilled to be part of a company that is steadfast in taking real action to deliver on its purpose.

I've relished getting to know the business, meeting our people and understanding our plans. It's so important to me to see our colleagues and operations in action. I have spent time visiting many different sites, speaking to our operational teams and hearing more about their hard work. One thing that really stands out, is the unwavering commitment, right across the business, to doing the right thing.

This commitment is underpinned by strong company values and our six capitals model for decision-making. Our reporting suite facilitates transparency with all stakeholders, who can clearly see how we are delivering against the goals we have set ourselves. We will continue to provide as much information as possible, in the interests of being open and transparent, including building a purpose dashboard, to look at our impact across delivering environmental and social prosperity for our region.

It's so important, as a purpose-driven organisation, that we are well placed to attract great talent and retain our valuable, experienced people. This will ensure we deliver our future plans. This year has been our biggest to date for apprentice and graduate recruitment and we have made positive changes throughout the business to ensure we are a best-in-class (as endorsed by the Times in its Top 50 employers list) and inclusive employer – something I feel proud to be associated with. To read more on what we are doing to continue to attract and retain talent into the future, see Our Stakeholders – People, pages 67-75.

## Looking back

This year, and indeed for much of this AMP, the East of England has been on the front line of climate change, with the region and our operations facing the dual challenges of drought and extreme flooding. As the largest and flattest geographical region in the UK, coupled with our unique soil types, we must work hard to adapt to a changing climate, now and in our plans for the future.

We've been doing this while also enhancing progress – at a rapid rate – on nature-based solutions, which are a key part of our future vision. We are committed to providing vital services to our customers and meeting the demands of our ever-growing population and

doing so in a way that benefits, wildlife, the environment and local communities too. Of all the nature-based solutions proposed between 2025-2030, across the whole industry, more than two-thirds of the green areas created will be in the East of England.

Importantly, we have continued to invest in and deliver on what our customers value most – a resilient supply of safe, clean water – and the areas that will have the biggest positive impact on the environment.

However, despite leading the industry on spills – a result of enormous effort across the business – we are disappointed that our overall performance did not meet the levels we aspire to and that our customers rightly expect, particularly around pollutions.

In 2023, we contributed to 11 Category 2 pollutions in our region. I know everybody associated with the business agrees with me that this is completely unacceptable and is resolved to turn that performance around. We always knew improvements would take time. Although our pollution lead measures are showing progress, we acknowledge there is much more to be done.

That said, this year has been a year of turnaround. We've invested more, with £100 million of additional support from our shareholders, specifically to tackle spills and pollutions over the coming year. We have also made high-calibre appointments within Anglian Water to reinforce key portfolios, including engineering and finance appointments, to enable us to concentrate on critical processes, which are already yielding positive results. As you'll see in the Chief Executive's statement, these changes are making the business more resilient.

Read more about the plans to tackle pollutions from our Chief Executive on page 8 and in Our stakeholders – Environment, pages 44-53.

## Strong balance sheet

Our owners are long-term, patient shareholders, who continue to provide resolute support for the business. At the beginning of 2024, our shareholders agreed £350 million of additional investment to support delivery of our Strategic Interconnector Grid and to accelerate work on our pollutions performance. This is over and above the level agreed by Ofwat.

We've also seen an increase in our Regulatory Capital Value (RCV) in the past 12 months, something that underpins our resilient financial future. This commitment from shareholders cannot be understated, especially during a period of market uncertainty for the water industry.

But it's not just shareholders, investors and rating agencies who recognise our robust financial performance – our position was also recognised by Ofwat in its 2023 financial resilience report, where we received the highest rating possible. The regulator described Anglian Water as being "...underpinned by a strong and robust financial platform<sup>1</sup>."

## Customer commitments

Supporting customers is inherent to our Purpose and built into the very fabric of our business.

We do not shy away from acknowledging there is more to do to rebuild trust with customers, as expectations on our sector have, quite rightly, evolved.

I am pleased to note that, despite the challenging wet weather in the latter half of the year and the impact this had on operations, we have successfully improved scores across our Customer Measure of Experience (CMeX), Developer Measure of Experience (DMeX) and retailer satisfaction. Added to this, our strong track record of supporting vulnerable customers continues. We helped more than 350,000 people last year and, as industry leaders on the Priority Services Register (PSR), we've met our target a year ahead of time.

<sup>1</sup> [Ofwat Monitoring Financial Resilience Report 2022-23](#)

## Stakeholder engagement

Relationships with our regulators are critical. Understandably, during this time of intense public scrutiny, they are focussed on ensuring companies act appropriately in light of their performance.

We continue to have constructive conversations with our regulators, to share how we're committed to meeting our Ofwat-set performance commitments and other regulatory targets. We're also transparent about the areas where we are not performing, as we should be, while clearly laying out our plans for improvement.

Alongside this, we have continued to build strong, collaborative relationships with other stakeholders, like non-governmental organisations and our partner organisations, all of which help ensure the right outcomes for our customers, communities and the environment.

## Long-term strategy: support from our Board and shareholders

Our [Business Plan](#) for 2025-2030 (AMP8), submitted in October 2023, is the next step in our long-term strategy. It places huge emphasis on the necessary adaptations to climate change and anticipated population growth in the East of England. The scale is double that of AMP7 (2020-2025) and, in line with Ofwat's guiding principles and governance framework, it forms part of our long-term and adaptive approach.

Sitting alongside our plan is our Long Term Delivery Strategy (LTDS), where we have used a range of themes and potential opportunities to chart our path of progress to 2050. Our AMP8 plan is the next stepping stone in that 25-year road map. We believe we've created a balanced plan – one which is deliverable, financeable and, crucially, with one of the lowest-proposed bill rises in the industry.

We and our shareholders recognise that raising bills in the current economic climate is challenging, so alongside keeping bill rises down,

we have increased the level of help for those who struggle to pay. This is important. We've also introduced a new Medical Needs Discount – funded by our shareholders – to provide direct financial support to those with specific medical needs that create a higher water dependency.

Water is the lifeblood of our region. It allows businesses to grow, environments to flourish and communities get on with day-to-day life.

Importantly, our plan was built on what our region needs. We ran an extensive programme of work, which involved a deep-dive into the unique challenges faced by the diverse landscapes, businesses and people in our region, underpinned by stakeholder and customer engagement. Therefore, we can be absolutely confident that what we've proposed will, over the long-term, deliver what our region wants and needs to navigate the challenges and opportunities of economic and population growth, while also managing the impact of climate change.



## Thanks to Peter Simpson

Finally, I want to say thank you to our outgoing Chief Executive, Peter Simpson, who will retire from Anglian Water later this year. Peter joined the business in 1989 and was appointed as CEO in October 2013.

Peter is a staunch environmentalist, who has long campaigned for improvements and nature-based solutions, while having a laser focus on building a resilient future for this dry region. In 2014 he convened Water Resources East (WRE), a multi-sector water resource planning strategy for the East of England, understanding that the challenge of balancing water resources is collective. He has overseen the creation of our @one Alliance, a trailblazing model that has been operating for 15 years and is now replicated across the world.

His unwavering commitment to ensuring we do everything within our power to protect and enhance our environment and to enrich our communities, saw him lead the business to become the first utility to change its Articles of Association in 2019. This means we have embedded purpose and locked public interest into the fabric of the business.

Crucially, Peter has ensured that our Purpose is defined by concrete action. Our Community Recovery Plan, our commitment to social prosperity and huge infrastructure projects – like our strategic pipeline, multiple reservoir schemes, reducing abstraction, Get River Positive and the Future Fens: Integrated Adaptation initiative are all testimony to Peter's defining legacy. This work will ensure taps keep flowing, communities thrive and environments flourish now and for future generations.

His dedication to his role was also recognised in 2017 and 2019, when he came first in Glassdoor's Employees' Choice Awards for Top CEOs in

the UK<sup>2</sup>, with his commitment to the company mission, transparent leadership and his ability to engage and motivate his team being highlighted. And that's no surprise. It's clear from speaking to people across the entire business, and indeed the wider sector, that Peter is one of the most inspirational and loved leaders I've ever had the pleasure to work alongside. In his typical visionary style, he has quite consciously built a strong talent base around him, which will ensure a seamless transition when our new Chief Executive, Mark Thurston, takes up the baton.

## Looking to the future

I am excited to be leading Anglian Water forward into our biggest investment cycle to date and into what will undoubtedly be a vital AMP.

I am delighted that Mark Thurston will be joining Anglian Water as Chief Executive Officer to help us do just that. He has substantial experience across major infrastructure, with a focus on health and safety, and is expertly placed to lead Anglian Water as we deliver our biggest ever business plan. His diverse experience in the challenges of delivering infrastructure, while protecting and enhancing the natural environment, fits squarely with Anglian Water's long-term ambitions. Mark's distinguished track record in leadership and his major projects expertise will be huge assets for Anglian Water, creating value for all our stakeholders through this crucial next phase.

Mark will join the business on 1 July 2024 and will be appointed to the board of both Anglian Water Services and Anglian Water Group Limited on 5 August, at which point he will succeed Peter Simpson as Chief Executive Officer to the business, ensuring a smooth leadership transition. There have been other changes to our Board in the year. See more in the Nomination Committee report, page 144.

It has been a tremendous honour working with Peter and under his leadership. 2023/24 has been a momentous year of turnaround and 2024/25 will see us continue our hard work against the ongoing challenges.

I am confident that, with the strong foothold created this year, a talented team of people at the helm and with the strength of our alliance partners, we will deliver the right outcomes for the environment and for all our stakeholders.

**Dr Ros Rivaz**  
Chair

10 June 2024



Our Chief Executive, Peter Simpson and Chair, Dr Ros Rivaz visit our Strategic Pipeline Alliance site

<sup>2</sup> <https://www.glassdoor.co.uk/employers/blog/top-ceos-2019/>

# Building resilience through a challenging year

**This year's Annual Integrated Report marks my tenth, and last, as Chief Executive of Anglian Water. It has been a huge honour to work with such a dedicated team of people and to see the difference we've made, collectively, across our region.**

We're in a period of intense and rightful scrutiny of the water industry and I fully acknowledge that we have work to do to regain customer trust. However, after more than 30 years in this incredible sector, I believe it's also important not to lose sight of the remarkable outcomes we've achieved over that time.

For starters, with the backing of our shareholders, Anglian Water has increased total expenditure more than three-fold – from less than £3 billion in AMP1, to over £9 billion for AMP8. This year, we've invested £963 million in our capital programme – our highest investment yet – and £2.7 billion for the AMP to date.

These investments have enabled us to safeguard our water resources and lead the way on investing in water resilience for decades, way before it was first included in the Water Act. Given our status as one of the driest regions in the UK, that laser focus on water resilience has resulted in several drought schemes, to futureproof our region. We are home to one of the fastest-growing populations and play a critical role in food production, so ensuring our water supply meets increasing demand is non-negotiable.



Alongside this, we have made one of the industry's biggest commitments to reducing abstraction. Abstraction relates to the water we take from the environment, which we reduced by 80 million litres per day between 2015-2020. By 2025, we are committed to capping abstraction to historic peak levels, and going even further by 2030, reducing levels by an additional 174 megalitres a day. Abstraction gets little or no media attention, but I wholeheartedly believe the single biggest thing we can do to protect the environment is to leave more water in it.

We now abstract less water than any other company and, coupled with our efforts to build resilience, these intergenerational projects will be the legacy of Anglian Water's commitment to keeping taps flowing and the economy thriving in the region.

Our ability to deliver major infrastructure schemes, such as our Strategic Interconnector Grid, is thanks to the creation of our @one Alliance model. Established in 2004, it is testament to our forward-thinking, innovative outlook and our willingness to challenge the status quo. This collaborative approach has not only enhanced efficiency, but has also fostered a culture of partnership and shared success. With relationships now 20 years in the making, we're in an unparalleled position to deliver on our upcoming business plan and the large uptick in capital investment this will bring. Read more about our AMP8 business plan on page 13.

Furthermore, we've transformed bathing water quality across the East of England and reduced phosphorous by 90% – something we're pledging to go further on in the next five years.

I'm also proud of the business' unwavering commitment to customers and affordability. Despite industry challenges, we've managed to keep our bills low, rising by little more than 10% since privatisation (excluding inflation). Our support for customers in vulnerable circumstances is industry-leading and has helped hundreds of thousands of people since the launch of our vulnerability strategy in 2018.

Our focus on supporting customers and providing a top-tier service is demonstrated through our improved CMeX, DMeX and Retailer satisfaction scores this year. Additionally, an independent survey – run by the Consumer Council for Water across Water and Sewage Companies – showed positive and above average scores for our service.

As a business, we are committed to our Purpose, something that carries us through both the good and the challenging times – the latter of which this year's report elucidates. Given the headwinds we have experienced this year, it's encouraging to see the latest results from the Business in the Community's Responsible Business Tracker®, where we received a score of 100% for purpose and values this year.

Furthermore, in 2022, we led (with the British Standards Institution) the development of a new Publicly Available Specification for embedding purpose in organisations (PAS 808:2022). As the first company to be assessed against the standard, this year, we were confirmed as an organisation with purpose-driven principles fully embedded.

## In a strong financial position

Given wider industry factors, I want to take this opportunity to reassure customers that as a business, we remain financially robust and our shareholders continue to support our investment plans both in the near and long term. During this period of market uncertainty, this unwavering support from our investors cannot be understated.

The last 12 months saw strong financial performance, with revenue of £1.6 billion (up 9%) and Operating Profit of £431 million (up 2%). We also made £963 million of Capital Investment, significantly in excess of our operating profit, partly funded by our ultimate owners.

→ See **The year in context** on pages 14-24.

→ See **Our environment** on pages 44-53.



With the upcoming year marking the final year of this AMP, I'm also pleased to confirm all funds are in place to complete our AMP7 plan, including the funding necessary to complete the final £1 billion of capital investment in our asset base during 2024/25.

However, given the prolonged wet weather conditions, we did not meet the tightening performance commitment levels we and our customers expect. Furthermore, we have had to rephase delivery of our Strategic Interconnector Grid. This has resulted in a year-end penalty of £37.6 million for our Ofwat Outcome Delivery Incentive (ODI) targets. You can see the full breakdown of our performance on pages 37-43.



Anwick Water Recycling Centre under water, the source of one of our Category 2 pollutions.

Image credit: Paul Barham, Maintenance Support Technician

### The impact of record wet weather

This year's record wet weather has tested our performance. Between October 2023 and March 2024, England witnessed its wettest period on record. In February alone, parts of our region received 300% more rainfall than the average for this time of year. As a result, our performance was impacted.

70% of our storm spills occurred during the last three months of the year. Despite the record wet weather, we achieved the lowest average spills per overflow in the industry: with an average of 22 spills per Event Duration Monitor, compared to an industry average of 33. We continued to surrender storm overflow permits too, as we move towards a future where overflows are no longer required.

Thousands of schemes have been delivered this AMP, which have made the removal of overflows possible. For example, in areas like Woodbridge - where we've invested in storm tanks - the number of spills has halved. Over the past year, we delivered eight storm storage capacity schemes, totalling 4,343m<sup>3</sup> of storage.

**"While we've had many successes this year, I recognise we have fallen short on one measure that matters immensely to our customers – serious pollutions. Progress has been made, but we have not met our commitment and for that reason I do not feel that it is right for me to take my annual bonus this year."**

In terms of pollutions performance, we had zero Category 1 pollutions – the most serious kind. However, we finished the year on 11 Category 2 pollutions. Hydraulic loading into our system contributed significantly to our performance

during the wet period. However, this is an issue we cannot solve alone and we must work with other parties responsible for managing the drainage system, to mitigate flood risk. This year, we've set up nine multi-agency groups in hotspot areas. Read more about why we need a wider approach to water management on pages 15-19.

Overall, we are starting to see positive and sustainable improvements across our pollutions performance – a result of the actions outlined in our Pollution Incident Reduction Plan (PIRP). For example, we had 13% less pollutions compared to 2021, when we also experienced prolonged wet weather. And many of our lead metrics are showing signs of improvement. This includes: reduced risk of failure on our pumping station assets (despite pumping twice as long, in hours,

compared to last year); keeping sludge in our Water Recycling Centres at an all-time low; and blockages reducing 10% on 2022's measures – our best performance this AMP, to date.

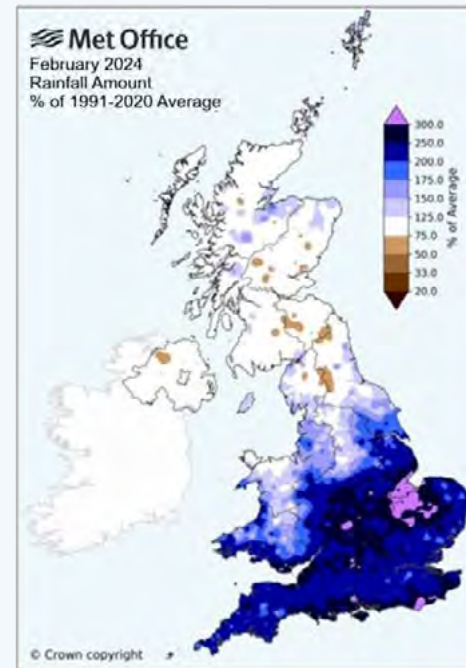
These improvements, in spite of the weather, are down to the vast amount of work taking place on the Water Recycling side of the business – including improvements across our operations and processes and the investment in new technologies, which is giving us much better sight of our performance. While our plans are being implemented at pace, we are realistic that it will take time to translate into results.

We remain confident that we are on track to deliver the outcomes our customers want to see, with additional investment targeted to where it will deliver the greatest benefit.

As we work to get back to our previous track record of a three-star (plus) Environmental Performance Assessment rating, our shareholders have agreed £100 million, to accelerate our work to improve performance on spills and pollutions in 2024.

We must also acknowledge the changing environment we're operating in. We are delivering the final year of a business plan that we committed to in 2019. That plan delivered on customer priorities at that time. Since then, there has been a seismic shift in customer expectations and public perception, particularly around pollutions and spills. As we look to the long-term, our ambitions are to reach zero serious pollutions, zero spills and to work towards achieving a four-star EPA rating. This is a fundamental aspect of our Long Term Delivery Strategy.

Alongside this, we'll continue to invest in drinking water quality and building resilience in our water network – which, despite the media headlines, remains our customers' number one priority<sup>3</sup>.



Rainfall averages in February 2024. Source: Met Office

<sup>3</sup> <https://www.anglianwater.co.uk/SysSiteAssets/household/about-us/pr24/summary-of-our-plan.pdf>

## Investing in a growing region

2023 was a pivotal year – the year in which we announced our business plan for AMP8 (2025–2030). This will cover the construction of two new reservoirs, alongside completing and extending our Strategic Interconnector Pipeline network further, to build drought resilience and environmental protection.

Improving river health in the region we serve is also a key focus area which will continue into AMP8. Since 2020, we have improved 550km of rivers in our region through our Water Industry National Environment Programme (WINEP) investments. This year, we invested over £100 million through our WINEP<sup>4</sup>.

And, through Get River Positive, launched in 2022, we are demonstrating the true power of partnership working. In 2023, we completed the allocation of £7 million of shareholder funding and generated over £9 million in match funding. This investment has been directed towards projects that commit to delivering long-term benefits for our region's rivers and will act as a springboard as we move into 2024. Find out more in Our stakeholders – Environment, pages 44–53.

## Unwavering commitment to customers

We are aware it continues to be a financially challenging time for many. We continue to look for new ways to support customers who are struggling. Over the last 12 months, we have provided a support package of £136.9 million for vulnerable customers, which means we can help even more people in a way that is tailored to their individual circumstances.

Support available ranges from discounted tariffs on water bills, of up to 50% for eligible customers, to temporary payment plans and direct support through the Anglian Water Assistance Fund,

which is designed to help cover the cost of bills when people are going through a challenging time. Our AMP8 plans will build further on this, increasing our support for customers at risk of water poverty. As well as being our biggest plan yet, customers and affordability remain front and centre. From 2025 onwards, in an industry-first, we will launch a new Medical Needs Discount to provide financial aid to those with specific medical needs. This will be funded entirely by our long-term shareholders, so it comes at zero extra cost to any customer. Furthermore, and as we look ahead to AMP8, Anglian Water bills will continue to be among the lowest utility bills for the majority of customers.

## Supporting our people

All of the hard work and progress demonstrated throughout this report is made possible through our people and our partners. And their safety, health and happiness is at the heart of everything we do. We review our Health and Safety performance in the round, including alliance members, framework contractors and Anglian Water staff – approximately 9,500 people. In recent years, our health and safety measures have broadly been improving. And this year, we were pleased to see this continue with the results from our directly-employed workforce. However, we were disappointed to see an increase in Category 1 events and reportable accidents in our overall results.

We are working hard to turn this around, with plans across the whole business, including our alliances and contractors, to identify and address the issues. This includes investing in further health and safety capital maintenance, doubling down on leadership and behaviours and undertaking detailed reviews of operational risks. Our alliance partners share our laser focus on ensuring health and safety remains our first priority, as we ramp up investment and delivery into AMP8.

Despite the headline figures, service strike rates and near misses are showing improvements.

I'm also proud to report we were awarded a RoSPA Gold Medal Award for our health and safety performance in 2023, our eighth consecutive gold and 18th consecutive year of recognition. This prestigious award highlights our continued commitment to taking health, safety and wellbeing seriously across the organisation. One example is our 'Get Trucking Fit' programme, which has been shortlisted at the 2024 Water Industry Awards. This 12-week programme was developed in response to high levels of sickness absence within the Water Recycling Operational Logistics team, specifically our lorry drivers. The scheme was tailored for this high-risk group and focused on a 1:1 diet and exercise programme, aimed at influencing healthy behaviours and creating sustainable change for participants.

More broadly, this year's Time Out for Life proved as popular as ever, with more than 4,900 of our employees and partners taking part. We continue to reward and recognise our people when they exhibit behaviours linked to Health, Safety and Wellbeing. This year we have launched a new recognition platform called 'Thank You – we love what you do', to further facilitate this.

We remain committed to ensuring that our workplace is an inclusive environment for everybody. This year, we have improved the gender and ethnicity balance across all levels of our organisation. In 2023, we were named as one of the Times Top 50 Employers for Gender Equality and as one of the 'Top 10 Best Performing Private Companies' in the FTSE Women Leaders Review 2024.

## Succession

As announced in October 2023, I will retire from Anglian Water in August this year. It is with great pleasure and my full support that Mark Thurston has been appointed as Chief Executive Officer Designate and will officially take over the role from 5 August. With Mark having joined the business at the start of July, we will be able to ensure a smooth transition in leadership. To this end, I shall also remain as a strategic advisor to the business. Mark's initial focus will be progressing the determination of our business plan, after which I know he will be keen to get out and meet stakeholders and colleagues.

## A final thank you

As this marks my final Annual Report, I wanted to say a huge and heartfelt thank you to all of the employees of Anglian Water and our wider network.

Recent years have seen us face into unprecedented challenges, but despite everything, our people continue to do the right thing. In 2022, during the extreme heat, we were one of the only regions to avoid a hosepipe ban – testament to the remarkable work of our people to build resilience. This year is yet another example, with teams working through extreme wet weather, while at the same time upgrading our systems to keep pace with changing expectations. Throughout it all, it is our people who have made it possible to weather these storms.

The dedication of all my colleagues, day after day, week after week, has been a feature of my career. I thank them all for their commitment.

**Peter Simpson**  
Chief Executive

10 June 2024

<sup>4</sup> This also includes investment that is contributing towards the delivery of 2024/25 obligations, which haven't yet been signed-off with our regulators.

# 1 What drives us

## Our Purpose is to bring environmental and social prosperity to the region we serve through our commitment to love every drop.



→ Read more about the relationships with our stakeholders on pages 44-83.

# 3 Our long-term ambitions

Our ambitions respond to the pressures outlined in our 25-year Strategic Direction Statement.

- Make the East of England resilient to the risks of drought and flooding
- Enable sustainable economic and housing growth in the UK's fastest-growing region
- By 2030, be a net zero carbon business and reduce the carbon used in building and maintaining our assets by 70%
- Work with others to achieve significant improvement in ecological quality across our catchments

→ Read more in our Net Zero strategy

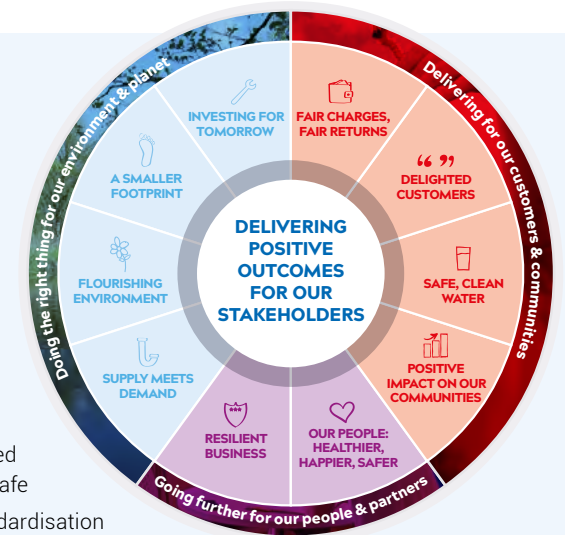
→ Read more about our ambitions and progress on pages 12-13.

# 4 Our goals for 2020–2025

- To make life better for our customers, every single day
- To deliver our 2020-2025 Final Determination
- To deliver our identified business priorities
- To create a sustainable future for our region

### What will help us get there?

- Skilled, trusted and customer-focused people who are happy, healthy and safe
- Maximising opportunities from standardisation and centralisation
- Smart use of information and technology
- World-leading alliances, working as one team
- Collaboration inside and outside the organisation



# 5 How we make decisions

We balance our six capitals to shape investment decisions

- Natural
- Financial
- Social
- Intellectual
- People
- Manufactured

→ Read more about how six capitals are embedded within our Purpose framework on pages 35-36.


# 6 SUSTAINABLE DEVELOPMENT GOALS

The UN Sustainable Development Goals influence our thinking. And the investment we make contributes towards their delivery. We work in the spirit of all 17 goals, but we have mapped our work to the 10 where we have the most material impact.

→ Find out more at [anglianwater.co.uk/UN-SDGs](http://anglianwater.co.uk/UN-SDGs)

## Our Strategic Direction Statement

We take a long-term approach in pursuit of our Purpose, underpinned by our 25-year Strategic Direction Statement (SDS). Our SDS was first developed in 2007. In 2017, following consultation with customers, we co-created four ambitions, to deliver social and environmental prosperity in the region we serve. Reviewed in 2023, our SDS and associated ambitions remain right for our business and our customers and will inform our journey over the next 25 years. Examples of how we are delivering against our SDS are included throughout the report.





### Resilient to the risk of drought and flood

By 2050:

- All of our customers will have at least two sources of water supply
- Our customers will never experience internal or external sewer flooding
- Surface water will be prevented from entering our waste water network
- Integrated, multi-sector water management systems will be embedded within smart cities
- Two new strategic reservoirs will supply 625,000 new properties across our region

**UN SDG target in action:**

**13.1** Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.


### Work with others to achieve significant improvements in ecological quality of catchments

By 2050:

- Pollutions and spills are consigned to history
- River health will be continuously monitored
- Our region will be regarded as an international exemplar for the use of nature-based solutions
- Environmentally damaging substances will be eliminated at source

**UN SDG target in action:**

**6.6** Protect and restore water-related ecosystems, including mountains, forests, wetlands, rivers, aquifers and lakes.





### A carbon neutral business

By 2050:

- We will focus on eliminating waste and the root causes, leading to a reduced chemical energy use in our management of the water cycle
- Our treatment processes will not emit greenhouse gases, such as methane and nitrous oxide
- We'll have moved beyond net zero and become a carbon-positive business, reducing rather than contributing to the UK's emissions

**UN SDG target in action:**

**9.4** Upgrade infrastructure and retrofit industries, to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.




### Enabling sustainable economic and housing growth

By 2050:

- We will have the capacity to support all customers at risk of water poverty
- The region will have the capacity to support the water demands for new businesses
- Planning requirements will mean all new housing and commercial developments are built to deliver international best practice on water efficiency
- Coastal and inland bathing water locations will be thriving, due to their excellent water quality

**UN SDG target in action:**

**9.1** Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human wellbeing, with a focus on affordable and equitable access for all.



### Delivering more for our region

To build a plan that is based on what the region we serve needs, in 2023, we commissioned research with Capital Economics, using independent data to analyse socio-economic, climate and geographic factors. The research, *Thriving East*, highlights the fundamental link between water, climate change, the unique geography of the region and how this threatens both economic and social prosperity.

#### Key insights include:

- We operate in one of the driest and hottest parts of the country. The Met Office predicts that by 2040, rainfall in the region will average 2.14mm per day, significantly below the national average of 2.85mm. In Cambridgeshire, the challenge is even more acute, with projected rainfall of just 1.9mm in 2040.
- Almost 30% of the region is low lying, particularly near the coast. Inland, drought-parched land is vulnerable to flooding from intense rainfall events. About 1.2% of properties in the East are at high risk from flooding, above the national average of 0.9%.
- The total population in England is projected to rise by 8% over the next twenty years. In our region alone, we're set to welcome around 720,000 more people. The long-term challenge is sustaining the pace of housing development – to meet the needs of a fast-growing population – and ensuring infrastructure is in place to facilitate demand.
- We have the highest level of water consumption from business and industry in the country. 15% of all water taken from the environment is used for non-household supply.

The *Thriving Index* shines a light on the complexity of the challenges that exist across the counties and sub-regions served by Anglian Water. Our plan sets out a shared vision for our region, but we can't achieve it alone. We know that water companies will need to do things differently, but we also need new models of collaboration with government, regulators and our stakeholders. The 2024 Price Review can help put us on the path to achieving this by:

1. Ensuring a fair balance of risk and reward so that investors see the UK water sector as a "fair bet", where companies who innovate and do the right thing are supported.
2. Focusing on making vital assets resilient to the challenges of the future. Infrastructure maintenance and renewal should be done on the basis of cutting-edge forecasts of the impacts of a changing climate, not backwards-looking assessments of what was spent in the past.
3. Ensuring infrastructure development keeps pace with the expanding needs of our region's growing population. Alongside development of two new reservoirs and expansion of our interconnector pipeline, this also means growing capacity at our Water Recycling Centres to accommodate over 200,000 new people and 100,000 new properties over the next five years.



Our plan for AMP8 (2025-2030), shared with Ofwat in October 2023, will see a significant step up in investment, in line with our long-term ambitions. We have proposed an investment programme valued at over £9 billion, which is designed to deliver environmental enhancements and mitigate the impacts of climate change – particularly across climate vulnerable assets, as well as unlock social and economic growth in our region. We will achieve all of this while keeping bill rises to a minimum.

### Our business plan for 2025-2030\*

#### By 2030 we will:

- Support **all customers** at risk of water poverty
- Double our investment in the environment to **£4bn** to enable nature recovery
- Use nature-based solutions, to create an area **the size of 100 football pitches** of treatment wetlands, along with **52 new Sustainable urban Drainage schemes**. Of all the nature-based solutions proposed in AMP8 across the whole industry, more than two-thirds will be in the East of England
- Invest **£476m** to accommodate housing growth, with **700,000** more people expected to live here in the next 20 years
- Reduce per capita consumption to **124 litres** per person per day, while again reducing leakage to new industry-leading levels
- Achieve a **70%** reduction in capital carbon against our 2010 baseline
- Plan for **two new reservoirs**, with our Strategic Pipeline network extended to build further drought resilience and environmental protection
- Increase capacity of our waste water network by **112 Olympic-sized swimming pools**, reducing the risk of pollutions and spills
- Launch a new **Medical Needs Discount**, an industry first, to provide financial aid to those with specific medical needs, at zero extra cost to any customer
- Renew **695km** of vulnerable pipes, to futureproof our water mains and sewers against climate impacts

\* At the time of reporting, we are awaiting final determination from Ofwat.

# The year in context

## Financial performance

We have continued our strong financial performance over the last 12 months, resulting in an increase in operating profit of £7 million, compared to March 2023.

The year also saw our highest-ever annual investment in our capital programme – over £960 million was invested in schemes that will build resilience and support environmental improvements. With 2024/25 marking the last year of AMP7, we are going into the year in a strong financial position, with all funding in place to complete our plans to 2025, including the finance necessary to complete the final £1 billion of capital investment in our asset base during 2024/25.

However, operational performance continues to be challenging. The flooding this year impacted us across a range of measures. This has resulted in a year-end penalty of £37.6 million for our Ofwat-related performance commitments.

Over the past year, public scrutiny of the water sector has intensified – making national media headlines – with much of the public discourse centred on financial stability and environmental protection. We remain one of the most financially secure companies in the water industry. This was recognised by Ofwat in their most recent assessment of company performance and financial resilience, where we were an upper-quartile performer and top four Water and Sewerage Company<sup>5</sup>.

Our ultimate shareholders are long-term investors who are committed to our Purpose, to bring environmental and social prosperity to the

region. Our shareholders agreed £350 million of additional investment, to support delivery of our Strategic Interconnector Grid and to accelerate work on our pollutions performance. This is over and above the level agreed by Ofwat.

Their unwavering support, both in the near and long term, has meant we've been able to invest over and above our operating profit and in support of our customers.

While the wider macroeconomic environment is in a slightly more stable position than this time last year, we know that the cost-of-living impact remains challenging for our customers.

Over the last 12 months, we have provided a support package of £136.9 million for vulnerable customers, which means we can help even more people in a way that is tailored to their individual circumstances. This brings the total support package to around £246 million since 2020. This will increase to over £300 million across this AMP.

Anglian Water bills will continue to be among the lowest in the industry, averaging £1.35 per day this year and £1.57 per day by 2030. Read more about how we have supported customers this year in Our stakeholders – Customers and communities, pages 54-66.



## The wet weather and its impact on pollutions, flooding and spills

Between October 2023 and March 2024, England witnessed its wettest period on record<sup>6</sup>. Five named storms impacted our region directly, reaching a peak in March 2024. We declared a company-wide incident and deployed our comprehensive plan, using a J-Cell military planning method. This brought together expertise from across our business to manage high demand, doubled the operations of our pumping stations, delivered priority responses to incidents and used tankers to take away some of the excess water.

## Despite our comprehensive response, our operations were impacted. However, lead measures, particularly on pollutions and spills, are showing signs of improvement.

Our spills performance through this period has been strong. We came close to our self-imposed average target of 20 spills per Event Duration Monitor (EDM). Despite the record weather, our average spill per EDM was 22. To put this in context, the last time we had this level of rainfall (in 2019), we averaged 35 spills per overflow and we had fewer monitors installed. We know this is an important area to be addressed for customers and we are investing significantly to reduce spills.

A recent report from the Office for Environmental Protection (OEP)<sup>7</sup> highlighted that storm overflows are not the main cause of environmental harm and other industries need similar levels of investment to make ecological improvements to rivers.

During the 2023 calendar year, we had 11 serious pollution incidents (Category 2). Many were caused by hydraulic overloading from the wet weather. Considering we also had 11 serious pollutions in 2022 (an exceptionally dry year), this indicates that our performance is stabilising.

While no spill to the environment is acceptable, our lead measures are showing improvements, demonstrating that the investment and action taken in line with our Pollution Incident Reduction Plan are paying off:

- We had 13% less pollutions compared to 2021, another year where we experienced prolonged wet weather.
- We have had no serious incidents on our networks since October 2023 - the start of the wettest period. Despite our networks being inundated, this demonstrates investments to better monitor our assets are working, moving us from a firefighting to a predictive response. By contrast, in 2021, 11 serious pollutions were on our networks.
- We've reduced the risk of failure on our pumping station assets (despite pumping twice as long in hours compared to last year).
- Sludge in our Water Recycling Centres (WRCs) is at an all-time low. Historically, this was the leading cause of WRC incidents and highly volatile under extreme weather conditions.
- Blockages have reduced 10% on 2022's measures, marking our best performance this AMP to date.
- In 2024, no treatment works have failed their compliance, marking our best performance this AMP to date.

<sup>5</sup> <https://www.ofwat.gov.uk/regulated-companies/company-obligations/outcomes/water-company-performance-report-2022-23/>

<sup>6</sup> <https://www.gov.uk/government/publications/water-situation-national-monthly-reports-for-england-2024/water-situation-march-2024-summary>

<sup>7</sup> <https://www.theoep.org.uk/report/oep-finds-deeply-concerning-issues-how-laws-place-protect-englands-rivers-lakes-and-coastal>

## Addressing the bigger issue: wider water management

We're operating a network that was built at a time when there were fewer customers and fewer products that cause blockages going into our sewers. There was also more green space to absorb rainfall and a more stable climate. The duality of extreme heat and rainfall, in successive years, cannot be viewed in isolation, but as part of a broader pattern, resulting from climate change. Our water environment is at the forefront of this change, with more frequent extreme and localised rainfall events and shifting weather patterns pushing the drainage system beyond what it was designed to do. We need a system that can meet these changing needs, alongside places and communities that are resilient to extreme events.

Our long-term aspiration is to achieve zero sewage escapes from our network. However, reaching this goal requires a fundamental rethink of how water is managed. Anglian Water can address two areas: maintaining and upgrading sewers; and slowing flow from properties. Our network and pumping stations are currently designed based on the size of population centres, with extra capacity built in to manage excess flow.

Despite operating to maximum capacity and as designed, this year our sewers suffered from hydraulic overload: with more water than places to store it. For example, during Storm Babet we had more than 200% of the rainfall average for the time of year. During heavy rainfall like we experienced this year, one roof generates the same volume of water as 100 homes would use in a day. In a small town of 5,000 homes, this is like instantly connecting 500,000 homes to the sewer system. If other parts of the drainage system are not working as they should, this number can multiply rapidly.

Furthermore, a small number of our sites were entirely submerged with water and temporarily inoperable, even in locations with flood defences.

Managing flooding requires action from partners and other stakeholders who own and manage different assets. For example: the Highways Agency, to ensure culverts are draining roads properly; local councils, to manage their assets and look after the wellbeing and needs of the community; the Environment Agency, to maintain rivers and watercourses; and Lead Flood Authorities, who have an overall strategic responsibility for flood risk. See pages 18-19.

Furthermore, the areas within our control will not be enough to resolve the issues longer term. Constructing more grey infrastructure isn't always the right thing to do. Upgrading sewers is disruptive to communities and the frequency of storms is increasing with climate change.

Although wet conditions affected the entire Anglian Water region, some areas experienced this more acutely. For example, there were 24 incidents attributed to hydraulic overload in Norfolk alone. Building on the work we can do, we are collaborating with key stakeholders in hotspot areas to build resilience. This year, nine multi-agency flooding groups were established.

We want to use more green solutions, such as Sustainable Drainage Systems (SuDS) and installing reed beds, to allow us to control water flow without the need for carbon-intensive infrastructure. Co-funding and co-delivering solutions is essential. Over the year, we have engaged with stakeholders at a hyper-local level, empowering and enabling them to become part of the solution. For example, we are working with Parish councils, encouraging them to support on a range of measures, like working with riparian owners to clear ditches and helping to rectify misconnections. We will also need to work better with customers, to manage surface water from properties.



Anwick Water Recycling Centre under water.

Image credit: Paul Barham, Maintenance Support Technician

### Dealing with lesser-known flooding from groundwater

Saturated soil and exceptionally high groundwater levels across our region meant that high volumes of excess rainwater were carried into already full-to-bursting rivers, ditches and storage, resulting in widespread and prolonged internal and external flooding.

High groundwater levels are where the levels of water rise within the rock or soil underground. When these water levels rise and reach ground level, water starts to seep through to the surface and flooding occurs. Groundwater flooding is much slower than river flooding. It can happen days, weeks or even months after heavy or prolonged rainfall – and can last for weeks or even months<sup>8</sup>.

High groundwater levels typically lead to flooding, by hydraulically overloading the network through inundation (from the top e.g. manhole openings) and infiltration (from the bottom, through pipe gaps).

This is why our resealing programme is an important part of our response to tackle flooding. However, the open nature of the sewerage system means we must work with others to deal with groundwater and surface water in other ways too.

In light of the wet weather events witnessed this year, in the short-term, our biggest opportunity is to keep the majority of clean water out of the sewerage system. Unfortunately, there are no quick wins, but we are making progress on some of our lead measures and partnering with others responsible for the wider drainage system.



### Removing the automatic right to connect

We have been lobbying, for many years, to influence the implementation of Schedule 3 of the Flood and Water Management Act, to ensure new developments adopt sustainable drainage systems and lose the automatic right to connect to the existing sewer system. There is a need for scale and coordination across sectors.

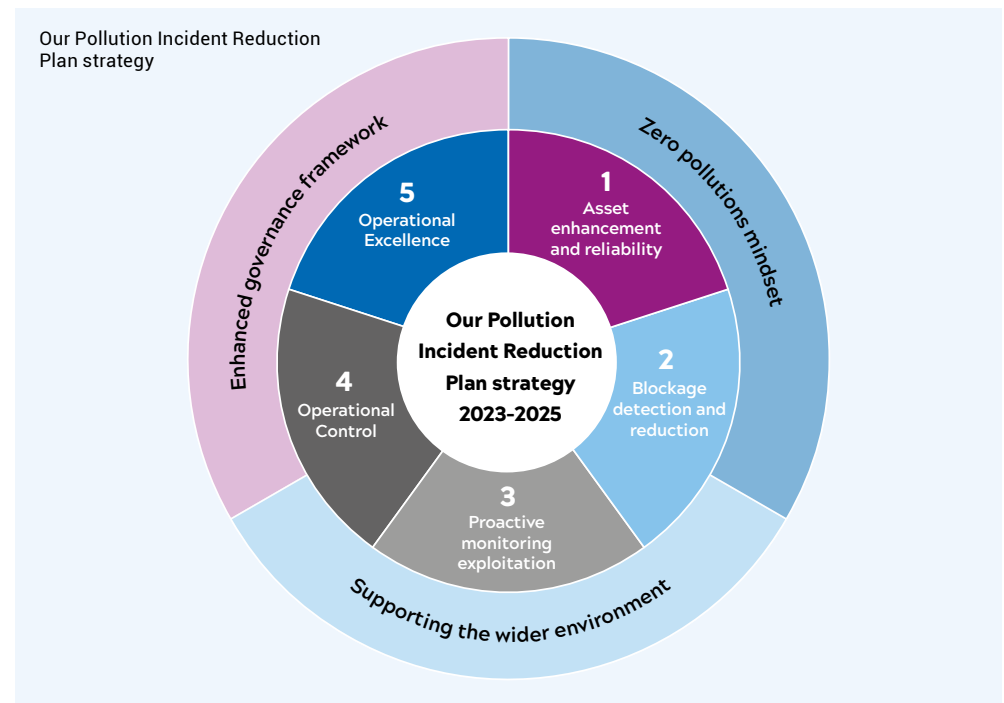
### Tackling the challenge in the region we serve

We have been clear that no spill to the environment is acceptable. However, we must also acknowledge the unique features in our region that contribute to the challenges we face.

We operate in a drained, flat landscape – full of long, narrow watercourses, smaller often unmapped channels and ditches and assets spread across a vast rural area. These types of man-made, fenland drainage channels are different to typical watercourses, because they are slow moving and, in some cases, may have no water in them at all. This can mean a discharge is completely undiluted and not able to disperse as it would in a typical watercourse. This results in us being more likely to receive a higher pollution categorisation from the Environment Agency.

89% of our region is considered rural and many of our assets cross farmland. This can leave us vulnerable to diffuse pollutions and to accidental damage to our pressurised sewer mains that run under farmland. It also poses additional challenges in detecting issues on our non-telemetered assets.

Our Pollution Impact Reduction Plan (PIRP) 2023-25, outlines the significant changes we have made to address these issues, underpinned by a substantial data and analytics programme. We have a huge raft of investment underway, to ensure that the assets within our control are performing as they should. More on our strategy can be seen in our [PIRP](#).



<sup>8</sup> [What is groundwater flooding? – Creating a better place \(blog.gov.uk\)](#)



## How storm overflows play an important role during flooding

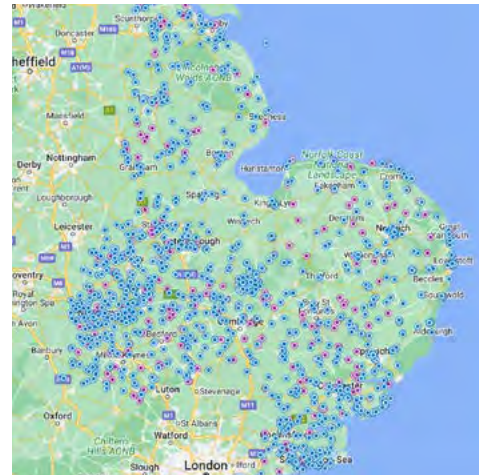
Storm overflows act as a safety valve, allowing excess water into rivers and the sea, to prevent sewers overflowing during periods of heavy or prolonged rainfall or snow melt. They protect homes and businesses from flooding. Without them, this excess storm water would back up through toilets, drains and manholes. Because of the job that they do, we know the majority of what comes out of them is rainwater.

- One third of our overflows is installed on our sewer network.
- One third is on our pumping stations.
- One third is on our Water Recycling Centres.

Sewers have not been built like this for decades, but each of our storm overflows is permitted to operate in this way (under certain conditions) by the Environment Agency (EA), as they provide an important function within the sewer system. Our spill data is shared with the EA as part of an annual data return.

As we work towards zero escapes, our long-term ambition is to surrender all storm overflows, rendering them inactive by 2050. Between 2022 and 2023, we surrendered 131 storm overflow permits. Between 2020 and 2025, we will stop operating 10% of our total overflows.

We are monitoring spills to target improvements. This year, we achieved 100% coverage of Event Duration Monitors (EDMs) on the storm overflows across our region. The data from our EDMs enables us to be as open and transparent as possible and feeds into our interactive, real-time map, which went live in April 2024. Our map shows where our storm overflow monitors are located, how often they spill and the length of time they have been spilling.



## Support from our shareholders

Our shareholders fully support our zero pollution and ultimate spills goals. Their additional £100 million will cover:

• £22 million on blockage prevention, including dual manhole investigation, repair and cleaning on our public sewers in the top 100 catchments, to target 4,400 blockages.

• £21 million on rising mains, including mitigation on 54 rising mains and pressure monitoring on all assets with a history of bursts and pollutions.

• £16 million on increasing capacity of our systems, including lining and sealing works, investigation and removal of groundwater, 20 new tankers and eight new jetters.

• £31 million on Water Recycling Centres and pumping station asset health, including enhanced sludge management, tackling complex risks on our pumping stations and water recycling centres.

And increasing resource, including hiring 130 new roles and implementing new training.

This brings the total amount invested this year to nearly half a billion.

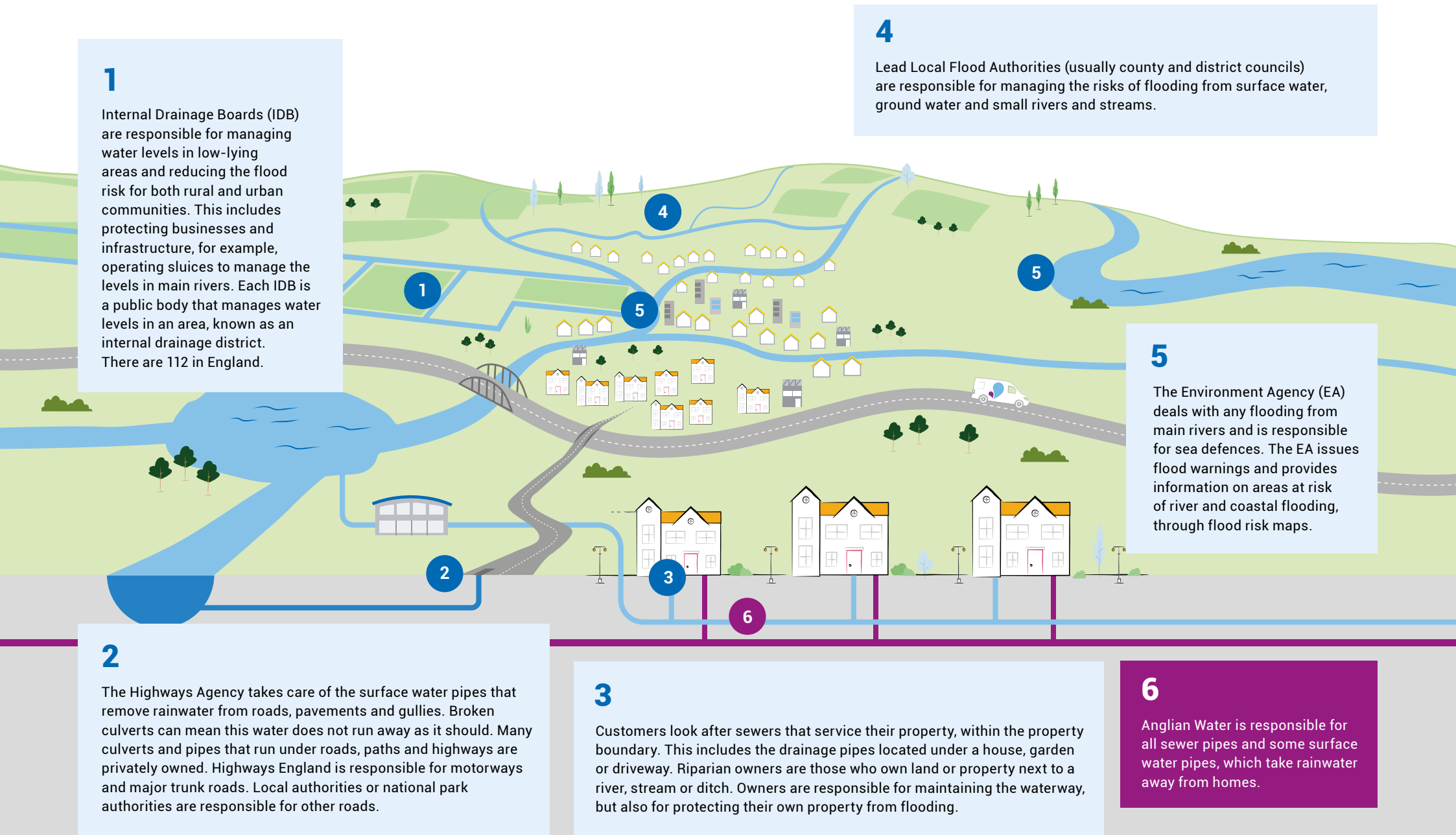


Emily Timmins, Director of Water Recycling:

“Our mission is to safeguard our customers and the environment and I can see our lead metrics changing. We know changes in systems and processes alone won’t move the dial – we need to invest more in our asset base. Our £100 million investment goes right to the heart of capital maintenance on our base assets. I couldn’t be more proud that we’ve been backed by our shareholders. It shows a huge amount of trust.”

Anwick Water Recycling Centre under water. Image credit: Paul Barham, Maintenance Support Technician

# The multiple parties responsible for drainage



## 1

Internal Drainage Boards (IDB) are responsible for managing water levels in low-lying areas and reducing the flood risk for both rural and urban communities. This includes protecting businesses and infrastructure, for example, operating sluices to manage the levels in main rivers. Each IDB is a public body that manages water levels in an area, known as an internal drainage district. There are 112 in England.

## 4

Lead Local Flood Authorities (usually county and district councils) are responsible for managing the risks of flooding from surface water, ground water and small rivers and streams.

## 5

The Environment Agency (EA) deals with any flooding from main rivers and is responsible for sea defences. The EA issues flood warnings and provides information on areas at risk of river and coastal flooding, through flood risk maps.

## 2

The Highways Agency takes care of the surface water pipes that remove rainwater from roads, pavements and gullies. Broken culverts can mean this water does not run away as it should. Many culverts and pipes that run under roads, paths and highways are privately owned. Highways England is responsible for motorways and major trunk roads. Local authorities or national park authorities are responsible for other roads.

## 3

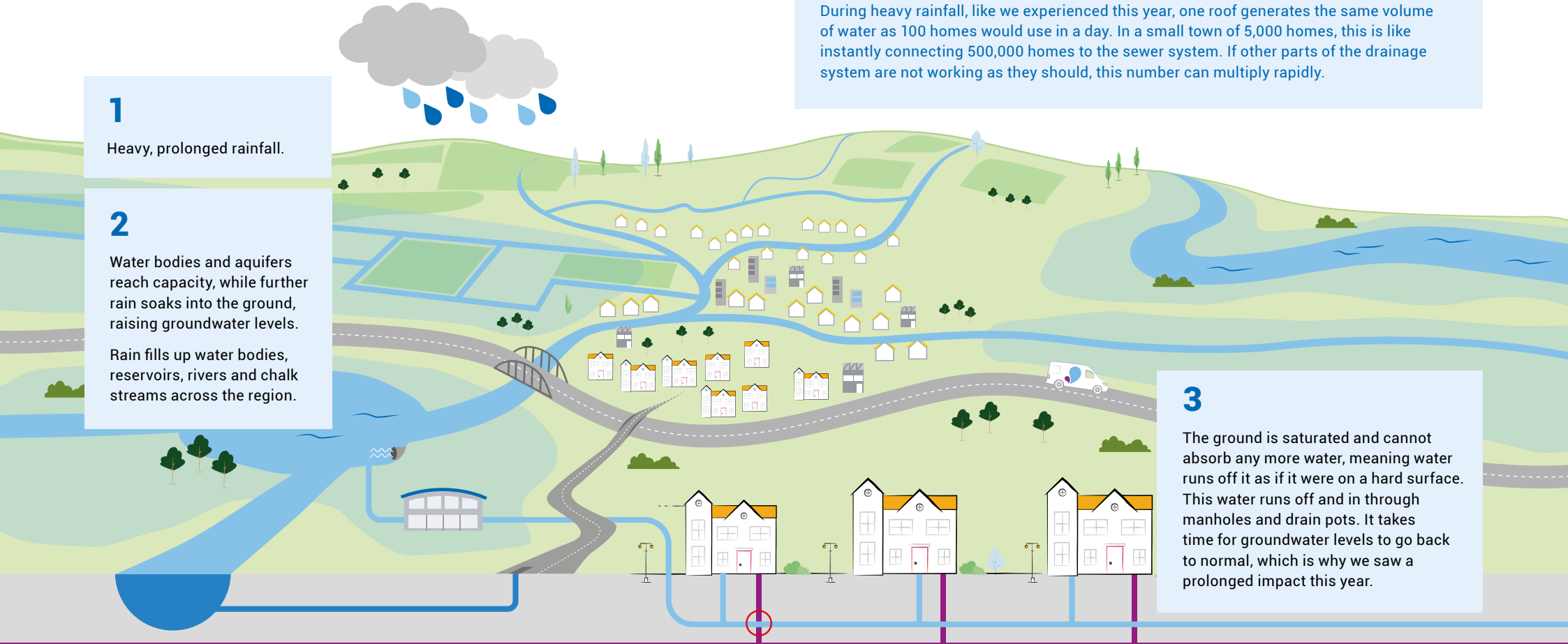
Customers look after sewers that service their property, within the property boundary. This includes the drainage pipes located under a house, garden or driveway. Riparian owners are those who own land or property next to a river, stream or ditch. Owners are responsible for maintaining the waterway, but also for protecting their own property from flooding.

## 6

Anglian Water is responsible for all sewer pipes and some surface water pipes, which take rainwater away from homes.

# What happens during prolonged wet weather

During heavy rainfall, like we experienced this year, one roof generates the same volume of water as 100 homes would use in a day. In a small town of 5,000 homes, this is like instantly connecting 500,000 homes to the sewer system. If other parts of the drainage system are not working as they should, this number can multiply rapidly.



**1**  
Heavy, prolonged rainfall.

**2**  
Water bodies and aquifers reach capacity, while further rain soaks into the ground, raising groundwater levels.  
Rain fills up water bodies, reservoirs, rivers and chalk streams across the region.

**3**  
The ground is saturated and cannot absorb any more water, meaning water runs off it as if it were on a hard surface. This water runs off and in through manholes and drain pots. It takes time for groundwater levels to go back to normal, which is why we saw a prolonged impact this year.

**7**  
Storm overflows are triggered to prevent flooding. Without overflows, this excess storm water would back up through toilets, drains and manholes. Because of the job that they do, the majority of what comes out of them is rainwater.

**6**  
The Right to Connect can mean additional surface water enters our foul sewers. Water companies are unable to challenge the Right to Connect. We will continue to work with developers and local planning authorities to manage this in the most sustainable way.  
  
Misconnections to our foul sewers can mean we are taking in excess water that our assets weren't designed to take.

**5**  
Customers' homes and gardens may be impacted by flooding or loss of services (toilets/drains) because of something we call hydraulic overload – because water has nowhere to go except our sewers.

**4**  
Sewers are not designed to be sealed systems, as they need to move with ground movements. This means water can get in through inundation (with water coming in from the top) and infiltration (water getting into the bottom of our pipes). When the amount of water in our systems exceeds capacity, it can escape, resulting in pollutions.

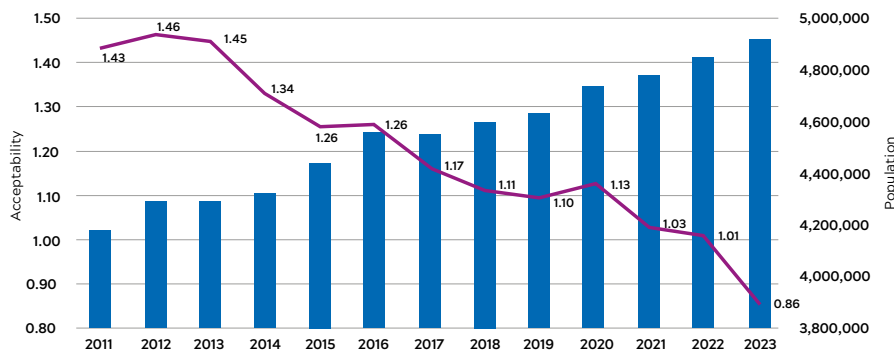
### Delivering our customers' number one priority: safe, reliable drinking water

Metric	23/24 Target	23/24 provisional outcome
Acceptability	0.85	0.86
ERI	15	109
CRI	1.5	3.57

Our customer research repeatedly tells us that their main priority is the delivery of safe, reliable drinking water. This year, we built on our lowest-ever acceptability score. Acceptability scores are based on the number of customer contacts about the appearance, taste or smell of their water, per thousand people served. We narrowly missed our 0.85 target, achieving 0.86 (1.01 in 2022). This is our best score to date and indicative of an improving trend over the past decade.

Below is a summary of our Water Quality Contacts (also known as acceptability) performance between 2011 and 2023. The bars represent population and the curve is our year end performance, which shows a positive downward trend over the past ten years.

Water Quality Contacts performance since 2011



Our provisional Compliance Risk Index (CRI) and Event Risk Index (ERI) scores demonstrate how we manage water quality. At the time of reporting, these figures are awaiting confirmation from the Drinking Water Inspectorate (DWI).

Our provisional CRI score is 3.57. We have missed our Ofwat target of 1.5. We comply with very strict regulations on drinking water quality, which means we report each failure to our regulator, the DWI. We also carry out full investigations on each failing sample. Overall, 99.95% of our samples passed this year. We have a plan to address any failures identified on our assets and have installed enhanced water quality monitoring on 90% of our 25 highest-risk sites. We are proactively running flow cytometry on all regulatory final water and storage point water samples via our laboratory, enabling us to develop a more accurate picture of risk. Furthermore, some failing samples were found to be from bacteria on customer taps, not in their drinking water. Poor tap hygiene is usually the most common culprit for this.

ERI scores consider the type of event, population impacted and duration of the event. Our provisional ERI score this year is 109 –

above Ofwat's target of 15 and a provisional industry average of 1,958. This year's ERI score was impacted by a one-off event at Heigham, Norwich. When taps were run for a long time, for example when filling a bathtub, the water had a slight colour. The event was a result of the wet weather, which can negatively impact the quality of the water we take out of rivers and reservoirs. To tackle this, we are changing our abstraction regimes to protect customers from discolouration events. We're also working with our catchment team to support positive catchment management. Throughout this time, our water met all regulatory microbiological and chemical standards.

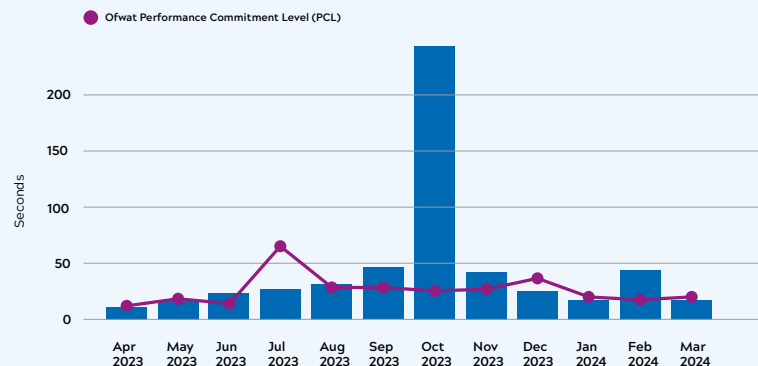
### Water supply interruptions

We work hard to ensure customers experience uninterrupted water availability and to minimise the length of time their service is interrupted, in line with our performance commitment level, set by Ofwat. This year, two events resulted in us being off target for this measure, with an average time of nine minutes eight seconds where customers were off water. In October, Storm Babet brought heavy rains and flooding to parts of Suffolk and Norfolk, which resulted in an event where one of our assets was flooded. However, as illustrated in the graph below, we maintained a steady service of supply to customers, staying close to our Ofwat target throughout the year.

To reduce our supply interruption times and mitigate the impact on our customers, we are using technology to monitor drops in pressure on our mains – a key indicator of a leak or water supply interruption. High-frequency pressure loggers are now covering over 80% of our district metered areas. These loggers provide us with real-time data, giving us a more granular view so we can target interventions. For example, the loggers mean we can spot pressure fluctuations that may be impacting the life of a main and remove or reduce this issue.

Separately, we are using industry-leading, climate-modelling tools to identify high-risk water main assets in our region that are vulnerable to changing climate conditions. Read more in Our stakeholders – Environment, pages 44-53.

Interruptions to supply April 2023-March 2024



## Key infrastructure for current and future customers

### Rephasing delivery of our strategic interconnecting pipeline

Timescales for the delivery of our strategic interconnecting pipeline, being delivered by our Strategic Pipeline Alliance (SPA), are being rephased. It will now be completed during the next AMP cycle, rather than within the AMP7 performance commitment (by 2025) as originally planned. We continue to have constructive conversations with our regulators regarding the rephasing, to ensure we meet the associated environmental and performance commitment obligations.

### Two new reservoirs

There have been no new major reservoirs built in the past three decades. We've always taken a long-term view to water resilience. Last year, we announced plans to build two new reservoirs – one in Lincolnshire and another in Cambridgeshire. The Water Resources East (WRE) regional plan identifies the new reservoirs as key to ensuring the region we serve has enough water in the future. However, many of the investments we are making today will take time to have a cumulative benefit. For example, our new reservoirs and water transfers won't deliver significant benefits until 2036 onwards.



## CMeX, DMeX and Retailer satisfaction

Since we started this AMP, there has been a societal shift in attitudes towards large corporates, climate change and specifically, intensified scrutiny on the water sector. Customer service has been a major focus area throughout this year and we are seeing that show through our improving CMeX, DMeX and retailer satisfaction scores. For CMeX, we moved from 10th place in 2022/23 to 7th place this year. For DMeX, we jumped from 9th place to 4th. We also outperformed our retailer satisfaction measure. Ensuring our domestic, retailer and their business customers receive a consistent top-quality service, continues to be a key focus. Read more about the improvements in Our stakeholders – Customers and communities, pages 54-66.

## Customer satisfaction

An independent survey run by the Consumer Council for Water across Water and Sewage Companies (WaSC), shows encouraging and above-average scores for our service. Of those surveyed, 94% were satisfied with the colour and appearance of tap water and 90% were satisfied with the taste and smell, against WaSC averages of 91% and 84%, respectively. Furthermore, 64% agreed that our charges were fair, compared to an WaSC industry average of 55%.

## Supporting vulnerable customers

In 2023, inflation rates began to slow, but the rising cost of living continues to be felt. This is why we built on our package of support, which helped 344,483 customers in 2022/23, to help 389,371 customers in 2023/24. Customer charges this year averaged £493 per year, or £1.35 per day. Next year, our proposed £70 million package of customer support will support an estimated 420,000 customers. Since 2020, we've provided over £200 million in customer support.

## New Ofwat licence condition

In February 2024, Ofwat introduced a new customer-focused licence condition, which contains principles for customer care that all water companies in England and Wales must meet. We have outlined how we are meeting these principles in Our stakeholders – Customers and communities, pages 54-66.

## Health and Safety for our people

This year there was an increase in Category 1 events, with 13 this year compared to 3 in 2022/23. The accident frequency rate also increased to 0.10, compared with 0.07 in 2022/23, although across the AMP there is an overall improvement. However, we are rightly concerned with this result and have redoubled our efforts. We continue to have a laser focus on safety at Anglian Water. Given the sheer size of the programme we have to deliver in AMP8, we will work especially closely with our alliance partners.

Actions include targeting key business areas with significant improvement plans, investing in capital maintenance on high-risk sites and addressing leadership and behaviours at all levels of the organisation.

We're committed to doing the right thing across our business and safety is no exception. We have an independent whistleblowing process in place, to make sure that anyone who has any concerns has a route to raise them and have them investigated. This year we issued a company-wide survey, to gather detailed insight into how confident our people feel that we support them in protecting the environment, working safely and doing the right thing. The findings of this survey are helping us identify any areas where additional support is needed. To read more about health and safety and the steps we've taken to address performance this year, see Our stakeholders – People, pages 67-75.

## Inclusion

We remain committed to ensuring that our workplace is an inclusive environment for everybody. We're committed to improving diversity at all levels of our organisation. In 2023 our efforts were recognised, and we were named as one of the Times Top 50 Employers for Gender Equality 2023 and as one of the 'Top 10 Best Performing Private Companies' in the 2024 FTSE Women Leaders Review.

## Jaywick prosecution

In April 2023 we were prosecuted for an historic incident at Jaywick Water Recycling Centre and were fined £2.65 million. We considered that the fine was disproportionate, given the judge found that there was no harmful impact on the environment. We were also concerned that the level of fine would set an inappropriate precedent and we therefore decided to challenge the decision. This resulted in the fine being reduced to £300,000 on appeal.

## Environment Agency investigations

Ofwat and the Environment Agency launched industry-wide investigations in 2021 into compliance with conditions of environmental permits. Ofwat's focus is potential non-compliance with legislation and with licence conditions. In December 2023, Ofwat issued a press release explaining that it had notified Northumbrian Water, Thames Water and Yorkshire Water of its provisional findings, in light of the evidence that had been gathered. Ofwat stated it was continuing to progress three further wastewater enforcement cases, opened as part of its investigation (including the case against Anglian Water). The EA's investigation – referred to as Operation Standard – is also ongoing. We have provided comprehensive information to both regulators and continue to engage positively with them.

# Taking action on near and long-term factors

## Future demand for water

The region we operate in is one of the driest and hottest parts of the country. Climate change is also impacting rainfall patterns, which will have a consequence on the availability and quality of water resources. We have always taken a long-term view to managing water resources. Our Water Resources Management Plan (WRMP) sets out how we will manage water supply and demand in our region, looking ahead 25 years. Our WRMP19 plan focused on our twin-track approach; investments in new water infrastructure, such as our interconnecting pipeline and new reservoirs; and reducing leaks and encouraging water-wise behaviours, with our customers and businesses.

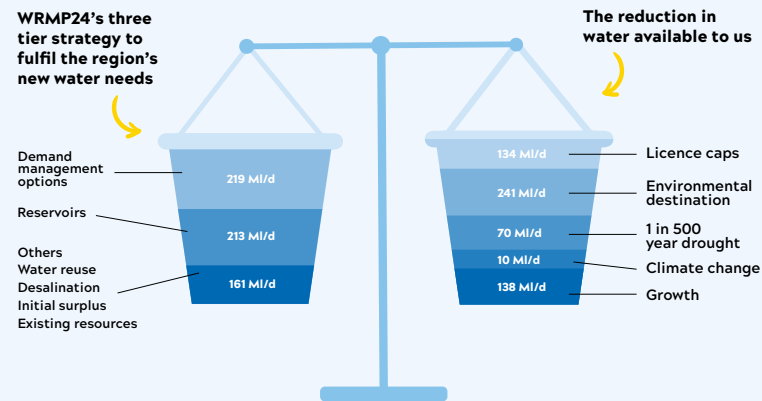
Our WRMP24 (2025-2050), awaiting approval by Defra, will see us take a three-tiered approach. This will see us further

build on demand management and utilise existing sources of supply, build two new raw water storage reservoirs and have an adaptive approach, using desalination, so we can react to changing circumstances. Our WRMP24 accounts for new challenges, such as increased resilience to enhanced drought. It also provides a long-term strategy for environmental improvement, focusing on the abstraction reductions needed to improve river flows.

Furthermore, we have the highest level of water consumption from business and industry in the country, with 15% of all water taken from the environment used for non-household supply. Development of green industries and wider economic growth will require a significant increase in water availability, to meet rising demand.

In 2023, we saw a large increase in requests for water for business and commercial use. The risk of a lack of available water resources could undermine industrial development and decarbonisation. Regional water resource plans set out how current and future needs can be met. Collaboration between regulators, the Government and industry is needed, to identify how these needs can be efficiently and equitably delivered.

WRMP24's strategy to balance water needs over the next 25 years



## Cyber security

Cyber security is a critical risk factor that is governed via two top-tier-risks entries. We mitigate our cyber risks through the deployment and operation of a wide range of controls, covering people, technology and processes. These controls are designed to decrease the likelihood of successful attacks and increase our ability to respond and recover from them, creating what is known as 'cyber resilience'.

Understanding our threat landscape is a key focus. The impact of geopolitical tensions around the world, such as the Russian invasion of Ukraine and the conflict in the Middle East, have created an adverse impact on our risk posture, as hostile nation states increased their activities. We have observed more frequent attacks on Operational Technology and Critical National Infrastructure providers around the world, as well as two significant issues impacting UK-based water companies. This deteriorating threat landscape is assessed and factored into our approaches and plans.

Standing still in our investment and focus on cyber is not an option. We continue to mature our approach to managing cyber security risk, by publishing an updated strategy based on internationally recognised frameworks, such as the Network and Information Systems Regulation

(NIST) and Cyber Assessment Framework (NIS CAF). We proactively identify our areas of exposure, investigate how to best manage and treat the risks and provide a well-governed, structured approach to the management of residual risk.

Our cyber security function delivers in-depth protective security services, through a hybrid delivery model. This combines in-house cyber professionals with an outsourced 24/7 Managed Security Service Provider (MSSP) service, provided by Airbus. This year sees the culmination of five years of effort to deploy our new security architecture across our critical water assets, delivering enhanced cyber controls and the opportunity, to unlock significant business value through increased and secure connectivity.

Key challenges to our long-term cyber success include: addressing issues such as technology debt, the complexity of our technology landscape, operating model and culture change. We are working to ensure earlier engagement in the design of new services, particularly as we expand our capital programme and introduce broader asset connectivity in AMP8.

## Energy and inflation

With our population set to grow more than any other region in England, we are investing in building more assets to process extra sewage, store more rainwater, increase water supplies and deliver a pipeline to move water freely around the region. All of this work requires energy.

Furthermore, the prolonged wet weather and the extra water that required processing this year, meant that we felt the impact of increased energy prices. This is due to the prior year energy prices being locked-in, ahead of the war in Ukraine. The current year reflects the significant cost increases since then. Our proactive energy-hedging approach enabled us to have flexibility in the most volatile and expensive market periods.

As we operate in a flat region — and with more people coming to live here — we are reliant on energy to pump water across our region. This year, we consumed the highest volume of renewables ever: from the solar assets connected to our sites alone, we saved £1.5 million against market prices for electricity.

We have entered into two corporate Power Purchase Agreements (PPA), which are fixed-price agreements over the long-term, to provide some stability in a volatile energy market. We have completed two PPAs, one with SSE and another with Squeaky Clean Energy. These agreements support an increase in renewable energy consumption and the development of renewable assets.

Heightened market demand for renewable energy has also impacted our operational carbon emissions. Renewables are undoubtedly growing in the UK, but as more, large consumers have chosen to procure renewables directly, the proportion of renewables remaining in the 'residual' grid mix for standard-grid electricity has declined. This increases the carbon emissions associated with all the grid electricity we consume that isn't directly from renewables. It's important to emphasise that, while the emissions from standard grid electricity are outside of our control, we have increased our consumption from directly procured renewable energy from 25% to 28%.

## Deliverability

With our enhancement costs doubling — and as large-scale asset investment ramps up across our sector — additional pressure on shared supply chains will continue. The National Infrastructure Commission (NIC) calculates that £12 billion of investment will be needed in water, every year, between 2025-2030, followed by maintenance of around £8 billion per year from 2030-2055.

Unprecedented transformation of our company and our sector, with core digital technologies such as the Internet of Things, digital twins, artificial intelligence and advanced sensing, will be fundamental to delivery. We have made smart decisions about the technology we will use and given the pace of change, choosing solutions that can have the greatest impact on our assets and ways of working over the long-term. More generally, our approach to future business planning is to identify solutions that will have a rapid impact, but are not at risk of becoming redundant in the future.

To unlock further funding opportunities, we will also need a step change in our approach, with more cross-sector collaboration and systems-focused, outcomes-based approaches, to create the right solutions to these shared issues, while keeping costs low for customers.

We will continue to build on the strengths of our alliancing model. Having an established alliance means we have a varied, collective understanding of what it takes to deliver such a large programme of work. We will continue the capability we have built up over many years, so we're ready to deliver more over successive AMPs. In 2024, we not only welcomed back all previous partners, we also welcomed a new full partner, Binnies, to our @one Alliance, ready for 2025. Within the sector, we were an early adopter of the alliancing model to deliver our capital programmes. Since the @one Alliance's inauguration in 2005, our approach has been held up as an exemplar as part of the Government's Construction Playbook.

## Supply chain and labour pressures

In AMP8, we are proposing £9 billion of investment in the region. The sheer scale of our investment will create over 7,000 jobs, as we look to meet the challenges identified both in the short and long term. To get ready for AMP8, we have a Strategic Workforce Plan, which encompasses our work to support over 800 apprentices into green jobs, with an increased focus on digital skills and a retirement plan to accommodate our ageing workforce. Read more in Our stakeholders – People, pages 67-75.

## Reduction in landbank for available biosolids

We recycle the biosolids produced as part of our sludge treatment process to agricultural land, as an alternative to the use of artificial fertiliser. The landbank available for recycling this material has progressively reduced in recent years, principally due to tighter nutrient legislation in agriculture. With less overall landbank available, we've faced an increase in competition from other organic materials,

including biosolids from our neighbouring water companies. Fertiliser prices have also fallen over the last year, which has meant we've had to reduce our biosolids pricing to maintain demand and ensure we have sufficient land available for our production.

We anticipate that the landbank available for biosolids recycling will reduce further in future, so our bioresources strategy for 2025-2050 includes exploring and developing alternative recycling options. We're working with Firefly Green Fuels,

a spinoff from Green Fuels Research and Haltermann Carless, to provide biosolids for an exciting new project: sustainable aviation fuel. We're taking part in an initial pilot programme, providing biosolids that will be turned into jet fuel for Wizz Air. The use of sustainable aviation fuel saves more than 90% of the whole life carbon emissions of fossil fuels. It also avoids the need for us to rely on landbank for biosolids recycling. Read more about this trailblazing project in Our stakeholders – Partners, pages 76-79.



**Near and long-term factors:  
Population Growth**



The East of England is home to 15% of England's population and four of the fastest-growing cities Cambridge, Peterborough, Milton Keynes and Northampton. By 2043, over 700,000 more people are projected to live in this region. The long-term challenge is sustaining the pace of housing development for the fast-growing population and ensuring infrastructure is in place to facilitate demand.

Every new home and business needs clean water at the turn of a tap and effective wastewater disposal. We must put in place the necessary infrastructure, to protect the environment from further abstraction, while still facilitating growth. Where and when new housing is proposed poses a particular challenge for us. For example, rapid growth in a village or small town can be just as challenging to manage as growth in a big city, such as Milton Keynes.

We continue to work in partnership with central and local government, to support sustainable economic and housing growth in the region. As an example, we are proposing to relocate our Cambridge Waste Water Treatment Plant, to enable the regeneration of North East Cambridge. The relocation will make way for more than 5,600 new homes, one million square feet of commercial space and thousands of new jobs.

**Delivering against evolving expectations**

We are an industry under scrutiny. Customer, stakeholder and regulator expectations have evolved. While we welcome government targets for our sector to do more, to maintain the level of service we offer now, we will need to invest significantly more into our operations. This is due to both the challenging nature of our region and the impact of a changing climate.

Our ambition is to offer a better service than we do today, while seeking to minimise the cost for our customers. However, the high level of environmental ambition we are striving for comes at a cost. As an example, we will face a large increase in pumping costs – associated with our strategic pipeline that's designed to move water freely around our region – and greater chemical and sludge handling costs, from our considerably larger phosphate removal programme.

Our Purpose will continue to guide us, to ensure each decision ladders up to delivering environmental and social prosperity in the region.

**Adapting to uncertainty**

The environment we are operating in continues to be ambiguous. To help manage this, we've included uncertainty mechanisms in our plan. Depending on Ofwat's Final Determination and other political and regulatory changes, we may need to adjust our priorities. But we will keep our focus on delivering against our long-term ambitions. We will work with our regulators, to understand the consequences of any new of changing requirements.

For example, we are seeing a bigger focus on 'forever' chemicals. Our AMP8 plan proposes investment in eliminating environmentally damaging substances that are used in our water treatment processes. This is part of a wider issue that we cannot solve at source, so we are contributing to industry-wide research, to inform future planning rounds.

To flex in the face of a changing future, we have considered a range of plausible future opportunities. Innovation and technology were identified as key areas of opportunity in our double materiality audit, as enablers for delivering on challenges such as climate change, service affordability and managing the risk of environmental pollution.

Our Research and Innovation team leads much of our research and development work, investing around £30 million per year into research and projects. One of the team's current projects is the Ofwat-funded Triple Carbon Reduction project, which is exploring how to reduce process emissions. These are our biggest source of emissions after electricity. Other key areas are reducing energy consumption in water recycling and in the production of hydrogen. There is the potential to make significant carbon reductions in relation to hydrogen, but there is uncertainty surrounding how this new model may work. This project will increase understanding of how hydrogen could play a role in the future. Read more about our innovative, climate-related projects in our Task Force on Climate-related Financial Disclosure (TCFD) report, pages 91-103.



# Anglian Water Services Limited is a private company limited by shares

## Ownership and company structure

Anglian Water Services Limited (AWS) is the principal subsidiary of Anglian Water Group Limited (AWG). The AWG Board consists of six investor representatives, the Chief Executive, the Chief Financial Officer and an independent non-executive Chair.

## Overview of our corporate structure

AWG is owned by a consortium of committed, long-term investors, representing millions of individual pension holders. Details of the consortium, along with details of beneficial ownership of AWG (by investor type), are shown in the following diagrams.

The complete holding company structure is presented on page 26 and the principal companies in the structure are explained below.

When AWG was acquired by investors in 2006, it became the ultimate parent company of the group. It is a Jersey-registered company, but UK tax resident and, as such, is liable for tax in the UK. All companies in the AWG holding structure are UK tax resident and liable for tax in the UK. Osprey Holdco Limited has issued debt that is held by our shareholders in proportion to their respective shareholdings. They are entitled to receive an interest payment on the debt annually.

The Group's financing strategy for AMP7 has reduced AWS gearing, in order to enhance and protect its current solid investment-grade credit ratings. This enables AWS to borrow at lower rates, to support the investments our customers have asked us to make.

## AWG Group companies

Aigrette Financing Limited, Osprey Investco Limited, Osprey Acquisitions Limited and their UK financing subsidiaries have borrowed funds externally during AMP7, in order to increase the Group's equity investment in AWS.

AWG Parent Co Limited and AWG Group Limited are holding companies that were set up when AWG was a listed group. Both companies are wholly-owned subsidiaries, are registered in the UK and are UK tax resident.

## Anglian Water Services Financing Group companies

Anglian Water Services Holdings Limited, defined as AWS, was put in place in 2002, when Anglian Water's covenanted and ring-fenced debt structure was established. This group of companies (referred to as the Anglian Water Services Financing Group, or AWSFG) protects customers and our bond holders from the risk associated with other non-regulated Anglian Water Group companies, outside of the ring fence.

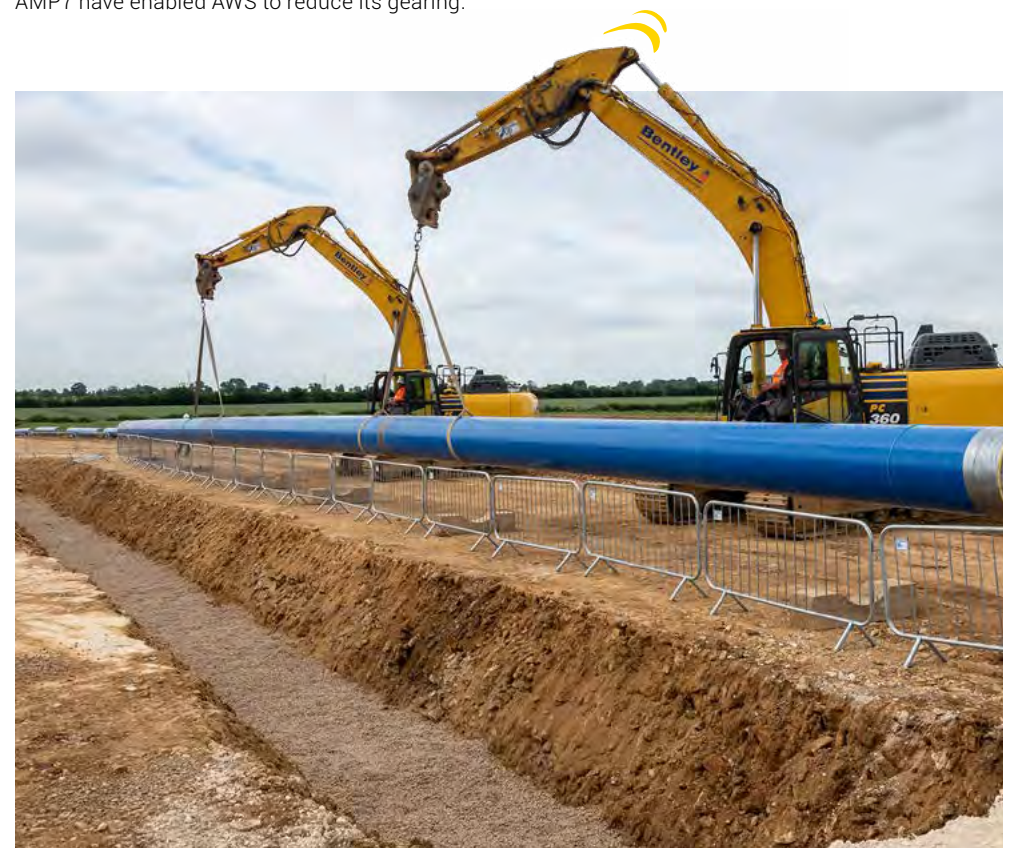
This makes us an attractive investment prospect for bond holders, which means we've been able to keep financing costs lower, ultimately benefiting our customers in the form of lower bills.

Anglian Water Services UK Parent Co Limited is a second holding company in the ring-fenced structure, also providing protection for customers and investors from the risks of other non-regulated group companies. All companies within the AWSFG are UK-registered and UK tax resident companies.

Anglian Water Services Limited is the regulated entity that trades as Anglian Water, managing our water and water recycling network and serving almost seven million customers. It is the part of the business that most people think of as 'Anglian Water'.

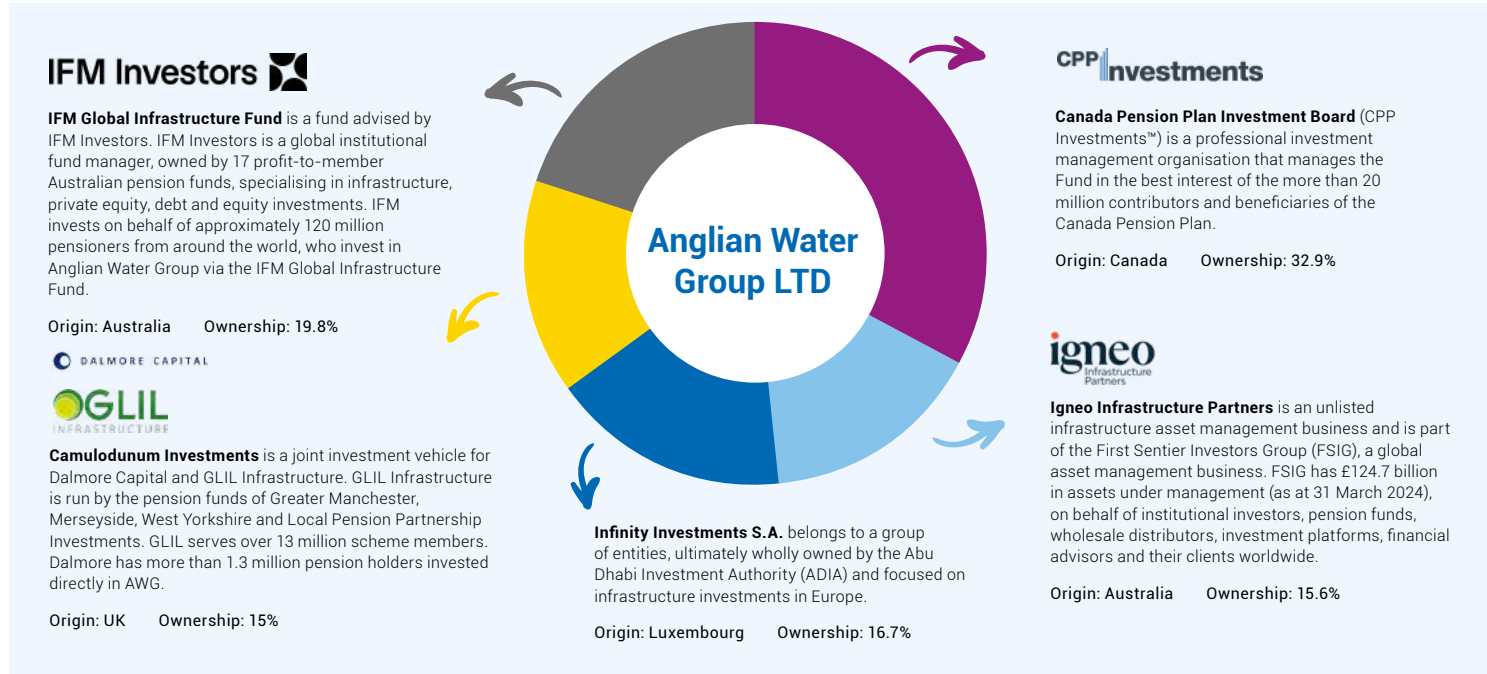
The Group's equity injections into AWS during AMP7 have enabled AWS to reduce its gearing.

Anglian Water Services Financing Plc is the financing company that raises money on behalf of Anglian Water Services Limited. Funds raised by this company underpin our investment in the region's water and water recycling services.

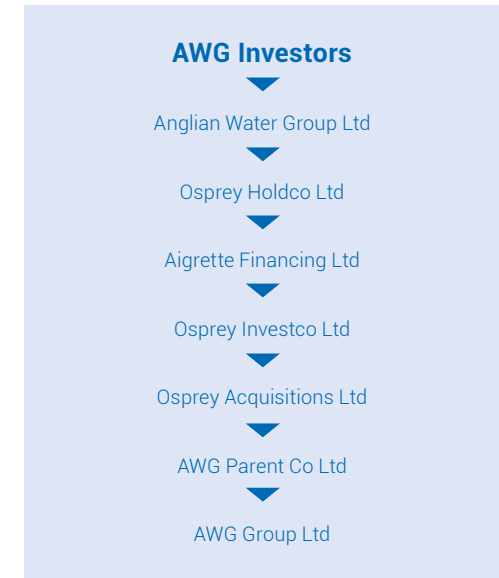


The laying of the Lincoln to Ipswich section of our Strategic Interconnector Pipeline

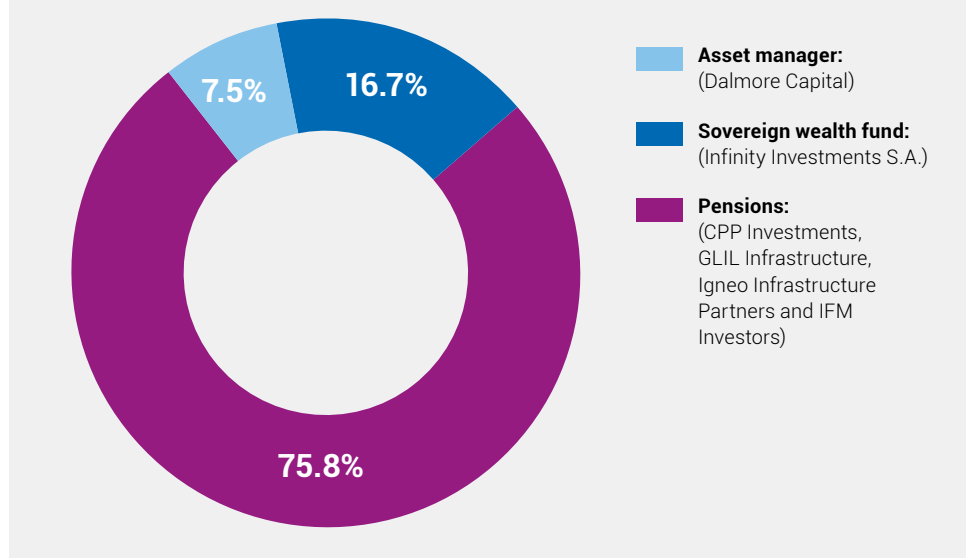
Details of AWG's ownership consortium



AWG's complete holding company structure



Details of beneficial ownership of AWG by investor type



Anglian Water Services Financing Group (AWSFG)

Direct subsidiary

<sup>1</sup> Collectively known as the Anglian Water Services Group, for which consolidated accounts are prepared.

## Why delivering a sustainable return is crucial to delivering our Purpose

**As a monopoly provider of essential public services, it is essential to always be striving to have the trust and confidence of our customers, while providing fair returns to our shareholders.**

### Balancing regulatory funding and attracting investment

The money we can raise from bills, along with how much we're allowed to invest in our service, is decided, every five years, through Ofwat's price-setting process and set out in our Final Determination.

Any profits and returns to investors that we make, in excess of those gained from allowed pricing, come from:

- Increasing efficiency – running the business more cost-effectively than was funded at the time of the Final Determination; and
- Any rewards for meeting our Performance Commitment targets.

Efficiencies are either reinvested to improve services for customers, or shared with customers, helping to keep bills down.

In addition, our focus on sustainable savings that can be maintained over the long term, helps reduce our cost base in 2020–2025.

Profits are essential to attract private investment, which in turn enables us to spread the cost of improving and extending our assets over their operational life, similar to a mortgage. In this way, tomorrow's customers pay for tomorrow's use of the asset.

We have to provide investors with a reasonable return on their investment, in exchange for the risks they carry. During the past financial year,

a number of risks have crystallised – including high energy prices. Investors have borne the cost of dealing with these risks. The costs have, therefore, not been passed on to customers. We also believe that in years where we deliver excellent performance, this should be reflected in higher profits. In contrast, this year, dividends have been reduced, to reflect performance. However, profits can also rise or fall due to factors not directly related to performance – for instance, interest rate levels, or unexpected new legal obligations.

Ofwat sets allowed returns at a fixed rate, plus inflation. This means that when inflation is below what was assumed at a price determination, this can adversely affect our finances.

However, the driving factors behind high inflation mean the true picture is far more complicated<sup>9</sup>. The current high inflation (CPIH, or Consumer Price Index including Housing) is driven, in part, by high energy prices<sup>10</sup>. CPIH is calculated by using the change in cost of a range of items (basket of goods), plus the cost of owning and maintaining a home.

As a high consumer of energy, our business is more exposed in relation to energy prices than is reflected in the CPIH basket. We have to manage this through our hedging strategy.

See Financial performance report on pages 31–34.

See Our Stakeholders – Shareholders on page 82.

<sup>9</sup> [Consumer price indices, a brief guide - Office for National Statistics](#)

<sup>10</sup> [Inflation and price indices - Office for National Statistics \(ons.gov.uk\)](#)



## Dividends

The board has an approved dividend [policy](#), under which dividend payments take account of a range of factors, including service delivery for customers and the environment, current and future investment needs and financial resilience over the longer term.

In line with this dividend policy, the Board has proposed to make an interim dividend payment, amounting to £88.6 million. The base dividend has been adjusted for a total of £51.1 million in deductions, to reflect service delivery for customers and the environment.

A £79.9 million prior year final dividend was paid in the period (2023: £169.0 million in relation to financial year 2022), reflecting the company's dividend policy. A deduction was made to the base dividend of £26.0 million, to reflect performance in 2022/23.

These dividends were paid against a backdrop of an equity injection of £1,165.0 million in 2021 and results in a net equity injection for the AMP of £731.4 million. Through these capital injections, the company continues to benefit from the strong support of shareholders.

## Tax

Anglian Water complies with all relevant tax laws. We support moves towards greater transparency, to increase understanding of tax systems and help build public trust. We make significant contributions to the Exchequer each year. Our taxable profits are less than the profits shown in our accounts, but our effective rate of corporation tax is in line with the statutory rate of corporation tax. This is because of the huge amount of investment we make into our region and the HM Revenue & Customs (HMRC) rules on interest payments and capital allowances, designed to encourage that investment.

We have one of the largest levels of private investment in the region and have invested over £2.7 billion since 2020, as part of our five-year plan to 2025. This is central to underpinning the growth of the regional economy.

Our Water Industry National Environment Programme (WINEP), one of the biggest in our industry, is set to deliver £811 million worth of environmental benefits during this period. This investment is largely paid for by borrowing and we pay interest on that borrowing. HMRC rules say companies only pay corporation tax on the profits they have remaining, after any interest payments are made.

Our taxable profits are also reduced by capital allowances, which the government grants us to encourage infrastructure investment. Accounting profits are reduced by depreciation – the fall in the value of equipment and plant, due to wear and tear over their useful life. HMRC does not take account of depreciation when it comes to determining taxable profits. Instead, it grants companies capital allowances. These encourage investment, by letting a company recoup the cost of an asset at a faster rate than depreciation.

This also means some of our corporation tax liabilities are deferred until later. The corporation tax is not avoided, it is simply deferred. All this encourages investment and allows us to make a real contribution to infrastructure development, environmental protection and customer engagement in our region.

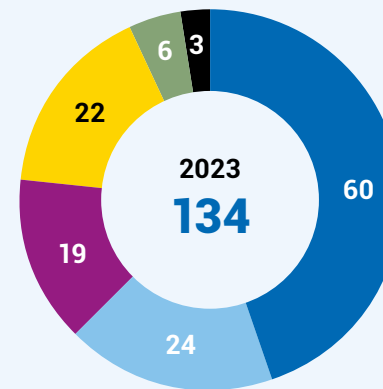
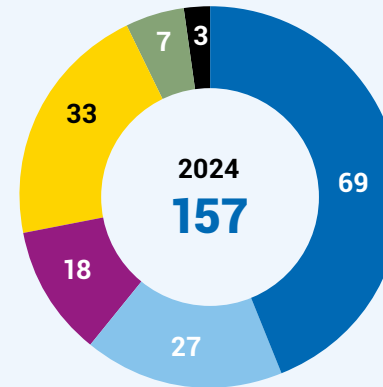
## An open and constructive approach

Our commitments on tax are underpinned by the Anglian Water Group tax strategy, which is based on a number of principles.

## Tax planning and compliance

We engage in efficient tax planning that supports our business and reflects commercial and economic activity. We're registered for tax in the UK and do not engage in artificial tax arrangements.

Tax incurred directly (Figures in £ million)



- Business rates
- Employer's NIC
- Abstraction licences
- Environmental taxes
- Payment for losses
- Fuel excise duty
- Other

We conduct transactions between Anglian Water Group companies on an arm's-length basis and in accordance with both current Organisation for Economic Co-operation and Development (OECD) principles and regulatory accounting guidelines.

We adhere to relevant tax laws and we seek to minimise the risk of uncertainty or disputes. We do this because it helps keep customer bills low, which is a guiding principle in everything we do.

We believe we are compliant with UK tax legislation and pay the right taxes at the right time. Tax incentives and exemptions are sometimes implemented by governments and fiscal authorities, in order to support investment, employment and economic development. Where they exist, we seek to apply them in the manner intended.

Due consideration is given to the group's reputation, brand and corporate and social responsibilities when seeking to apply tax incentives, as well as the applicable legal and fiduciary duties of directors and employees of the group. This forms part of the overall decision-making and risk assessment process.

## Relationships with tax authorities

We are committed to the principles of openness and transparency in our approach to dealing with tax authorities. All dealings with tax authorities and other relevant bodies are conducted in a collaborative, courteous and timely manner. Our aim is to strive for early agreement on disputed matters and to achieve certainty wherever possible.

### Tax, risk management and governance

We have a comprehensive, multi-layered risk management system, which comprises risk registers for all areas of the business (see Risk Management, pages 105-118). These registers are subject to both internal and external review. We have a specialist tax team that identifies, assesses and manages tax risks and accounts for them appropriately. We implement risk-management measures – including controls over compliance processes – and monitor their effectiveness.

On a periodic basis, the Board reviews how tax risks are managed, monitored and assured and looks at any mitigations that have been put in place. In this way, the Board provides governance and oversight of significant risks.

Where there is uncertainty as to the application or interpretation of tax law, appropriate written advice, which takes into account the facts and risks, may be taken from third-party advisors, to support the decision making process.

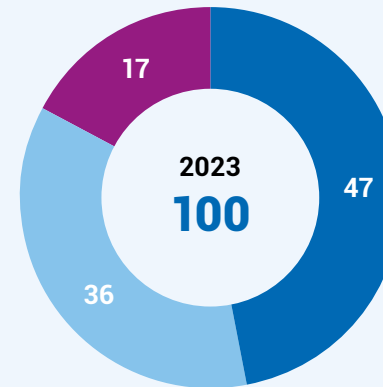
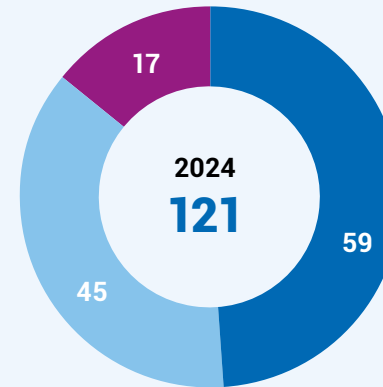
### Our tax contribution

Our total tax contribution for the year extends significantly beyond the liability for corporation tax. Total tax paid or collected in the year to 31 March 2024, amounted to £278 million (2023: £234 million), of which £121 million was collected on behalf of the authorities for value-added tax (VAT) (£59 million) and employee payroll taxes (£62 million).

The most significant taxes involved, together with their profit impact, were:

- Business rates of £69 million, paid to local authorities. This is a direct cost to Anglian Water and reduces profit before tax.
- Employment taxes of £89 million, including £62 million of employee Pay As You Earn (PAYE) and National Insurance Contributions (NICs) collected from salaries paid. In addition, employer NICs of £27 million were charged – approximately 72% of operating costs – reducing profit before tax, with 28% capitalised to fixed assets.
- VAT of £59 million, collected and paid to HMRC. VAT has no material impact on profit before tax.
- Abstraction licences and direct discharges of £18 million. This is a direct cost to Anglian Water and reduces profit before tax.
- Fuel excise duty of £7 million, related to transport costs and charged to operating costs, reducing profit before tax.
- Environmental taxes of £33 million, charged to operating costs, reducing profit before tax.

Taxes collected (Figures in £ million)



- VAT
- Employee PAYE
- Employee NIC



## Sustainable financing and green bonds

**Sustainable finance covers investments that meet Environmental, Social and Governance (ESG) standards and ensures funds are used to pay for projects that drive sustainable growth. For us, any sustainable finance we raise is tied to projects that protect or enhance the environment, or that help us deliver social prosperity, in line with our Purpose.**

Green Bonds are any type of bond where the proceeds will be exclusively applied to finance or refinance (in part or full) to new or existing eligible green projects aligned with Green Bond Principles.

The investments we've financed using our former framework through our Green Bonds contribute to five environmental objectives: climate change mitigation; climate change adaptation; biodiversity conservation; pollution prevention and control; and natural resources conservation.

Green Bonds financed in line with our latest framework, updated in February 2024, will contribute to four new eligible sustainable categories: sustainable water and wastewater management; terrestrial and aquatic biodiversity; renewable energy; and affordable basic infrastructure.

Since 2017, we have raised £3.8 billion in green finance. Our first £250 million, eight-year bond will mature in August 2025, with a return of 1.625% to investors.

Throughout this year, we've raised £1.2 billion of funds across several debt transactions. Investors have financed a wide range of investments, under different portfolios. In August 2023, we closed out a £860 million dual-tranche bond, which will be used to fund both WINEP and our Strategic Interconnector Grid.

This builds on our first sustainability-linked Bond for £300 million, issued in 2021/22 and tied to achieving our net zero 2030 targets and 2025

interim targets. This means the interest rates payable for the debt are tied to the company achieving its net zero targets. This means that if we fail to achieve our ambitious 2025 transitional carbon goals, we will pay a higher rate of interest for the debt. The investments made through the Green Bonds issued to date are expected to support a 64% reduction from our 2010 capital carbon baseline in this financial year. Our most recent [Sustainable Finance Impact Report \(2023\)](#) charts progress against our Key Performance Indicators (KPIs). We have assessed the sensitivity to these KPIs and do not consider them to have a material impact on the financial statements.

Our WINEP (2020–2025) will be financed almost entirely with sustainable finance. Our £25.5 million-equivalent private placement has been fully allocated within the year, with the funds being used to pay for schemes within WINEP.

This AMP, we have issued a total of £2.8 billion of funds through green finance.

### External validation

We have a track record of securing external validation of our ESG impact and business resilience.

This year, we received a CDP score of A-. The CDP score is an important global measure of our response to climate change and is a key metric, used by stakeholders, to assess a company's environmental performance. In 2022 we received a score of B.

In 2024, we also maintained our AA rating in the MSCI ESG Ratings assessment - the second highest ranking, for the third year running.

### Sustainable Finance Framework

Our Sustainable Finance Framework was updated and published in 2024. Assessed by DNV, our framework supports the financing of water and water recycling projects that demonstrate our environmentally sustainable management of natural resources and land use, as well as how we're adapting to climate change.

In our previous framework, launched in 2020, the eligible categories reflected our business plan outcomes for AMP7 (2020-2025). For this framework update, we have introduced a new set of ambitious and bespoke KPIs, to align our Sustainable Finance Programme with our long-term ambitions.

The framework aligns with the International Capital Market Association (ICMA) Green Bond Principles 2021, including the updated appendix I of June 2022, the Social Bond Principles June 2023, the Sustainability Bond Guidelines 2021 (as published by the ICMAA) and Loan Market Association's (LMA) Green and Social Loan Principles 2023.

### Looking ahead

As part of Anglian Water's commitment to sustainability, the majority of funds we have received from investors as green bonds are invested in sustainable investments, until they are allocated to project spend and withdrawn from the account. The sustainable investment programme at Anglian Water is new and rapidly expanding. We are seeking new opportunities to ensure as many of our investments as possible (from the ring-fenced account) are sustainable investments. We are pleased to increase our impact through these innovative new products.



## The financial results have been prepared in accordance with International Financial Reporting Standards (IFRS)

### Financial results

The financial results are summarised in the table below:

	2024 Total £m	2023 Total £m
<b>Revenue (excluding grants and contributions)</b>	<b>1,528.8</b>	<b>1,388.9</b>
Grants and contributions	97.8	106.0
Other operating income	15.8	16.0
Operating costs	(784.2)	(678.0)
Loss allowance for expected credit loss	(38.7)	(30.1)
EBITDA <sup>1</sup>	819.5	802.8
Depreciation and amortisation	(388.6)	(379.1)
<b>Operating profit</b>	<b>430.9</b>	<b>423.7</b>
Interest (excluding indexation)	(187.6)	(169.7)
Indexation charge	(359.9)	(561.4)
Finance income	44.9	20.6
<b>Adjusted loss before tax</b> <sup>(see note 6)</sup>	<b>(71.7)</b>	<b>(286.8)</b>
Fair value gains on derivatives	204.9	645.3
Profit before tax on a statutory basis	133.2	358.5
Tax	(31.2)	(90.2)
Profit after tax	102.0	268.3

<sup>1</sup> As defined in note 30, financial measures or metrics used in this report that are not defined by IFRS are alternative performance measures. The Group uses such measures for performance analysis, because they provide additional useful information on the performance and position of the Group. Since the Group defines its own alternative performance measures, these might not be directly comparable to other companies' alternative performance measures. These measures are not intended to be a substitute for, or superior to, IFRS measurements. They have been consistently applied, within each year presented in these financial statements.

<sup>2</sup> In order to show pre-tax performance, based on management's view of an underlying basis, the fair value gains and losses on financial derivatives have been shown separately in the table, because these are volatile, non-cash movements that distort the actual underlying economic performance.

### Revenue

This year, revenue, excluding grants and contributions, was £1,528.8 million (2023: £1,388.9 million), or an increase of £139.9 million (10.1%). The net increase in revenue is as a result of the following factors:

- The price increase for customers, following the regulatory pricing formula, resulting in a £165.4 million increase. This is reflected in an average increase of 10.7% in dual-service bills.
- A net decrease in demand of £5.8 million. Household consumption is down £8.0 million, reflecting a cooler, wetter summer, compared with the prior year. Non-household consumption is up £2.2 million, as we move back towards pre-COVID 19 levels of consumption.
- A decrease of £12.0 million, relating to discounts for the LITE tariff, funded from prior year cross-subsidy contributions.
- Other offsetting movements in revenue of £7.7 million.

### Grants and contributions

Grants and contributions represent the cash and asset contributions made principally by property developers and local authorities, for connecting new property developments to the water and sewerage network and for work on existing infrastructure that was needed to accommodate development.

Following strong growth in the housing market and construction sector within our region during the prior year, as a result of the cost of living crisis, 2023/24 has seen decline in this activity. This has resulted in a reduction in grants and contribution income of £8.2 million to £97.8 million.

### Other operating income

Other operating income comprises primarily external income from power generation, bio-solid sales to farms, rents received and various other non-core activities; this was consistent with prior years.

## Operating costs (including loss allowance for expected credit losses)

Operating costs increased by £114.8 million, to £822.9 million (16.2%). This was principally due to inflation and power cost increases. The previous year was hedged, prior to the spike in prices, following the Russian invasion of Ukraine. These movements are explained in the table below:

	Total £m
<b>Prior period</b>	708.1
<b>In-year movements:</b>	
<b>Funded by Final Determination (FD)</b>	
Inflation	37.8
<b>Weather-related costs</b>	
Unwind of drought-related expenditure	(12.6)
Increase in cost due to impact of wet winter weather	9.3
<b>Power</b>	68.4
<b>Rates</b>	5.1
<b>Loss allowance for expected credit losses</b>	8.6
<b>Other significant items</b>	
Regulatory licence fees	1.5
Other	(3.3)
<b>Total increase</b>	<b>114.8</b>
<b>March 2024</b>	<b>822.9</b>

### Inflation

The inflationary increases in our cost base formed part of the Final Determination and are therefore, while subject to a timing delay, funded through the inflationary increases in revenues.

### Weather-related

The first six months of the prior year saw very little rainfall and as a result we saw exceptionally hard and dry ground conditions which can cause pipes to move and split. As a consequence of this, in the prior year, we experienced increased costs, particularly around leakage.

Relatively benign weather conditions were present for the first half of 2023/24, however these gave way to extremely wet weather, leading to flooding, in the second half of the year, which put pressure on our water recycling operations.

As a result, we saw a reduction of the drought-related expenditure, with increased costs associated with the impact of the extremely wet weather.

### Power

The increase in power is due to the prior year energy prices being locked-in ahead of the war in Ukraine, whereas the current year reflects the significant cost increases since then. Our proactive energy hedging approach enabled us to have flexibility in the most volatile and expensive market periods.

### Rates

A refund was received as a result of a rates review in the second half of 2022/23. Our rates charge is therefore higher in the current year.

### Loss allowance for expected credit losses

The increase is primarily a result of the increase in revenue seen in the year. Our cash collection performance remains strong, despite a slight reduction on the prior year, due to the wider economic conditions.

### Other significant items

These include a £1.5 million increase in the Ofwat licence fee, with the balance relating to a range of individual, small offsetting items.

### EBITDA

Earnings before interest, taxes, depreciation and amortisation (EBITDA) is defined in note 6 and is the profit from continuing operations, before interest, tax, depreciation and amortisation. This has increased by 2.1% to £819.5 million, which is consistent with the effect of the increases described above.

### Depreciation and amortisation

Depreciation and amortisation is up 2.5%, to £388.6 million, primarily as a result of higher fixed-asset balances, as we construct and commission assets in line with our capital investment programme.

### Operating profit

Operating profit has increased by 1.7%, to £430.9 million, which is consistent with the increase in EBITDA, partially offset by the increase in depreciation.

### Financing costs and profit before tax

Adjusted net finance costs (excluding fair value gains on financial instruments) were £207.9 million lower than the prior year, at £502.6 million. This is primarily a result of the non-cash impact of lower inflation on index-linked debt, which decreased by £201.5 million, to £359.9 million, and an increase in finance income on our deposits, due to higher market rates.

Fair-value gains in the period, which are unrealised, non-cash items, are the result of decreases in derivative liability positions, primarily driven by forecast increases in interest rates and decreases in inflation curves. Fair-valuation movements on derivative valuations can be volatile, depending on the market-rates forecast at the time of reporting and do not have a crystallised economic impact to the business, until the time of actual cash-flow fixing.

The business is funded, based on its embedded cost of debt and relative performance against the iBoxx index. As a result, these non-cash, fair-value gains and losses do not impact the immediate commercial performance of the business. Ofwat obligations or shareholder distributions during AMP7.



## Taxation

The tax charge for the period comprises:

	Year ended 31 March 2024 £m	Year ended 31 March 2023 £m
<b>Current tax:</b>		
In respect of the current period	(47.3)	(25.4)
Adjustments in respect of prior periods	(0.4)	0.7
<b>Total current tax credit</b>	<b>(47.7)</b>	<b>(24.7)</b>
<b>Deferred tax:</b>		
Origination and reversal of temporary differences	82.8	113.0
Adjustments in respect of previous periods	(3.9)	1.9
<b>Total deferred tax charge</b>	<b>78.9</b>	<b>114.9</b>
<b>Total tax charge on profit on continuing operations</b>	<b>31.2</b>	<b>90.2</b>

Compared to the same period in the previous year, the total tax charge has decreased by £59.0 million, from a charge of £90.2 million, to a charge of £31.2 million. This is primarily due to the lower gains on derivative movements in the current year.

In addition to the £31.2 million tax charge on the income statement, there is a credit of £8.4 million (2023: credit of £35.5 million) in the statement of other comprehensive income, in relation to tax on actuarial losses on pension schemes and fair-value losses on cash flow hedges.

## Distributions to the Parent Company

The directors have proposed an interim dividend for the 2023/24 financial year of £88.6 million, to be paid in June 2024. This dividend is in line with the Company's [dividend policy](#). The base dividend was adjusted for a total £51.1 million deduction, to reflect service delivery for customers and the environment. There are no plans for this dividend to be paid to the ultimate shareholders of Anglian Water Group Limited.

A £79.9 million prior-year final dividend was paid in the period. The base dividend was adjusted for a total of £26.0 million deduction to reflect service delivery for customers and the environment.

These dividends were paid against a backdrop of an equity injection of £1,165.0 million in 2021 and result in a net equity injection for the AMP of £731.4 million. Through these capital injections, the company continues to benefit from the strong support of shareholders.

## Continuing to deliver our AMP7 capital investment programme

2023/24 was the fourth year in the five year AMP7 investment programme. Over the five years to 2025, Anglian Water will invest a record £3 billion, through its capital investment programme. This spend will help to achieve AMP7 commitments and includes significant investments, to ensure the region is resilient to the impacts of drought, climate change and population growth, alongside the largest ever programme of schemes delivering environmental protection.

Delivery against this investment programme remains strong, with gross annual capital expenditure across the appointed business increasing from £725 million in 2022/23, to £963 million in 2023/24 (£340 million on capital maintenance, £623 million on capital enhancement).

## Financial needs and resources

At 31 March 2024, Anglian Water had borrowings net of cash of £6,976.9 million (excluding the fair value of derivative financials instruments) – an increase of £729.0 million from 31 March 2023. The increase in net borrowings primarily reflects accretion on index-linked debt, capital expenditure and interest payments.

During the period there were new issuances of £300 million 5.875% fixed rate 2031, £560 million 6.0% fixed rate 2039, JPY 8.5 billion 1.917% fixed rate 2034, £375 million 5.75% fixed rate 2043 and a £100 million CPI 2040. These new issuances were partially used to repay £200 million 6.875% fixed rate 2023, \$170 million 3.84% fixed rate 2023, £93 million 3.537% fixed rate 2023 and £83.5 million EIB debt repayments.

## Liquidity

The Company's objective is to maintain flexibility, diversification and continuity of funding, through access to different markets and debt instruments. At 31 March 2024, Anglian Water held cash, deposits and current asset investments of £1,004.4 million (March 2023: £633.1 million). The increase in cash amounts held, is reflective of higher new-debt issuances than debt repayments and capital expenditure in the period.

As at March 2024, Anglian Water has access to £1,025.0 million of undrawn facilities (March 2023: £975.0 million) to finance working capital and capital expenditure requirements. In addition, Anglian Water has access to a further £425.0 million of liquidity facilities (March 2023: £375.0 million), consisting of £294.0 million to finance debt service costs and £131.0 million to finance operating expenditure and maintenance capital expenditure, in the event that the company was in an Event of Default on its debt obligations and had insufficient alternative sources of liquidity.

All bank facilities and debt-capital market issuance are issued, pursuant to the Global Secured Medium Term Note Programme, dated 30 July 2002, between the company, AWSF and Deutsche Trustee Company Ltd (as agent and trustee for itself and each of the finance parties). This agreement provides that any facilities drawn by AWSF will be passed directly on to the company upon utilisation of the facility.

### Interest rates

The Company's policy, as agreed by the Board, is to achieve a balanced mix of funding to inflation-linked, fixed and floating rates of interest. At 31 March 2024, taking into account interest rate swaps, 60.5% (March 2023: 66.6%) of the company's borrowings were at rates indexed to inflation, 28.4% (March 2023: 26.2%) were at fixed rates and 11.1% (March 2023: 7.2%) were at floating rates. At 31 March 2024, the proportion of inflation debt to regulated capital value was 47.3% (March 2023: 47.9%).

### Pension funding

At 31 March 2024, the closed defined benefit scheme had an IAS 19 accounting pension surplus (before deferred tax) of £30.7 million, compared to £51.1 million at 31 March 2023. This decrease in surplus reflects a decrease in the scheme's liabilities, resulting from an increase in the corporate bond rate used to discount those liabilities on an accounting basis, compared to a greater decrease in our assets which are hedging-gilt-based liabilities.

### Annual Performance Report

Under Condition F of its Licence, Anglian Water is obliged to provide the Water Services Regulation Authority, Ofwat, with additional accounting information to that contained in the statutory financial statements. This information is presented in the Annual Performance Report, a copy of which is available on the Anglian Water Services website [anglianwater.co.uk/our-reports](https://www.anglianwater.co.uk/our-reports).



# Holding ourselves to account

**Our position, as a supplier of an essential public service, presents us with both the opportunity and the responsibility, to do more for the region and communities we serve. It's essential that we run our business in a responsible and transparent way, in line with our Purpose.**

We are conscious of the weight of responsibility we bear to deliver safe, clean water and recycle it effectively and to protect and enhance our environment and enrich our communities. That responsibility drove us in 2019 to become the first utility to embed our purpose into our Articles of Association, locking public interest into the fabric of our business and the decisions we make each day.

We are committed to:

- acting in the public interest. We recognise our wider role, in the communities we serve, beyond providing fresh clean drinking water and protecting the natural environment we operate in;
- making sure customer bills are fair, affordable and that they offer value for money. And demonstrating we are responsible with customer money;
- ensuring our profits are fair, not excessive and that we pay our fair share of tax.

These principles are woven through our business, through our defined Purpose, which is underpinned by our company values and our six capitals model for decision making. Our Group Chief Sustainability Officer works with and challenges our Board, ensuring decisions are guided by our Purpose framework. Purpose-related criteria are embedded across all of our bonus structures. Find out more in our Remuneration Committee report pages 148-174.

## Externally validating our Purpose and ESG work

Along with the British Standards Institution (BSI), we led the development of a new Publicly Available Specification (PAS) in 2022, for embedding purpose in organisations (PAS 808:2022 Purpose-Driven Organisations, Worldviews, Principles and Behaviours). The new PAS has been sponsored by the UK Government.

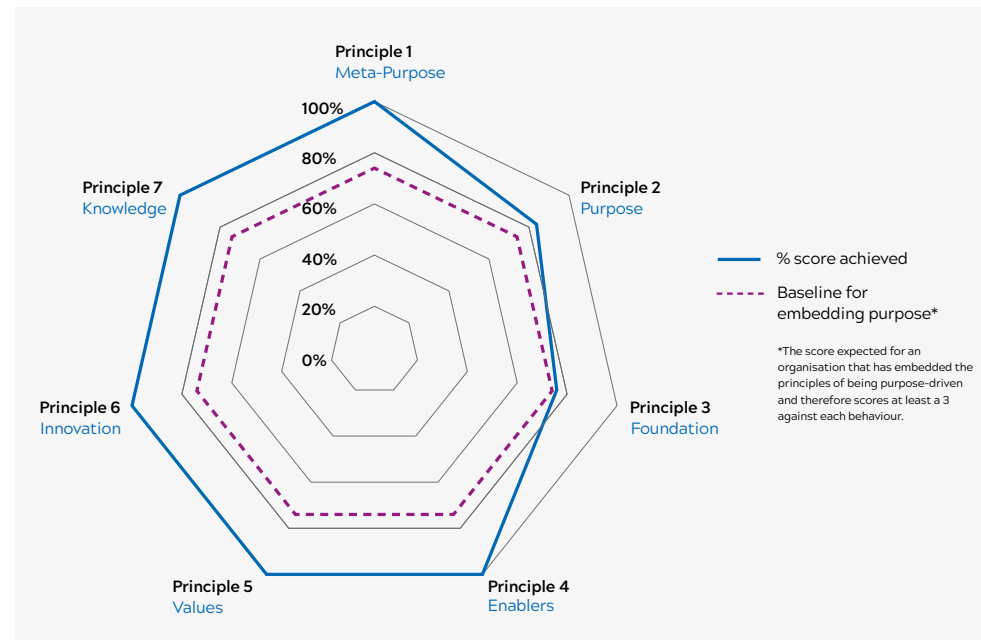
One year on, we were the first company to be assessed against PAS 808 by BSI. As part of the initial pilot, BSI are taking forward our assessment and using it to develop a framework that can be used by other companies.

In 2023, BSI ran a nine-day (non-certified), organisational-wide assessment of Anglian

Water to the PAS. The assessment explored the extent to which the worldviews, principles and behaviours on purpose are embedded in the organisation. The full results of this assessment will be published on our website.

**Matt Page, Managing Director UK & Ireland, Assurance at BSI said: "Achieving verification to this standard and embedding organisational purpose driven strategies has the potential to bring wide-ranging benefits to Anglian Water, including having a discernible impact on the internal culture and bottom line, as well as the ability to attract the best talent. Anglian Water should be proud of their work to achieve verification and of the action they have taken to put purpose at the heart of everything they do."**

How Anglian Water is performing against each principle, as a percentage of the maximum possible score



## BITC's Responsible Business Tracker®

When we embedded our Purpose into our Articles of Association in 2019, we committed to assessing ourselves against a set of responsible business principles, including Business in the Community's (BITC) Responsible Business Tracker®. The Tracker assesses our work against principles, underpinned by the UN's Sustainable Development Goals. We use the feedback from the Tracker to agree future areas of focus. Following feedback last year, we continued to make progress on our sustainable procurement approach and diversity and inclusion work – both of which saw improvements in this year's results. See more in our Nomination Committee report on pages 144-147.

"Anglian Water continues to be one of the highest-scoring participants and demonstrates best practice across most of the issue areas." Kay Supra, Relationship Manager, BITC.

We were pleased to receive a score of 100% for purpose and values.

**87%**  
Anglian Water's score

**48%**  
Cohort average

**91%**  
Cohort maximum

## Welcoming scrutiny

In 2023, we experienced a number of external headwinds and our performance didn't meet our expectations in some areas. As a responsible business, it's important to use these events as opportunities to learn and improve.

Customers can find out more about our progress against key topics through our up-to-date reporting suite. As a further act of transparency, we are currently exploring new ways to report our absolute impact in delivering environmental and social prosperity for our region.

We regularly communicate with our customers and key stakeholders, to ensure we are delivering against their expectations. Anglian Water's Independent Challenge Group (ICG) is a group of independent experts and regulators, with an independent Chair, Craig Bennett, Chief Executive of the Wildlife Trust. The ICG challenges us, to ensure we are delivering on customer priorities. Over the past year, the ICG has provided scrutiny on the quality of our engagement with customers and our wider communities and on whether our actions reflect their priorities, alongside contributing to the development of our AMP8 business plan.

In 2022, we re-established our Customer Board, where we facilitate an open, two-way discussion between customers and our Management Board. Recent discussions have included deep dives into our long-term delivery strategy, which looks at our key focus areas to 2050. In 2022, our river health panel – made up of a broad spectrum of academic and river experts – was established. We have regular meetings with this expert panel.

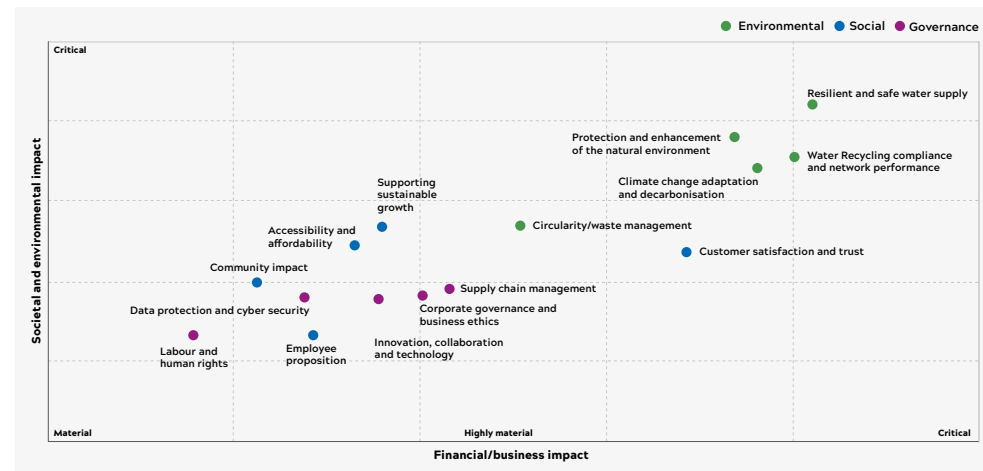
[Find out more about stakeholder engagement in our Section 172 statement](#) pages 84-86.

## Double materiality

In 2023, with Corporate Citizenship (now SLR Consulting), we ran a formal double materiality assessment, which examines the ESG topics most relevant to Anglian Water. Our materiality assessment involved a process of identifying and prioritising material sustainability topics that are critical to Anglian Water's long-term success. This built on other materiality exercises completed by the business.

The assessment identified key opportunities, risks and challenges. We will continue to focus on areas where we can make improvements. For example, innovation, collaboration and technology were identified as key areas of opportunity, to help us face into the complex challenges experienced by the industry, such as the impact of climate change, service affordability and managing the risk of environmental pollution.

Anglian Water's Double Materiality Matrix (2023)



## Sustainability Centre of Excellence

We have steering groups throughout the business that discuss emerging trends and opportunities and consider new ways of working to address our key risks – for example those outlined in our Taskforce for Climate-related Financial Disclosures (TCFD) report, pages 91-103.

These groups include our Sustainability Centre of Excellence, which acts as a consultative and collaborative forum for those leading on sustainability and purpose throughout the organisation, to maximise impact and increase transparency.

**In addition to PAS 808 and the BITC Responsible Business Tracker®, we are assessed on our ESG performance by other leading organisations. This includes:**



### GRESB

This year we achieved a 5\* rating in GRESB Infrastructure Asset Benchmark.



### CDP

CDP works with market forces to motivate companies to disclose their impacts on the environment and natural resources and to take action to reduce negative impacts. This year, we received an A- rating in the Climate Change disclosure, which is in the Leadership band.

# Performance Commitments dashboard

## To measure our progress towards our 2020–2025 outcomes, we set targets as part of our business planning process with our regulator Ofwat.

Known as Performance Commitments or Performance Commitment Levels (PCLs), these are summarised below, with information on how we monitor our progress, how we've performed this year and whether rewards or penalties are attached to each commitment. Most common PCLs are the same for companies whose systems are mainly in England or Wales.

This year is the fourth of our current five year regulatory cycle (AMP7, 2020-2025). While we have achieved strong performance in many areas, we have not reached our targets across all PCLs. An explanation is given in each section. Our net outcome for 2023/24 is -£37.57 million. We received £4.58 million\* in reward and £42.15 million\* penalties.

Despite the many challenges we've faced this year, we've seen strong performance across a number of areas, most notably, Customer and Developer measures of experience, Priority Services Register and Water Quality Contacts. We've continued to invest in what matters most to our customers – drinking water quality – alongside future-proofing water supplies to protect the environment by creating our vast, interconnecting network of pipelines through our Strategic Interconnector Grid; preparing for two new reservoirs; and making progress against Get River Positive.

Furthermore, we are making extensive use of new monitoring technologies to help us manage our assets and asset performance. We are seeing sustainable improvements as a result. Harnessing data on our performance also gives us richer insights, enabling us to prevent potential issues. Greater insight is enabling us to make more effective interventions, with clear benefits to customers and the environment.

\* Please note, the total is calculated in 2017/18 prices and does not match the sum of the individual Performance Commitment rewards and penalties due to rounding.

## Supply meets demand

What are we measuring?	How are we measuring it?	Prior year performance (2022/23)	Current year performance (2023/24)	Current year target (2023/24)	Reward or penalty outcome for 2023/24
<b>Leakage</b>	A percentage reduction in the amount of water lost to leakage across the region in megalitres per day (Ml/d). One megalitre is a million litres.	6.2% reduction (against a 2019/20 baseline)	6.2% reduction (against a 2019/20 baseline)	12.4% reduction (against a 2019/20 baseline)	-£8.40 million
<b>Per capita consumption (PCC)</b>	A percentage reduction in the average water consumption per household per day for properties in our region.	2.5% increase	2.2% reduction	4.5% reduction	n/a
<b>Smart metering delivery</b>	The number of smart water meters that are installed at customer properties.	543,686	806,307	877,118	n/a
<b>Internal interconnector delivery</b>	The number of megalitres per day extra capacity delivered to ensure that customers in the region have sufficient water in the future.	6.5 Ml/d	8.9 Ml/d	0 Ml/d	n/a
<b>Elsham DPC (Underperformance)</b>	Measures the progress in implementing a direct procurement process for customers, to support the appointment of a competitively-appointed provider to construct and finance the Elsham treatment works and transfer scheme.	n/a	n/a	n/a	n/a
<b>Elsham DPC (Outperformance)</b>		n/a	n/a	n/a	n/a

**Leakage:** This year we achieved an in-year leakage result of 182.1 megalitres a day, our lowest three-year-rolling average ever recorded (a 6.2% reduction from the 2017-2020 three-year baseline period). In calculating our 2023/24 figures, we needed to make an adjustment to our 2022/23 numbers because of a minor error in the coding we used to calculate non-household consumption. This means we've incurred an extra £1.9 million penalty for year three (2022/23). We have notified Ofwat and an adjustment has been made to our penalty, which will be shared back with customers in next year's bills.

**Per capita consumption:** We achieved in-year performance of 132.0 litres per person per day – a reduction of over six litres a day, compared to 2022/23 (138.4). This reduction is underpinned by our large-scale roll out of smart meters.

**Smart metering delivery:** We have a target to install over 1 million smart meters by the end of this AMP. We fitted 262,621 smart meters over the past year, bringing the total number of installations since 2020 to 806,307. In June 2023, we were given funding to install a further 60,000 smart meters under Defra's Accelerated Infrastructure Delivery programme. Those smart meters are in addition to the numbers quoted above. We plan to fit the additional 60,000 smart meters in 2024/25.

**Internal interconnector delivery:** Timescales for the delivery of our Strategic Interconnector Grid, being delivered by our Strategic Pipeline Alliance (SPA), are being rephased. A number of external factors have worked against us: COVID-19, the war in Ukraine, inflation and, more recently, some of the wettest weather on record. It will now be completed during AMP8 (2025-2030), rather than by the end of 2025, as originally planned within the AMP7 Performance Commitment. Delivery by the end of 2025 was a hugely ambitious timeframe for such a complex and important infrastructure programme.

## Delighted customers

What are we measuring?	How are we measuring it?	Prior year performance (2022/23)	Current year performance (2023/24)	Current year target (2023/24)	Reward or penalty outcome for 2023/24
<b>Customer Measure of Experience (CMeX)</b>	Customer survey conducted for Ofwat, called CMeX, which assesses the experience the company provides to residential customers.	78.8/100, putting us in 10th place	77.5, putting us in 7th place	This is a comparative measure – we aim to perform in the top 25% of companies (4th position or higher)	£0.86 million
<b>Developer Measure of Experience (DMeX)</b>	Survey conducted for Ofwat, called DMeX, which assesses the experience the company provides to developer services customers who build new homes.	87.3/100, putting us in 9th place	91.22, putting us in 4th place	This is a comparative measure – we aim to perform in the top 25% of companies (4th position or higher)	£2.15 million
<b>Properties at risk of persistent low pressure</b>	Number of properties that are affected by persistent low pressure. Persistent low water pressure is an ongoing low pressure problem rather than short-term low pressure caused by a water mains burst or unusual peak in demand for water.	53	65	150	£0.54 million
<b>Internal sewer flooding</b>	The number of times that properties are flooded internally per 10,000 customer connections to the sewer.	1.69	2.27	1.44	–£9.08 million
<b>External sewer flooding</b>	The number of times that properties are flooded externally.	4,673	6,564	4041	–£9.38 million
<b>Non-household retailer satisfaction</b>	This measure assesses the service provided by the company to non-household retailers.	86.7	81.3	78.0	n/a
<b>Water supply interruptions</b>	Average length of supply interruptions per property (for interruptions over three hours).	14m 35s	9m 8s	5m 23s	–£4.30 million

**Customer Measure of Experience (CMeX):** We finished 7th in the industry, and 5th in the Water and Sewerage Companies table (WaSCs). We're one of only a small handful of companies bucking the trend and improving our scores, by sharing our stories around reducing pollutions and focusing on the environment.

**Developer Measure of Experience (DMeX):** With our improving qualitative score and our quantitative performance contributing to our overall score, we ended the year in 4th place, our highest year-end position this AMP. The score is a significant improvement on 2022/23, jumping up five places and putting us in reward. Our success this year can be put down to collaboration across each of our workstreams, building new and developing existing relationships, sharing best practice and technical experience, with the customer at the forefront.

**Properties at risk of persistent low pressure:** The number of reportable properties on the register is 65. This is well within the PCL of 150 properties. During the year, 19 properties were added to the register and we removed seven properties as a result of capital works, such as installing a booster pump or switching the supply for a property to a different zone.

**Internal and External sewer flooding:** Saturated ground and high groundwater levels across our region have meant that high volumes of excess rainwater were carried into already full-to-bursting rivers, ditches and storage, resulting in widespread and prolonged internal and external flooding. Throughout this year, we've doubled the operations of our pumping stations compared to usual levels to manage excess rainwater. And, as we head into the last year of this AMP, we have developed a new, multi-agency approach to prevent flooding impacts. Read more in Year in Context pages 14-19.

**Non-household retailer satisfaction:** This year we have outperformed our Retailer Satisfaction commitment. The metric is comprised of three parts. The first, the Retailer Net Promoter Score, is a 64-point positive rating. The second, Market Performance Standards, measures how quickly and accurately we update our data in the Non-Household Market, where we achieved a score of 97.45%. Finally, for Operational Performance Standards, we achieved a score of 82.52%. This is our most challenging area of total performance and we are focusing our efforts to improve all metering-related activities.

**Water supply interruptions:** Two significant events in October resulted in us being off target, with customers being off water for an average time of nine minutes eight seconds. In October, Storm Babet brought heavy rains and flooding to parts of Suffolk and Norfolk. During Storm Babet, one event was a result of one of our assets being flooded during the storm. Aside from these events, we maintained a steady service of supply to customers, staying close to our Ofwat target throughout the year. We are committed to delivering a good service for our customers and are investing in technology to monitor pressure on our network, so we can pinpoint and reduce risk.

## Fair charges, fair returns

What are we measuring?	How are we measuring it?	Prior year performance (2022/23)	Current year performance (2023/24)	Current year target (2023/24)	Reward or penalty outcome for 2023/24
<b>Managing void properties</b>	The percentage of properties that are falsely identified as void properties. This means that they are occupied and should be charged by the company.	0.10	0.08	0.30	£1.04 million
<b>Value for money</b>	A survey of customers by the Consumer Council for Water about the value for money provided by the company.	81% agree we provide value for money	77% agree we provide value for money	82% agree we provide good value for money	n/a

**Managing void properties:** This is the percentage of properties that are falsely identified as void properties. This means that they are occupied and should be charged. The Ofwat target was 0.30% and we out-turned at 0.08%, resulting in an reward of £1 million. The performance shows the continuing impact of the considerable work we put in to identify false voids. Activities in the year have included reviewing all properties void for more than four months, reviewing water consumption data, sharing data with water-only companies, using bureau and land registry data, making doorstep visits and sending letters and emails.

## Safe, clean water

What are we measuring?	How are we measuring it?	Prior year performance (2022/23)	Current year performance (2023/24)	Current year target (2023/24)	Reward or penalty outcome for 2023/24
<b>Water quality (Compliance Risk Index)</b>	This is the key measure used by the Drinking Water Inspectorate to determine our overall compliance with stringent regulatory drinking water standards.	2.92	3.57*	0.000	-£1.63 million
<b>Water quality contacts</b>	The number of complaints from customers about water quality, per thousand people served.	1.01	0.86	0.85	-£0.03 million
<b>Event Risk Index</b>	This assessment looks at the company's approach to risk mitigation of water quality events.	2.771	109.415*	15.000	n/a

**Water quality contacts:** This year, we built on our best-ever 'acceptability' score, achieving 0.86, narrowly missing our 0.85 target. Acceptability scores are based on the number of customer contacts about the appearance, taste or smell of their water per thousand people served. This remains our best performance to date and is indicative of an improving trend over the past decade. More on page 20.

**Compliance Risk Index\*:** Our Compliance Risk Index (CRI) score demonstrates how we manage water quality. Our provisional CRI score is 3.57. We have missed our Ofwat target. We expect our water quality performance to continue to be strong, relative to our peers, when looking at the provisional Drinking Water Inspectorate (DWI) results. We comply with very strict regulations on drinking water quality, which means we report each of these failures to the DWI. We also carry out full investigations on each failing sample. Overall, 99.95% of our samples passed this year. We have a plan to address failures on our assets, such as through installing enhanced water quality monitoring at 25 of our highest-risk sites (90% are now installed). As an additional step, we are proactively running flow cytometry on all regulatory final water and storage point water samples via our laboratory, enabling us to develop a more accurate picture of risk. Some failing samples were found to be from bacteria on customers' taps, not in their drinking water. Poor tap hygiene is usually the most common culprit for this.

**Value for money:** We have scored highest in the industry for value for money for our sewerage service, with 78% of customers agreeing that they were 'satisfied' or 'very satisfied', when asked by Consumer Council for Water about our services. We also scored highly for our water services, with our score of 76% being only one point off the top score of 77% and ahead of the industry average of 69%. Our weighted average score is 77%. Despite the overall downward trend across the industry, we have maintained a strong position, as we regularly engage with customers on value for money.

**Event Risk Index\*:** ERI scores consider the type of event, population impacted and duration of the event. Our provisional ERI score in 2023 is 109 – above Ofwat's target of 15 and a provisional industry average of 1,958. This year's ERI score was impacted by a one-off event at Heigham, Norwich. When taps were run for a long time, for example when filling a bathtub, the water had a slight colour. The event was a result of the wet weather, which can negatively impact the quality of the water we take out of rivers and reservoirs. To tackle this, we are changing our abstraction regimes, protecting our customers from such events. And, to prevent this from happening in future, we're working with our catchment team to support positive catchment management. Throughout this time, our water met all regulatory microbiological and chemical standards.

\* At the time of reporting, these figures are provisional and awaiting confirmation from the Environment Agency and the Drinking Water Inspectorate.

## Resilient business

What are we measuring?	How are we measuring it?	Prior year performance (2022/23)	Current year performance (2023/24)	Current year target (2023/24)	Reward or penalty outcome for 2023/24
<b>Risk of severe restrictions in drought</b>	The percentage of properties at risk of service restrictions in the event of a 1-in-200-year drought.	5.2%	5.2%	21.8%	n/a
<b>Risk of sewer flooding in a storm</b>	The percentage of properties that we serve that are at risk of sewer flooding during an extreme wet weather event.	0.74%	0.75%	9.75%	n/a
<b>Percentage of population supplied by single supply system</b>	Percentage of population served by a single supply system. Our goal is to increase the number of properties supplied by more than one water treatment works, so that if something goes wrong at one works, our customers' water supplies are protected.	22.3%	22.3%	20.0%	£0
<b>Cyber security</b>	Percentage of risks mitigated against the cyber threat to operational technology (OT) and to comply with the network and information systems (NIS) regulations.	Ongoing	Ongoing	100% by 2025	n/a

**Risk of severe restrictions in drought:** The percentage of the population we serve that would experience severe supply restrictions during a drought is 5.2%, based on 25-year prediction modelling. This result has not changed from the previous year.

**Risk of sewer flooding in a storm:** This measure is based on modelling that predicts the likelihood of flooding in our network in a 1-in-50 year storm. Targeted investment on assets, such as storm tanks and sustainable drainage solutions, is helping improve sewer capacity.

**Percentage of population supplied by a single supply system:** This measure is linked to the delivery of our Strategic Interconnector Grid which, on completion, will provide more than 80% of customers with a dual supply system. We have re-profiled delivery based on supply chain issues earlier in the AMP, with the project now expected to complete in AMP8 (2025-2030).

## A smaller footprint

What are we measuring?	How are we measuring it?	Prior year performance (2022/23)	Current year performance (2023/24)	Current year target (2023/24)	Reward or penalty outcome for 2023/24
<b>Operational carbon</b>	Percentage reduction in carbon emissions from day-to-day operations, compared to a 2019/20 baseline.	6.0%	-1.6%	8%	n/a
<b>Capital carbon</b>	Percentage reduction in carbon emissions from construction activity measured in tonnes of CO <sup>2</sup> equivalent compared to a 2010 baseline.	63.2%	64.2%	64.0%	n/a

**Operational carbon:** Our operational carbon target of 10% reduction is phased over the AMP. This year we have missed our target. As more large consumers have chosen to procure renewables directly, the proportion of renewables remaining in the 'residual' grid mix for standard grid electricity has declined. This increases the carbon emissions associated with all the grid electricity we consume that isn't directly from renewables. It's important to emphasise that, while the emissions from standard grid electricity are outside of our control, we have increased our consumption from renewable energy from 25% to 28%. We continue to switch to more renewables – with an aim to power 45% of our electricity requirement from renewable sources by 2025.



## Flourishing environment

What are we measuring?	How are we measuring it?	Prior year performance (2022/23)	Current year performance (2023/24)	Current year target (2023/24)	Reward or penalty outcome for 2023/24
<b>Pollution incidents</b>	Number of pollution incidents due to escapes from our sewerage network, per 10,000 km of sewer network.	33.36	40.16*	22.40	-£7.90 million
<b>Bathing waters attaining 'Excellent' status</b>	Number of recognised bathing waters in our region rated 'Excellent' (based on standards set by the European Bathing Water Directive).	32	29	35	n/a
<b>Abstraction Incentive Mechanism</b>	An incentive to reduce the water we take from sensitive rivers or wetlands during very dry periods.	17 MI	29 MI	-87 MI	-£0.06 million
<b>WINEP</b>	The progress of the company in delivering its agreed Water Industry National Environment Programme (WINEP) schemes in a timely manner.	1,399	1,533*	1,577	-£0.62 million
<b>WINEP delivery</b>		Not met	Not met	Met	n/a
<b>Natural capital</b>	This measures progress towards meeting improvements in natural capital within our region.	Fail	Fail	On track	n/a
<b>Regional collaboration</b>	This measures progress towards the development of a regional approach to assessing and considering natural capital.	On track	On track	On track	n/a
<b>Sludge treatment capacity</b>	This measures progress towards delivering additional sludge treatment capacity.	0.0	0.0	100% by 2025	n/a

**Pollution incidents\*:** In 2023, we had c.40 pollutions per 10,000km of sewer network. We are disappointed with our performance as it does not reflect the hard work taking place across the business. The investment and action taken in line with our Pollution Incident Reduction Plan are paying off: our lead measures on pollutions and spills are showing improvements. Read more on page 14, Year in Context.

**Bathing waters attaining 'Excellent' status:** There are currently 51 designated bathing sites across the Anglian Water region. In 2023, 29 of our bathing waters attained 'Excellent' status, compared to 32 in 2022. Four beaches moved from Excellent to Good. We have investigated the reasons behind declining water quality and we are working with Local Authorities and the Environment Agency to better understand these reasons and where future improvements can be made. Where bathing water quality has been impacted by spills from our assets this year, as a result of the prolonged wet weather, we will prioritise WINEP spill reduction schemes in these areas to make improvements.

**Water Industry National Environment Programme (WINEP):** Since 2020, we have delivered 1,533 obligations through WINEP. The Performance Commitment is based on figures originally proposed in 2019, which have since been re-profiled. Against the revised profile agreed for 2023/24, we missed three schemes, which, although physically delivered, did not pass Environment Agency inspections, due to operational issues. These issues have now been resolved. Our focus over the next year is to conclude our WINEP obligations for AMP7. We will conclude almost 500 obligations, the majority of which relate to sustainable abstraction and reducing nutrients in the water we return to the environment.

**Abstraction Incentive Mechanism:** In 2023/24, we had limited opportunities for active Abstraction Incentive Mechanism management, owing to the high rainfall during 2023. Read more on our approach to abstraction in Our Stakeholders – Environment, on page 51.

**Sludge treatment capacity:** We are enhancing our capacity to treat bioresources and have planned a scheme to do so at Whitlingham Sludge Treatment Centre near Norwich. Designs are complete and work has started on site. The scheme is scheduled to be complete by March 2025.

**Natural capital:** The Natural Capital Impact Performance Commitment captures the improvements we have made through four sub-measures. The ground water quality, surface water quality and biodiversity sub-measures are all on-track but the water quantity sub-measure remains behind target. This is due to the ongoing impact of the COVID-19 pandemic on demand. All sub-measures must be on track to meet the PCL.

\* At the time of reporting, these figures are provisional and awaiting confirmation from the Environment Agency and the Drinking Water Inspectorate.

## Positive impact on communities

What are we measuring?	How are we measuring it?	Prior year performance (2022/23)	Current year performance (2023/24)	Current year target (2023/24)	Reward or penalty outcome for 2023/24
<b>Priority services for customers in vulnerable circumstances</b>	The percentage of customers recorded as requiring priority services, due to being in vulnerable circumstances, and the percentage of people contacted to ensure records are kept up to date.	11.4% reach 62.4% actual contact 100% attempted contact	12.7% reach 56.2% actual contact 96.9% attempted contact	9.5% reach 35% actual contact 90% attempted contact	n/a
<b>Customers aware of the PSR</b>	Percentage of customers made aware of our Priority Services Register (PSR) and how they can benefit from being on it.	61.8%	63.4%	61.0%	n/a
<b>Helping those struggling to pay</b>	The number of customers who are struggling to pay their water bill and who receive financial support through one of the company's financial support schemes.	344,483	389,371	296,618	n/a
<b>Community investment</b>	The percentage increase in the number of people directly reached or supported by community investment programmes, through which the company adds social value (compared to 2020/21).	104%	81.4%	3.5%	n/a
<b>Customer trust</b>	The improvement in company score for a survey of customers by the Consumer Council for Water about the trust that customers place in the company.	0.09	0.08	0.03	n/a
<b>BSI Standard for Inclusive Service</b>	To maintain certification for the British Standard for Inclusive Service Provision (BS 18477).	Maintained	Maintained	Maintained	n/a
<b>Partnership working on pluvial and fluvial flood risk</b>	Investments delivered working in partnership with other organisations to protect infrastructure from flooding.	49	61	92 by 2025	n/a

**Priority services for customers in vulnerable circumstances:** We are significantly ahead of target on all areas relating to our support for vulnerable customers, including, most notably, take-up of our Priority Services Register (PSR), which has already met the full AMP target. We have 12.7% of customers signed up to the PSR, against a national industry average of 8%.

**Customers aware of the PSR:** This year we exceeded our end-of-year performance, with 63.4% of customers aware of priority services, compared to our target of 61%. This is a result of our extensive customer engagement strategy and proactive signposting of priority services.

**Helping those struggling to pay:** This year we exceeded our target of 296,618 by over 90,000, providing financial support to 389,371 customers.

**Community investment:** This year there was a 81% increase in the number of people we directly reached or supported through our community investment activities (compared to 2020/21), which add social value to our communities. We have exceeded our target of 3.5%. In total, an estimated 51,826 people were directly reached or supported by Anglian Water and our Alliance partners.

**Customer Trust:** Levels of customer trust in water companies fell in 2023. However, trust in Anglian Water was higher than the average for the industry and we have outperformed this year's PCL.

**Partnership working on pluvial and fluvial flood risk:** This PCL encourages us to work with partner organisations, to protect our waste water treatment sites and water recycling network from pluvial, fluvial and coastal flooding. Our PCL is to complete 92 schemes by the end of 2024/25. We completed 12 schemes in 2023/24, which brings our total number of completed schemes for the AMP to 61.

**BSI Standard for Inclusive Service:** This year we have maintained our certification for inclusive service, by achieving the more-stretching international standard (ISO), which has replaced the British standard (BSI).

## Investing for tomorrow

What are we measuring?	How are we measuring it?	Prior year performance (2022/23)	Current year performance (2023/24)	Current year target (2023/24)	Reward or penalty outcome for 2023/24
<b>Mains repairs</b>	Number of repairs made to water mains, per 1,000 km of total water mains.	173.2	123.0	134.2	£0
<b>Unplanned outage</b>	Percentage of maximum water treatment works output unavailable during the year.	1.91%	2.05%	2.34%	£0
<b>Sewer collapses</b>	Number of sewer collapses, per 1,000 km of sewers.	5.19	5.43	5.50	£0
<b>Treatment works compliance</b>	Percentage of water and sewage treatment works meeting permits for the quality of water discharged to the environment.	98.6%	98.4%*	100%	-£0.75 million
<b>Reactive mains bursts</b>	Reactive bursts are those that are identified and reported by a customer or third party, before they are identified by the company.	5,140	3,444	3,063	n/a

**Mains repair:** We have improved our performance against this measure this year.

**Sewer collapses:** There were 308 sewer collapses in 2023/24 compared to 259 in 2022/23. This measure also includes 114 reactive burst rising mains (which has reduced compared to the prior year). This brings the total for this year to 422, which, for the PCL, is divided by the total length of sewer (77,780km), resulting in a rate of 5.43. This is an increase in total, compared to 2022/23. However, we remain within target. The decrease in burst rising mains this year is due to our proactive sewer monitoring alerts within our network, which inform us of rising mains that are operating under higher-than-normal pressure and allow us to reduce the pressure before they burst.

**Treatment works compliance\*:** Our compliance was 98.4% in 2023 compared to 98.6% in 2022. This is classified as Amber in the EPA and continues to be a significant area of focus. In 2022 we had 12 failing works and in 2023 we had 13, with prolonged wet weather putting pressure on our systems at the end of the year.

**Unplanned Outage:** Our unplanned outage figure showed a small increase, compared to 2022/23 (1.91%). Of the 38 contributing events, three contributed to over half the score. A number of capital investments have been completed in that time, which will reduce the number of future outages.

\* At the time of reporting, these figures are provisional and awaiting confirmation from the Environment Agency and the Drinking Water Inspectorate.



# Our environment

Underpinned by our Purpose, protecting and enhancing our region's environment is critical to securing long-term resilience for our water supplies, effective drought management and ensuring our blue and green spaces thrive.

Over  
**550km**

of rivers improved since 2020 due to WINEP investments

The physical forms of our rivers need to look drastically different to accommodate the more extreme floods and droughts we're experiencing from climate change. In collaboration with our partners, we're supporting the restoration of the original meanders of rivers across our region, correcting centuries of modifications, to deliver wider benefits. At Holkham, on the River Stiffkey, we're supporting the Norfolk Rivers Trust transform the river back to its original state, reconnect it to the floodplain, reduce sediment build up and facilitate natural flood management. This, in turn, will support biodiversity. This work is being delivered via our grant of £7 million from our shareholders via Get River Positive.

**The intrinsic relationship that water has with a flourishing environment means we address our impact in a myriad of ways; from managing water resources to prevent future drought and protecting the 49 Sites of Special Scientific Interest (SSSIs) we are responsible for in our region, to delivering nature-based solutions, alongside others, to deliver benefits at landscape scale.**

We must address our impact in the context of the region we serve. The East of England is water stressed, prone to flooding, has a rapidly growing population and a high number of water-intensive businesses. In line with our Purpose, our Strategic Direction Statement provides us with a framework and long-term aspirations.

This year, our performance across key environmental metrics was impacted by the wet weather. But we can't view these events in isolation. According to the Global Water Monitor, the frequency and intensity of rainfall events and flooding across the world is increasing. At the same time, globally, we've witnessed more droughts and flash floods. In the UK, 2022 was the hottest, driest year on record and 2023 was dominated by prolonged rainfall. We must increase our resilience to the climate challenge. More on our approach to climate change can be seen on page 89.

**In this report, our environmental impact is best viewed through the lens of our main business operations – clean water and water recycling.**

Clean water covers the drinking water we supply to customers and the management of this vital resource. Water recycling encompasses the used water we recycle and return safely to the environment, as well as our management of waste.



Our Strategic Direction Statement and associated four ambitions provide us with a framework and long-term aspirations to deliver environmental prosperity.

## Managing our impact through water recycling

This year, our region felt the impact of prolonged rainfall. According to the Met Office, 1,695mm of rain fell from October 2022 to March 2024, the highest amount recorded for any 18-month period in England. The wet weather has directly impacted our performance this year, particularly for measures such as flooding, pollutions and spills.

However, given the extent and severity of the wet weather and groundwater flooding, we have seen promising signs on our lead measures, showing the actions we are taking as part of our Pollution Incident Reduction Plan (PIRP) are making a difference. Our long-term aspiration is to achieve zero sewage escapes from our network. However, reaching this goal requires a fundamental rethink of how water is managed. More on this in Year in Context, pages 14-19.

### Multi-agency approaches to flooding

Almost 30% of the region we serve is low-lying, particularly near the coast. Inland, drought-parched land is vulnerable to flooding from intense rainfall events.

Prolonged rainfall this year impacted our region. We have taken action, to ensure our assets are resilient. Over the past year, we have completed 4,039 metres of sewer-lining work in 13 villages, to prevent entry of groundwater. We have also completed surface water removal schemes in five villages, mainly through rectifying misconnections, where either the foul sewer has been incorrectly plumbed into the surface water sewer or vice versa.

Co-funding and co-delivering solutions, to improve water management more widely, is essential. This year, we have established nine Multi-Agency Groups (MAG) in hotspot areas.

We are joining forces with local councils, the Environment Agency, Highway Authorities and Lead Local Flood Authorities, to develop catchment-level responses to flooding. Collectively, the aim of these groups is to enhance preparedness, response, and recovery efforts, related to prolonged wet weather periods to minimise risks to communities, infrastructure and the environment.

One example is the Norfolk Strategic Flood Alliance (NSFA) which was brought together in 2021, to support a catchment-based approach to protect Norfolk communities and infrastructure against the risks of inland and coastal flooding, as well as drought. This year, Anglian Water's Rob Kelly joined the NSFA on a secondment. In his role, he will support and engage with communities and stakeholder where they will test the operational response to flooding.

Rob said: "The flooding issues faced across Norfolk are complex and difficult to solve; if they were easy they would have been done already. The key to managing this well is listening to what people need and communicating effectively. What is also apparent, is just how important maintenance is at a system level with joined up catchment-based approaches. The 2021 floods and subsequent months of recovery can be learned from. Teams from all corners of Norfolk came together quickly in a crisis and worked together. We now need the same energy. Through the NSFA, we have the opportunity to deliver differently. I have already seen the green shoots of recovery, with people working well in the catchments I've visited with multi-agency teams. By working together, we stand a chance of improving the lives of the people of Norfolk."

Another key area is Southend seafront, which often suffers from surface water flooding after heavy rain. In partnership with Southend City Council, we're investing £500,000, alongside the Department for Levelling Up and the Regional Flood and Coastal Committee, in a £2 million project, to 'green' Southend seafront and futureproof against flooding. The scheme is set to be the first large-scale, sustainable water management initiative in Southend, aiming to create an integrated, climate-resilient environment. Currently, the rain falls on hard-standing areas and flows into our combined sewer system. The new scheme will remove 438 cubic meters of surface water from our combined systems, which, in turn, will reduce storm spills<sup>11</sup>.

Green infrastructure such as nature-based solutions and Sustainable Drainage Schemes

(SuDS) are our preferred method for increasing resilience. Of all the nature-based solutions proposed in AMP8 across the whole industry, more than two-thirds of the green areas created will be in the East of England. This includes SuDS and treatment wetlands covering around 54 hectares.

Overall, we maintain a long-term view to improve resilience to flooding in our region. For example, our planned investments – such as our two new reservoirs – will contribute to flood alleviation in the longer term, but the benefits won't be realised in this decade. Our AMP8 plan is critical to ensure we can enhance the network in the way that's needed. This includes a doubling of our enhancement costs – our biggest investment yet – to ensure our infrastructure is fit for purpose.



The proposals for Southend Seafront. Credit: Southend City Council

<sup>11</sup> <https://www.southend.gov.uk/news/article/3075/have-your-say-on-exciting-new-plans-for-city-beach>

## Supporting Grimston

Since 2012, we've invested £1.5 million in Grimston to manage infiltration and surface-water inundation. Following flooding issues during winter, where we faced ten times more surface water than our sewer capacity was designed for, we have a plan to reduce both infiltration and inundation across the network.

A key part of this work is to remove surface and ground water from entering our network in the first place. Once it enters our network, it can become contaminated – despite being very dilute. Under these extreme conditions, the EA permits us to release some of this water into surrounding watercourses to reduce flooding. This has a very minimal environmental impact. However, we decided not to take this course of action, as we believe it was not the right thing to do. Instead, we focused on removing surface water through tankering.

The case at Grimston demonstrates that building a bigger sewer is not the silver bullet for flooding issues. Having a bigger sewer, but less water flowing through it under normal (drier) conditions, would result in issues with septicity, pumping and the water recycling process. The balance is to find solutions that remove the ground and surface water from the network. We have a number of investments planned for this year, including installing 30 SuDS pods (which operate similarly to water butts in capturing surface water), relining sewers, sealing manholes and more, across the wider catchment. Over the next year to 2025, we will be spending around £650,000 on this work.

Alongside the Environment Agency, Norfolk County Council and other key stakeholders, Grimston will be a pathfinder study. We are putting together a plan for further improvements and a wider investigation has commenced to find where the rain and groundwater is getting into our network, so we can prevent it and keep rainwater out of the sewer network in the first place. Our work at Grimston is just one example of our multi-agency response to flooding.



## Using data on our network for prevention and investigation

Our PIRP outlines the actions we are taking to improve our network and sewerage operations. While our performance was impacted by the severe wet weather, we are seeing encouraging signs from our lead measures, demonstrating that our interventions are making progress.

Following a wet weather spell in early 2021, we have renewed our focus on measuring performance and root causes, to be better prepared for the impact on our assets. For example, despite increasing demands on tankering, we did not see a detrimental impact on our sludge management. The level of sludge held in our Water Recycling Centres (WRCs) is being kept at low levels, despite the challenges caused by the flooding. And we have worked hard throughout 2023, to address performance at our Water Recycling Centres, with no failing works this year. We have also had no serious incidents on our networks since October 2023 - the start of the wettest period. Despite our networks being inundated, this demonstrates investments to better monitor our assets are working, moving us from a firefighting to a predictive response. In contrast, in 2021 - an equivalent wet year - we had 11 serious pollutions on our networks.

We have also seen a reduction in pollutions caused by blockages. Our 2023 total pollution data shows a 20% reduction in pollutions caused by blockages, compared to 2022 levels. Blockages on our foul sewer network have reduced to their lowest levels in five years and we have seen a year-on-year reduction of more than 10%. This is indicative of the start of a high-level trend into sustainable pollution reduction.

Reducing blockages is underpinned by our substantial data and analytics programme. We operate 76,000km of sewer pipes in our region. Our Network Risk Tool enables us to visualise and manage high-risk areas across our sewer network. This informs our Dynamic

Sewer Visualisation (DSV) programme, where we are installing monitors across our highest-risk sewers, to help us detect that a blockage is forming, so we can clear it before it causes an impact. We now have approximately 22,000 monitors installed across 11,000km of our highest-risk sewers.

Our monitors are moving us towards a 'prevent and investigate' approach. Using predictive analytics, our DSV monitors have continued to self-learn on our network, informing our blockage-reduction activity. Coupled with additional sewer and wet well cleansing work on our foul sewers, we were able to detect and clear 462 blockages building up. Overall, our proactive blockage prediction increased by 271% in 2023.

Harnessing data on our assets means we now have a more comprehensive understanding of our pollutions performance across our network than ever before. And our self-reporting has increased to 89%, moving us to a green position on the Environment Agency's Environmental Performance Assessment.

## Using satellite technology to detect sewage escapes

We have been using satellite technology to address leakage across our water network and are now trialling the technology on our sewer network. The patented ASTERRA technology uses satellite radar imaging to identify liquid in the soil around our pipes. It is able to differentiate between ground water and sewage that may have escaped from our assets. This can give us an indication of a potential burst or leak on a rising main. Working closely with ASTERRA and Suez, our aim is to run imaging across 9,300km of gravity sewers and rising mains. This will enable us to identify high-risk areas.

### Working with FSEs to Keep it Clear

Our programme to clear blockages is supported by our 'Keep it Clear' campaign, which educates the public on their role in keeping sewers clear. We clear over 40,000 blockages every single year, caused by wrongly flushed items, as well as a build-up of fats, oils and greases. This equates to one blockage every five minutes – of which 80% are avoidable. To prevent blockages at source, we work with environmental compliance experts ECAS to identify Food Serving Establishments (FSEs) that can cause blockages by disposing of cooking fats down the drain. This year, to date, an estimated 1,633 tonnes of fat, oil and grease was diverted from sewers as a result of our outreach work.

### Hyper-local targeting in Bletchley, Milton Keynes

Over the past year in Bletchley, Milton Keynes, there have been two serious pollutions, 32 flooding incidents and 103 blockages. There are 229 FSEs in Bletchley, some of which are contributing to the problem by allowing fats, oils, grease and food debris to escape into the local sewer network. Through our partnership with ECAS, we are working with 60 (26%) of FSEs in this area, encouraging positive behaviour change. As a result of our proactive work, we have reduced blockages in the area by 40%.



### Storm spills

Our vision for 2050 is that storm overflows are no longer required. We've already made improvements to the way we operate storm overflows and have reduced the number of storm overflows in our network.

Our average spills per overflow went up from 15 in 2022 (an unusually dry year) to 22 in 2023. To put this in context, in 2019, an equally wet year, we had average of 35 spills per overflow. Less than 2% of our pollutions were caused by storm overflows operating in dry weather this year.

Between 2022 and 2023, we surrendered 131 storm overflow permits – meaning we will stop operating these overflows on our network indefinitely. Had we not surrendered these permits, our average number of spills per overflow would have been 20 this year, instead of 22. This is due to having fewer overflows to divide our total spill rate across.

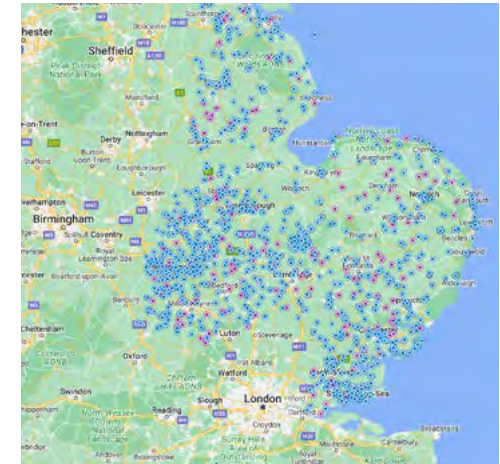
Surrendering permits remains the right thing to do. Between 2020 and 2025, we will stop operating 157 storm overflows, which represents 10% of our total.

However, as our region continues to grow and our climate becomes more volatile, we are investing further in storm storage capacity. This year, we invested over £100 million through our WINEP. This also includes investment that is contributing towards the delivery of 2024/25 obligations, which haven't yet been signed-off with our regulators. This has enabled delivery of 1,533 schemes since 2020, many of which have been related to improving our water recycling assets, including the delivery of eight increased capacity schemes, totalling 4,343m<sup>3</sup> of storage.

### 100% EDM coverage

We now have 100% Event Duration Monitor (EDM) coverage on all of our storm overflows – equating to 1,432 monitors. EDMs enable us to be as open and as transparent as possible about spills across our region. Our interactive, real-time map went live in April 2024 and shows where our storm overflow monitors are located. It provides data on the location and intensity of the spill. This informs people in our region, when they're making decisions on undertaking activities on their local river. We have provided this information on coastal bathing waters as part of our BeachAware system for several years, which feeds into the Surfers Against Sewage live map.

Our real-time storm overflow map



### Attractive beaches and clean bathing waters

Our ambition is for the majority of our customers to live within one hour of a designated bathing water site. There are currently 51 designated bathing sites across the Anglian Water region: 48 coastal sites, one estuarine site and two inland sites. 17 sites have Blue Flags and a further 20 have Seaside Awards, supporting the tourism economies of coastal towns.

2023 bathing water classifications			
Excellent	Good	Sufficient	Poor
30	17	2	2

This year, 92% of our coastal bathing waters were classified as 'Good' or 'Excellent'. Two were classed as 'Poor'. Investigations carried out, to date, suggest water quality issues at these bathing waters are linked to diffuse pollution sources, which are outside of our

control. Further investigations are planned from 2025 onwards.

Our 2023 classifications contain three new inland bathing waters. Now that they have been designated, we can unlock investment to support improvements. This year, three further waters in our region – the River Stour in Suffolk, the River Cam in Cambridgeshire and Manningtree Beach in Essex – were confirmed by Defra to become designated bathing water sites. We have also carried out a sampling programme along the River Cam and at two sites along the River Stour.





### Get River Positive

There are many complex factors at play when it comes to river health. Improvements will take time, investment and collaboration. Through our 'Get River Positive' (GRP) initiative, launched in 2022, we are leading on a range of multi-sector projects. We have allocated £7 million of shareholder funding to 53 collaborative projects, which has generated £9 million in match-funding. Through these partnerships, we are achieving far more than any single player could alone.

These projects vary from river restoration and creating digital ecological twins, to unlocking more opportunities for bathing waters. We work with a range of beneficiaries – from the agricultural community to landowners and local citizen scientists.

An example is our work on the River Deben, where we are supporting the community to achieve inland bathing water status, establishing a farm cluster group to support regenerative agriculture opportunities and supporting improvements to ecological health, through investments to reduce the level of phosphate and storm spills.

A key focus of GRP is reducing our impact on river health in our region. With none of England's river stretches in good overall ecological or chemical health<sup>12</sup>, we must address the root causes. According to data from the Environment Agency, water companies are responsible, on average, for 25% of the Reasons for Not Achieving Good Status (RNAGs). In our region, it's 18% – but this is still too high.

We have permits to release treated water into the environment at levels determined by the Environment Agency. However, these discharges may contain elevated nutrient levels, which is why we are prioritising reducing nutrients and chemicals in our permitted releases.

By the end of 2025, our phosphorus programme will improve river health across 104 waterbodies, including 165 confirmed, probable, or suspected RNAGs. At WRCs with new or existing permit limits for phosphorus, we will have reduced levels entering rivers and streams in our region by 53% on 2020 levels. By 2030, we are forecasting a further phosphorus reduction of 50%<sup>13</sup>.

We're working hard to reduce our impact, surrendering storm overflow permits and improving our water recycling processes. Our Water Industry National Environment Programme (WINEP) saw the majority of our £100 million investments covering wastewater this year, such as installing more monitors on our network and improving storm overflow sites.

We are focused on improving the water we return to the environment, however, reducing abstraction is one of the biggest things we can do for ecological health. It means we can leave more water in environmentally sensitive sites – such as chalk streams – especially as demand for water grows.

Another key area we're making progress on is restoring the original meanders of rivers across our region. This means correcting centuries of modifications, which were made to manage flow to support farms and industry, as well as to provide transport benefits. At Holkham, on the River Stiffkey, we're supporting the Norfolk Rivers Trust transform the river back to its original state, reconnect it to the floodplain, reduce sediment build up and facilitate natural flood management. Evidence suggests that physical forms of rivers need to look drastically different, to accommodate the more extreme floods and droughts we're experiencing as a result of climate change and deliver biodiversity benefits, while boosting carbon storage.

<sup>12</sup> <https://therivertrust.org/rivers-report-2024>

<sup>13</sup> [anglianwater.co.uk/siteassets/household/about-us/pr24/pr24-data-tables-anh-resubmission.xlsx](https://anglianwater.co.uk/siteassets/household/about-us/pr24/pr24-data-tables-anh-resubmission.xlsx)



#### Our Get River Positive pledges

Commitment 1	Commitment 2	Commitment 3	Commitment 4	Commitment 5
Ensure storm overflows, sewage treatment works and abstraction do not harm rivers	Create more opportunities for everyone to enjoy our region's rivers	Support others to improve and care for rivers	Enhance our rivers and create new habitats so wildlife can thrive	Be open and transparent about our performance and our plans

## Managing waste and carbon

Over the past two years, we have been developing our circular economy strategy. We have benchmarked ourselves against industry peers and have worked closely with Business In The Community, using their maturity tool to highlight areas of focus. We are currently at Level 2, classified as 'Improving' in terms of our circular economy maturity. We're now using the tool to develop practical steps to further improve our overall circular economy performance.

Sewage sludge treatment and recycling is an area of high circular economy maturity, with the biogas and biosolids produced fully recycled, making the overall process circular in nature.

We've long recognised the value of biosolids as an environmental product – primarily as an alternative to the use of phosphate fertilisers, a finite resource which can have an adverse impact on drinking water quality when applied to land. Biosolids, on the other hand, provides a sustainable slow release form of phosphate over the cropping cycle.

We promoted the development of the Biosolids Assurance Scheme (BAS) and then became the first water company to achieve certification in 2015. We've maintained certification following independent audits ever since. We treat in excess of 150,000 dry tonnes of sludge through our sludge treatment processes across 12 sites each year. All of our sludge production is treated to the BAS standard, which is UKAS accredited, to produce biosolids which is applied to circa 20,000 hectares of agricultural land across our region each year.

The production and use of biogas at our Sludge Treatment Centres (STC) drives down our reliance on fossil fuels, helping us to be circular in nature. Our STC's treat sewage sludge through a process known as enhanced anaerobic digestion. This process maximises the production of biogas which we use to power our

fleet of Combined Heat & Power (CHP) engines, to generate renewable electricity. Much of the electricity produced is used on site, with any excess exported to the electricity grid, reducing the overall cost to customers in all cases. This year we've generated just under 105GWh of electricity – around enough for 38,000 average UK households for an entire year!

Our CHP engines also generate heat through their normal operation, which we re-use as part of the sludge treatment process. The recovery of waste heat and use meant that we saved an estimated £8 million in fossil fuel use in the year too.

We also have six workshops across the region where we refurbish assets such as pumps, allowing them to operate over a longer period, with the benefit of reducing cost and embodied carbon. Extending asset life through effective maintenance and refurbishment are effective approaches to improve circular economy performance.

Our focus areas to drive further improvements include; promoting waste as an opportunity, driving behavioural change, extending asset life, working with and enhancing the natural environment and collaborating with our suppliers. We're developing targets to drive performance in these key areas, towards our long-term vision of zero waste.

Over the past year we produced 176 tonnes of hazardous waste and 1,961,160 tonnes of non-hazardous waste. 98.22% was diverted from landfill – this includes the quantity reused, recycled or incinerated.

In terms of carbon, this year, we missed our Ofwat operational carbon target, but hit our capital carbon reduction target of 64% (achieving 64.2%). We remain on track with the actions outlined in our net zero roadmap to power our operations with 100% renewable energy by 2030. Read more in our Climate-related financial disclosure, pages 91-103.



Our biosolids spreading operation

## The fundamental link between clean water and a thriving environment

The water side of our operations also plays a huge role in protecting the environment.

**Every day we supply around 1.2 billion litres of drinking water, to millions of customers, via 140 water treatment works and over 37,000 kilometres of water mains.**

The water side of our operations covers abstraction of raw water – that is, the water we take out of the environment to put into supply. Leaving more water in the environment is one of the best ways we can support ecological health. With the region we serve being home to many areas significant for biodiversity, including some of the country’s most precious chalkstreams and rivers, we must manage our supply and demand carefully.

While many of the actions we took in 2023 related to flood mitigation, we have maintained a watchful eye on drought for many years too. The region we operate in is one of the driest and



hottest parts of the country, making it the second most challenged nationally in terms of climate change<sup>14</sup>. Climate change is also impacting rainfall patterns, which will have consequences on the availability and quality of water resources.

In 2023, our abstraction increased slightly as we looked to refill our reservoirs, which were low as a result of the 2022 drought. The wet weather experienced during 2023 enabled us to abstract surplus water to top up supplies. This does not cause environmental harm and is part of responsible water management.

Over the drier period in the summer, we supported local rivers with a total of 629 million litres of water. This helps to maintain flow during drier and hotter periods.

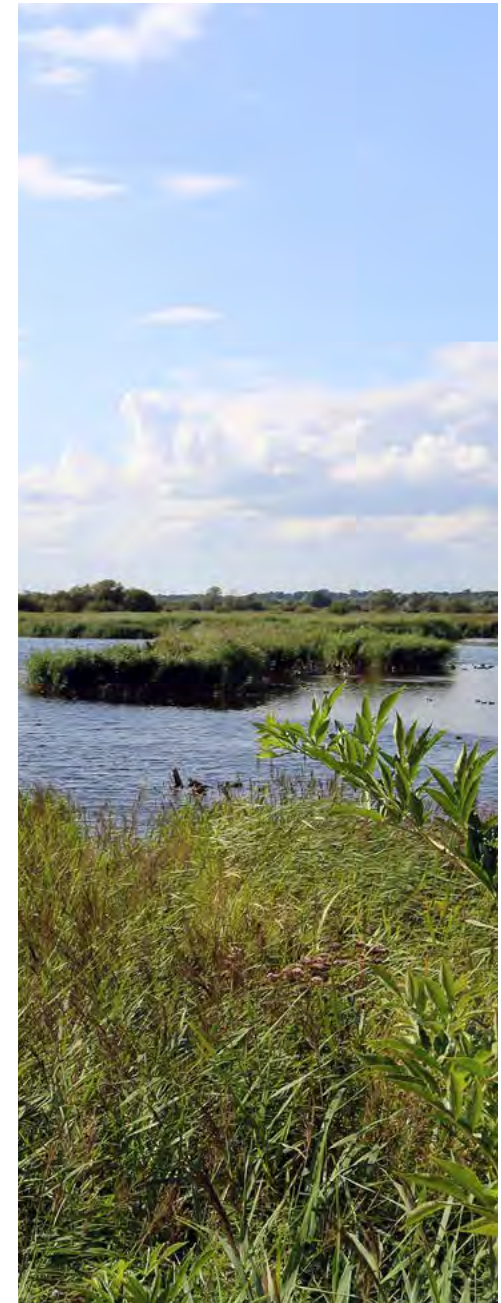
We have always taken a long-term view to managing water resources. Our Water Resources Management Plan (WRMP) sets out how we will manage water supply and demand in our region, looking ahead 25 years. Our WRMP19 plan (2020-2045) focused on our twin-track approach; investments in new water infrastructure, alongside reducing leaks and encouraging water-wise behaviours with customers and businesses.

Our WRMP24 (2025-2050), awaiting approval by Defra, will see us take a three-tiered approach. This will see us further our demand management and utilise existing sources of supply, the construction of two new raw water storage reservoirs and encompasses our adaptive approach, using desalination, so we can react to changing circumstances.

We currently take groundwater from 425 boreholes and surface water from eight reservoirs plus nine rivers. We know that, if not managed carefully, these abstractions can have a detrimental impact on the environment. We continue to work with our stakeholders on further reductions.

This year, we were able to stop abstracting at a site in the Norfolk Broads, following the earlier than expected completion of our Norwich supply pipeline into the Broads. In 2020, the Environment Agency and Natural England concluded that our abstraction at Ludham could adversely impact Catfield Fen – an SSSI and Special Area of Conservation. In March 2021, we completed work on a £9 million scheme, to maintain water supplies to 3,000 homes by connecting Ludham to sources in Norwich. This enabled us to close the borehole at Ludham.

Since we stopped abstracting at this site, water levels have increased, allowing more alkaline, nutrient-rich water into the Fen. We have also closed two further abstraction sources at Ruston and Witton, following the completion of a major infrastructure scheme, which will provide an alternative source of supply to the 6,000 customers in the local area. Discussions are ongoing with the Environment Agency to determine what further assessments are needed in the Broads. We are also supporting other abstractors in the Ant Valley, including agriculture, to create new sources for irrigation.



<sup>14</sup> [thriving-east-report-final.pdf \(anglianwater.co.uk\)](#)

### New infrastructure to meet growing demand

Our interconnecting pipeline will see us, alongside our Strategic Pipeline Alliance (SPA) partners, create a network of hundreds of kilometres of interconnecting pipelines to move water more freely around the region. In September 2023, we began construction of the Bexwell Pumping Station, which is being built to support the new network. Once operational, this will distribute water down the pipeline towards the southern part of the region, where the water is needed most. This new pumping station will be crucial, housing eight pumps overall, as well as incorporating an existing reservoir.

We also have plans for two new reservoirs in our region – one in Lincolnshire and another in the Fens, the latter in partnership with Cambridge Water. We envisage commencing construction around 2030. These projects represent significant, transformative investments for our region. Each reservoir will store 55mm<sup>3</sup> of water, with 50mm<sup>3</sup> of useable volume.

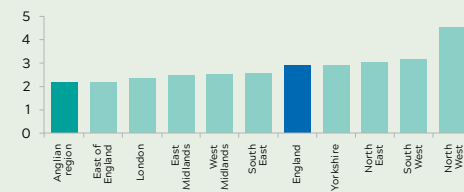
With no new reservoirs being constructed since the 1990s<sup>15</sup>, there is a pressing need for new water storage. The problem is particularly acute in our region, as the East of England is one of the driest parts of the UK. The Met Office predicts that by 2040, rainfall in the region will average 2.14mm per day, significantly below the national average of 2.85mm. In Cambridgeshire the challenge is even more acute, with projected rainfall of just 1.9mm in 2040.

In the case of the Fens reservoir, it will ensure that during times of high rainfall, water that would otherwise be surplus will be abstracted from local sources and pumped to the reservoir. This water will then be

treated and split equally into Anglian Water and Cambridge Water’s supplies, via new underground pipes and service reservoirs. The scheme will provide a total output of approximately 87 megalitres a day. The consultation for our updated proposals for the associated infrastructure began in May 2024.

Anglian Water’s Major Infrastructure Projects Director, Mark Malcolm said: “Our vision goes beyond building a reservoir. This project represents a significant investment in England’s water infrastructure and an opportunity to deliver lasting benefits. We want to create a place where water, people and nature can come together. The reservoir will celebrate the Cambridgeshire Fens for the local people, who know this landscape so well. As a new focus for economic growth, it will help improve lifestyles and social prosperity, with exciting new opportunities for recreation and engagement with nature.”

Rainfall precipitation projections (mm per day, 2023-2040 average)

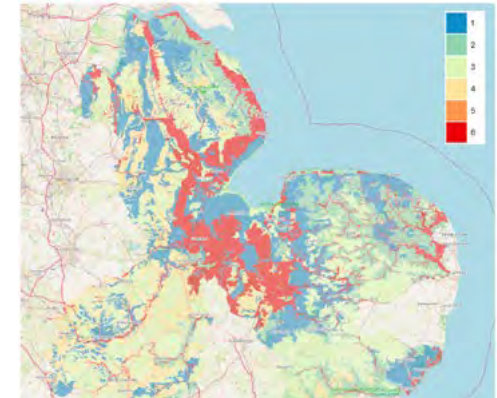


Proposed site for the Fens Reservoir

### Driving down leaks and improving resilience to climate change

We own, operate and maintain a vast array of physical assets; from reservoirs, pipelines and tanks; to pumps, treatment plants and control systems. The replacement value of these assets amounts to over £67 billion in today’s prices<sup>16</sup>. Ensuring we understand asset health and the potential consequences of failure, helps us to prioritise activity and target investments. With 20% of our pipelines creating 80% of our burst mains, we’re proposing a programme to renew the 8,241km of climate vulnerable water mains that need to run for decades in our region.

Climate-modelling tools are helping us identify high-risk water main assets in our region that are vulnerable to these changing climate conditions. These are water mains of a smaller diameter – made of various rigid materials, with socket-type joints – and are located in shrinkable soil types, susceptible to climate-induced ground movement. These high shrink-swell soil types are prevalent in large parts of our operating area, including major population centres such as Peterborough and Milton Keynes.



Shrink-swell classification over the Anglian Water (water supply) area. Sources: Infrastructure data © Anglian Water. Soils data © Cranfield University and for the Controller of HMSO, 2019.

Decades of investment have helped us achieve our long-standing track record on leakage from our own pipework, through finding and fixing leaks. This year, we have used satellite technology to survey 10,000km of rural distribution and trunk mains, to identify and prioritise sections of pipe for proactive leak detection and mitigation.

**This financial year, this technology has saved over 320,000 litres of water that would have been lost to leaks – this is enough to supply 1,000 homes a day.**



And, through our roll out of smart meters, we are supporting our customers to better understand and reduce their usage and spot leaks too. This year, we identified 136,000 continuous flows at both domestic and non-domestic properties over the year, and made 114,500 follow-ups with customers. This year, we fitted 262,621 smart meters, bringing the total number of installations for the AMP to 806,307. This number is due to reach just over 1 million by 2025 and 2 million by 2030.

<sup>15</sup> [Timeline and specifications of £2.2bn Fenlands reservoir revealed as planning progresses | New Civil Engineer](#)

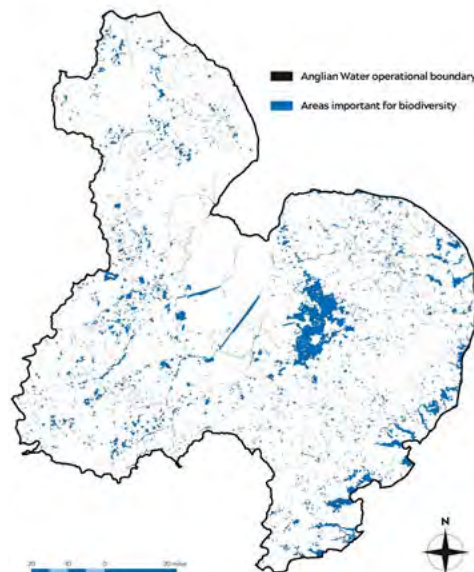
<sup>16</sup> <https://www.anglianwater.co.uk/siteassets/household/about-us/pr24/ANH38-Asset-systems-resilience-appraisal.pdf>

### Biodiversity Net Gain

We have a responsibility to protect the precious habitats and species in our region and support biodiversity. Biodiversity Net Gain is one way we are enhancing natural capital in the region. It encompasses our approach to development and land management, which aims to leave the natural environment in a measurably better state than beforehand.

We are committed to delivering a 10% net gain across capital schemes and land management activities, where we may have a material impact on biodiversity. In 2023/24, we delivered a Biodiversity Net Gain of 92%.

A map showing areas important for biodiversity in the Anglian water region (excluding Hartlepool)



The information on this map is based on data currently recorded but the position must be regarded as approximate. The plan is produced by Anglian Water Services Ltd from Ordnance Survey Crown Copyright.

### Creating more habitats for nightingales at Offord Woodland

In 2018, the University of East Anglia undertook an assessment of Anglian Water's land assets. The assessment identified an opportunity at Offord Woodland, a species poor plantation adjacent to our abstraction point for Grafham Water, to help create and enhance habitats to support nightingales. Nightingales are a fast-declining species – in the UK, they have declined by 90% in the last 40 years and are a Bird of Conservation Concern.

Work is underway to create habitats to encourage nightingales, as well as other species, to live, feed and breed on site. This will include thinning out the plantation woodland, enhancing diversity by planting 4,000 saplings of different species, and creating four ponds and woodland wildflower rides. We expect to deliver an impressive 69.4% net gain at the woodland by replacing the existing plantation woodland – which was identified as being in 'poor' condition – with mixed scrub in 'good' condition and through the creation of non-priority habitat ponds.

### Rutland Osprey conservation project sees 250th chick fledge

In 1847, a gamekeeper in Somerset shot one of the last breeding pairs of Ospreys in England. After 150 years of Ospreys being regionally extinct, in 2001, we partnered with the Leicestershire and Rutland Wildlife Trust to launch the Rutland Osprey Project. This ambitious reintroduction programme aimed to bring the birds back to England. Since then our Ospreys have flourished. In 2023, we reached a significant milestone: the successful fledging of our 250th Osprey chick. This is thanks to the hard work and dedication of the conservation team, who undertake recording and monitoring, nest checking and maintenance and bird ringing.



Get River Positive funding is supporting the reintroduction of beavers as natural flood defences. Archie Ruggles-Brise is championing a nature-first approach on Spains Hall Estate, north Essex. He masterminded a beaver and natural-flood-management project, through the reintroduction of Eurasian beavers into a fenced enclosure in 2019, to combat village flooding – the first project of its kind in East Anglia.

Since then, the beavers have used their natural engineering skills, to transform a woodland into a thriving wetland. The dams, which the beavers have created from locally felled trees, sticks, stones and mud, have played a crucial role in reducing flood risk in the area, by slowing down the river flow and diverting it through new channels and wetlands.

In 2022, alongside the Environment Agency, the Anglian Eastern Regional Flood and Coastal Committee (RFCC), Essex County Council and Essex and Suffolk Water, we supported the reintroduction of a second Eurasian beaver family, to help protect an additional stretch of Finchingfield Brook.

We are supporting two additional beaver projects – one in Rushden Lakes and another in Suffolk – where we are also supporting the creation of a wetland.

In January 2024, Storm Henk brought damaging winds and heavy rain to southern and central parts of England. Archie's drone footage shows the benefits of the beaver dams in action. He said: "The two pairs of beavers were released into two 50-acre areas in March 2023, so it's still early days, but there are beaver dams. The water in the stream is being forced out onto the floodplain earlier – and for longer than it would without them. This is one of the many ways we are pushing the boundaries of what can be done on private land."

# Our customers and communities

Our Purpose drives us to deliver outstanding service and support for our customers. Internally, our Purpose is brought to life through our 'Make Today Great' strategy, underpinned by our values – empowering employees to make a difference for customers at every interaction.

# £200m

In the last two years of this AMP, we will provide more than £200 million in customer support (£136.9 million in 2023/24 and £42 million in 2024/25).



# Our customer service performance in 2023/24

As part of an industry that's under constant media scrutiny, we understand the importance of listening to our customers and meeting their needs head on. That's why, for us, delivering exceptional customer service is not just a goal, but the Anglian Water way of life.

This year, we've focused on enhancing our services, all with one goal in mind: Making Today Great for our customers. We're committed to doing everything we can, to ensure that every experience with us is nothing short of excellent.

## Improving the services we provide

### Updating MyAccount

This year, we've been working with our customers to implement a new version of MyAccount. Everything, from submitting meter readings, to paying bills and looking at water usage, will be quicker and easier for our customers on the new version, which will, in turn, improve the customer experience.

### New 'Where's My Tech' service

'Where's My Tech' is a technician-tracking feature that provides customers with real-time updates on the status of their service appointments, with enhanced transparency to keep them better informed throughout the service process.



### Essex and Suffolk Water billing change

From January 2024, we started to change the way customers in Essex and Suffolk pay their water and sewerage charges, by combining their bills into one.

Historically, these customers were billed by us for sewerage and by Essex & Suffolk Water for their water. They will now start to receive one, combined bill from Essex & Suffolk Water, improving the customer experience and ensuring they have a single point of contact going forward.

### New smart system for our Contact Centres

We're implementing brand new, modern capabilities for our contact centres and customer relationship management. These are fundamental building blocks to delivering great service to our customers. The Modern Contact Centre Project is replacing our previous platform, consolidating a number of our systems into one. The project will also implement smart routing, which will help our customers get to where they need to be faster, through the communications channel of their preference.

### New connections to our network

This year 50,468 connections were made to either our water, water recycling networks or both. Our developer customers continue to benefit from choice through self-lay providers or new appointment and variations. The number of new connections were impacted by a suppressed market from the increase in interest rates, which have since stabilised. The impacts of rising inflation also affected market confidence, with developers effectively managing existing sites and new projects while balancing economic conditions.

**What's coming up in 2024/25:**

**Seasonal tariff trial**  
In January 2024, we announced new seasonal tariffs with groups of customers in Lincoln and Norwich.

We're working with these communities to encourage water saving in and out of seasons where we use more water at home and in the garden. Our aim is to inspire customers to play their part, by using less water resources, helping us protect the environment together.

Our seasonal tariffs were carefully crafted, so that discounted charges in the colder months offset higher charges during summer. Using around the same amount of water each month will, on average, cost the same as it would on our existing Standard tariff – putting customers in control of what they use and helping them to potentially save on their bill.



### Making it easier for customers to pay their bills

In 2023/24 we introduced the ability for customers to pay their bills online, using ApplePay and GooglePay. From 2024/25 customers will be able to pay their bills, free of charge, at the Post Office – in addition to existing counter payment outlets, such as at Barclays, PayPoint and Hartelpool Cash Office.



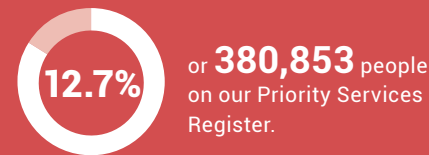
### Supporting customers through the ongoing cost-of-living crisis

We understand that it continues to be a challenging time for many people, which is why we're also always looking for new ways to support customers who are struggling. Over the last 12 months, we have provided a support package of £136.9 million for vulnerable customers, which means we can help even more people in a way that is tailored to their individual circumstances. This brings the total support package to around £246 million since 2020. This will increase to over £300 million across this AMP.

The support on offer includes: discounted tariffs on water bills – of up to 50% for eligible customers; temporary payment plans; forgiveness schemes (where we match customer payments); and payment breaks in certain circumstances. It also includes direct support through the Anglian Water Assistance Fund, which is specially designed to help cover the cost of bills when people are going through the most challenging of times.

## Supporting vulnerable customers

We're proud to report that we have again met our Priority Services Register (PSR) Performance Commitment target, with more than



(2022/23: 11.4% on the register or 334,483 people)

Every year we continue to identify and support more than

**1,300 customers** each week, through our dedicated teams. We provide an inclusive and flexible approach to address vulnerability, to better meet the diverse range of our customers' needs.



### Affordability support

This year, we exceeded our Ofwat affordability target of 296,617 by nearly 93,000, having supported 389,371 customers in 2023/24.

(2022/23: 344,483 versus a target of 292,577).

Customers benefit from a range of affordability support, including Payment Breaks, Concessionary Tariffs, Forgiveness Schemes and Temporary Instalment Plans.

This year we awarded £82 million of Debt Relief to customers struggling to pay their bills. We've also awarded a further £0.78 million from the Anglian Water Assistance Fund and matched £0.88 million of payments made by customers through our Back on Track Scheme.

Through our WaterCare service, we have performed 86,879 Extra Care Assessments, resulting in us signposting 5,238 customers to £6.8 million of state benefits they may be able to claim (average of £1,200 per customer). (2022/23: 63,149 Extra Care Assessments resulted in us signposting 6,535 customers to £2.6 million of state benefits).

### Trial: free leak repairs for financially vulnerable customers



In February 2024, we launched a trial to fix leaks for vulnerable customers who had recently had a smart meter installed, which resulted in a leak being identified. Many of these customers either don't have the skills to fix their leaks, or the finances available to pay for a repair.

Our team was able to visit and repair many leaks on the same day, or within a few days – with 60% of leaks coming from toilets. The customer feedback, so far, has told us we're on the right track, with one team member reporting:

**"The customer was so happy with Anglian Water that he cried. The property we were visiting was his disabled daughter's house. He didn't believe we would find leaks with the new smart meter and is overwhelmed by us fixing all the leaks they had in the property."**





## Listening to our customers

**Understanding what our customers want is key to our business. We have four key customer groups we regularly meet with, who we ask for feedback on wide-ranging issues, from bill changes and business priorities to executive pay. In total, these groups engaged with more than 100,000 customers in 2023/24.**

We have over  
**1 million**  
 direct customer contacts a year,  
**387** customer panels and  
**100,000**  
 responses to our customer feedback surveys. Our customers are valued stakeholders, whose input is critical to our plans – now and into the future.

In preparation for our AMP8 proposals, we carried out almost 35,000 in-depth engagements with our household customers and over 2,500 engagements with our non-household customers. We also issue key climate-related plans, including our Drought Plan, Water Resources Management Plan, Climate Change Adaptation Report and Drainage and Waste Water Management Plan, for public consultation, incorporating and reflecting customer feedback.

### Real-time customer insight is driving decision making across the business

This year we have kicked off a project to build upon our existing customer engagement channels, centralising feedback, to give greater visibility and access across the business than ever before. Customer opinions are constantly evolving. Our new approach is ensuring real-time insights are easily available across the organisation. As a result, we'll be further embedding the voice of customers across the organisation, to continue informing decision making in all aspects of our business – from big-picture decisions, such as reservoirs, to more granular ones like lead-pipe replacements.



**“I love being part of the panel, it gives me the opportunity to feel that I have some input into how Anglian Water operates”**

## Looking to the future: Tackling water poverty in AMP8

**We're always exploring new ways to help vulnerable customers and their families with the cost-of-living. Thanks to our customers, we've been able to go even further to help.**

Our social tariff, LITE, provides discounts to customers – of up to 50% off their bill – funded by a cross-subsidy, paid by other customers (previously £12 a year). As part of our ongoing efforts to ensure that our services remain both acceptable and affordable, we embarked on a journey to engage our customers in meaningful conversations on the additional support they might fund. We talked through; what we do now to help customers budget for their bills, what's driving future bill increases; and what future affordability issues could arise. These discussions went beyond the typical scope of surveys – we delved into their willingness to contribute more and be a part of the positive change we are fostering in our region.

On the back of these discussions, customers were willing to elevate the cross-subsidy to an extraordinary £24 a year, resulting in around £70 million in direct support each year of the upcoming AMP. This demonstrates our customers' commitment to help the most vulnerable in our region and an appreciation of the targeted work we do to help those in our community needing support.



# Customer bills in 2024/25

From 1 April 2024, the average bill will rise by about 8%. The change in how much customers will pay this year is being driven by several factors, including rising inflation rates and the need to invest in the future.

This year, we're investing more than £930 million, to help prepare our region to meet the significant challenges of a changing climate and a growing population.

This includes more than £18 million on finding and fixing leaks, more than £170 million to reduce pollution and £19.5 million to reduce flooding.

We also understand that it's still a challenging time for many of our customers, which is why we're launching a £70 million support package, to help 420,000 customers who are struggling to pay their bills in 2024/25.

**Anglian Water bills will continue to be among the lowest utility bills for the majority of customers, averaging £1.45 per day (2023/24: £1.35 per day).**



### Funding long-term projects

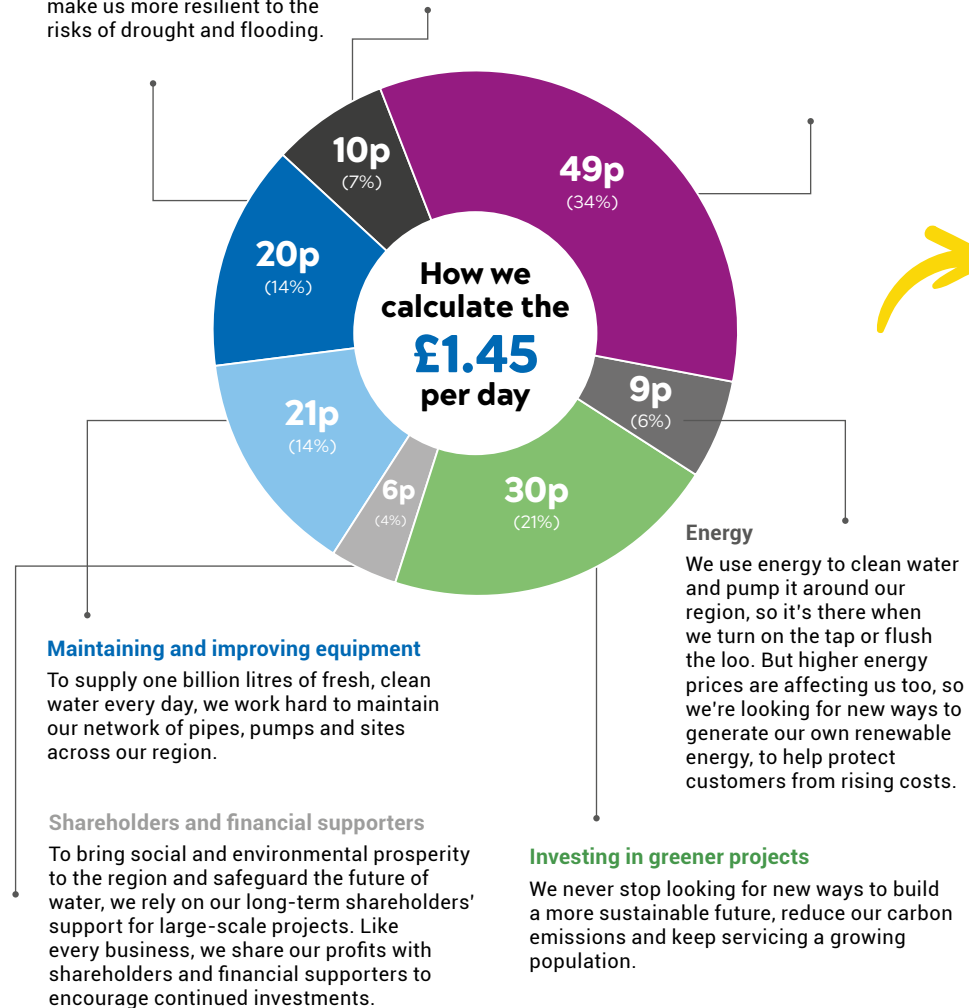
Ongoing investment in existing projects, including building over 300km of connecting pipeline to supply water to some of the driest parts of our region, helping make us more resilient to the risks of drought and flooding.

### Taxes, rates and licences

Like other businesses, we pay taxes and set licence fees to supply water to our customers.

### People and materials

A large part of bills covers our running costs. We're proud to pay all of our people a Real Living Wage.



### Maintaining and improving equipment

To supply one billion litres of fresh, clean water every day, we work hard to maintain our network of pipes, pumps and sites across our region.

### Shareholders and financial supporters

To bring social and environmental prosperity to the region and safeguard the future of water, we rely on our long-term shareholders' support for large-scale projects. Like every business, we share our profits with shareholders and financial supporters to encourage continued investments.

### Investing in greener projects

We never stop looking for new ways to build a more sustainable future, reduce our carbon emissions and keep servicing a growing population.

### Energy

We use energy to clean water and pump it around our region, so it's there when we turn on the tap or flush the loo. But higher energy prices are affecting us too, so we're looking for new ways to generate our own renewable energy, to help protect customers from rising costs.

## Read more about how we're delivering on customers' priorities:

Delivering safe, clean drinking water: Year in Context on page 14, Performance Commitments Dashboard on page 37.

Drinking Water Quality: Year in Context on page 20, Performance Commitments Dashboard on page 39.

Long-term planning, to secure water supplies for the future: Year in Context on page 22, Our stakeholders: Environment on pages 44-53.

Improving river quality and reducing pollutions: Year in Context pages 14-24, Performance Commitments Dashboard pages 37-43.

Internal and external sewer flooding: Year in Context, pages 14-24.

Water supply interruptions: Year in Context, page 14-24.

Customer service (CMEx and DMEx): Year in Context on page 21, Performance Commitment Outcomes, page 38.

## Key achievements this year:

### BSI Kitemark for Customer Vulnerability

In 2023, we became one of the first companies in the world to receive the brand-new BSI Inclusive Service Kitemark for Customer Vulnerability, BS ISO 22458: Inclusive Service Standard.



The 'refunds' mentioned in the media will automatically be taken off bill increases.

# Customer-focused licence condition: our commitment

**In February 2024, Ofwat introduced a new customer-focused licence condition. This condition will ensure that water companies in England and Wales provide a high standard of care and support to their customers, particularly those who need extra help.**

We have made a number of changes to ensure we are meeting the condition and have worked closely with the Consumer Council for Water (CCW), to refine and update our existing processes and procedures. Our response has taken into account sector-level learnings alongside feedback from our customers. We are confident that we are meeting the principles outlined by Ofwat.

Key changes made to our business include:

- Changing our website to create a new 'one stop shop' for customers – making it easier to find the information they need for everyday enquiries and during an incident. This includes updating our Core Customer Information document, in line with the new guidance and taking into account a review by CCW.
- Reviewing and refining the way we handle incidents as a result of feedback from Ofwat, CCW, our customers and our partners. In particular, we have changed the platform we use to communicate with customers, which enables us to communicate swiftly and clearly, avoiding duplicate messages.

**The following pages outline each of the new principles and how we're meeting them.**



## Key terms we use in this section and what they mean:

### An event:

is something that may occur as part of our day-to-day operations that we need to respond to. An example might be a piece of equipment breaking down, which needs coordinated support by local teams to fix. If an event takes place that causes a large-scale interruption, or the impact will take place over a long duration, it will change to be classified as an incident.

Regardless of classification or scale, we recognise anything that causes disruption to our customers requires a swift response and resolution.

### An incident:

is when an event or occurrence causes a large-scale interruption, or where the impact will take place over a long duration. Incidents affect our customers (e.g., a loss of water supply to their homes) and/or have an environmental impact (such as a mains burst, which floods the surrounding area).

### The Priority Service Register (PSR):

is our service that provides free, practical support for people with a wide range of needs. This can include those with sight, hearing, or mobility difficulties, people who are pregnant, or parents with babies under 12 months. Support might include reading a customer's meter (if they find this difficult), or sending out bills in other formats. In an incident, customers on the PSR register receive enhanced support and contact from our teams, to ensure they receive the care they need.

### Watercare:

is the umbrella name for the extra support we provide to customers, including the PSR and Extra Care Support. Extra Care Support helps customers that are in financial difficulty, with things like discounted tariffs or personalised payment plans and much more.

## Principle 1: The company is proactive in its communications, so that its customers receive the right information, at the right time, including during incidents.



### What we do every day

#### We make sure we send customers the right information, at the right time, for everyday matters. Typically this relates to:

- Annual billing communications, including promoting our affordability assistance programme and Priority Service Register (PSR). Customers receive communications on bills, with letters sent in the post, via email and through our website.
- Instances where we've identified unusually large changes in bills, payment amounts or dumb meter consumption (in these situations, we typically contact customers over the phone or via email, to discuss and potentially investigate further).
- Sending customers smart meter updates, including monthly water usage comparisons, or proactive communications to advise of a potential leak identified on their property.

#### We support engagement and awareness of customer communications, proactively, through:

- Organic and paid social media.
- Radio and television ads.
- Customer emails and newsletters.
- Webpage promotions, through our partners (including charities, local government, councils and NHS Trusts).
- Branding on our vans and trucks.

#### Coming up:

We are currently running a new trial, proactively offering customers on social tariffs a free repair of leaks (see page 56).

#### Planned supply interruptions:

There are times when we might need to temporarily turn off a customer's water, to do essential planned work. We let customers know in advance when works are taking place, how long their water will be off for and when it will be restored. For interruptions that we know will be longer than four hours, we give customers written notice, at least 48 hours in advance. If we don't get water back on within the time we've said, we'll automatically credit the customer's account with £30. Our promise to our customers is outlined [here](#).

### What we do during incidents

We make sure we send customers the right information, at the right time, when an incident occurs.

To do this, we've embedded customer communications throughout all our internal incident-response structures and ways of working. We keep customers updated regularly, throughout the incident and afterwards.

During an incident, we contact customers by SMS and email, with clear information on what the incident is, what we are doing to fix it, any actions they need to take and an expected resolution time.

Our PSR team proactively contacts customers on the register (usually with a phone call), to offer additional support where required. See Principle 5 for examples of the type of support we provide PSR customers.

We have a 'single source of the truth' webpage — [anglianwater.co.uk/check](https://anglianwater.co.uk/check) — which is kept up to date on developments as an incident progresses.



## Principle 2: The company makes it easy for its customers to contact it and provides easy to access contact information.



### What we do every day

#### To make it easy for customers to get in touch we have:

- More than 12 different channels for customers to contact us through, including over the phone, WhatsApp, email, live chat, in writing and in person (for our Hartlepool customers and at key events).
- A free call back service.
- A new 'one stop shop' webpage, with all our key customer information in one place.
- A revised [Core Customer Information document](#), which has been updated and republished on our website.
- We clearly signpost our contact details on all our bills and letters as standard.



#### For customers that require additional communication support, we have:

- Interpreters Live, to offer British Sign Language and alternate sign language interpretation.
- Text Relay.
- Multi-language options online, for bills and communications (such as on WhatsApp, where we have communicated with customers in a wide variety of languages).
- A dedicated bereavement phone line and 'tell us once' service.
- Google Translate.
- Braille, large print, audio and coloured bills.

#### On our website we have:

- Our online MyAccount service available in 127 languages.
- ReciteMe functionality throughout, which allows users to modify the site depending on their accessibility needs.

**Our MyAccount app** is available in eight different languages, with additional language options being added in Autumn 2024.

### What we do during incidents

We post the details of all issues and incidents on [anglianwater.co.uk/check](https://anglianwater.co.uk/check), where we have a live map. Customers can input their postcode to see the latest information. If a customer can't see information on an issue, they can let us know online or by calling 03457 145 145.

We update [anglianwater.co.uk/check](https://anglianwater.co.uk/check) with the latest information from our teams on the ground, so customers are always kept up to date.

Our customer service team members are kept up to date with the status of all incidents, so they can respond to any queries that might be received through regular contact channels.

For large-scale incidents, we deploy a Customer Support Unit to the heart of impacted communities, to ensure we give appropriate face-to-face support to affected customers.



## Principle 3: The company provides appropriate support for its customers when things go wrong and helps to put things right.



### What we do every day

#### When things go wrong we provide:

- A dedicated 24 hour phone line. This is available every single day of the year.
- A Monday to Sunday WhatsApp channel for customers to get in touch.
- A dedicated complaint/case handler to give customers a single point of contact.
- Help and advice on our website with what to do in an emergency, such as frozen, burst or leaking pipes.

#### We monitor our performance on how we support customers when things go wrong through:

- Customer sentiment and satisfaction tracking for learning and insight.
- Customer champion group.
- Online customer panel.

#### Internally, we identify and implement service improvements through:

- Regular complaint working groups to drive out service issues.
- Service improvement groups across various areas of the business.
- A customer leadership board, prioritising change initiatives

To make things right after an incident or issue, we have guaranteed standards that outline how we compensate our customers. These are outlined in our Core Customer Information document.

#### We're working on:

- A trial of free internal or external pipe repair for customers on our social tariff.

### What we do during incidents

One of the first things we do, even before an incident is declared, is to understand which customers are impacted. We request data from the PSR team, so we can identify, understand and meet the full array of customer needs. We start to plan and prioritise PSR customers and groups within the impacted area who may require additional help – such as schools, care homes and hospitals.

As soon as we escalate from an event to an incident, we draw in more resources from across the business, to manage the situation and minimise the impact on our customers. Part of this additional resource includes people from our communications and engagement teams (including a PSR Manager), to ensure customers are kept well-informed.

During an incident, we work as hard as we can to get everything back to normal for customers, as soon as possible. If we're unable to get things sorted within 12 hours, we'll provide an alternative water supply. This could include diverting water from elsewhere in the network, sending tankers to pump water directly into the pipes that supply homes, or delivering bottled water to customers.

Where there is a large issue, affecting a lot of people, or there's a 'boil' or 'do not drink' notice in place, we set up a Customer Support

Unit and hubs for customers to collect bottled water from. For PSR customers who have a water-dependent medical condition, or mobility issues, we'll deliver bottled water straight to their door. We work with local councils to find the best spots to set up our bottled water hubs, so customers can get to them easily, whether on foot or by car. As soon as we know where they'll be and what hours they'll be open, we send customers the details by email and text and post the information on our website.

#### In addition:

- If a customer is internally flooded from a sewer, we aim to attend the property within 2 hours.
- We cancel sewer charges if a customer needs to be vacated due to flooding, or if they are on our 'worst served' register.



**Principle 4:** The company learns from its own past experiences and shares these with relevant stakeholders. The company also learns from relevant stakeholders' experiences and demonstrates continual improvement to prevent foreseeable harm to its customers.



### What we do every day

#### We work with our peers to improve services across the water sector and attend:

- Industry complaint working groups.
- Events and seminars for sharing best practice.

#### We work with CCW:

- Lessons learnt exercises are carried out routinely. We take what we have learnt and work with CCW to change and improve our processes.
- We seek CCW input to customer communications and change (for example our seasonal tariff trial and annual billing).
- We attend regular meetings for challenge and advice.

#### We listen to our customers (and make changes as a result) through:

- Our online customer community.
- Customer champions.
- Customer board.
- Tracking customer sentiment and satisfaction and identifying service improvement opportunities.

#### We work with our partners:

- We work with more than 100 partners, including with energy suppliers, Fire and Rescue services and financial institutions.
- We utilise partners to review, enhance and critique our services (for example we engaged Scope to review our recently updated MyAccount platform).
- We work with partners to train and upskill our people – one recent example is the charity Plain Numbers, who provided training on how best to communicate with customers who struggle with numbers. In the past, we've created training videos on how best to communicate with deaf customers or customers with Dementia.
- We work with our partners, to leverage external data sources and data sharing, to provide a seamless experience for customers who need it. One example is the 'Tell us Once' service for bereaved customers. This service allows the customer to inform just one provider, who then shares the information across key partners, reducing the number of times a customer needs to notify providers.

### What we do during incidents

We have a robust process in place to identify and learn from every incident. As part of the broader incident-management community in the water sector, we routinely engage with local partners and other water companies. This is part of a national platinum incident management structure, to share learnings and experiences, plan for emerging risks with the potential to impact the sector and to develop best practice.

We also engage and consult with CCW on how we manage incidents. In addition to the interactions outlined in 'What we do every day', representatives from our Operational Resilience and Customer Communications teams attend CCW Incident Workshops. These help us to better understand the spectrum of incidents across the industry and how they impact customers, with a view to share best practice and understand how and where we can improve our customer service.



**Principle 5:** The company understands the needs of its customers and provides appropriate support, including appropriate support for customers in vulnerable circumstances and including, during and following incidents.



**What we do every day**

**Under our WaterCare service, we provide ExtraCare Support, alongside the Priority Services Register.**

Through the PSR, we offer tailored, practical help and support, depending on the needs of each customer.

Day-to-day this might involve tailoring the way we communicate with a customer to reflect their communication needs, such as providing coloured bills, or communicating through their chosen language via WhatsApp.

When we are aware of an upcoming interruption to our service, we identify and get in touch with affected PSR customers as a priority, to understand what support we might need to give them and ensure they have as much time as possible to prepare.

Customers can easily sign up to the PSR through their MyAccount online, by calling 03457 919 155, or by completing our quick and easy 'Priority Services' form.

Our draft Customer Vulnerability Strategy is also available on our website.

As outlined in principle two, we have a wide variety of accessible ways vulnerable customers can get in touch with us.

As outlined in principles 3 and 4, we engage with our customers through a number of groups, to help us understand their needs and hear their feedback continually.

As outlined in principle 6, we have a comprehensive package of support for customers who are struggling with their finances.

**More generally, to ensure we are offering the highest level of customer support, we:**

- Are ISO 22458: Customer Vulnerability certificated.
- Utilise external data sources and data sharing.
- Have over 100 active partnerships.
- Have a dedicated partnership team.
- Offer a self-serve facility for customers to register and update their PSR needs in real time.
- Provide Dementia friends and other bespoke partnership training to our customer facing teams, such as Plain Numbers training.

**What we do during incidents**

When there's an interruption to water supply, our team will contact everyone in the area on our Priority Services Register to check they're okay. Where a lack of water could have a significant impact for customers who are on the Register (for a medical condition or mobility issues), we deliver bottled water directly to their door. We'll always do this for any interruption over 12 hours, but will also look to do it for shorter periods where it's needed.

Following feedback on how we manage this process, we now proactively let the customers know who will be delivering the bottle water and why.





**Principle 6:** As part of meeting principle 5 above, the company provides support for its customers who are struggling to pay and for customers in debt.



### What we do every day

We have a comprehensive package of support for customers that are struggling to pay. Over AMP7 we will provide more than £300 million in affordability support to customers who need it.

#### Through WaterCare we offer:

- Discounted tariffs, including WaterSure, LITE, extraLITE and Aquacare Plus.
- Income maximisation.
- Forgiveness schemes.
- Extended lowest-bill guarantee.
- Medical Needs Discount for eligible customers.
- Increased free payment outlets and channels.
- Real-time, self-service account updates – generate a bill, tailored bill periods, scheduled billing, refund request, apply for DWP payments, amend payment amounts, dates or methods.
- The ability to see water usage versus cost, with water and money saving tips and water efficiency devices.

- Smart meter constant flow alerts.
- Targeted support for leakage repairs (currently being trialled – see page 56).
- Seasonal tariffs (currently being trialled – see page 55).

In AMP8 we are planning to provide direct financial support to all customers in water poverty, alongside introducing a new Medical Needs Discount for customers struggling to pay.

### What we do during incidents

Not applicable.



# Communities

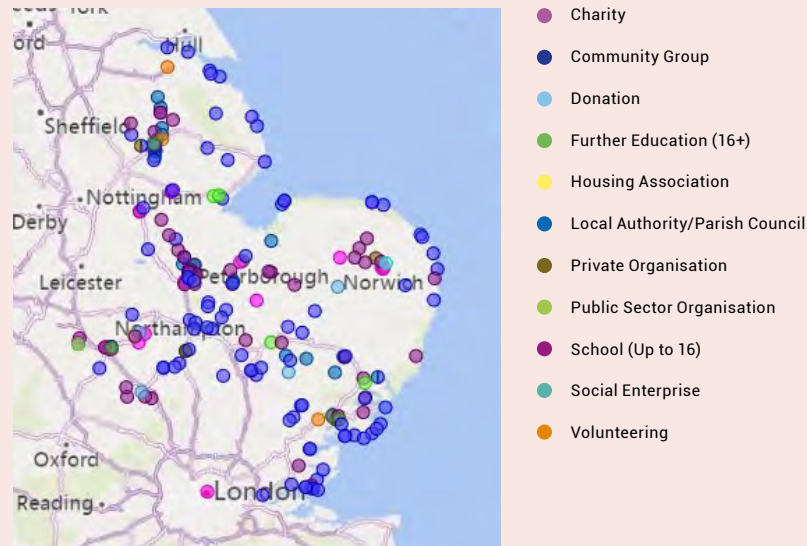
## Contributing social value to the community we serve

More than 51,000 people were directly reached or supported by our community investment activities this year, including activities by our Alliance partners in the course of their work with us.

## Mapping our impact across the region we serve

Supporting our customers and bringing social prosperity to the region we serve is central to our Purpose. And we have many teams involved in outreach and community activities across Anglian Water. To help ensure we're making the most of our efforts, this year we created a community mapping tool, which is helping us understand our activities in each area better.

As a result, we can identify where there are gaps in activities, or hotspots with high activity. This is enabling us to spread our resources and support across our region better, to deliver maximum impact.



## Supporting social mobility in our region

Our Strength in Diversity (SID) programme seeks to diversify our business, by targeting specific towns in our region and working with schools, community groups and jobseekers to support them into work.

Launched in 2022, SID has helped us engage with the local community, at multiple touchpoints, to break down the barriers experienced by marginalised groups entering the workforce.

We have prioritised delivering practical actions, such as work experience, interview training and supporting the development of employability skills, to make a positive difference and help improve social mobility for people in our community.

This year we have expanded the programme to include:

### Working with prisons and ex-offenders to improve employability skills:

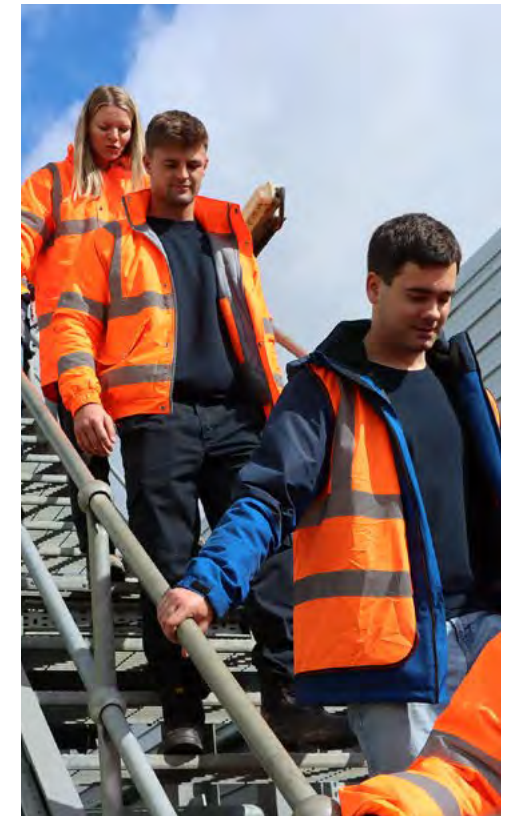
This year we have visited prisons in Peterborough, Norwich, Lincoln, Boston and Northampton, attending job fairs, holding employability sessions and building relationships with new sites to plan for future employability sessions.

### Working with the Department for Work and Pensions:

This year we've built on our partnership, to continue offering CV and careers advice sessions at Job Centres in our region. In Peterborough, we are supporting DWP's 'Peterborough for Jobs' campaign, which aims to reduce unemployment in younger groups, through holding employability skills and mock interviews with young people.

## Offering support to schools

We've been engaging with local schools and colleges in Milton Keynes and Bedford, inviting school students to an insight day at our Cotton Valley works. This helped them understand more about our business and the opportunities provided by our apprenticeship and graduate programmes.



## Looking to the future

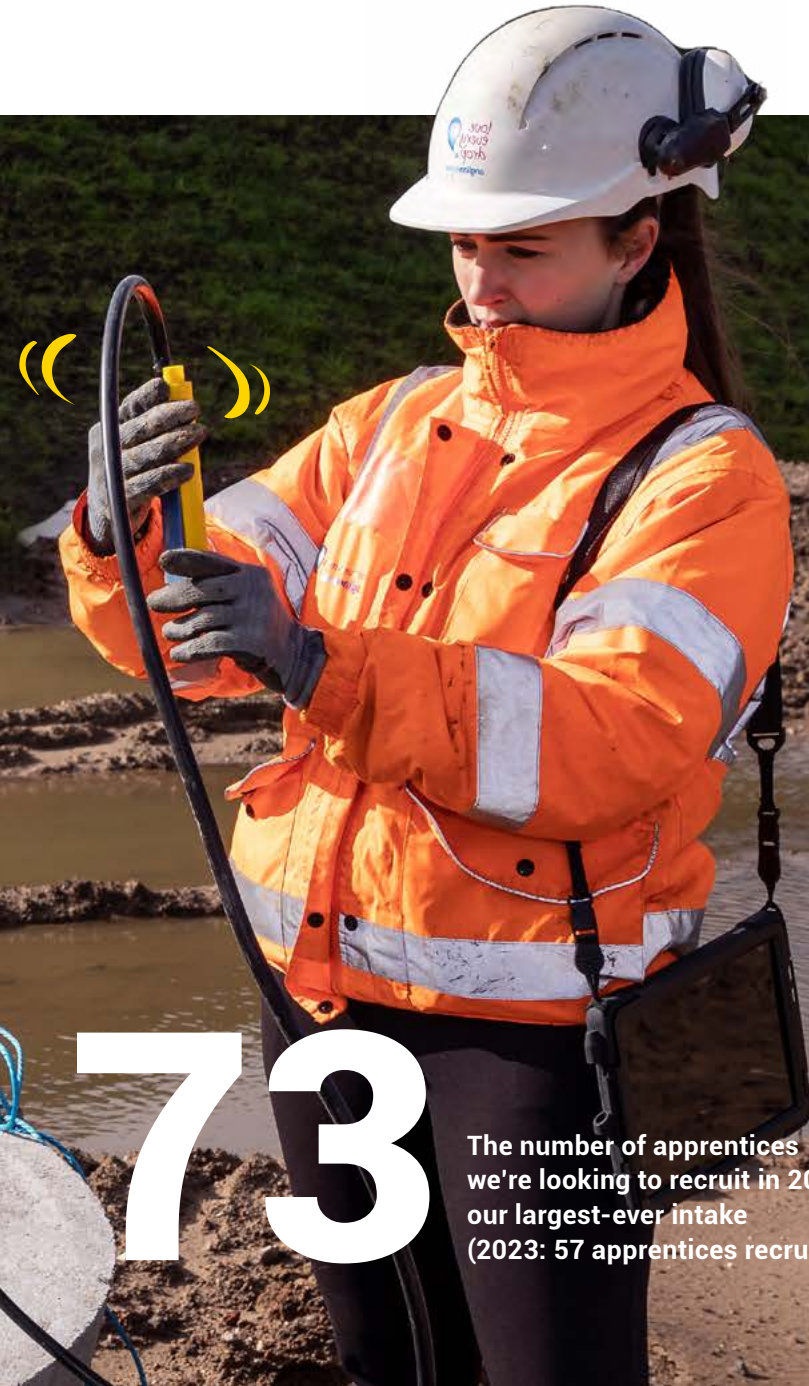
In 2024/25 we are developing a Society Strategy, to support our efforts to make a positive impact in the communities we serve.

# Our people

Everything we achieve as a business is through our people and our partners. Their safety, health and happiness is at the heart of everything we do. Together, we build trust, we do the right thing and we are always exploring.

**An apprenticeship with us is all about exploring new opportunities and rethinking how things are done.**

That's why we've revamped our recruitment process this year, in response to changes in the wider jobs market. Working closely with our front line managers, we've made changes to how we select apprentices. Instead of just looking at grades, we've focused on the skills and behaviours that really matter. We've also improved our in-person assessments to create a fair and welcoming environment, where everyone can shine. This approach not only helps us find the right people for our teams, but also gives everyone a fair chance, no matter their background.



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**The number of apprentices we're looking to recruit in 2024; our largest-ever intake (2023: 57 apprentices recruited).**

## Securing our workforce in AMP8 and beyond

**Our proposed AMP8 business plan will see us deliver £9 billion of essential investment in the East of England and create over 7,000 jobs, to meet the unique challenges facing our fast-growing and climate-stressed region.**

We cannot deliver our ambitious plan without a great team of people. We are developing a Strategic Workforce Plan, to ensure we have a sustainable workforce across our organisation and the alliances that support us to deliver on our ambitions.

Over the next AMP, we will support over 800 apprentices, many of them into green jobs. We have set up Training Schools, which recruit candidates based on behaviours rather than technical ability. This opens up opportunities to a wider range of candidates; for example, ex-armed forces personnel, ex-offenders, the long-term unemployed and those ready for a career change.

The Anglian Water Alliances already have a range of activities to help us attract the right people from the diverse community we serve. For example, the Collaborative Skills Programme sponsors full-time courses in Construction and Engineering at four colleges in some of our most deprived communities. Through this programme, there is an offer to go into apprenticeships within our Alliance organisations.

Plans are also proceeding for a £4 million 'net zero training centre' at the College of West Anglia in Wisbech. Anglian Water Services and all its alliance partners are contributing £2 million – the full amount of corporate sponsorship – to get this off the ground and deliver a range of outputs relating to modern green skills.

This long-term planning for future workforce resources, in collaboration with our alliance partners, not only creates a sustainable pipeline of talent but also aligns with our Purpose, to deliver social prosperity across our region.

Our community education team is critical to the success of these endeavours. This year they engaged with more than 28,000 people across the region, acting as a positive influence for young people to engage with STEM subjects, alongside developing an understanding of Anglian Water's role in the environment and encouraging behaviour change.

### Case study: Collaborative role design for our older workforce

We have more than 900 individuals aged 56 and above in our organisation – around 16%. Employees in this age group have on average 17 years' length of service, and a collective 17,000 years' worth of experience. That's why we're committed to retaining their valuable skills and helping them pass on their extensive knowledge to the next generation. This year we've been working with older operational colleagues, to hear their views on how we can co-create roles that allow them to continue working if they want to. We have existing flexible options, such as job sharing, part-time roles, or moving to different positions within Anglian Water. By working together, we're creating a retirement framework that respects our experienced workers and ensures a smooth transfer of knowledge.



## Health and safety metrics

	2018 /2019	2019 /2020	2020 /2021	2021 /2022	2022 /2023	2023 /2024
<b>Category 1 events<sup>1</sup></b>						
• Reporting of Injuries, Diseases and Dangerous Occurrences Regulation (RIDDOR) reportable specified injury accidents						
• RIDDOR reportable non-worker/member of the public accidents	5	4	7	7	3	13
• RIDDOR reportable (potentially life-limiting) occupational diseases						
• Fatalities						
<b>Accident frequency rate (AFR)</b>						
• The number of reportable accidents in every 100,000 hours worked. Our AFR includes data from our own employees and our contractors.	0.12	0.08	0.13	0.13	0.07	0.10
<b>Sickness absence – target 5 days</b>						
• The average number of working days lost, per employee, due to sickness	4.60	4.54	3.77 <sup>2</sup>	5.82 <sup>2</sup>	5.04	4.96

<sup>2</sup> These figures exclude self-isolation and shielding due to Covid-19.

<sup>3</sup> Our Health and Safety figures cover alliance members, framework contractors, and Anglian Water staff – approximately 9,500 people.

We are committed to continuous improvement, to protect our people, enhance our working environments and to help everyone lead safer, happier and healthier lives.

This year, there has been an overall increase in Category 1 events, with 13, compared to three in 2022/23. The accident frequency rate also increased to 0.10, compared with 0.07 in 2022/23 – although across the AMP there is an overall improvement. We have also achieved good results with our directly employed workforce. However, we are rightly concerned with this year’s overall results and have redoubled our efforts to ensure we are engaging with our people across the business and alliances, to address the root causes.

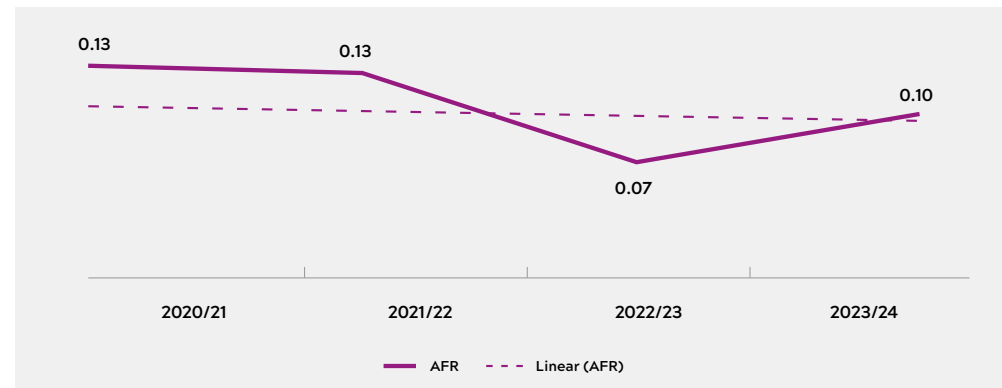
Our actions include targeting key business areas with significant improvement plans, investing in capital maintenance on high-risk sites and addressing leadership and behaviours at all levels of the organisation.

### Specifically, we are addressing performance through:

**Ongoing training and development**, such as new, mandatory, company-wide Process Safety training. This will help all our people understand their role in protecting our people and the environment from the potential hazards associated with the equipment, chemicals and activities we carry out, as part of our operations. We also continue to roll out Madeline Abas Health and Safety Leadership Development training across the business.

**Working with alliances and partners, to ensure we are all aligned to the same standards.** This is being delivered through stand-downs, events and new processes, to ensure there is a clear understanding of safety compliance, with the correct policies and procedures being followed.

## Accident Frequency Rates over AMP7 to date



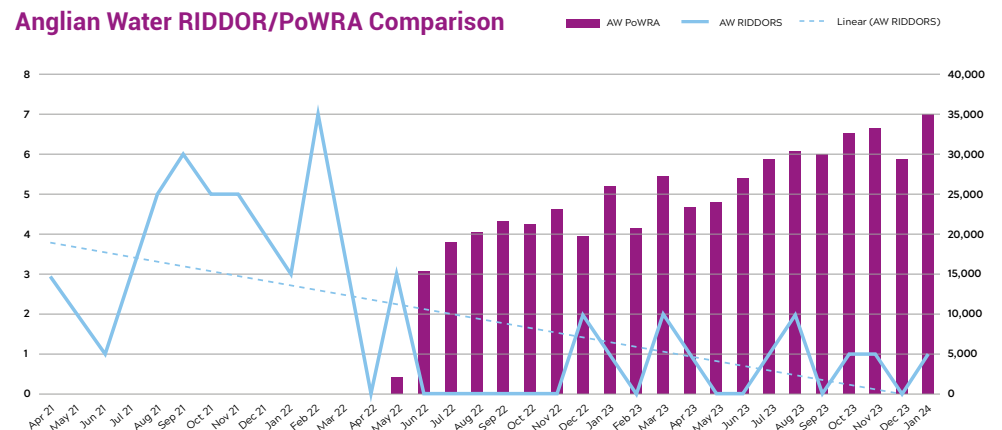
### Improving functionality and reporting in our Safe and Well app

Anglian Water’s Point of Work Risk Assessments (PoWRA) ensures when jobs are paused, support and guidance is sought from line managers, ensuring appropriate controls are in place. This is driving a greater understanding of potential on-site safety issues throughout the business.

The above chart shows a significant reduction in task-related, RIDDOR-reportable accidents since the introduction of the Safe and Well app for Anglian Water employees.

This year, we’ve added a new digital Site Specific Task Risk Assessment (SSTRA), to assess possible safety issues caused by additional hazards, such as adverse weather conditions, time of day, lighting conditions, or the location of site.

## More than 358,000 PoWRA assessments were undertaken in 2023/24.



**Addressing situational accidents**

through a focus on behavioural safety and site improvements, to help reduce slips trips and falls. Ageing asset failures have been identified as associated with serious near misses, so we are focusing on maintenance and equipment checks.

**Using technology to drive improvements**

In collaboration with our partners, we have developed 'people plant interface', which is driving health and safety improvements through the use of human-form-recognition cameras on specified mobile-plant equipment.

**Promoting positive safety behaviours across the organisation**

We've kept our attention on behavioural safety through our Safer LIFE campaign, which focuses on the behaviours and choices we all make on a day-to-day basis. We also run Safer LIFE orientations, with over 7,000 people having taken part since these began in 2022 (including from our supply chain partners). Our in-person LIFE Fest 2023 event was attended by more than 1,500 people and focused on mental and physical wellbeing, as well as behavioural safety. This received positive feedback from attendees.

**"The live interactive session was very well done and thought-provoking. A reminder that five minutes just taking stock can save a tragedy that none of us want to experience. I've no doubt this session will help save any number of incidents across the industry."**



# Our people and culture

**Pay update**

Anglian Water and the Trade Unions have reached an agreement for a proposed pay deal for the years 2024/25 and 2025/26. All parties believe this wide-ranging and future-proofed deal reflects the incredibly hard work of all our people. We've responded to feedback and are giving people the ability to make longer-term financial plans and commitments.

**For the financial year 2024/25:**

- All eligible employees will receive a base pay uplift of 6%. This increase will also apply to overtime and contractual allowances, such as standby and callout; for clarity this is a consolidated uplift.
- An agreement to permanently increase Team Contributor, Work Technician and Water Recycling Operational Logistics Drivers Annual Leave, to a starting point of 25 days (for new and existing employees). The Annual Leave policy will be updated to reflect the changes.
- Permanent enhancements to our family-friendly benefits; doubling our current paid time off for maternity, paternity and adoption. The policies will be updated to reflect the changes.

**For the financial year 2025/26:**

- A base pay increase, based on the November 2024 Consumer Price Index including Housing costs (CPIH) rate, plus 1%. (The rate is published in December 2024.) The increase will also apply to overtime and contractual allowances, such as standby and callout; for clarity this will also be a consolidated uplift. For example, if CPIH in November 2024 is 4%, the pay award from 2025/26 will be 5%.

**Pay progression and role benchmarking**

Our three-year centralised project to review pay progression across the business was completed this year. The project took a data-led approach, prioritising roles where we could achieve the biggest benefit and parity, followed by roles with high turnover and roles where employees haven't seen much salary progression in recent years.

Completed pay progression frameworks are now in place for more than 45 roles, which provides structure and progression opportunities to more than 2,000 colleagues.

To ensure our roles are remunerated fairly and in accordance with the wider market, the Reward team has benchmarked and evaluated over 400 roles in 2023/24.

**New recognition framework**

In response to feedback from this year's Love to Listen employee survey (see page 72), we are launching a new recognition platform called 'Thank You - we love what you do'. 'Thank You' will continue to reward and recognise our people when they exhibit behaviours and actions linked to our values. This will include recognising commitments to Health, Safety and Wellbeing, Customer Service and protecting the environment. Importantly, the platform will include our Alliances and Anglian Venture Holdings (AVH), to increase the opportunity for all our people to be recognised, celebrated and rewarded for working together.

## Employee wellbeing

### Wellbeing webinars

In 2023, more than 3,800 of our people attended over 1,350 hours of wellbeing webinars on a wide variety of topics.

To build on our success, this year we have published a full schedule of webinars aligned to the needs of our people, with quarterly themes enabling colleagues to easily navigate the content and plan their attendance.

### Health Assessments

In 2023/24 we introduced mini health assessments at our main office locations, in collaboration with our facilities management partner, EMCOR UK. Our health checks are designed to assess the risks of potential medical conditions that could develop, spot any warning signs and share guidance on how to make changes and lower any risks. In the last year, we have completed approximately 800 assessments.

### Time out for LIFE 2024

Time out for LIFE, our largest health, safety and wellbeing online event, was held for the fourth year in 2024. Approximately 9,000 employees had access to the event. This year we had our highest-ever number of participants, with 4,900 employees joining us to make time for LIFE. We saw wellbeing scores improve considerably as a result of joining the event, with the most significant changes in above average (41% increase) and excellent (95% increase) ratings (2022/23: 32% and 39% respectively).

### Bespoke health interventions for our people: 'Get Trucking Fit'

We developed a bespoke, 12-week health programme in response to high levels of sickness absence within the Water Recycling Operational Logistics (WROL) team. This group had a sickness absence rate of 12 Days Lost per Employee (DLPE), significantly higher than the business average target of five DLPE. A number of health issues were also reported across the team, further driving the need for a timely health intervention.

The key objectives of our initiative were; to help improve the team's health and wellbeing – going beyond our standard LIFE health and safety programme; to deliver a targeted intervention to improve team health; and by extension, to ensure the safe operation of our HGVs.

The programme was specifically designed for this high-risk group and focused on a 1:1 diet and exercise programme, aimed at influencing healthy behaviours and creating sustainable change for those participating in the programme. Members of the group were provided with a variety of tools, guides and workout videos to support them through their journey, alongside personal, 1:1 coaching throughout the programme.



Our 'Get Trucking Fit' programme has been shortlisted at the 2024 Water Industry Awards.



#### Positive comments from programme participants:

"Overall, I'm feeling positive I can make it work this time."

"The support we received from the trainers was great and through the programme I've brought more fruit and veg into my daily diet."

## Employee satisfaction in 2023

Our Love to Listen employee survey revealed that, despite a challenging year, employee engagement has held steady; improving by one point to 72% (2022: 71%). People continue to enjoy their jobs and working with their team. They also continue to appreciate our flexible, inclusive culture, wellbeing support and benefits.

Our people told us they feel well supported by their managers and understand how they contribute to our strategic goals. Connection to our Purpose remains strong with 79% of people feeling proud to play a part in creating environmental and social prosperity in our region (2022: 81%), although we can see confidence dipping slightly as a result of the intense public and media pressure on water companies.

Areas identified for action this year include:

### Improving collaboration across teams

We continue to engage our people in opportunities to collaborate, including introducing a 'Back to the Frontline' scheme

enabling them to spend time with frontline colleagues to better understand other parts of the business and how we connect.

### Fair performance and reward

In line with feedback, we have introduced our new 'Thank you – we love what you do' framework, giving managers more ways to celebrate great performance and behaviours and enabling colleagues to recognise great work from peers, including, for the first time, all of our alliances.

We are also working with operational teams to design and test new models for out-of-hours working, with the aim of strengthening business resilience while also supporting the wellbeing of our people.

### Improving the use of data and technology

We have achieved good strides in making the best use of technology in recent years and are now focusing on system and data connectivity across the business, to ensure we are effectively leveraging insights business-wide.

## Ensuring our people feel empowered to speak up

Doing the right thing is one of our core values, and with the water industry in the public spotlight, it's more important than ever that we hold ourselves to account.

In March we held a short 'Pulse' survey to ask our people if we are providing an environment that supports them to do the right thing, with trusted routes to safely speak out on anything they are not comfortable with.

Of the 1,582 colleagues who completed the survey, 93% said they believe we take safety seriously and encourage people to take the time needed to work safely, while 83% said they were encouraged to report honest metrics and results regardless of whether they show positive or negative progress.

If people saw anything that wasn't right, 90% said they feel empowered to stop an unsafe act, while 82% said they feel their manager listens and acts on their ideas and concerns. Furthermore, 83% said they would know how to report something through our whistleblowing service.

Many respondents gave us constructive ideas to further improve awareness and support for people to safely speak out, which we'll act on in 2024/25.



"I have never come across a company like Anglian Water who take the environment, water quality, construction and design risks and impact to customers so seriously."

"Whistleblowing is well shared and I believe anything raised would be considered and acted upon."

## Love to Listen 2023: What our people told us

**7,265** colleagues shared their views (83% response rate). (2022: 6,901)

**72%** overall engagement (2022: 71%)

**79%** feel proud to play a part in creating environmental and social prosperity in the region we serve (2022: 81%)

**85%** feel their manager listens and responds to their ideas and concerns (2022: 84%)

**86%** have a clear understanding of our business goals (2022: 86%)

**87%** agree there is a strong emphasis on great customer service (2022: 85%)

**86%** feel this is an inclusive place to work (2022: 86%)

### Best things about working here:

- Our people
- Our Purpose
- Flexible, inclusive culture
- Wellbeing support
- Benefits package

### Top things to improve:

- Cross-team collaboration
- Reward
- Data and technology

## Investing in our people

In 2023/24 the total investment in developing our people was in excess of £4 million.

**1,046** of our people have undertaken License to Operate or Advance License to Operate training since 2020, which develops the full range of skills and knowledge technicians need to be compliant, confident and competent in their roles.

**1,528** of our people have completed personal development, management or leadership eLearning in the last 12 months, to support their development and performance.

**1,108** of our people have attended Insights Discovery workshops, building self-awareness, developing better relationships and improving team performance.



The gender split across our leadership programmes in 2023 was 46% women and 54% men (overall gender make up of our business: men 66%, women 33%, 0.2% other)



## Apprentices and graduates: our future workforce

We're changing the way we recruit graduates and apprentices, in response to the changing expectations of candidates and the wider jobs market, with an emphasis on attracting women, minority genders and people from ethnically diverse backgrounds.

We are mindful of the challenges some of our apprentices and graduates might face when attending interviews. Whether that's having to rely on a bus service to get to the assessment centre on time, facing anxiety, or challenges linked to neurodivergence, or a lack confidence in their skills.

As noted on page 67, we've moved towards candidate selection based on skills and behaviours rather than grades and we've updated the way we run our in-person assessments.

We are also addressing the social mobility challenges that graduates and apprentices can face. We've implemented support to help, including:

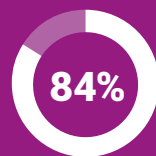
- Reimbursing travel costs to in-person assessments, regardless of the outcome.
- Starting assessment times later in the morning (so people can meet other commitments or to work around public transport)
- Providing candidates at Assessment Centres with the interview questions in advance, to have an opportunity to present themselves in the best way possible,
- Offering discounted driving lessons for Graduates and Apprentices in post. We're working to provide a salary sacrifice option for driving lessons.

**In 2023/24 we're looking to recruit 73 apprentices – our highest-ever number – alongside seven graduates.**

Our Graduate programme has been running since 2004. Through this we continue to offer positions focusing on leadership and across vital areas of our business, including environment, customer service and management of assets, alongside project management and engineering.

### Key achievements:

We were named in the Job Crowd's Top UK Companies to Work for List<sup>17</sup>, ranking fourth by Graduates and fifth by Apprentices. We were also ranked second in the 'Energy and Utilities' category for both apprentices and graduates. We ranked number one for 'Career Progression' across all industries in 2023.



Apprenticeship retention at Anglian Water after 10 years is 84%, compared with the national average apprentice retention after one year of 54% (source: Department of Education).



Graduate retention at Anglian Water is 89% over five years.

<sup>17</sup> [Top companies to work for | TheJobCrowd](#)

## Recruitment and retention

We are dedicated to building a diverse and skilled team that aligns with our values and Purpose.

As a result we're always exploring, monitoring recruitment and candidate trends and making changes where needed. This year we have continued to put inclusion at the heart of our efforts, with key changes including:

### Addressing unconscious bias in recruitment:

- Many roles now require a mixed gender panel to attend interviews to challenge conscious and unconscious bias. In addition, we regularly promote unconscious bias training for managers, with mixed gender interview panels emphasised as the preferred standard.

### In line with our Business Disability Forum membership we are implementing inclusive hiring:

- We're trialling providing interview questions to candidates in advance, to support their interview preparation. This helps those who may suffer from anxiety due to mental health conditions or who are neurodivergent.
- We've introduced updated neurodiversity e-learning for team members and managers, with a prompt for managers to refresh their training before interviewing.
- We're working with our internal Ability Network, to gain deeper insights on building trust with our internal or external disabled candidates.

We are currently working on our application for Disability Level Confident 3 – Disability Confident Leader. We are championing Disability Confident with businesses and organisations within the community and our supply chain, to encourage them to join the scheme. Our use of the Disability Confident scheme has also been reflected in

company policies; our Supporting Attendance Policy Procedure covers disability, reasonable adjustments, return to work and sickness and absence. The policy is briefed to all Managers and the Employee Relations and Occupational Health teams support employees and managers where needed.

### Working with veterans from the Armed Forces:

We are supporting our current veterans and their internal network, while progressing external relationships and gaining insight into how we can support those from the forces, guiding them on the opportunities that we have available while they look for a new career.

### Working closely with ex-offenders: attending prisons in our region:

See more in our Customers and Communities section, page 66.

### Anglian Water Force

Anglian Water Force (AWF) is the community of people across our business who support us to resolve incidents quickly, helping minimise the impact to our customers. Now in its second year, AWF has helped us respond to 16 incidents throughout 2023/24, including severe flooding, summer demand and water quality.

Employee engagement with Anglian Water Force continues to improve, with more than 3,600 people across the business assigned roles and eligible to support – that's 75% (2022: 65.5%). This year we held 49 training and exercise sessions for over 450 people.

# Inclusion

At Anglian Water, inclusion means creating a culture where everyone feels heard and valued.

**Our inclusion strategy covers three strands:**

**Key actions undertaken in 2023/24**

## 1. Developing awareness and education

Raising awareness of key topics, recognising and celebrating diversity and educating our people.

- Updated neurodiversity training for line managers and team members.
- New internal Lighthouse (intranet) neurodiversity page and line manager guidance.
- Reverse mentoring programme between ethnically diverse and white colleagues continued throughout Anglian Water.
- Sponsored Lincoln Pride 2023.

## 2. Build and grow our Inclusion community

Together, we will continue to grow the community as a safe place to share, engage and be allies, fully supported by our management board.

- This year we created five employee support groups: the Pride Family for LGBTQIA+, the Ability Network for Disability, a race and ethnicity group, Embrace, the Young Professionals Community and the Women in Construction and Alliances network.
- Inclusion Week 2023 and monthly Inclusion events. This year we doubled signups for Inclusion events.

## 3. Making changes to move our organisation forward

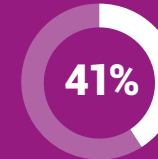
Together we will embed Inclusion within our policies and practices, and we will create interventions to remove barriers

- New inclusive hiring targets implemented.
- New diversity and inclusion interview panel volunteers launched (see page 73).
- Strength in Diversity work continues with an emphasis on social mobility (see Customers and Communities on page 66).
- Achieved a 20% improvement on our Business Disability Forum self-assessment score.

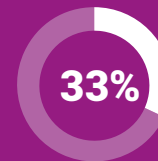


## Improving representation of women, minority genders and ethnically diverse communities in our organisation

We're working to build a diverse organisation that is inclusive, with equality and representation at all levels.



This year, with 41% of all new hires being female, we exceeded our target of 36% female hires, and for 36% of senior manager positions to be held by women (39% actual). By the end of 2025 this target rises to 38% for each.



Since we launched our updated Inclusion Strategy in 2020, the gender split of our 6,100+ strong workforce has shifted by 2% (from 31% to 33%), reflecting our efforts to attract and retain more women.



Since 2020, 39% of employees that were promoted to a higher level role were women, while the percentage of the female workforce promoted company-wide since 2020 is 4% compared to 3% of the male workforce.

## Ethnicity

This was the second year of reporting on our Ethnicity Pay Gap. We've achieved an increase in the available data on employee ethnicity, which has brought with it an enhanced understanding of areas where we need to improve. As predicted, the increased data insight has resulted in a slight increase in the pay gap. We recognise there is work to be done to achieve accurate figures. We've seen encouraging improvements in the ethnicity split across the pay quartiles and role frameworks.

In 2023 we were delighted to receive recognition for our work on increasing inclusion and diversity throughout the business. Our Strength in Diversity project (page 66) was named Diversity and Inclusion Initiative of the Year at the Water Industry Awards 2023 and we also won the Institute of Water award for Commitment to Inclusion and Diversity 2023.

To read more about how we are working to improve the gender and ethnicity composition of our workforce, see our Remuneration Committee Report on page 148.

# Inclusion Performance against targets in 2023/24

Measure	Target	2023/24 Outcome	+/- from 2022/23
<b>Our people</b>			
Our people agree that we are an inclusive employer	87%	86%	no change
Number of workforce engaged in inclusion activities	322	481	+41%
<b>New hires</b>			
% of female/minority gender hires	36%	41%	+5%
Reflect the gender of the UK STEM workforce	11% (the UK average)	39%	+29%
Reflect the ethnicity of our region	20% (previously 18%)	20%	+1%
<b>Representation in senior leadership</b>			
Gender equality in senior positions	36% female	39%	+3%
Senior positions mirror the ethnicity representation of our broader employee base	6% excluding 'white other'	5%	-1%
<b>Benchmarking and external acknowledgement</b>			
Achieving external benchmarking of inclusion practices	Achieve Disability Confident Employer Status	We met this target in November 2023	n/a
Business in the Community Tracker® score for Diversity and Inclusion	65% (Cohort average of 46%)	79%	+14%



## Key external recognition for inclusion this year:

Disability Confident Employer 2023



Ranked number five on the 'Top 10 Best Performing Private Companies' in the FTSE Women Leaders Review



Times Top 50 Employer for Gender Equality 2023



Water Industry Awards Diversity and Inclusion Initiative of the Year 2023



Best Employer for Women finalist



# Our partners

## We do more and go further together

Partnering with others is vital to deliver on our Purpose, to bring environmental and social prosperity to our region. Crucially, partners help us broaden our impact, solve cross-sector issues and leverage additional funding. By working together, we can achieve far more, at no extra cost to our customers.

Forging new connections and collaborating to create a positive impact in our region is embedded in how we do business.



We have a diverse range of partners spanning the breadth of Anglian Water. Some examples include:

Corporate	Charities and the community	Academia and education	Alliances	Industry	Governmental Local Authorities and Councils	Non-governmental Organisations

## Strategic Alliances

In March 2024, Anglian Water and its @one Alliance officially signed the @one Alliance AMP8 contract, to deliver a £2.6 billion package of investment throughout AMP8: a momentous achievement, which marks the beginning of our transition into the next AMP.

The new contract will see the @one Alliance double its output, from a record breaking £1.3 billion to an even larger £2.6 billion programme.

### Working with our alliances, to drive cost efficiencies for customers in AMP8

For our AMP8 Business Plan, by far the biggest and most ambitious in our region's history, we challenged all our supply chain and construction partners to find more efficient ways of working together. We were able to decrease the total cost of our proposed business plan from £10 billion to £9 billion, c.10%. While Ofwat is still reviewing our plan, this could translate into a reduction of customer bills by 2.7%. There are huge benefits to the alliancing model as each partner brings their own specialisation allowing the alliance to deliver schemes efficiently, safely and with huge capital carbon reductions.



For AMP8, all existing @one Alliance partners, Anglian Water, Balfour Beatty, Barhale, Mott MacDonald Bentley (MMB), MWH Treatment, SKANSKA and Sweco have recommitted to the Alliance for AMP8 (2025-2030) and to help deliver the new programme. Binnies will be joining the Alliance full time for AMP8 after being a reserve partner since 2005.

The @one Alliance was established in 2005 to deliver Anglian Water's capital delivery programme across the East of England. We were an early adopter of the alliancing model in the water sector, which has now been recognised as a Gold Standard part of the Government's Construction Playbook.

Our industry-leading alliancing model is held in high regard in the infrastructure industry with other major organisations keen to learn more about alliancing in order to replicate our success, and other water companies beginning to set up their own alliances.

A key aspect of this continued success has been the focus on health, safety and wellbeing while embedding performance incentives for efficiency, carbon reduction and innovation.

Throughout AMP7 the @one Alliance has delivered over £1.3 billion worth of work, over 50% of Anglian Water's capital delivery programme and has delivered over 800 schemes including, storm tanks, phosphorous removal and sewer rehabilitation in order to maintain and improve our region's water mains and sewage network.

## Customers and communities

Our partnerships with community groups and charities help us connect with and support our customers.

### Customer service partnerships helped us reach more than four million customers in 2023/24.

Our partnership team engage with more than 100 charities and community groups each year, with a focus on engaging with customers that need support. This work is critical to improve awareness of our Priority Service Register and the financial assistance available through our WaterCare service, more on page 58.

One example of this type of partnership, is our co-funding of Scope's Disability Energy Service with Water Advice. This is a specialist support service that helps reduce costs and improve services for disabled people. This year the service has supported 8,883 disabled people and identified estimated annual savings for customers of £3.46 million.

Partnerships are also key when it comes to engaging harder-to-reach communities. This year we worked with The Bread and Butter Thing, an affordable mobile food club, offering low-cost weekly shopping bags for people on low incomes.

### Working together we have been able to build relationships with some of our most disengaged, rural customers, who face loneliness and financial strain.

Our most successful sessions have been held at Old Leake Community Centre, where we joined forces with The Bread and Butter Thing and Community Centre staff.

During shopping bag collection times, our team engaged with service users to distribute leaflets and offer in-person advice.

While on-site, we were able to look into account queries, complete tariff checks and organise call backs for Extra Care Assessments. This very human approach allowed us to build a trusting relationship with those who attended.

As a result, since January 2023, we have seen a 200% increase in the uptake of Extra Care Assessments within the PE29 area. We've built trust with the residents of Old Leake, who are much more aware of all the ways we can support them. They have a better understanding of their bills and can make an educated choice on switching to a meter versus staying on a Rateable Value bill.

We're committed to rolling out this partnership across our region, supporting those who need it most.



The lady from Anglian Water gave out leaflets and advised people to ring them. I did - not expecting much! But she has cut my bill in HALF each month. Thank you to all involved in this community project. Such a wonderful thing you're all doing. Xx

19w Like Reply 1



Author  
**Old Leake Community Centre**  
that is fantastic 😊  
you're not the only person to say this!  
We are so pleased 😊 so far everyone who has given us feedback about Anglian Water has had their bill cut in half - it's amazing! 💜

19w Like Reply 1

## Non-governmental Organisations

### Working with others to improve and care for rivers

Through our Get River Positive programme we work with a range of organisations, to galvanise collective action, to improve and care for rivers. In 2023, we committed to 53 projects, working in partnership with the likes of Norfolk Rivers Trust, Doddington Hall, Microsoft, Avnade, North Essex Farm Cluster, East Mercia Rivers Trust, Water Resources East, Wildlife Trust BCN and River Lark Catchment Partnership.

In the East of England, the agricultural economic contribution is roughly twice the national average. We work closely with farmers and landowners to address the risk of diffuse pollutions.

In the past year, through our Farm Innovation Grant, Cover Crop Grant and Farmer Training Grant, we've:

- Supported 66 farmers deliver projects on soil health, nutrient management, pesticide management and precision technology.
- Helped 100 farmers plant over 1,000 hectares of cover crops to protect soils and retain nutrients.
- Provided 243 days of training to 32 farm businesses covering over 57,000 hectares.

Furthermore, we are funding 11 farm clusters across our region. These clusters bring together farmers and landowners and encourage collaborative work to deliver greater benefits for soil, water and wildlife.

#### One example is the Upper Deben Farm Cluster, formed in 2023.

We are supporting the Cluster with funding for a full-time facilitator for the group. This will help them grow, with a view to them becoming self-sustaining after two years. Within the funded period, the Cluster will focus on baselining and mapping existing resources, habitats and features, to provide a view on the current ecological health of the Deben. A website will be created to increase their ability to promote the group and its activities, enabling knowledge sharing with local landowners. Events will be hosted in the area, with the first exploring nature-based, landscape-scale regeneration opportunities and the following sessions covering themes such as Integrated Pest Management, Water Management and Soil Health.

**“Effective cover crop management is key to our soil health programme, and Anglian Water’s help through the Farm Innovation Grant has been vital to pursue our plans – it has enabled us to invest in equipment and techniques which would otherwise have been beyond our reach, significantly accelerating our ability to improve our soils, capture nutrients, combat erosion, build resilience into our system and improve water quality on the farm.”**  
Henry Reynolds, Managing Director, Reynolds Precision Ltd.



## Corporate

### Cementing our strong supplier relationships

Suppliers play a fundamental role in the successful delivery of our capital programmes and will be crucial to help us deliver on our AMP8 plans.

We've built strong relationships with our supply chain over many years. And as we get fit for AMP8, it's vital that we nurture those relationships, differentiating ourselves from the wider water sector. As we embark on our biggest enhancement programme yet, we're committed to educating our suppliers about the opportunities the coming AMP affords.

In February 2024, we held a Supply Chain Event in Peterborough. This saw over 400 people attend from across our supply chain, partners and colleagues. We showcased our plans, the opportunities on offer, and discussed how we can collaborate to deliver together.

Peter Simpson, Chief Executive, opened the event, closely followed by Steven Lynch from Eastern Powerhouse, who talked about the opportunities in Eastern England. Lila Thompson from British Water took to the stage to answer the question 'Why the water industry?'; an important topic to address given the current media landscape. In partnership with Microsoft we also showcased the innovation achieved through the creation of our environmental digital twin.

We had positive feedback from attendees, with one supplier commenting:

**“I now understand the direction Anglian Water is heading and how that will impact us. It was great learning about what the company is doing to improve delivery across the region”.**



## Industry

### Creating sustainable aviation fuel using biosolids from wastewater treatment

Project Firefly is a collaboration between Anglian Water and Firefly Green Fuels, a spin-off from Green Fuels Research, who won c.£2 million from the Department for Transport's Green Fuels, Green Skies competition and Haltermann Carless to create sustainable aviation fuel from treated biosolids.

The project will take digested sludge (biosolids) from wastewater treatment and, by applying pressure and heat using a process called Hydrothermal Liquefaction (HTL), convert the organics fraction of biosolids into Sustainable Aviation Fuel (SAF). The first-of-its-kind refinery is planned to be commercially operational at Haltermann Carless' Harwich refinery by 2029. Firefly Green Fuels has secured a £5 million investment from Wizz Air along with a long term SAF offtake agreement.

With the UK Government announcing a SAF blend mandate increasing to 10% by 2030 and 22% by 2040, there is a huge market for SAF. This provides a solid foundation for the Firefly project, which is both an innovative and circular economy concept. Existing solutions for SAF production are also uncompetitive, with the current price to wing being two to six times the cost of fossil jet fuel.

From our perspective, the Firefly concept could provide an important alternative outlet for bioresources. The phosphorus fraction could still be captured following the Hydrothermal Liquefaction process through

separation of the biochar component. This ensures we can continue to provide value as an alternative to artificial fertiliser. If rolled out nationally, the Firefly concept has the potential to process more than c.3.6 million tonnes of biosolids, to produce 200,000 tonnes of SAF annually.



### Predicting network vulnerabilities using AI: Safe Smart Systems

Safe Smart Systems (SSS) is Anglian Water's largest project funded by the Ofwat Innovation Fund. The project is using artificial intelligence and mathematical optimisation to build an automated system that will identify, predict and manage vulnerabilities in our network. In addition to improving long-term operational resilience, SSS will improve visibility of our network and enable our colleagues to work more proactively, to identify and resolve issues before they reach the customer. Ultimately this will provide a more efficient service, while also reducing water wastage (and associated carbon) from issues such as leakage.

What sets this project apart, is the scale of collaboration involved. Including Anglian Water and lead delivery partner Jacobs, we are working with an additional 27 companies from across the water and technology sectors, as well as academia and suppliers. At the end of this project, we will be producing an industry playbook to service as a guide for organisations hoping to develop and implement Safe Smart

Systems. By working across sectors, we can ensure our solutions and learnings are transferable and adaptable.

As of March 2024, we transitioned into Phase 3 of the project, the build and verification phase. We are currently training and testing algorithms to ensure they are ready for implementation. We have identified specific sites for physical implementation of our sensors, within the Ely and Newmarket area. Plans for construction delivery are underway. We are also exploring how our system might fit into a real-life operational setting: how this new way of working will align with our current processes and what opportunities might arise from the wider business for our system.

Safe Smart Systems is just one example of how embracing smart solutions could allow the industry to operate in a more joined-up way than has ever been possible before.

In December 2023, Anglian Water was awarded 'Innovation of the Year' at the Utility Week Awards for its work on the Safe Smart Systems project with Jacobs.



Pictured: Celebrations for the SSS project team and partners at the Utility Week Awards

# National and local government

**Strong relationships with our political stakeholders enables us to ensure that we best serve communities and economies within the region.**

## Thriving East launch

In November, we launched our [Thriving East](#) report, which provided a deep dive into the unique challenges faced by the diverse landscapes, businesses and people living in our region. The report shed light on the challenges across each of regional county on climate change, economy and society, sustainable growth and nature and environment.

To launch the report, we hosted a Parliamentary event which was attended by over 100 stakeholders, including East of England All Party Parliamentary Group Co-chairs Daniel Zeichner MP and Peter Aldous MP. While acknowledging the challenges facing the industry, Members of Parliament (MPs) valued the report's insights and supported our ambitious investment plans.

On the back Thriving East, we ran a substantial engagement programme with key political stakeholders, including members from Cambridgeshire, Norfolk and Suffolk Chambers of Commerce, which we used to shape the outcomes of our AMP8 business plan. This ensured our plans will meet the needs of the communities they serve.



Daniel Zeichner MP, Dr Ros Rivaz (Chair), Michelle Sacks Chief Executive of Huntingdonshire District Council, and Peter Simpson (CEO)

## Improving understanding

Over the past year, we met a total of 1,396 political stakeholders. This included 121 MPs and Peers, 65 County Councillors, 223 District Councillors, 149 Parish Councillors and 186 Council Officers. Many of our conversations included discussion of our Storm Overflow reduction plans and plans for wider investment in the region, including [Get River Positive](#).

Our stakeholder engagement was particularly important during heavy rainfall and flooding incidents, where it was imperative to ensure key local representatives were kept up to date.

## Opposition engagement

With 2024 being a General Election year, we know election campaigns will significantly amplify the political interest we've seen over the past two years. We have actively engaged with prospective Parliamentary candidates in our region, as well as sitting MPs.

In June 2023, we hosted Labour's Shadow Water Minister Ruth Jones in Grafham, which was her first meeting with a water company since becoming Minister. This served as an opportunity to discuss key topics, such as water resource security. We have also developed strong relationships with other Shadow Ministers Seema Malhotra and Emma Hardy, through which we have helped develop Labour's thinking on developing solutions for issues such as flooding and unflushables, alongside sharing our Purpose model.

## Chambers of Commerce

One of our long-term ambitions is to enable sustainable economic and housing growth in the region we serve. We are a member of several regional Chambers of Commerce, including Cambridgeshire, Essex, Lincolnshire, Norfolk, Rutland and Suffolk. Being an active, funding member of these key, regional business bodies, provides us with valuable insight into the local challenges and needs of businesses, as well as opportunities to work alongside and partner with Chambers.

We worked collaboratively with Essex & Suffolk Water to deliver a Water Summit in Suffolk. This brought together, for the first time, the water industry, local councils and regional businesses to discuss solutions on topics such as water resources, water efficiency and sustainable growth. Another key discussion area was policy change, to help water companies better support business growth through future Water Resources Management Plans.

## Response to flooding

Flooding across our region from October 2023 to March 2024 generated a significant uplift in stakeholder engagement. We worked with over 350 enquiries from MPs, councillors and other stakeholders. While also working closely with our operational colleagues who were supporting customers in flood-hit areas, who were often in desperate situations.

We were also able to share key information with MPs and other stakeholders, covering topics including; the need for better multi-agency collaboration for effective flood risk management; and how legislation needs to change to improve flood response (see pages 14-19).

We attended several community meetings with MPs, local authorities and communities, demonstrating our commitment to the flood hit areas. We also shared weekly updates with MPs in flooding hot-spot locations.

In 2024, we began working with key agencies and local councils, as part of our wider multi-agency response. Together, we're creating a plan for further improvements, as well as investigating key hotspots. See Our stakeholders – Environment, pages 44-53.



# Regulators

As a regulated business, we strive for an open and constructive working relationships with Ofwat, the Environment Agency (EA), the Drinking Water Inspectorate (DWI), the Consumer Council for Water (CCW) and the Office for Environmental Protection (OEP).

## Ofwat

Throughout the year, we continued to engage with Ofwat through face-to-face discussions, industry forums, working groups and written submissions.

Following the submission of our PR24 plan in October 2023 Ofwat is assessing our proposal ahead of publication of their draft determination later this year. We regularly engage with their teams and via formal Ofwat channels on Price Reviews. We continue to engage more generally on wider issues with Ofwat, including regular meetings, at all levels, in both organisations and alongside other regulators such as the EA and DWI.

Over the last year, we have hosted several meetings with various representatives of Ofwat including; the Ofwat Chair, Ian Coucher in May 2023; Helen Campbell, Ofwat's Senior Director for Sector Performance in January 2024; and Chris Walters, Senior Director of the Price Review. Chris Walters visited Woodcroft Road, Etton, one of our Strategic Pipeline Alliance (SPA) sites in February 2024. During this visit, Chris met Peter Simpson and other senior managers, who brought to life the scale and complexity of the SPA programme.

These meetings provided an opportunity to discuss topics such as, the delivery of our plans for AMP8, our approach to asset management and the role of network modelling and digital enablers, to improve operational and network management.

This year we also responded to Ofwat's new customer-focused license condition, which was introduced in February 2024. A summary of our response can be found in Our stakeholders – Customers and communities, on pages 54-66.

## Environment Agency (EA)

We have continued to work with the EA on a wide variety of topics - from strategic objectives and funding allocations, through to monitoring river health and when events, such as spills, occur.

The EA is currently in consultation for Guidance Document 16\_02, which details how it will assess and record incidents that are self-reported by water companies, with proposed changes to take place from 2026. The new guidance proposes the removal of Category 4 when categorising pollution events. A Category 4 event includes no actual harm, but the risk of Category 3 includes harm. We are providing feedback as part of the consultation process. We continue to cooperate fully with the EA, being transparent and responsive to all requests for information and site access.

## Drinking Water Inspectorate (DWI)

To ensure all our customers can access safe, clean drinking water, both now and in the future, we regularly meet the DWI to review issues that could impact water quality in our region. We also report annually to the Inspectorate, to enable them to review our performance against the rest of the sector. These results are published by the Chief Inspector in the summer.

Our meetings with the DWI ensure there is an open and transparent flow of information, with meetings ranging from regular monthly telephone calls to frequent liaison meetings with our Principal Inspector and their team. In parallel, we also have meetings to review progress on recommendations from the DWI.

Alongside our industry peers, we attend an annual summer event, where the DWI's Chief Inspector report is presented.

These meetings, and our engagement at various levels within the DWI, ensure we are providing them with the most up-to-date information on the quality of the water, any issues we have encountered, alongside our plans for the future.

## Consumer Council for Water (CCW)

We engage and consult with CCW across the full spectrum of customer services, including how we manage incidents. In addition to routine interactions, we attend CCW Incident Workshops, with a view to share best practice and where we can improve our customer service. The workshops help us to understand the spectrum of incidents across the industry better, as well as how these impact our customers.

## Office for Environmental Protection (OEP)

We continue to engage with the Office for Environmental Protection on our environmental commitments, such as Get River Positive. We have attended meetings with the OEP, including one hosted by the Norfolk Rivers Trust, where we discussed ongoing activity, our river health commitments and the Advanced Water Industry National Environment Programme (A-WINEP).

# Shareholders

**Our shareholders have made a long-term commitment to our organisation and have a shared interest in, and responsibility for, its success. They have been instrumental in helping build our AMP8 plan and supporting our work to drive down pollutions. Their engagement with our strategy, plans and performance is vital to our future success.**

Both the Anglian Water Services Limited (AWS) and parent company, Anglian Water Group (AWG) Boards include shareholder non-executive director (NED) representatives. They bring with them a broad range of skills and experience.

This year, our shareholders agreed £350 million of additional investment to support the delivery of our Strategic Interconnector Grid and to accelerate work on our pollutions. This is over and above the level agreed by Ofwat. It includes £100 million to help improve spills and pollution performance.

We engaged extensively with our shareholders as we shaped our AMP8 plan. Working together, we rigorously challenged both the scope and cost of investment, to ensure our plan is efficient, delivers a service improvement and keeps bills to a minimum. Our shareholders fully support the unprecedented level of help included, to make bill increases that result from our plan affordable for those who struggle to pay. Specifically, this is funding a new Medical Needs Discount, which provides direct financial support to those with specific medical needs that create a higher water dependency.

In line with our Purpose, we have set dividends to reflect performance and build financial resilience. This takes account of the excellent achievements in many areas, but has also been adjusted where performance has not met the standards we expect, balancing the needs of all our stakeholders to attract continued investment for the region we serve.

Our external shareholders did not receive a dividend from 2017 until 2022, choosing to prioritise instead, the long-term needs of the business and our customers.

## Engagement

Strong relationships and delivering regular updates to our investors is vital. This year, we held a series of dedicated events aimed at our shareholder audience:

- Company Board meetings, where non-executive directors participate in discussions and decisions about Anglian Water.
- Meetings of the AWG Board (chiefly comprising representatives of our shareholders), which regularly considers and has input into matters of importance to Anglian Water.
- Regular one-to-one meetings between each shareholder group, our Chief Executive, Chief Financial Officer and other members of our senior teams.
- A series of workshops held in the build-up to our AMP8 plan submission, to ensure their input was fully reflected in the plan.

- In December 2023 we welcomed shareholders and their colleagues to a pollution deep-dive workshop at our office in Peterborough. The objective of the event was to demonstrate the breadth of our pollutions plans, how robust they are and how they are already beginning to make a difference.
- We also provided written reports, including interim and preliminary results at half-year and year-end, our Annual Integrated Report and the annual Sustainable Finance Impact Report.

## What they tell us

Our shareholders value the regular engagement with the Board and senior management. They also benefit hugely from the opportunity to engage with teams from across the business and gain a deeper understanding of how we're delivering on our commitments.

Further information on the AWS Directors can be found in the biographies on pages 124-127.



Members of our executive Board at our Water Treatment Works, Heigham, Norwich

# Debt investors, banks and ratings agencies

**The delivery of our investment programme relies on the funding provided by investors and banks and the assessments made by the rating agencies.**

## Raising finance

We have one of the largest levels of private investment in the region and have invested over £2.7 billion since 2020, as part of our five-year plan to 2025.

Our investments cover protecting and enhancing the environment, protecting communities from extremes of weather, building resilience to flooding and drought and supporting sustainable economic growth, by unlocking development opportunities and securing water resources for the long-term future.

**Our plans are realised through our WINEP, which will see us make improvements and enhancements worth £811 million<sup>18</sup> in this region.**

Our WINEP is one of the largest investment programmes in the industry. Many of these investments are financed through our Green Bonds, and contribute to five environmental objectives: climate change mitigation; climate change adaptation; biodiversity conservation; pollution prevention and control; and conservation of natural resources.

Throughout this year, we've raised £1.2 billion million across several debt transactions, such as the £860 million dual-tranche bond launched in August 2023. Investors have financed a wide range of investments under different portfolios, which you can read more about in our [Sustainable Finance Impact Report](#).

## Engagement

Engagement is vital to understand an investor's requirements, while demonstrating our long-term sustainable plans and helping them understand what makes Anglian Water a sound investment. We have developed a structured engagement programme, which consists of regular updates and events and meetings between subject-matter experts and investors to facilitate an in-depth understanding of our business.

In October 2023, we held an event at our Wing Water Treatment Works. Over 70 investors, banks and rating agencies attended. During the day, we provided an update on our PR24 business plan and the investments proposed for AMP8. We also hosted interactive market stalls, themed around the four pillars of our Strategic Direction Statement (see page 12 for more information), and provided a site tour of the treatment works, delivered by our on-site experts.

As a result of feedback, we've worked more closely with investors this year to ensure we are supplying up-to-date information on how their investments are being used across sustainable projects.

We understand that our investors are seeking granular information to share with their stakeholders, such as pension funds, on Environmental, Social and Governance (ESG) commitments. We are able to provide a wealth of information for them to pass on.

## ESG ratings

We have a track record of securing external validation of our ESG impact and business resilience.

In 2024, we maintained our AA rating in the MSCI ESG Ratings assessment - the second-highest ranking, for the third year running. MSCI ESG Research provides MSCI ESG Ratings on global public and a few private companies on a scale of AAA (leader) to CCC (laggard), according to exposure to industry-specific ESG risks and the ability to manage those risks relative to peers.

We also received a CDP score of A-, a global measure of how we are responding to climate change.



Investors visit our Wing Water Treatment Works in October 2023

<sup>18</sup> [aws-preliminary-announcement-31-march-23.pdf\(anglianwater.co.uk\)](#)

## Section 172 statement

### Engaging with our stakeholders

In July 2019, with the approval of our Board and shareholders, we became the first major utility company to enshrine purpose into the way the business is run, by amending our Articles of Association. This amendment means we've enshrined, for the long-term, the principles set out in section 172 of the Companies Act 2006 – making us accountable for delivering on our long-standing commitment to working in the public interest (see page 35).

Section 172(2) states that, where the purposes of a company consist of purposes other than, or in addition to, benefiting the company's shareholders, the section 172 duties will take effect, as if the reference to promoting the success of the company for the benefit of shareholders were a reference to achieving those alternative purposes. Anglian Water's Purpose

(as set out in our Articles of Association) is to conduct its business and operations for the benefit of members, while delivering long-term value for its customers, the region and the communities it serves, seeking positive outcomes for the environment and society. It follows that the directors of Anglian Water have a duty to act in a way that can be considered as most likely to promote the company Purpose. The section 172 duties, to which the directors are subject, must therefore be considered in the context of this Anglian Water Purpose.

The disclosures, set out on pages 84-86, demonstrate how the Board must show regard to the matters set out in Section 172(1) (a) to (f), which are now enshrined in Anglian Water's Articles of Association and include cross-references to other sections of the report for further information.

### Board engagement with stakeholders

Our Board has set out to define discrete stakeholder groups, but it recognises that, in many cases, they have complementary interests and shared priorities. On occasion, their concerns may even conflict with one another. The Board's duty in reviewing, challenging and shaping plans and setting strategic direction, is to consider and balance the impact of its decisions on a wide range of stakeholders. More information on our business model, including how we use six capitals thinking to shape decisions and measure outcomes, can be found on pages 35-36. Information on our key stakeholders can be found throughout this report and below.

We have developed an annual stakeholder engagement strategy, which is approved by the Board. This is designed to demonstrate

how Anglian Water is delivering on its Purpose and to increase the breadth and depth of understanding of the value that Anglian Water delivers. The Board regularly engages in the delivery of the stakeholder strategy.

In November 2023, members of the Board attended the launch event for the Thriving East report at Westminster. See page 80 for more information.

There are some key issues, of such strategic importance, that the Board judges it should engage directly with relevant stakeholders. However, much of our engagement happens at an operational level.

Where the Board has not engaged directly with stakeholders, it receives regular reports from management, so the Directors can understand and take account of the key issues to which they must have regard.

### Making long-term decisions

Anglian Water's long-term strategy is driven by our 25-year Strategic Direction Statement (SDS). Our SDS was first published in 2007 and was refreshed in November 2017. The SDS was most recently reviewed by the Board early in AMP7 and the updated version now covers the period 2020-2045. The four key ambitions set out in our SDS are shown in our business model, see page 12.

Much of the Board's focus over the financial year 2023/24, related to the development of Anglian Water's PR24 Business Plan for the period 2025-2030 and the associated Long Term Delivery Strategy (LTDS). Further information on the Board's stakeholder engagement, in relation to both the PR24 Business Plan and LTDS, can be found in the case study on page 85. The LTDS is aligned with our existing strategic frameworks – as well as the Government's long-term objectives – to create a coherent strategy to 2050.

In August 2023, we published the revised draft of our Water Resources Management Plan (WRMP), which sets out how we will maintain a sustainable and secure supply of drinking water for our customers, over the period 2025-2050. The WRMP considers the challenges that our region faces, allowing Anglian Water to implement an affordable, sustainable pathway that can provide benefit to our customers, society and the environment. The Board oversaw and scrutinised the development of the revised draft WRMP and also provided assurance that Anglian Water had met its obligations in developing the WRMP: namely that it is the best-value plan for managing and developing water resources – based on sound and robust evidence and costing processes – which also enables us to continue to meet our obligations to supply water, protect the environment and provide societal benefit.

Similarly, in May 2023, we published our first Drainage and Wastewater Management Plan (DWMP), to set out how we will manage and recycle water in our region over the next 25 years. In it, we address the triple challenge we face from the rapidly changing climate, a fast-growing population and the need to protect our region's precious chalk streams and rivers. Again, the Board had oversight of the DWMP and gave assurance that the resulting plan is the best-value plan for customers and the environment – based on robust evidence and costing processes.

The Board has also approved Anglian Water's long-term viability statement (see pages 119-121), within which the directors have assessed the Company's prospects over the next ten years.



## Having regard to employees' interests

The welfare and development of our employees and of the company's culture and values, are key areas of focus for the Board and its committees, with employee-related issues covered at every Board meeting. Areas considered by the Board range from health, safety and wellbeing to inclusion, employee engagement and succession planning. The Board meets the Head of Safety on a quarterly basis, which enables the monitoring of key safety trends and challenges to performance, where appropriate.

In October 2023, the annual Love to Listen survey was undertaken, with the aim of seeking and acting on the views of our employees. The results of the survey, together with plans to address its findings, were discussed by the Board. In line with the Anglian Water Services Corporate Governance Code 2020, the Board has appointed John Barry as the non-executive Director responsible for engaging with the workforce.

Anglian Water has offered employees the opportunity to participate in the AWG Loyalty Savings Scheme. This scheme enabled employees to save on a monthly basis and then potentially benefit from the financial performance of the company at the end of the three-year savings period.

During the year, two 'market stall' events were held, which gave the directors and employees the opportunity to engage with each other and discuss, in detail, a variety of important matters affecting the company.

Further information on how the Board and management engage with employees – and the impact of that engagement – can be found on pages 67-75.

## The Board, stakeholder engagement and the development of our PR24 Business Plan and LTDS

Engagement with customers and communities is fundamental to the development of our strategy and plans.

The Board-approved PR24 Business Plan and LTDS were submitted to Ofwat in October 2023. The Board has been engaged throughout the business planning process for both the PR24 Business Plan and the LTDS, as far back as March 2021, when the Board approved the overall strategy for the period 2025-2030 (AMP8). Since then, the Board has regularly reviewed and challenged all aspects of the PR24 Business Plan's development. In September 2021, the Board agreed it was important to adopt a multi-AMP focus, to ensure the need for investment would be balanced against the challenges facing bill payers. At its meeting in May 2022, the Board confirmed the importance of ensuring the PR24 Business Plan aligned with what customers valued most and noted the involvement of the company's Independent Challenge Group (the ICG is a group of independent subject experts and regulators, who scrutinise and challenge Anglian Water's business plans, to make sure they reflect customers' priorities).

In September 2022, the Board hosted a 'market stall' event, attended by the CEO of Ofwat. The session provided an opportunity to demonstrate how Anglian Water was focused on improving environmental outcomes, while keeping bills affordable.

To understand the perspective of our customers, some directors attended customer engagement events and ICG meetings. Alex Nassuphis attended the ICG's Affordability and Acceptability Qualitative session in April 2023. In July 2023, the whole Board met Craig Bennett, the Chair of the ICG. This meeting allowed Mr Bennett to detail the work undertaken by the ICG in challenging Anglian Water's position in respect of key aspects of the Company's PR24 Business Plan, including the LTDS, water resources, affordability and customer engagement.

Between May and July 2023, nine deep-dive sessions were held with individual Directors, covering key elements of the PR24 Business Plan and LTDS. The purpose of these sessions was to allow the Directors to consider and challenge specific aspects of the PR24 Business Plan in greater detail. These sessions were each led by an independent non-executive director, selected based on their skills, to ensure an appropriate level of challenge. For example, Zarin Patel led the sessions on the PR24 financials, given her role as Chair of the Audit Committee.



**The Board approved both the PR24 Business Plan and LTDS at its meeting in September 2023. The Board is confident that both represent the best option for our customers and stakeholders.**

## Fostering business relationships with suppliers, customers and others

Our most important supply chain relationships are with our alliance partners, who play a crucial role in the delivery of our infrastructure and services. The Board receives an update on the progress of the capital investment programme at each Board meeting. This update provides an opportunity for the directors to review and challenge progress across the different delivery routes. During the year, the Board also received and considered – in detail – a number of updates on the progress of the Strategic Pipeline Alliance (SPA), which is tasked with the delivering hundreds of kilometres of new, interconnecting pipelines.

Under Anglian Water's Scheme of Delegation, the Board must approve the approach to the award of contracts with suppliers, above a certain value. This ensures that there is the appropriate level of oversight of these key contracts. During the year, the Board approved procurement strategies for operational technology delivery and consultancy services, the management of recreation services and grounds maintenance. Each year, the Board also approves Anglian Water's Modern Slavery and Human Trafficking Statement, which details the steps we have undertaken to ensure that slavery and human trafficking are not taking place in any part of the business, or within Anglian Water's supply chain.

The Board also engages with our different regulators including Ofwat, the Environment Agency (EA) and the Drinking Water Inspectorate (DWI). As part of her induction programme, Dr Ros Rivaz has met the Chairs of both Ofwat and the Environment Agency.

Another important stakeholder group is debt investors, banks and rating agencies.

Engagement is key to understanding their requirements, demonstrating our long-term sustainable vision and helping them to understand what makes Anglian Water a sound investment. Engagement occurs through dedicated investor events – held at least twice a year, to coincide with the company's results announcements – and additional events including the one that took place in October 2023 (see page 83 for more information).

## Impact on community and environment

The environment is at the heart of our Purpose and our SDS is fully aligned with the Government's own 25-year Environment Plan. In July 2021, we published our Net Zero Strategy to 2030. This route map, which was fully supported by the Board, sets out how we aim to reach net zero carbon emissions by 2030. As referred to above, the Board approved both the revised draft WRMP and the DWMP during the year. The Board regularly considers environmental matters, including abstraction, compliance against the EA's Environmental Performance Assessment, the progress of our WINEP, the water resource position and pollution reduction schemes.

Throughout the year, the Board has monitored the progress of both Ofwat's and the Environment Agency's investigations into sewage-treatment-works compliance. The Board has also supported the continued focus on reducing storm spills, together with the deployment of smart technology and machine learning, at pace, to help predict and prevent pollutions. See page 17.

Our Purpose requires us to consider the impact of our operations on our communities. The Board receives regular updates on stakeholder engagement activities.

## Maintaining high standards of business conduct

We seek to maintain high standards in all that we do as a business. We have robust risk-management and internal control processes, which are reviewed by the Board, or the relevant Board committee. Our code of conduct, 'Doing the Right Thing', applies to all employees and sets out what is expected from our people in different situations.

Anglian Water also holds itself to account against a set of Responsible Business Principles, which are approved by the Board. See Holding ourselves to account: pages 35-36.

## Acting fairly between members

The Anglian Water Group is owned by a consortium of five, long-term investors, representing millions of long-term pension holders in the UK and overseas. These shareholders are represented on the Board of our ultimate parent company Anglian Water Group Limited. There are also shareholder representatives on the Anglian Water Board. In this way, we ensure that we treat all shareholders fairly and that their views are heard when making key decisions. These directors bring with them a broad range of skills and experience. This is extremely valuable during Board discussions. Our shareholders have made a long-term commitment to our organisation and have a shared interest in, and responsibility for, its success. As the ultimate owners of the business are the source of equity investment – not the group – it's vital that we engage them in strategic planning and share our progress and results with them.

Further information on our Company structure and ownership can be found on pages 25-26 and in Board biographies on pages 124-127.

## Responding to stakeholder concerns

The Board has always taken an intense interest in Anglian Water's environmental performance. Over the last couple of years, the Board has recognised that – as a business with a stated Purpose to bring environmental and social prosperity to the region we serve – pollution performance has been disappointing for all stakeholders.

Following the development of the Pollution Reduction Programme 2023-2025 (the PIRP), the Board has met regularly with Emily Timmins, Director of Water Recycling, to understand and challenge progress made against the PIRP. In November 2023, the Board challenged Emily to further develop additional investment opportunities, which would be likely to have a beneficial impact on Anglian Water's pollution performance.

At its meeting in January 2024, the Board closely considered the detailed investment case to drive pollution reduction. The Board recognised that there were multiple benefits to investing in pollution reduction, including reputational improvements, a more positive relationship with regulators and reduced penalties. Therefore, after careful consideration, the Board approved the first tranche of £50 million (from a total commitment of £100 million) from our shareholders, to tackle pollutions and storm spills. This investment will deliver schemes, such as creating more capacity in sewers across the region and increasing storm water storage at water recycling centres, so they can deal with events like the intense rainfall we witnessed this year.

The statements below reflect our commitment to, and management of, employees, communities, the environment, human rights and anti-bribery and anti-corruption in the last 12 months, as required by sections 414CA and 414CB of the Companies Act 2006.

We integrate this information throughout this report; the information is designed to help you find key elements on non-financial matters. Links to policies, standards and relevant documents can be found at [anglianwater.co.uk](http://anglianwater.co.uk).



## Environmental and climate matters

**Our commitment to protecting and enhancing our environment is enshrined in the Articles of Association of Anglian Water through our stated Purpose: To bring environmental and social prosperity to the region we serve, through our commitment to Love Every Drop.**

Relevant policies, documents or reports that govern our approach:

- Articles of Association
- Strategic Direction Statement
- Integrated Management System Framework Policy
- Water Resources Management Plan
- Drought Plan
- Water Recycling Long-Term Plan
- Drainage and Wastewater Management Plan
- Pollution Incident Reduction Plan
- Climate Change Adaptation Report
- Net Zero Strategy 2030

Sections within the Annual Integrated Report where you can read more about our current activities and risk management:

- Chair's Welcome: pages 5-7
- Chief Executive's Statement: pages 8-10
- The year in context: pages 14-24
- Our strategic ambitions: page 12
- Holding ourselves to account: pages 35-36
- Responsible financing: Sustainable finance: pages 27-30
- Climate-related (CR) financial disclosures: pages 91-103
- (a) governance arrangements, pages 92-93

(b) how CR risks and opportunities are identified, assessed and managed, page 101

(c) how processes for identifying, assessing and managing CR risks are integrated within the company's overall risk-management framework, page 101

(d) description of: (i) principal CR risks and opportunities, pages 94-97; (ii) time periods to which these are assessed, pages 94-97

(e) actual and potential impacts of the principal CR risks and opportunities on the business model and strategy, pages 94-97

(f) resilience of the business model and strategy, taking into consideration different CR scenarios, pages 94-100

(g) targets used to manage CR risks and realise CR opportunities and performance against targets, pages 94-101

(h) KPIs used to assess targets above and calculations on which these are based, pages 101-102

- Our stakeholders: Environment: pages 44-53
- Section 172 statement: pages 84-86
- Climate-related financial disclosures, pages 91-103
- Principal risks: pages 108-116

## Employees

**Our approach to our employees is guided by the values that drive our continued progress: Together, we build trust; we do the right thing; we are always exploring.**

Relevant policies, documents or reports that govern our approach:

- Values Framework
- Doing the Right Thing – Code of Conduct
- Inclusion Plan
- Health and Safety Policy
- Dignity at Work Policy and Procedure
- Personal Relationships at Work Policy
- Gender Pay Gap report
- Whistleblowing Policy and Procedure
- Ethnicity Pay Gap report
- Board Diversity Policy

Sections within the Annual Integrated Report where you can read more about our current activities and risk management:

- Chair's welcome: pages 5-7
- Chief Executive's statement: pages 8-10
- Our stakeholders: People: pages 67-75
- Section 172 statement: pages 84-86
- Corporate Governance report: pages 128-136
- Nomination Committee report: pages 144-147
- Remuneration Committee report: pages 148-174

## Human rights

**Our policies and processes are underpinned by our values, in particular: we do the right thing.**

Relevant policies, documents or reports that govern our approach:

- Doing the Right Thing – Code of Conduct
- Dignity at Work Code of Conduct
- Data Protection Policy
- Data Retention Policy
- Customer Privacy Notice
- Modern Slavery and Human Trafficking Statement
- Human Rights Policy

Sections within the Annual Integrated Report where you can read more about our current activities and risk management:

- Our stakeholders: pages 44-83
- Nomination Committee report: pages 144-147



## Social matters

**Our commitment to serving our customers and our communities is enshrined in the Articles of Association of Anglian Water through our stated Purpose: To bring environmental and social prosperity to the region we serve, through our commitment to Love Every Drop.**

Relevant policies, documents or reports that govern our approach:

- Anglian Water Articles of Association
- Anglian Water Strategic Direction Statement
- Social Contract
- Employee Volunteering Guidelines – Love to Help

Sections within the Annual Integrated Report where you can read more about our current activities and risk management:

- Chair's welcome: pages 5-7
- Chief Executive's statement, pages 8-10
- The year in context: pages 14-24
- Our strategic ambitions: page 12
- Holding ourselves to account: pages 35-36
- Our Stakeholders: Customers and communities: pages 54-66
- Section 172 statement: pages 84-86

## Anti-corruption and bribery

**Our policies and processes are underpinned by our values, in particular: we do the right thing.**

Relevant policies, documents or reports that govern our approach:

- Doing the Right Thing – Code of Conduct
- Anti-Bribery Policy
- Anti-Fraud Policy
- Corporate Hospitality Policy
- Whistleblowing Policy
- Board protocol for dealing with conflicts of interest
- Tax and transparency Policy

Sections within the Annual Integrated Report where you can read more about our current activities and risk management:

- Principal Risks: Legal: page 116
- Audit Committee Report: pages 137-143

## Description of the business model

Relevant policies, documents or reports that govern our approach:

- Our business model: page 11

Sections within the Annual Integrated Report where you can read more about our current activities and risk management:

- Board statement of company direction and performance, Annual Performance Report (available at [anglianwater.co.uk/corporate/reports/our-reports/](http://anglianwater.co.uk/corporate/reports/our-reports/))

## Non-financial key performance indicators

Relevant policies, documents or reports that govern our approach:

- Non-financial performance, measured against a set of commitments agreed with Ofwat
- Health and Safety measures and targets
- Environmental Performance Assessment

Sections within the Annual Integrated Report where you can read more about our current activities and risk management:

- Delivering our outcomes: Performance Commitments Dashboard: pages 37-43
- Our Stakeholders: People: pages 67-75
- Our Stakeholders: Partners: pages 76-79

## Description of principal risks and impact of business activity

Description of principal risks and impact of business activity:

Relevant policies, documents or reports that govern our approach:

- The year in context: pages 14-24
- Risk management: pages 105-118

Sections within the Annual Integrated Report where you can read more about our current activities and risk management:

- Risk management: pages 105-108
- Principal risks: pages 108-116
- Business long-term viability statement: pages 119-121



A copy of our code of conduct ('Doing the Right Thing'), together with our Whistleblowing policy, our Anti-bribery policy and our current Modern Slavery and Human Trafficking statement, can be found on our website at [anglianwater.co.uk](http://anglianwater.co.uk). Our customer privacy notice can be found at [anglianwater.co.uk/about-us/legal/privacy-notice](http://anglianwater.co.uk/about-us/legal/privacy-notice).



# Our approach to the climate and nature crises

**Climate change is no longer a future threat. The impact is being felt globally, across sectors and ecosystems, today. Water is a primary factor; across the world, we are witnessing more flooding, increased risk of drought and rising sea levels<sup>19</sup>. And, as populations grow, there is a higher demand for water, which requires more transportation and energy-intensive pumping. Competing demands for water can impact biodiversity and wildlife, alongside extreme weather events, which can detriment water quality. Sustainable water management is key to building resilience in the face of the climate and nature crisis.**

At Anglian Water, we manage water resources in a region that is water scarce and vulnerable to climate change. It also has many precious environmental sites to protect, a growing population and a sizeable agricultural economy that relies on water to feed the nation. In addition to supplying fresh, clean drinking water and recycling wastewater, we must think about water in its widest context. Water underpins economies and businesses, it impacts the quality of green and blue spaces and is a key enabler for housing growth, particularly in our fast-growing region.

The intrinsic relationship that we have with nature and the environment means we address the challenge through various strategies.

Geographically, our region is the driest in the UK, while heavy rainfall and rising sea levels increase the risk of flooding across our large coastal areas. The flat landscape we operate in means we must use energy to pump water around the region and – with our population set to grow by 720,000 over the next two decades – there is a demand for low-carbon alternatives. Treating water also requires carbon and energy.

So, we must seek innovative ways to reduce the need for carbon-intensive, chemical processes and instead opt for nature-based solutions.

Extreme weather can also put stress on our infrastructure, impacting our day-to-day operations. For example, much of the land is drained and rich in soils that are highly shrinkable, often chemically aggressive and structurally unstable. Extreme temperatures can lead to shrinking and expanding soils of this kind, exacerbating ground movements, which can increase failures of water distribution mains. Building climate resilience across our assets is key.

The region we serve is also home to many of the country's most precious chalkstreams and rivers. Improving river health is a key focus area and we are leading on a range of multi-sector projects that will benefit entire landscapes. Around the world, 85% of wetlands – which act as carbon sinks – have disappeared<sup>20</sup>. We have a responsibility to reverse the decline on nature too.



<sup>19</sup> [unwater.org/water-facts/water-and-climate-change](https://unwater.org/water-facts/water-and-climate-change)

<sup>20</sup> [un.org/en/climatechange/science/climate-issues/biodiversity](https://un.org/en/climatechange/science/climate-issues/biodiversity)

**Addressing these complex challenges now – and in the long-term – is crucial and requires us to be adaptable. To stand still, as our climate changes and population grows over the next 25 years, will require unprecedented transformation of our company and our sector.**

At Anglian Water, we have long known about the impact of climate change and have been taking action to manage our key climate change risks since the 1990s. In 2007, we set four long-term ambitions – all of which relate to climate change – to guide our forward planning. Refreshed in 2017, our Strategic Direction Statement and the four ambitions remain fit for purpose and inform our long-term planning to 2050.



**We have several strategies and plans to build resilience against climate change:**

- Drainage and Wastewater Management Plan (DWMP)
- Water Resources Management Plan (WRMP)
- Drought plan
- Net Zero 2030 strategy
- Long Term Delivery Strategy (LTDS)
- Pollution Incident Reduction Plan (PIRP)
- Asset System Resilience Appraisal (ASRAP)
- Our 2020 Climate Change adaptation report



**This section houses our key climate and nature disclosures:**

**Transition risks**  
Our transition risks are included in a number of our relevant strategies.

**Task Force for Climate-related Financial Disclosures (TCFD)**  
Our climate-related risks and opportunities are disclosed under the recommendations of the Task Force for Climate-related Financial Disclosures (TCFD). We continue to improve our climate-related disclosures, year on year. Find out more on page 91.

**Nature-related disclosures**  
As stewards of a natural resource, we rely on – and have the potential to impact – the natural environment. This means managing the impacts, dependencies, risks and opportunities we have in relation to nature is not only the right thing to do, but fundamental to our business. Find out more on page 104.

# Making information about climate-related risks and opportunities available to our stakeholders.

Since 2017, we've made disclosures under the recommendations of the Task Force for Climate-related Financial Disclosures (TCFD), adopting them well ahead of their mandatory introduction in 2022. We continue to improve our climate-related disclosures year-on-year and our approach is consistent with all 11 TCFD recommendations.

## Introduction

As a water company, we have an intrinsic relationship with the environment – the health of the environment both influences and is impacted by our operations. And our environment is changing, as a result of rising global temperatures. This relationship has driven a range of climate-related commitments and targets.

Our Annual Integrated Report complies with the requirement of LR 9.8.6R, by including climate-related financial disclosures.

## Highlights

- A-CDP Score, demonstrating we are implementing **best practice towards environmental stewardship**
- £1.2 billion raised green bonds in the year and a total of £3.8 billion of **sustainable financing since 2017**
- Delivering in line with our ambition to achieve **net zero operational carbon emissions by 2030**
- On track to achieve a **70% reduction in capital carbon by 2030**
- Platinum certified by Achilles Carbon Reduce, **signalling 10+ consecutive years of carbon reductions**



## Governance

Disclose the organisation's governance around climate-related risks and opportunities.

Page	Further references
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- |           |  |
|-----------|--|
| <b>92</b> | → See organised structure on page 92<br>→ See climate-related governance on page 92-93 |
|-----------|--|

## Strategy

Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning, where such information is material.

Page	Further references
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- |           |   |
|-----------|---|
| <b>94</b> | → See our approach to climate-related strategy on page 98 |
|-----------|---|

## Risk management

Disclose how the organisation identifies, assesses and manages climate-related risks.

Page	Further references
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- |            |  |
|------------|--|
| <b>101</b> | → See climate-related risk management on page 101<br>→ See our approach to risk on page 105<br>→ See our principal risks on page 108 |
|------------|--|

## Metrics and targets

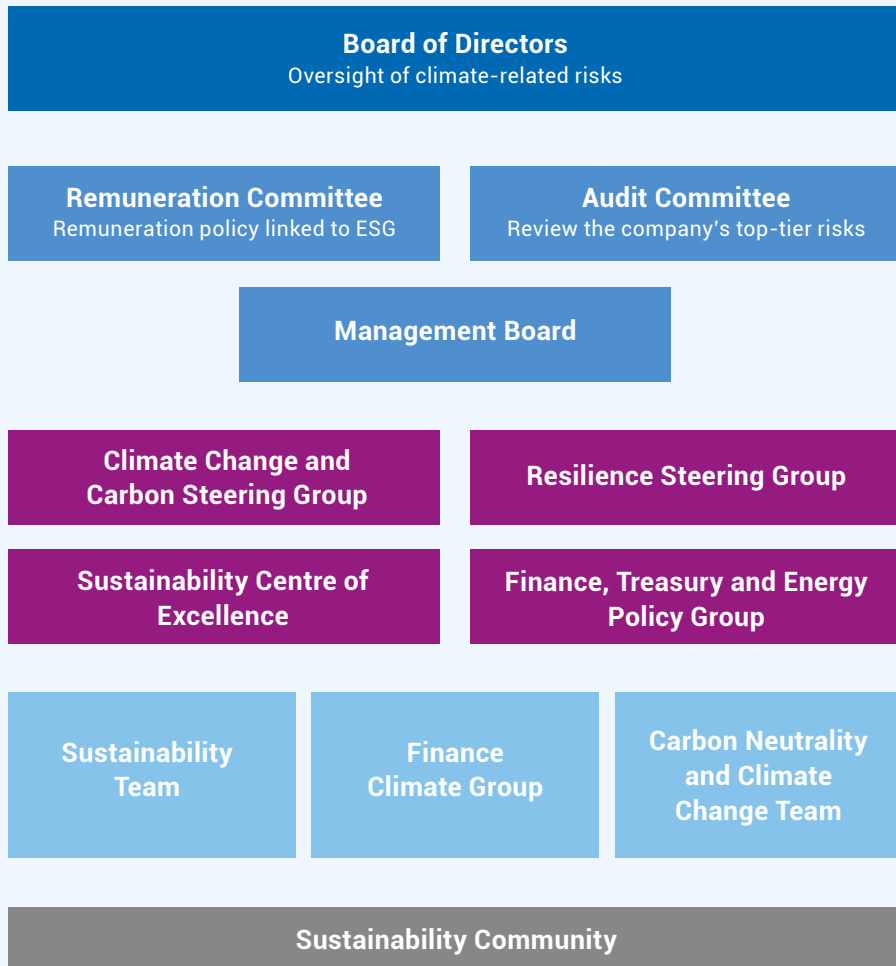
Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities, where such information is material.

Page	Further references
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- |            |   |
|------------|---|
| <b>101</b> | → See our climate-related metrics and targets on pages 101-102<br>→ See our greenhouse-gas performance on page 102<br>↳ Net Zero Carbon 2030 Routemap |
|------------|---|

# Climate-related governance

Where we manage climate risks and opportunities



## Board oversight

The Anglian Water Services (AWS) Board retains overall oversight of climate-related risks and opportunities. The Board discusses climate-related issues, for example reviewing our draft Water Resources Management Plan. Climate-related risks are included within the company's top-tier risk register and managed through risk management and internal control systems. In 2017, the Board led the business to become one of the first utilities to raise finance through a Green Bond, due to the governance structure we have in place.

The Board drives and oversees our climate-related commitments including:

- Anglian Water's Climate Change Adaptation Report
- Anglian Water's commitment to achieve net zero carbon by 2030: our Chief Executive, Peter Simpson was co-sponsor of the sector-wide Water UK commitment. Our net zero 2030 commitment covers our Scope 1 and 2 emissions, together with those Scope 3 emissions we're required to report on. The Board monitors progress.
- In addition, we've also committed to reducing our capital carbon emissions – Scope 3 emissions that arise, as a consequence of building and maintaining our assets – by 70%, against a 2010 baseline by 2030.

## Leadership

As a founding member of the UK Corporate Leaders Group (the Corporate Leaders Group, run by the University of Cambridge Institute for Sustainability Leadership), Peter Simpson has championed business action on climate change for many years. He was co-Chair of the Institute between 2020/21 and again in 2022/23. Our Senior Independent Non-Executive Director, Dame Polly Courtice, is Emeritus Director and Senior Ambassador of the Cambridge Institute of Sustainability Leadership. Peter works with Business in the Community (BITC), as Chair of the East of England Leadership Team. He also sits on the WaterAid Board of Trustees.

### The role of the Audit Committee

The Audit Committee plays a key role in monitoring the company's financial reporting, reviewing the material financial judgements and assessing the internal control environment, ensuring information is accurate, timely, reliable and compliant. The Committee provides effective oversight of both financial and non-financial disclosures, including climate-related financial disclosures. Climate change is an area of focus as described on page 138. The Committee approves our annual internal audit plan, driving areas of focus. The Committee also bi-annually reviews the top-tier risk register. More on Risk can be found on pages 105-118.

### The role of the Remuneration Committee

The Remuneration Committee plays a key role in ensuring that climate change, and other Environmental, Social and Governance issues are considered at the top of the organisation. A portion of variable executive remuneration is already aligned to our purpose and selected ESG measures. These measures include our performance as a business in operational and embedded carbon. See pages 148-174 for the Remuneration Report for more detail.

## The role of management

### Management Board

The Management Board meets three times a month to discuss issues, many of which relate to climate change. The Management Board consists of our Chief Executive, along with key decision makers, who chair many of the groups below.

### Climate and Carbon Steering Group

The Climate and Carbon Steering Group is responsible for progress against climate change mitigation and adaptation.

The group meets monthly, to discuss specific themes, including our proposed AMP8 (2025-2030) net zero investment plans, which include a focus on renewable energy generation, reducing fugitive emissions at 17 of our largest sites and moving towards lower carbon HGVs. The group is chaired by a member of the Management Board, with two other Management Board members attending, to ensure integration with the overall business strategy. Updates are provided to the Management Board when required, for example on our net zero carbon trajectory.

This group has been integral to the development of our climate adaptation investment plans for 2025-2030, our future Climate Change Adaptation Report and progress against our 2030 carbon commitments.

### The Resilience Steering Group

The Resilience Steering Group, chaired by the Chief Executive, is responsible for assessing and improving Anglian Water's resilience. Anglian Water has introduced six capitals thinking and integrated them into the governance process for projects within the organisation, so that all six capitals – natural, financial, social, manufacturing, people and intellectual – are considered when making investment decisions.

### Finance, Treasury and Energy Policy Group

The Finance, Treasury and Energy Policy Group also plays an important role in managing transition risks and opportunities. Chaired by our Chief Financial Officer, the group leads on raising sustainable finance and identifying sustainable projects, such as renewable energy generation. The group's members include the Chief Financial Officer, the Group Treasurer, other Management Board Directors and the Head of Carbon Neutrality.

**The groups above lead on the management of climate-related risk. Other organisational groups play an important role in developing climate-related approaches.**

### Six Capitals Steering Group

The Six Capitals Steering Group has developed a methodology, to assign values to measures across each of the six capitals and their contributing factors, allowing for project appraisals to consider value in the broadest possible sense. Anglian Water has developed a methodology for capturing and reporting on this data, allowing for reports on performance against the six capitals to be included in a wider Purpose dashboard, which will be reported to the Board on a regular basis. The Six Capitals Steering Group has been subsumed by the Sustainability Centre of Excellence.

### Finance Climate Group

The Finance Climate Group's purpose is to coordinate, collate and share best practice on financial planning and reporting, with regards to sustainability, carbon and climate change issues. The group has improved the link between finance

functions and those delivering climate solutions around the business. Our Chief Financial Officer attends once a year, for an update on progress and prioritisation.

### Sustainability Community and Sustainability Centre of Excellence

Anglian Water's Sustainability Community allows Anglian Water employees and alliance partners to engage with sustainability-related activities. This ensures that input into the climate change, carbon and sustainability agenda is open to all. This community aims to harness these ideas and the widespread commitment to sustainability across Anglian Water and our partners.

Headed by the Chief Sustainability Officer, our Sustainability Centre of Excellence is a consultative and collaborative forum, for those leading on sustainability and Purpose throughout the organisation, to maximise impact and increase transparency.

### Engaging with our customers

We are constantly engaging with customers, with over

**1 million**  
direct customer contacts a year

**387**  
customer panels

**100,000**  
responses to our customer  
feedback surveys

Our customers are valued stakeholders, who we consult with on our key plans.

**In preparation for our AMP8 proposals, we carried out almost 35,000 in-depth engagements with our household customers and over 2,500 engagements with our non-household customers.**

We also issue key climate-related plans for public consultation – including our Drought Plan, Water Resources Management Plan, Climate Change Adaptation Report and Drainage and Waste Water Management Plan – and we incorporate and reflect the feedback we receive.

Customer feedback channels include the ICG, our online community and our Customer Board:

**Anglian Water's Independent Challenge Group (ICG):** A group of independent subject experts and regulators – with an Independent Chair – that scrutinises and challenges Anglian Water's business plans, to make sure they reflect customers' priorities. Replacing the previous Customer Engagement Forum in 2022, the ICG constructively challenges Anglian Water on:

- the quality of its engagement with customers and the wider communities and stakeholders it serves;
- the extent to which customer priorities are reflected in what the company does; and
- the company's delivery against those priorities.

**Our online community** is formed of 500 customers, whose views we seek weekly on a wide range of topics.

**Our Customer Board** comprises a representative selection of members from the online community, to provide further guidance and directly feed in customers' views.

# Climate-related strategy

## Climate-related risks, opportunities and impact

As stated in our Climate Change Adaptation Report (published in 2020, with an updated version due by the end of 2024) – and more recently confirmed in our Thriving East research – climate change in our region will lead to less rainfall in summer and wetter weather in winter. We have been focused on building resilience for years and expect the more extreme weather conditions we've witnessed in recent years to continue.

## Organisational resilience and scenario planning

Anglian Water's overall resilience to climate-related risk is addressed through various strategies and plans, as outlined in our approach to climate change page 89. As an example, climate change will have an impact on available water resources. Our long-term strategy to manage supply and demand is outlined in our Water Resources Management Plan. Successive plans have ensured a safe, secure supply of water to our customers' taps. New water treatment works, the laying of strategic pipelines to take surplus water to areas in deficit and improving the connectivity of our region have contributed to resilience.

Our Long Term Delivery Strategy contains our adaptive approach, to 2050. As we look to 2050, our strategy will mitigate the impacts of challenges like climate change, population growth and new regulations, to ensure there is no deterioration in the service we provide to customers. Key focus areas include: demand reduction; new water supply infrastructure; ensuring that our water recycling systems protect the environment from harm; a circular economy approach to all waste streams; and a significant step change in the use of nature-based solutions, to solve water security issues.

Our five-year investment periods (short-term) and associated Ofwat Performance Commitment Levels (PCL) are set in the context of a much longer timeframe – in line with our Purpose and Strategic Direction Statement. Anything between five and 25 years is defined as medium term. Long term is defined as 25 years+. In the table below, the metrics cited are our Ofwat PCLs. These are a subset of a wider range of performance measures, which ladder up to our long-term ambitions.

## Identifying risks and climate-related opportunities

Our governance structure enables us to identify climate-related opportunities across the organisation. These opportunities are centralised and reviewed within the Climate and Carbon Steering Group and outlined below:

## Key risks

Key risk	Drivers	Potential impact	Response to risk	Related metrics and targets	Cost of response to risk
<p><b>Negative impact on our supply/demand balance (physical)</b></p> <p><b>S M L</b></p>	<p>Hotter, drier summers increasing drought severity and frequency, combined with forecast population growth.</p>	<p>On our customers:</p> <ul style="list-style-type: none"> <li>• Increase in interruptions to supply</li> <li>• Low water pressure issues</li> <li>• Drought restrictions more commonplace</li> </ul> <p>On our business:</p> <ul style="list-style-type: none"> <li>• Impact on our financial penalty/reward position</li> <li>• Increase in operating costs, to deal with periods of drought</li> <li>• Increase in capital investment required</li> </ul>	<p>We maintain a 25-year Water Resources Management Plan (WRMP), which quantifies the need and recommends investment – to maintain the supply/demand balance to avoid water shortages in the context of drought and population growth (see page 77). This 25-year plan is refreshed every five years, to incorporate short, medium and long-term actions.</p> <p>We have recently completed a study into climate vulnerable mains. This covers mains that are vulnerable to bursts, as a consequence of drought-induced soil shrinkage. This study highlights the pressing need to make vital assets resilient and fit for the future.</p> <p>A study is underway to investigate the impact of extreme summer temperatures on our assets, so we can develop resilience strategies.</p>	<p>The most relevant Ofwat PCLs for this key risk are:</p> <ul style="list-style-type: none"> <li>• Leakage</li> <li>• Per Capita Consumption</li> <li>• Unplanned Outage</li> <li>• Percentage of population supplied by a single supply</li> <li>• Abstraction Incentive mechanism</li> <li>• Properties at risk of persistent low pressure</li> <li>• Smart metering delivery</li> <li>• Internal interconnector delivery</li> <li>• Risk of severe restrictions in a drought</li> <li>• Natural capital impact</li> </ul>	<p>Our WRMP shows that by 2050, as a direct result of climate change and drought resilience, there will be an 80MI/d reduction in the water available to us. This is part of the total deficit of 593MI/d, for which our plan contains multiple proposed investments of over £1 billion (with climate change a key consideration), to meet the total shortfall in water availability. For more detail on our WRMP please see our <a href="#">report</a>.</p> <p>In our Long Term Delivery Strategy, submitted as part of our PR24 business plan, we propose to invest £1.64 billion by 2060, to mitigate the premature failure of our climate vulnerable mains, £184 million of this would be invested within AMP8. This will renew 668km in AMP8, as part of a multi-AMP programme of removing 75% of our 8,241km of climate vulnerable mains by 2060.</p>

**S** short-term (0-5 years) **M** medium-term (5-25 years) **L** long-term (25+ years)

Key risk	Drivers	Potential impact	Response to risk	Related metrics and targets	Cost of response to risk
<p><b>Negative impact on our customers and the environment, including one off events (Physical)</b></p> <p>(S) (M) (L)</p>	<p>Increased frequency of periods of heavy rainfall combined with wetter, warmer winters.</p>	<p>On customers:</p> <ul style="list-style-type: none"> <li>Internal and external sewer flooding and impact on customers' homes</li> <li>Increase in interruptions to supply</li> </ul> <p>On business:</p> <ul style="list-style-type: none"> <li>Impact on our financial penalty/reward position as well as environmental penalties</li> <li>Increase in operating costs to deal with heavy rainfall and associated flooding</li> <li>Increase in capital investment required</li> </ul>	<p>As set out in our Drainage and Wastewater Management Plan (DWMP), the next 25 years will increase hydraulic flooding risk in many catchments in the East of England due to more intense rainfall resulting from climate change, especially as 28% of our region being below sea level.</p> <p>Our long-term approach to addressing hydraulic flooding is informed by our 25-year approach to risk reduction and mitigation as outlined in our DWMP strategic planning framework. The DWMP presents a catchment-level long-term strategy for addressing flooding over a 25-year planning horizon and recognises that hydraulic flood risk is the collective responsibility of a wide number of stakeholders including the water industry. This approach delivers over a short, medium and long-term timeframe.</p>	<p>The most relevant Ofwat PCLs for this key risk are:</p> <ul style="list-style-type: none"> <li>Water supply interruptions</li> <li>Unplanned outage</li> <li>Internal sewer flooding</li> <li>Pollution incidents</li> <li>Treatment work compliance</li> <li>External sewer flooding</li> <li>Bathing waters attaining excellent status</li> <li>WINEP</li> <li>Partnership working on pluvial and fluvial flood risk</li> <li>Risk of sewer flooding in a storm</li> </ul>	<p>In our PR24 business plan, we are proposing capital investment over the next five years of c.£61 million to help mitigate the risk of flooding of properties. This investment is required to enhance our sewerage system to reduce the risk to properties and external areas of flooding from sewers. For more detailed information, please refer to section 7 <a href="#">here</a>.</p>
<p><b>One off events which impact ability to operate (Physical)</b></p> <p>(S) (M) (L)</p>	<p>Increased severity and frequency of storms.</p>	<p>On customers:</p> <ul style="list-style-type: none"> <li>Increase in interruptions to supply</li> <li>Impact on leakage due to freeze-thaw process</li> </ul> <p>On business:</p> <ul style="list-style-type: none"> <li>Physical damage to assets and infrastructure impacting ability to operate in an area</li> <li>Increase in operating costs during and after the event</li> <li>Increase in capital investment following the event</li> </ul>	<p>We manage these risks with business continuity and meticulous emergency response planning. We have well-rehearsed policies, plans and procedures to ensure we minimise any risk to customers and the environment. This allows us to react to incidents in the short term as we plan for the medium and longer-term timeframes.</p>	<p>The most relevant Ofwat PCLs for this key risk are:</p> <ul style="list-style-type: none"> <li>Leakage</li> <li>Mains Repairs</li> <li>Reactive mains bursts</li> <li>Water supply interruptions</li> <li>Unplanned outage</li> <li>Internal sewer flooding</li> <li>Pollution incidents</li> <li>Treatment work compliance</li> <li>External sewer flooding, Bathing waters attaining excellent status, WINEP, Partnership working on pluvial and fluvial flood risk, Risk of sewer flooding in a storm.</li> </ul>	<p>In the longer term, the cost of response is included within the two itemised above.</p> <p>Building in robust resilience allows us to quickly adapt to disruptions, maintain continuous business operations and safeguard our people, our customers and our assets. Incident preparedness through to response and recovery remains core to ensuring our business remains resilient. This is supported by our Anglian Water Force members who are our trained incident response community.</p>

(S) short-term (0-5 years) (M) medium-term (5-25 years) (L) long-term (25+ years)

## Key transitional risks

Key transitional risks	Drivers	Potential impact	Response to risk	Related metrics and targets	Cost of response to risk
<p><b>The pace of grid decarbonisation</b></p> <p>(S) (M)</p>	<p>Future energy policy direction, affecting future electricity markets.</p> <p>Premiums for green electricity.</p> <p>Grid pricing mechanisms.</p> <p>Planning challenges for onshore wind and solar PV.</p>	<p>Changes in the pace of grid decarbonisation will impact the magnitude of our residual emissions, as well as the cost effectiveness of future energy efficiency measures.</p> <p>Uncertainty in the future financial balance between the cost of investing in energy efficiency and the cost of low-carbon energy.</p>	<p>Continued wider market engagement, to better understand future grid electricity tariff scenarios, especially green electricity and sleeving, to have a more informed electricity procurement strategy.</p> <p>Continued engagement with our solar investors, EPC contractors and district network operators, to ensure solar portfolios are delivered.</p> <p>Monitoring of planned solar investments in our region (outside our own land), to identify and benefit from annual solar generation by 2030 and beyond.</p> <p>Continued engagement with local authorities, to monitor planning risks for onshore wind in our region.</p> <p>Encouraging staff to challenge and report areas where energy efficiency can be improved.</p>	<p>The most relevant Ofwat PCLs for this key risk are:</p> <ul style="list-style-type: none"> <li>Operational carbon</li> <li>Capital carbon</li> </ul>	<p>Demand for green energy has been rising in recent years, with both domestic and non-domestic customers driving this increase. For companies to report on the amount of green energy they have procured and used from the grid, they need to demonstrate that the energy used has been generated from renewable sources. Renewable Energy Guarantees of Origin (REGO) certificates are obtained to show this.</p> <p>As more companies choose to procure green energy from the grid, the increase in demand is reflected in the price of REGOs. Spot trading prices increased from c. £0.20-£0.30 per REGO in the late 2010s, to a peak of c. £25 per REGO in September 2023. The market is still experiencing volatility and it's expected that this will continue into the future.</p> <p>During the year, we have signed two corporate purchase power agreements (see page 23), to procure renewable energy directly from generators via the grid and to reduce our reliance upon standard "brown" grid energy, where the generation mix is dominated by fossil fuels.</p>
<p><b>Societal and legislative views on environment and Net Zero carbon</b></p> <p>(S) (M) (L)</p>	<p>Increased media interest and changing public attitudes to environmental issues may increase focus on improved environmental policies.</p> <p>Changing Government tax income may lead to a focus on carbon as a mechanism to raise tax income.</p>	<p>Potential for increased investment in environmental protection schemes.</p> <p>As an energy-intensive sector and, with GHG emissions associated with water treatment, potential for increased costs.</p>	<p>The delivery of infrastructure affords the opportunity to deliver other positive environmental outcomes – for example nature-based solutions and through our partnership work, such as Future Fens.</p> <p>Strong relationship with delivery partners, to deliver low carbon solutions, as seen through our historic and ongoing commitment to reducing the capital carbon in our assets.</p> <p>Regular engagement with the UK Government, regulators and other stakeholders to shape policy outcomes.</p>	<p>The most relevant Ofwat PCLs for this key risk are:</p> <ul style="list-style-type: none"> <li>Operational carbon</li> <li>Capital carbon</li> </ul>	<p>Customers, quite rightly, want us to ensure a sensible balance between ambition, affordability and intergenerational fairness. While necessary increases to investment will raise bills in the long-term, we have tested our proposals with customers and stakeholders, to make sure they reflect the things that matter most to them and that they represent the best value for our region.</p> <p>For those customers who are struggling to pay we have a wide range of support available, in the year we have helped 389,371 customers through a £136.9 million support package. We will continue to provide such support into the future.</p>
<p><b>Investment levels required</b></p> <p>(S) (M) (L)</p>	<p>Higher levels of investment required to meet more stringent environmental standards, improve resilience, adapt to climate change and meet long-term targets.</p> <p>The current regulatory model means that such investment will ultimately be funded through customer bills.</p>	<p>Increase to how much customers will have to pay, with has the potential to affect affordability for those struggling financially.</p>	<p>Taking affordability into account, as part of the planning and investment process – through customer consultation and macro-economic analysis.</p> <p>Assisting the most vulnerable customers, through a range of packages.</p> <p>Carefully planning investments, to deliver optimum outcomes, while keeping costs to a minimum.</p>	<p>The most relevant Ofwat PCLs for this key risk are:</p> <ul style="list-style-type: none"> <li>Abstraction incentive mechanism</li> <li>Bathing waters attaining excellent status</li> <li>Smart metering delivery</li> <li>Internal interconnector delivery</li> <li>Partnership working</li> <li>Priority services register</li> <li>Value for money</li> </ul>	<p>Following consultation with our customers and other key stakeholders, our PR24 Business Plan contains proposed investments – in relation to Net Zero – of £152 million in AMP8. The LTDS contains proposed investments over the longer term. This reflects the wider societal priorities and identification of the need to invest in the environment for long-term prosperity.</p>
<p><b>Nitrous Oxide Emissions</b></p> <p>(S) (M) (L)</p>	<p>Uncertainty over the emissions factor for Nitrous Oxide emissions.</p>	<p>Potential increase in reported Nitrous Oxide emissions, resulting in an increase in overall reported CO<sub>2</sub>e emissions.</p>	<p>The historic mechanism for calculating Nitrous Oxide emissions from waste water treatment is under review in the UK and internationally. Monitoring is underway in Anglian Water and the wider UK water sector, to understand the robustness of the current emissions calculation methodology. Following the completion of this research, a decision will be taken as to the accuracy of the current methodology and if the current emissions factor should change. Our PR24 business plan contains proposed investments in various Nitrous Oxide reduction approaches, which will deliver over 5,000 tCO<sub>2</sub>e by 2030.</p>	<p>The most relevant Ofwat PCL for this key risk is:</p> <ul style="list-style-type: none"> <li>Operational carbon</li> </ul>	<p>Our PR24 business plan contains £17 million of proposed enhancement investments, in various Nitrous Oxide reduction approaches. This investment will reduce emissions and provide valuable learnings that can be applied to our various sites, such that reductions can be achieved in the most cost-effective way. If the Nitrous Oxide emissions factor increases, the investment improves in tonnes CO<sub>2</sub>e saved/£ invested, but the size of reported emissions increases. Our LTDS contains details of investments required in 2030 and beyond.</p>



### Key opportunities

Key opportunity	Drivers	Impact on Business	Strategy to realise opportunity	Related metrics and targets
<b>Spend to save programme</b> (S) (M)	Increased cost of energy.	<ul style="list-style-type: none"> <li>Reduction in operating costs</li> <li>Reduction in operational and capital carbon</li> <li>Reduction in energy consumption</li> <li>Reduction in reliance on grid power, increasing grid resilience</li> </ul>	We have a dedicated initiative to identify opportunities to reduce energy, carbon and cost. Funding is made available for this initiative, providing it pays back in five years or less. We also consider investments that may pay back over a longer period of time.	The most relevant Ofwat PCL for this key opportunity is Operational Carbon.
<b>Correlation of reducing, carbon reduces cost</b> (S) (M)	Need to reduce carbon footprint and align with our net zero target.	<ul style="list-style-type: none"> <li>Reduction in capital investment required on projects</li> <li>Reduction in operational and capital carbon</li> </ul>	Our strategy is consistent with the international standard for capital carbon management, PAS 2080 – we assisted BSI in development of this standard. PAS 2080 aims to achieve a systematic process for infrastructure delivery, in which carbon management – under the direct control of the value chain – is the main focus.	The most relevant Ofwat PCL for this key opportunity is Capital Carbon.
<b>Uptake of renewable energy</b> (S) (M) (L)	The rising cost of grid power and the increasing appetite for renewable power.	<ul style="list-style-type: none"> <li>Reduction in operating costs</li> <li>Increase in green-energy consumption</li> <li>Reduction in the energy required to be imported and opportunities to export</li> </ul>	Investment in the optimisation of our combined heat and power (CHP) programme, biomethane programme and solar photovoltaic installations at our sites. Long-term renewable energy procurement.	The most relevant Ofwat PCL for this key opportunity is Operational Carbon.

### Financial impact

Historically, we have ring-fenced an element of the Opex budget centrally, to ensure this is available when we incur additional costs as a result of weather events. In light of the weather extremes experienced in recent years, this ring-fenced budget was increased for the year to March 2024.

We had very little rainfall in 2022, resulting in dry ground conditions. This impacted our leakage performance and we experienced increased costs as a result. We had stable weather for the first half of 2023/24, however, the last six months gave way to extremely wet weather, which put pressure on our water recycling operations and impacted us across pollutions, spills and flooding. In cost terms, this translated in additional operating costs of £9.3 million. This was offset by the unwind of the prior year drought-related costs not being repeated (£12.6 million).

Furthermore, we have not reached our regulatory targets for some key measures. As a result, we are in a penalty of £37.6 million. Read more about our Ofwat-related performance commitments on page 37.

The impact of climate change is incorporated into our key assumptions and significant judgements on pages 193-194. This discusses the risks in relation to our water mains network, in conjunction with our proposed investment for climate vulnerable mains – as highlighted in the risks table above.

### Green finance

We have developed a Sustainability-Linked Finance Framework, to issue finance instruments tied to our sustainability objectives, including carbon reductions. The investments made through the Green Bonds issued to date are expected to support a 63% reduction from the company's 2010 capital carbon baseline.



## Greenhouse Gas Report

Our annual Greenhouse Gas Report charts the decline in intensity factors used to indicate the decarbonisation of our services. Where relevant, we have also aligned with industry best practice for emissions measurement and reporting. Since 2010, this approach has been verified by CEMARS, as being measured, managed and reduced in accordance with ISO 14064. Our strategy for operational carbon reduction has been verified against ISO 14064 since 2010. And in 2021, we were awarded Platinum status on Achilles Carbon Reduce.

## Transition to Net Zero

By 2030 we aim to be a net zero carbon business. This is defined as net zero emissions where we have operational control as set out in our [Net Zero Carbon Routemap 2030](#). This means we will reduce our carbon emissions through, for example, the consumption of renewable electricity, transitioning away from fossil fuel vehicles and reducing our energy consumption. In 2030 we will likely have some residual emissions, for example from process emissions from waste water treatment and Heavy Goods Vehicles, which will be offset through carbon offsetting mechanisms.

Our Net Zero 2030 Strategy contains more detail on the risks associated with transitioning to a net zero carbon business. Overall, we have a comprehensive approach to climate change, of which our transition risks form a key part. Key documents outlining our plans include our: Net Zero 2030 Strategy; Water Resources Management Plan; Drainage and Wastewater Management Plan; Strategic Direction Statement; Climate Change Adaptation Report; and Long Term Delivery Strategy.

## Drainage and Wastewater Management Plan

This year, building on our experience of assessing flood risk, we undertook our most detailed flood-risk assessment ever for our [Drainage and Wastewater Management Plan \(DWMP\)](#).

We followed a three step process:

Step one used a range of climate change scenarios, including UKCP18 RCP2.6 and RCP 8.5, four time horizons (2025, 2030, 2035 and 2050) and six storm return periods (1:30, 1:75, 1:100, 1:250, 1:500 and 1:1,000). This identified the likelihood of flooding at our sites.

Step two established priority sites, based on risk and consequence.

Step three developed solutions that would protect our assets for submission as part of our PR24 business plan.

The results clearly show the impact of climate change as we look ahead to 2050. Using the RCP8.5 scenario (broadly equivalent to a 4 degree C temperature rise), we can see that fluvial flood risk (when a river bursts its banks) reduces slightly, while pluvial flooding (when heavy rainfall overwhelms the ability of the ground to absorb or drain water) increases slightly.

The likely cause of this is that base river flows may be lower in summer, due to reduced rainfall, while more intense summer storms will increase the risk of surface water flooding. This analysis allows us to take a more nuanced view of our risk, enabling us to make informed decisions about the risk of flooding and take an adaptive approach to investment, where required.

## Water Resources Management Plan

We develop a [Water Resources Management Plan \(WRMP\)](#) every five years, setting out how we plan to manage water supplies in our region, to meet current and future needs, over a 25-year period. Our WRMP24 is our biggest and boldest yet – it includes: two new reservoirs; a reuse scheme; transfers; and a demand management strategy, underpinned by our ambitious smart metering roll out.

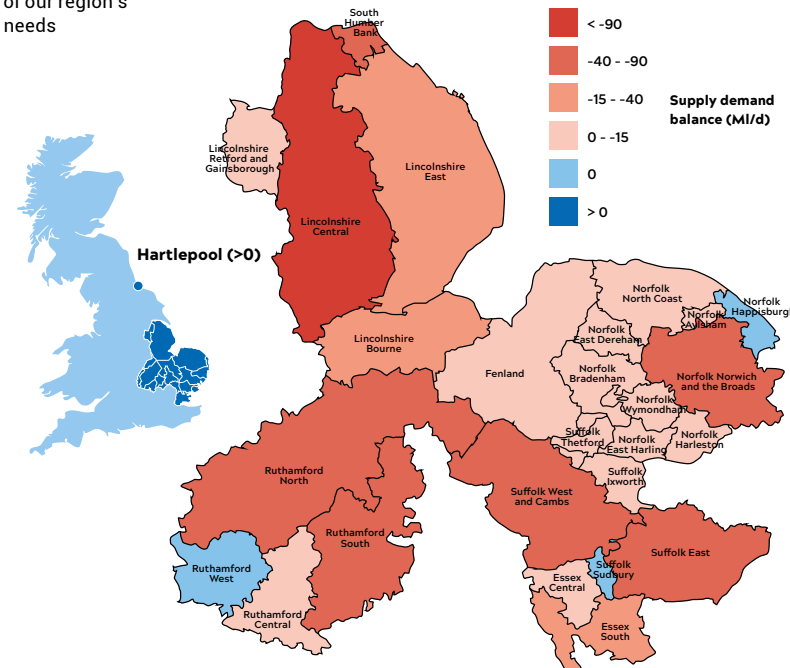
In preparing our WRMP, we conducted a rigorous climate change assessment (Tier 3 in the Water Resources Planning Guideline supporting guidance) for our whole system.

We used climate change projections, based on UKCP18, through 12 bias-corrected Regional Climate Model (RCM) factors for RCP8.5. This modelling was carried out for each Water Resources Zone (WRZ) within our system

The results of the climate change scenario analysis identified that two of our 28 WRZ are particularly vulnerable to climate change and that there would be a material impact on the supply demand balance in another five WRZs. Climate change impacts were combined with other factors, such as growth, to understand the total impact on the supply/demand balance in each WRZ. This has helped inform better resilience strategies for the WRZs.

The diagram below, taken from our WRMP shows the scale of our region's water needs by 2050. Climate change is a key driver to the supply demand balance in areas such as South Essex, Lincolnshire Central and East Suffolk.

Scale of our region's water needs



## Addressing climate-related supply challenges

We began engaging with our supply chain on climate change in 2007, when we invited our key partners to HRH The Prince of Wales' first Mayday Summit. Since then, we've worked with our design and construction partners to reduce capital carbon by more than 64%.

In 2023, we brought our value chain together, to discuss climate change resilience and adaptation and our journey to net zero carbon. The event opened with a keynote speech from Chris Stark, the then Chief Executive of the Climate Change Committee. A number of collaborative workstreams were taken forward after the event.

We're focused on reducing the carbon associated with the materials used to build our assets. In 2016 we became the first organisation to be verified against PAS 2080, the world's first standard for managing carbon in infrastructure. Designed to drive best practice in managing carbon across the supply chain, in 2023 PAS 2080 was revised. We have been verified against this revised standard.

An example of value-chain collaboration is our Ofwat funded research project to better understand Whole Life Carbon – that is the carbon associated with constructing, operating, maintaining and managing the end of life of our assets. Whole Life Carbon will integrate carbon and cost models into a single digital approach, enabling users to consider options that avoid construction of new assets, through re-using existing infrastructure, or selecting lower-carbon materials. The project has already identified future opportunities to combine carbon and climate resilience.



In 2023, the Anglian Water @one Alliance was awarded the Saint Gobain's Sustainability Leadership Award. Saint Gobain designs, manufactures and distributes materials and services for the construction and industrial markets. The @one Alliance team has collaborated with Saint Gobain, to use the UK's first 100% recycled ductile iron pipe from Saint Gobain's new low-carbon electric arc furnace.



### Water UK Carbon Network

In November 2023, we were instrumental in restarting the Water UK Carbon Network, which is co-chaired by our Head of Carbon Neutrality. This group meets monthly, to share best practice, knowledge and developments among carbon practitioners who are shaping net zero policy and strategy, from a water sector perspective.



Alongside working with our supply chain, we are partnering across sectors to build climate resilience. In 2021 the Climate Change Committee assessed infrastructure interdependencies as having a low-quality plan and found that infrastructure owners were making slower progress than needed to manage risk.

Our assets operate in an interrelated infrastructure system. We are reliant on the power network for electricity, the telecoms network for communications and the road system for access. In turn, the power and telecoms networks are in some cases reliant on the water network. A failure in one of these elements of the system can lead to cascade failure, where other elements of this linked infrastructure network fail as a consequence. Extreme weather events can cause this failure.

Since 2021, we've partnered with British Telecom and UK Power Networks on a project, led by the National Digital Twin programme (NDTp) and Connected Places Catapult, known as the Climate Resilience Demonstrator (CReDo).

Initially funded by BEIS and Innovate UK – and now having secured innovation funding from both Ofwat and Ofgem – CReDo is combining datasets from Anglian Water, BT and UKPN into one system model, to develop a cross-sector picture of extreme weather events. In bringing together data and insights across sectorial and organisational boundaries, the project shows how we can

collaborate on a national network of connected digital twins, to create resilient infrastructure.

The project originally focused on the impacts of extreme flooding and creating a working model for effective data sharing between the partners. In 2023, the project expanded to investigate extreme heat events. Funded by the Ofwat Water Breakthrough challenge, the second phase of the project examines the potential impact of such extreme heat scenarios on the wider infrastructure network. The CReDo team now has a working digital twin, which provides a greater understanding of the interconnectedness of the networks, along with an increased understanding of how more extreme climate events could impact this system of systems. The next phase is preparing the digital twin architecture, to scale the working model to become UK-wide. We're also considering other future scenarios, including extreme wind and storm events and involving more asset owners, to cover infrastructure such as roads.

**“By understanding the interconnectedness of our collective networks, we are greatly improving asset resilience in the face of extreme weather challenges and are putting in place effective mitigations to prevent potential failure.”**

Richard Buckingham, Climate Change and Carbon Manager at Anglian Water.

## Innovating to reduce carbon emissions

Our Research & Innovation Team invests around £30 million per year in ground-breaking research and projects. This includes the Ofwat funded Triple Carbon Reduction project, which is exploring how to reduce process emissions – after electricity, these are our biggest source of emissions. The project is also looking at reducing energy consumption in water recycling and producing hydrogen, with hydrogen having the potential to result in significant carbon reductions. Currently, there is uncertainty surrounding how this new model may work. This project will increase understanding of how hydrogen could play a role in the future.

**As part of Ofwat's Water Breakthrough Challenge, we are leading on seven projects and have secured £20.4 million in Ofwat Innovation funding, to create solutions to our industry's biggest challenges, including process emissions.**

In December 2023, Ofwat visited the Cambridge Water Recycling Centre in Milton to hear about the Triple Carbon Reduction project. The project aims to evidence a step change reduction in greenhouse gas emissions and electricity used in the water treatment process, which could significantly reduce the amount of emissions created. The project uses renewable energy powered hydrolysis, to produce hydrogen and oxygen from water. The hydrogen is collected to be used as a fuel, while the oxygen is used to replace traditional aeration. The results of this trial will feed into the development of our hydrogen strategy over the coming years.

Michael Taylor, Innovation Integration Manager at Anglian Water said: "The Ofwat Innovation Fund has allowed us to have genuine ambition in taking big strides towards a transformed water sector.

"The Triple Carbon Reduction project is a great example of a complex innovation tackling barriers in technologies, processes, systems and markets, in parallel. The collective approach, at this scale, wouldn't be possible without support from the Ofwat Innovation Fund. I cannot wait to see what is possible, through our continued collaboration on mobilising transformational projects."

Although still in the early stages, two projects funded via the Ofwat innovation fund have now been through their full lifecycle and are delivering benefits via changes to our investment planning, early stage capital delivery processes and operational strategies.



## Generating renewable energy

The vast majority of our operational emissions are associated with the electricity used to pump, treat and recycle water. One of the opportunities for reducing our emissions – and our costs – is to generate renewable energy from our sewage sludge, and to generate renewable power on our sites from wind and solar. Not only does generating renewable energy reduce our impact on the environment, it also mitigates the transition risk associated with changes in policy and cost linked to decarbonising the UK's electricity.

Since 2004, we have grown our fleet of combined heat and power generation sites. We have ten sites producing 100-120GWh per annum, subject to asset performance. We generate around 13GWh from three wind turbines installed at Tetney Newton Marsh and March Water Recycling Centres. In terms of solar, our partners operate solar arrays across 15 operational sites, generating around 17GWh per annum – of which we consume approximately 15GWh.

The past year also saw the advancement of our activities in the procurement of corporate Power Purchase Agreements. Supported by framework partners appointed in early 2023, we have procured 71.6GWh from accredited renewable energy installations in and around our region. Further CPPA supply contracts are forecast to commence in 2024/25.

Our aspiration is that, by 2030, we will use 100% renewable energy, with 25% of our electricity being delivered from renewable sources generated at our own sites. We're also working towards upgrading three sludge treatment centres to export biogas to the grid.



## Energy efficiency

As well as generating our own renewable energy, we're also pursuing other opportunities to reduce our carbon emissions and reduce costs. These include an energy efficiency Spend-to-Save programme, designing carbon out of the new assets we build and reducing travel emissions.

This programme was launched in 2006 and delivered savings of more than £10 million within four years.

We continue to reduce energy consumption across the business, targeting 13 GWh in reductions by 2024/25.

## Climate-related risk management

### Identifying and assessing climate-related risks

We outline our 13 principal risks on page 108-116. Climate change is a consideration in each. Identification of current and emerging climate risks, including risks presented through implementation of change, is undertaken as part of our embedded risk processes. Our process utilises expert judgement, historical data, external data and forward-looking analysis. We use scenarios to inform our future direction.

The assessment and management of climate-related risks is consistent with the approach used to manage risk throughout the business. Climate-related risks were identified and assessed during the production of our latest Climate Change Adaptation Report. Climate risks are also identified and managed through the preparation of long-term plans and the delivery of individual investments. We review the current risk level, as well as how our controls provide confidence and assurance around our management of that risk.



Our Long Term Delivery Strategy (LTDS) sets out how we will achieve our future vision, with our core pathway outlining the investments we expect to make to 2050. We have used Ofwat's common reference scenarios – technology, demand, climate change and abstraction reduction – to test our future plans. And we have looked to the future through a variety of lenses – including digital, innovation, partnership-working and place-based approaches – to ensure we have considered every possible solution. This enables us to create a core pathway and a set of alternative routes, in the event circumstances change.

### Managing climate-related risks

The management of climate-related risks is consistent with our approach to manage risk throughout the business. More in our Risk section on pages 105-118.

### Integrating climate-related risk into overall risk strategy

Our approach to climate-related risks is fully integrated within our overall risk strategy, as outlined on page 94.

Within this system, we define what constitutes substantial financial and strategic impact to the business. A critical impact at Anglian Water is defined in the risk register as being greater than £25 million, while a significant impact is between £10 million and £25 million.

## Climate-related metrics and targets

### We've developed a process to assess and manage the climate resilience of our investments.

Our Six Capitals Framework is used to consider the broadest value we can create through investment decisions. And our approach has been externally validated by sustainability consultants, Route 2. These metrics have been incorporated into our value framework – which attributes a notional financial value to elements such as biodiversity and amenity value – and into our risk, opportunity and value tools and process. Investments are then assessed for climate resilience, operational carbon performance and capital carbon performance, throughout the process.

As an organisation, our belief is that reducing carbon results in cost reductions, whereas previously, it was seen as an additional expense or burden. This mindset shift, alongside ambitious targets (65% capital carbon reduction

target by 2025 and 70% by 2030, against a baseline of 2010), which are underpinned by a rigorous process – verified to PAS 2080, have proven much more effective in driving down emissions.

This is most clearly seen in the delivery of our five year plans, in accordance with PAS 2080.

The data collected on our carbon-versus-cost saving, can be used to estimate an implicit financial value for a tonne of carbon.

The Performance Commitments section, pages 37-43, contains a set of metrics and targets we are using to understand progress against climate-related risk. Performance against these metrics is set out annually, in our Annual Performance Report. Our Climate Change Adaptation Report also includes other key metrics we use to measure and mitigate our impact. An updated report will be published in 2024.



## Scope 1, Scope 2 and relevant Scope 3 Greenhouse Gas Emissions (GHG)

### Metrics and targets

This table meets the requirements of the Streamlined Energy and Carbon Reporting (SECR) regulations.

	Units	2022/23	2023/24	Inclusions
Energy consumption used to calculate emissions kWh	kWh	1,073,538,749	1,069,978,529	Electricity, gas, fuels combusted on site (fossil fuels and biogas), transport (company cars, fleet vehicles, personal and hire cars on business use) plus liquid fuels consumed on site
SCOPE 1 – Gas and fuel oil consumption	Tonnes CO <sub>2</sub> e	10,541	10,945	Fossil fuel combusted, natural gas and biogas
SCOPE 1 – Process and fugitive emissions	Tonnes CO <sub>2</sub> e	85,859	84,780	Water and waste water treatment, biogas
SCOPE 1 – Owned transport	Tonnes CO <sub>2</sub> e	21,904	21,759	Fleet vehicles and company cars
SCOPE 1 – Total	Tonnes CO <sub>2</sub> e	118,304	117,483	
SCOPE 2 – Purchased electricity	Tonnes CO <sub>2</sub> e	121,994	134,597	Grid electricity – location-based electric for vehicles
SCOPE 2 – Total	Tonnes CO <sub>2</sub> e	121,994	134,597	
SCOPE 3 – Business travel	Tonnes CO <sub>2</sub> e	621	740	Private cars, public transport
SCOPE 3 – Outsourced transport	Tonnes CO <sub>2</sub> e	13,144	18,434	Outsourced tankers
SCOPE 3 – Purchased electricity	Tonnes CO <sub>2</sub> e	11,154	11,632	Transmission and distribution
SCOPE 3 – Total significant	Tonnes CO <sub>2</sub> e	24,920	30,806	We have not included commuting, capital carbon and emissions from use of water in customers' homes
TOTAL ANNUAL GROSS EMISSIONS	Tonnes CO <sub>2</sub> e	265,219	282,886	
Exported renewables	Tonnes CO <sub>2</sub> e	-6,334	-6,549	Exported renewables REGO certified
Green tariff	Tonnes CO <sub>2</sub> e	0		
TOTAL ANNUAL NET EMISSIONS	Tonnes CO <sub>2</sub> e	258,884	276,337	
INTENSITY RATIO – water treated	Kg CO <sub>2</sub> e per Ml	192.48	191.99	
INTENSITY RATIO – recycled water	Kg CO <sub>2</sub> e per Ml	409.54	454.7	
INTENSITY RATIO – recycled water	Kg CO <sub>2</sub> e per Ml	227.79	236.1	Full flow to treatment

Methodology: Emissions have been calculated using Carbon Accounting Workbook v18 (2024), an industry standard reporting tool. We have followed the 2020 UK Government environmental reporting guidance. We have used the GHG Protocol Corporate Accounting and Reporting standard (revised edition) and emission factors from the UK Government's GHG Conversion Factors for Company Reporting 2023 to calculate the above disclosures. There have been no methodological changes in the way emissions have been calculated in financial year 2023–2024 against 2022–23.

The reporting boundary covers the emissions within the regulated activity of Anglian Water Services Ltd, where we have operational control, i.e. all Scope 1 emissions, all Scope 2 emissions and Scope 3 emissions of outsourced transport, business travel and transmission and distribution losses.

The numbers reported have been verified by Achilles Carbon Reduce (powered by Toitū) Scheme (formerly CEMARS) as being measured, managed and reduced in accordance with ISO 14064-1. This verification process has been followed since 2011.

We aim to be a net zero carbon business by 2030. This is defined as net zero emissions where we have operational control as set out in our Net Zero Carbon Routemap 2030.

Energy consumption has increased slightly in 2023/24 over 2022/23 primarily because of the very wet weather and the subsequent increased pumping required to pump higher volumes of wastewater. This was somewhat offset by lower water demand and pumping requirements for water supply, including abstracting raw water from rivers into impounding reservoirs.

**Organisational targets to manage climate-related risks and opportunities**

Our key short to medium-term, climate-related targets are as set out below. We frequently monitor and forecast our position towards our net zero commitment. The below targets are in addition to our Performance Commitments:

- Be a net zero carbon business by 2030 (emissions where we have operational control and as set out in our Net Zero Carbon 2030 Routemap);
- Deliver a 65% reduction in capital carbon by 2025, against our 2010 baseline;
- Deliver a 70% reduction in capital carbon by 2030, against our 2010 baseline;
- Deliver a 10% reduction in operational carbon by 2025, against a 2020 baseline; and
- Between 2020 and 2025, ensure that a climate change resilience assessment is completed for all relevant investments.

Operational carbon is the carbon emitted as a consequence of the day-to-day operations of our business – energy use, process emissions from the water recycling process, emissions from our vehicle fleet, etc. Capital carbon is the carbon emitted as consequence of the manufacture and installation of assets we construct, for example, our new strategic pipeline or a new treatment facility.

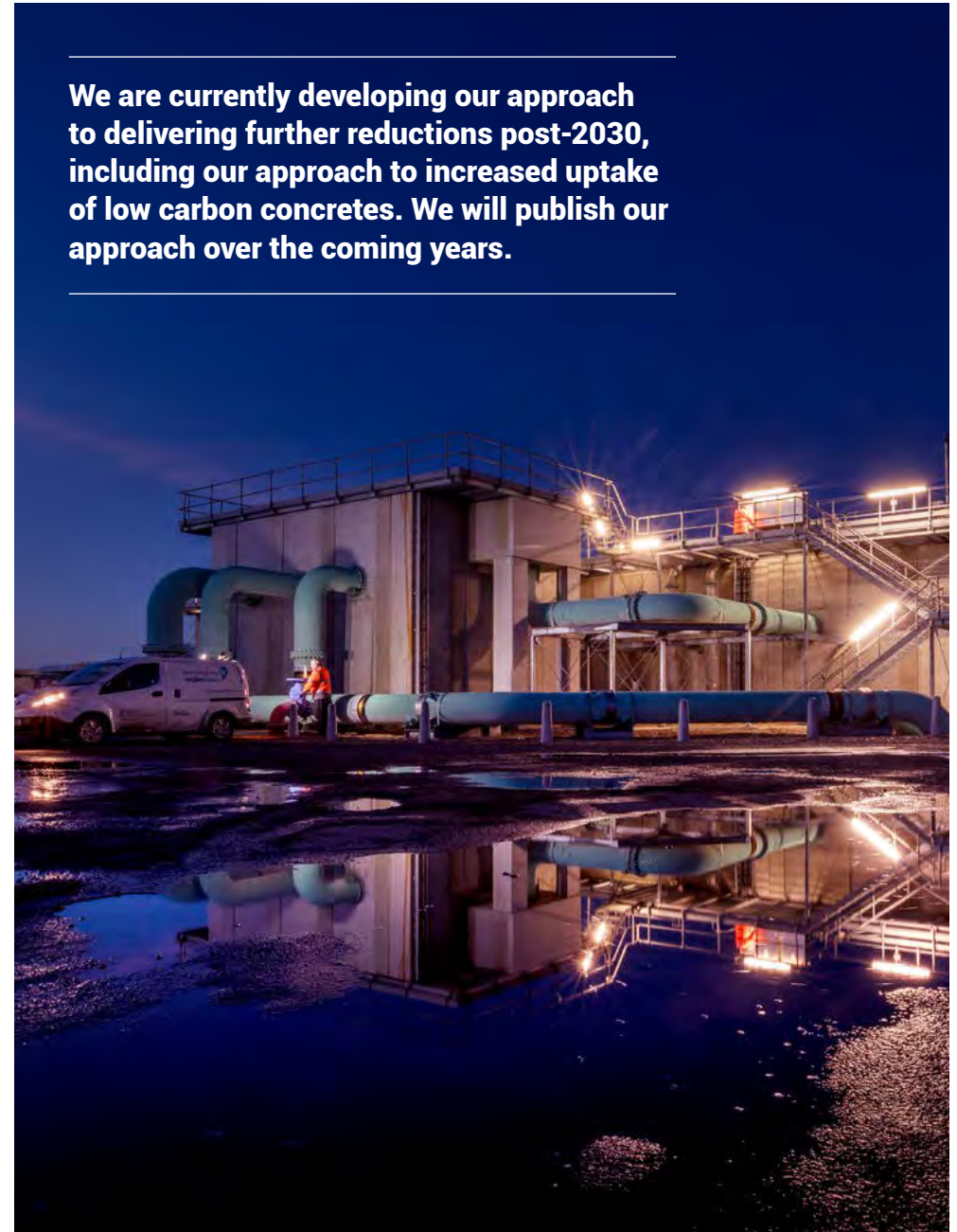
From 2022/23, a proportion of senior leader remuneration is linked to performance against these climate-related targets: 2.5% of senior leader bonuses is linked to the achievement of our annual net zero carbon performance target and 2.5% is linked to the achievement of our annual capital carbon performance target. See more in our Remuneration report on page 148.

Our longer-term, climate-related targets are in line with our Purpose and Strategic Direction Statement to 2050:



In terms of our carbon emissions, we intend to:

- Develop a strategy to further reduce our capital carbon beyond 70% post 2030.
- By 2050, our ambition is to move beyond net zero and become a carbon positive business – reducing, rather than contributing to, the UK's emissions.
- Develop a hydrogen strategy to best understand how we could generate hydrogen, use any oxygen generated from hydrolysis and understand how our HGV fleet could be powered using hydrogen.



**We are currently developing our approach to delivering further reductions post-2030, including our approach to increased uptake of low carbon concretes. We will publish our approach over the coming years.**

# Our nature-related disclosures

**As stewards of a natural resource, we rely on and impact the natural environment. Water underpins ecosystems, nourishes biodiversity and continues to shape our natural environment. This means managing the impacts, dependencies, risks and opportunities we have in relation to nature is not only the right thing to do, but fundamental to our business.**

Being in a heavily-regulated industry also means there is a substantial overlap in our current reporting of nature-related issues and voluntary nature-related disclosure standards such as TNFD (Taskforce on Nature-related Financial Disclosures). In addition to the existing environmental reporting in this report, we are in the process of preparing a nature-related disclosure, drawing insight from the TNFD recommendations and other disclosure frameworks. We'll share more on this later this year and will continue to review and enhance our nature-related reporting, as standards evolve.

## Key strategic plans which address nature-related issues

- Strategic Direction Statement
- Long Term Delivery Strategy
- PR24 Business Plan
- Pollution Incident Reduction Plan
- Water Resources Management Plan
- Drainage and Wastewater Management Plan
- Drought Plan
- Bioresources Strategy



Navigate to the relevant sections of our report, across the following four pillars: Governance, Strategy, Risk and impact management, Metrics and targets.

## Governance

Page	
92	→ Our management of nature uses a similar governance process to that of climate, drawing on many of the same governance groups and principles.
84	→ We set out our stakeholder considerations and engagement in our Section 172 Statement.
80	→ Our nature-related advocacy can be found within 'National and local government' in our Stakeholder section.
87	→ Relevant policies, documents or reports that govern our approach to Human Rights, can be found in our non-financial and sustainability information.

## Strategy

Page	
44	→ We cover our broad impacts and dependences on nature in the Environment section of this report.
14	→ 'Our year in context' sets out our response to key nature-related dependencies and impacts during the reporting year, including flooding, pollutions and spills, plus our key infrastructure projects.
110	→ The business' key environmental risks are summarised within our Principal risks under 'Environment'.
11	→ Nature considerations are integrated into our business model and strategic direction through our six capitals approach to decision making.
77	→ In this part of the report, we cover how we engage with our alliances and wider supply chain.

## Risk and impact management

Page	
101	→ As with our climate-related risks, our approach to identifying, assessing and managing nature-related risks is aligned and integrated within our overall risk strategy, as described in our TCFD disclosure.
105	→ The business' risk management approach is set out in more detail in the Risk Management section of this report.

## Metrics and targets

Page	
37	→ Many of our performance commitments help us assess and manage nature-related impacts and dependencies. These, along with information on how we monitor our progress and how we have performed against our targets during the reporting year, are detailed in 'Delivering our outcomes'.



# Maintaining a resilient business and managing our risks

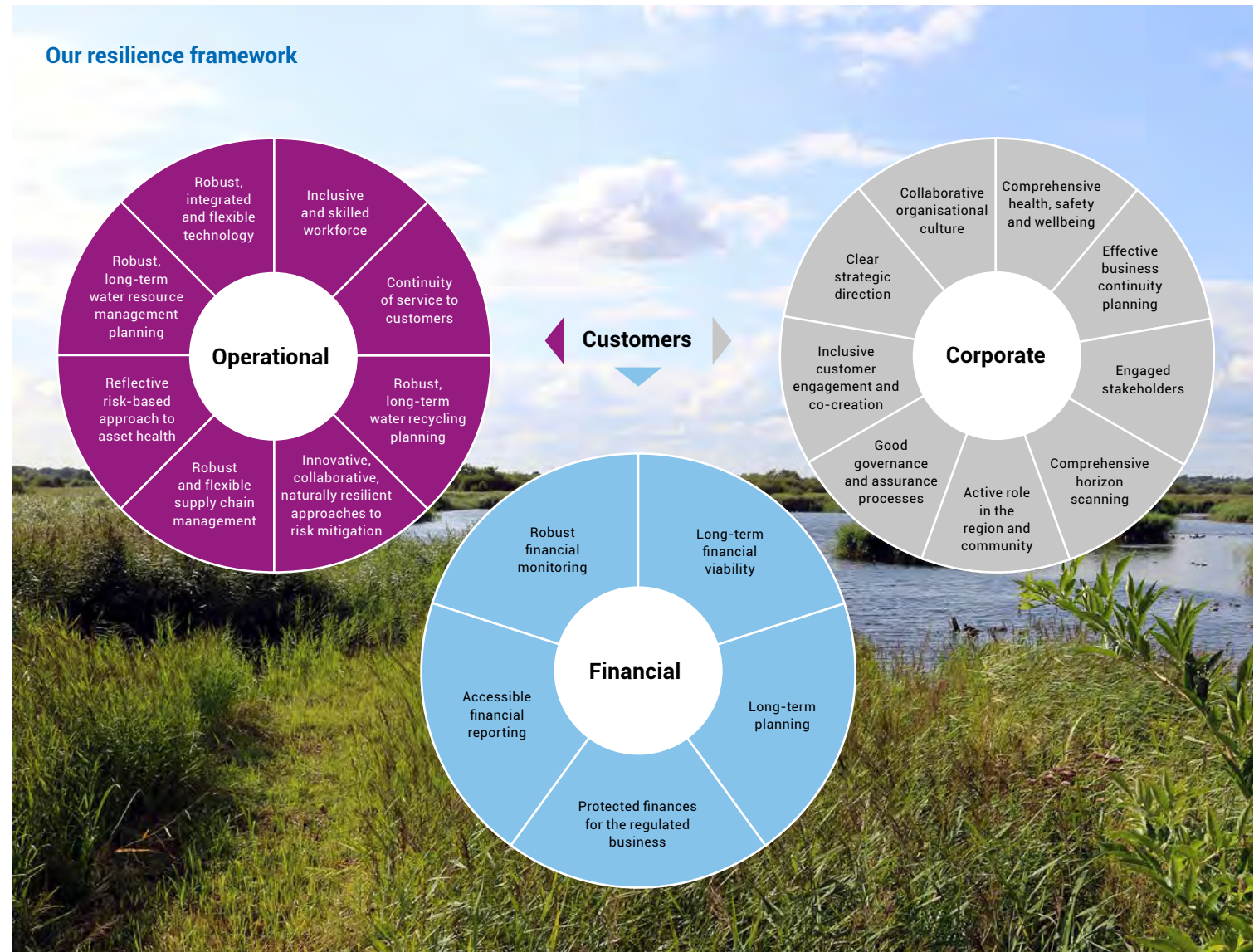
**Our long-term Strategic Direction Statement underpins our Purpose, to bring environmental and social prosperity to the region we serve, through our commitment to Love Every Drop.**

Integrating resilience throughout our business is an integral part of our operational and organisational planning and delivery. It ensures that we are delivering on our Purpose and that we secure long-term resilience, in relation to water supplies and water recycling services.

Resilience is the ability to cope with and recover from disruption and to anticipate trends and variability, in order to maintain services. Building in robust resilience allows us to quickly adapt to disruptions, maintain continuous business operations and safeguard our people, our customers and our assets.

At Anglian Water, resilience is considered and managed, through three specific lenses:

- Corporate resilience: having organisational governance, accountability and assurance processes that help the company to avoid, cope with and recover from disruption. These should also enable the anticipation of trends and variability in business operations.
- Financial resilience: an organisation's ability to avoid, cope with and recover from disruption to its finances.
- Operational resilience: having organisational infrastructure, and the skills to run that infrastructure, that means the company can avoid, cope with and recover from any disruption to its ability to provide critical services to customers.



Over the past year, the economic, geopolitical and environmental climate has continued to be challenging. Alongside recovering from the lasting impacts of a global pandemic, we have also responded to: the consequences of the Russia/Ukraine conflict on our supply chains; risks of power loss from rota disconnections over the winter period; and challenges to our chemical supply chains, including impacts from events in the Red Sea. We also faced extreme weather. Recovering from the drought in 2022, we then faced persistent, record-breaking rainfall throughout the winter of 2023/24, with surface-water flooding and rising groundwater levels overwhelming many parts of our region.

To ensure operational and organisational resilience and maintain our water and water recycling services to our customers throughout, we have:

- Aligned our corporate governance.
- Embedded our holistic organisational incident management structure throughout the business, by adopting the fundamental elements from the military J-cell approach. This provides visibility of emerging and present threats, with a clear management structure through our silver and gold command. This ensures tactical and strategic leadership, to maintain business resilience in times of stress.
- Maintained a whole scale, cross business, trained Incident Community to respond to major incidents.
- Developed our extensive emergency plans, with a focus on resilience in the provision of services to customers.
- Continued to develop and review Business Impact Assessments, to support planning and prioritisation of resources in times of critical stress.

- Built in interdependency mapping in relation to chemicals, supplies and our assets.
- Supported our differing customer profiles, whether that's businesses in our communities, vulnerable and priority customers, or our non-household customers.
- Integrated a robust training and exercising programme, to enhance operational and organisational resilience.

Over the past year, we have run just over 40 exercises, to stress test multiple plans, scenarios and interdependencies. While this is a decrease from last year, we opted for larger-scale exercises, to test multiple scenarios and ensure exercises were contextually relevant. This tested our ability to respond to concurrent, linked incidents.

These exercises have been part of a multi-agency collaboration with our regulators, Local Resilience Forums, Police (CTSA) and other water companies. Incident preparedness, through to response and recovery, remain core to ensuring our business remains resilient. This is supported by our Anglian Water Force members: our trained incident response community. Over the past year, we have continued to roll out our company-wide initiative to assign all employees secondary incident response roles. To date, we have just over 3,500 employees trained and ready to respond. We take a leading role with other UK water companies through two national Water UK collaboration groups, Platinum Incident Management (PIM) and National Incident Management (NIM), which meets to plan for and respond to events and situations to ensure the industry is resilient, as well as the Security and Emergency Planning Network (SEPN) and the Alternative Water Working Group (AWWG). As part of industry collaboration, PIM and NIM have stood up and will remain in place, to provide holistic water industry resilience.

We are proud to maintain our ISO 22301 certification, the international standard in business continuity management, which gives assurance that our processes — across Operational Resilience — provide a high level of business resilience.

We continue to ensure security is a fundamental part of our resilience strategy. Our approach is holistic, across personnel, cyber and physical security, to ensure resilience in relation to our employees, customers and assets. Our security standards are maintained, audited and stress tested across current and new operational assets and meet the requirements in the Protective Security Guidance (PSG), under the Security and Emergency Measures Direction (SEMD).

Risk management is a key part of resilience and central to the achievement of our strategic priorities. We approach this in several ways:

- At a global level, we consider the potential mega-trends, to ensure these are on our horizon, when planning for future resilience.
- We use the National Risk Register, to identify national risks that could impact our business.
- We use an all-hazards approach and challenge ourselves to ensure we take an end-to-end systems approach to the current risks. This helps ensure preparedness for the shocks and stresses we may face.
- We engage with customers to aid their understanding of the challenges we face and our understanding of their priorities.
- We continue to update our processes and procedures, in line with the requirements of the Security and Emergency Measures Direction (SEMD) 2022 legislative change, which requires us to maintain a water supply and/or sewerage system in the interests of national security, or to mitigate the effects of any civil emergency that may occur.

We manage risk across our business through a number of formal and informal processes. These risk management processes sit within our overall governance framework, which includes clear accountabilities, delegated authority limits and well-defined policies and procedures that govern employee conduct.

## Risk management

### Managing risk in line with our strategy

Our management team, with oversight from the Anglian Water Services (AWS) Board, is responsible for developing our strategy. Our strategic planning process aims to ensure we have developed clear objectives and targets and identified the actions needed to deliver on our commitments, including the management of risk.

### Risk management approach

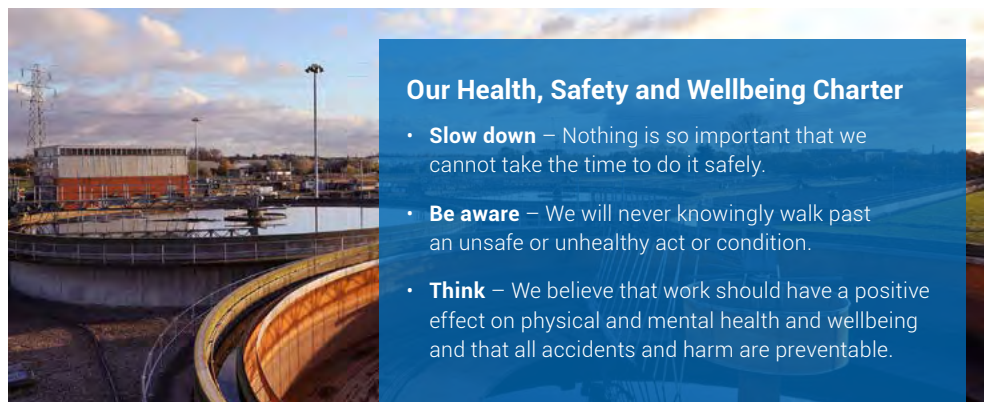
We have an established risk management process in place with defined 'Principal Risk Areas' and we regularly review risk-appetite statements. Our top tier and business stream risks are aligned to our Principal Risk areas and are enabled by our risk management process and supporting activities.

Our risk management framework enables the identification, assessment and effective management of business risks, both individually and in aggregation. The consequences and likelihood of these risks are determined and ranked using a scoring matrix, aligned to our risk appetite. This ensures that a consistent approach is taken when assessing overall impact to Anglian Water and our customers.

### Our management system framework policy

Our Purpose is to bring social and environmental prosperity to the region we serve through our commitment to Love Every Drop.

Quality	Protecting water from source to source, providing assurance that our drinking water and recycled water is always safe and clean.
Environment	We care about protecting, restoring and enhancing the environment for positive effect: all environmental harm is preventable.
Asset	Positively exploiting the lifecycle of our assets, to maximise value and reduce our capital and operational carbon footprint.
Resilience	Effective planning and preparation, to manage and mitigate the impact of any disruptive event, so we can respond rapidly, continue operations and recover.
Customer	Provide an inclusive service for all our customers, delivering a personal, trusted and effortless experience.



#### Our Health, Safety and Wellbeing Charter

- **Slow down** – Nothing is so important that we cannot take the time to do it safely.
- **Be aware** – We will never knowingly walk past an unsafe or unhealthy act or condition.
- **Think** – We believe that work should have a positive effect on physical and mental health and wellbeing and that all accidents and harm are preventable.

In addition to our Health, Safety and Wellbeing Charter and our new Environmental Charter, we have defined management-system arrangements for chosen standards, assessment schemes and specifications.

Our Integrated Management System (IMS) unifies our management system processes into a single framework, aligned with our Purpose, values and behaviours. The regular reviews undertaken by the IMS team throughout year are an important source of second-line assurance.

We recognise the importance of robust management systems and their role in the ongoing success and sustainability of our business.

#### We are committed to:

- Directors leading and being accountable for achieving intended business outcomes.
- Delivering excellent drinking water quality.
- Zero pollutions mindset, while protecting and enhancing the quality of the recycled water that we treat and return to the environment.
- Maintaining our laboratory's UKAS accreditation.
- Identifying and managing our risks.
- Making the most of our employees' knowledge and experience, by recognising the contribution they make.
- Continually improving the efficiency and effectiveness of our operating processes and this management system framework.

Complying with relevant legislation, regulations and other business needs including requirements of:

- PAS 808 Purpose Driven Organisations
- ISO 9001 Quality Management

- ISO 14001 Environmental Management
- ISO 17024 & CMS (Competence Management Systems)
- ISO 22301 Business Resilience (Continuity)
- ISO 22458 Inclusive Service and Customer Vulnerability
- ISO 45001 & ISO 45003 Health, Safety and Wellbeing
- ISO 55001 Asset Management
- PAS 2080 Carbon Management
- MCERTS Environment Agency Monitoring Scheme

#### We will:

- Take account of the needs of our stakeholders and interested parties.
- Live by our Purpose, values, and behaviours.
- Communicate and promote strategic priorities, business goals and good outcomes throughout our business and to the alliances that work with us.
- Effectively manage our assets, to deliver optimal whole-life value.
- Assess the aspects of our operational activities and their potential impact on the environment.
- Undertake business-impact analysis, to determine critical products or services and ensure that robust arrangements are in place to manage them in the event of any disruption.
- Maintain and protect data, to meet our obligations. And have reliable, accurate and complete, auditable information on our assets, performance and business activities.

### Risk appetite

Risk appetite defines the opportunities and associated risks that Anglian Water is willing to accept, in the pursuit of achieving its strategic objectives. These statements are used to drive risk-aware decision making, by key business stakeholders.

We consider risks in relation to our strategic priorities and align these to our Principal Risk Areas. Underpinning each statement is a series of risk-appetite thresholds. These assist in providing a view on whether we are operating within our appetite, or whether additional risk mitigation may be required.

**Anglian Water is exposed to a variety of uncertainties that could have a material adverse effect or impact on our financial condition, our operational performance, our business resilience and/or our reputation.**

We have a structured approach to risk assessment, with the Board reviewing and challenging management's assessment of risk and seeking assurance that appropriate mitigation measures are in place to manage principal risks in the context of our obligations to keep employees safe and provide an essential and efficient service to customers. The Board's assessment of risk determines what level of risk it is willing to accept, which helps senior management to understand the mitigating activities required to control risk likelihood and impact to acceptable levels.

For principal risks, we review the current risk level and how our controls provide confidence and assurance around our management of that risk. Where a gap exists between our current position and our mitigated aspiration, we instigate new or revised actions to close or reduce any risk gap.

Peer review and discussion at the Board or Management Board form the basis for establishing our overall principal-risk status. There may be occasions when a higher level of risk is acceptable, but this is only in cases where the risks are well understood and can be demonstrably managed. The Board regularly reviews Anglian Water's internal controls and risk management processes, to support its decision making.

### Principal risks

The Board has a responsibility to disclose "significant failings and weaknesses, or areas of concern that have not been resolved by year end". The Board's interpretation of this requirement is that there is a need to disclose any control failure or omission that, if unchecked, has the potential to result in significant financial, operational, or reputational damage to the business.

We carefully assess the principal risks facing us. These risks centre around the criticality of our infrastructure, the importance of our customers and our people, climate change and the environment, health and safety in our service delivery, cyber security and our ability to finance our business appropriately. These are reported regularly to the Board, as set out below.

In addition to the principal risks, we also actively manage several low-level, business-stream risks, which feed into our principal risks. Principal risks are assessed by considering a combination of factors, including emerging risks and external threats.

We carry out horizon scanning annually, to identify any emerging risks that may impact the business. The scope, speed, impact and interdependence of risks are growing – creating further complexity, meaning we are also having to manage multiple events at a time.

The past year we have continued to experience unprecedented levels of change and disruption, both in the UK and globally. Anglian Water has faced significant challenges, due to complex and interrelated issues, including global instability from ongoing conflicts and increased tensions in the seas. Energy costs, although decreasing, remain volatile and we continue to see impacts from the ongoing cost-of-living crisis. Additionally, our region has been affected by extreme weather events, such as consistent, high levels of rainfall. Our risk profile has changed as a result. In response to our evolving risk profile, we have implemented additional controls and mitigating measures, to address and stabilise our risk position.

Principal risk	Current risk profile	Trend	Predicted Outlook	Business outcome
1. Customer proposition	Yellow	↔	↔	Delighted customers
2. Environment	Orange	↑	↔	Flourishing environment
3. Water supply and quality	Orange	↔	↔	Safe, clean water
4. Health and safety	Yellow	↑	↔	Our people: healthier, happier, safer
5. People	Orange	↔	↓	Our people: healthier, happier, safer
6. Technology	Yellow	↔	↔	Resilient business/Investing for tomorrow
7. Finance	Orange	↔	↔	Fair charges, fair returns/ Investing for tomorrow
8. Reputation	Red	↑	↑	Delighted customers
9. Asset infrastructure	Orange	↔	↔	Investing for tomorrow
10. Business resilience	Yellow	↔	↔	Resilient business
11. Commercial and third-party	Orange	↔	↔	Business resilience
12. Strategic execution	Orange	↔	↔	Investing for tomorrow
13. Legislation	Yellow	↔	↔	Resilient business

### Risk profiles

- High risk
- Medium risk
- Medium – Low Risk
- Low risk

### Risk movement

- ↔ No change
- ↑ Risk increasing
- ↓ Risk decreasing

## 1 Customer proposition

“, Delighted customers

Strategic goal:

**“To make life better for our customers, every single day.”**

### Risk description

The risk of being unable to improve and maintain the levels of customer service necessary to deliver what our customers tell us they want. Inability to support customers with vulnerability or affordability challenges, or to deliver on our social Purpose.

### Key driver(s)

The requirement to meet CMeX (Customer Measure of Experience), DMeX (Developer Measure of Experience) as set by Ofwat. And the continued customer-affordability challenges, as a result of the rising cost of living, which could impact our risk of failing to achieve financial sustainability.

To mitigate this risk:

- We conduct customer satisfaction and experience surveys, publish the results and identify and act upon areas for improvement.
- We have a clear complaints process to identify and address expressions of dissatisfaction.
- We test the accessibility of our services with a wide range of demographics.

- We are certified to the ISO 22458 Inclusive Service Provision Framework, to help identify and assist vulnerable customers
- We are deploying agile methodologies and ways of working. to focus and prioritise our efforts to the best of our ability and to deliver value, as soon as possible, to customers.

### Opportunity:

Use our customer service feedback to look for new ways to meet everyday challenges to make life better for our customers.



## 2 Environment



Strategic goal:  
**"To create a sustainable future for our region."**

### Risk description

The probability and consequence of damaging the environment through business activities and/or incidents. This could be through deficiencies in waste management, waste transport, waste treatment and disposal, breaching abstraction licences, unintended pollutions, construction activities or an overall failure to be net zero by 2030.

### Key driver(s)

Extreme weather events and gradual changes in climate, as well as environmental degradation, such as air, water and land pollution. Water stress and biodiversity loss, plus other factors, including behaviours and use like wet wipes and fats, oils and grease (FOG), failing assets or control systems.

To mitigate this risk:

- Our clear business Purpose is to "To bring environmental and social prosperity to the region we serve through our commitment to Love Every Drop". We are committed to doing everything we can to protect and enhance our environment.
- We have pledged to Get River Positive by 2030. As part of this we've joined forces with Severn Trent and together we will strive to do no harm to UK rivers and do everything we can to ensure they can thrive. We have five, key commitments

that set out the overarching framework for protecting and revitalising rivers, to ensure storm overflows and sewage treatment works do not harm rivers and to make improvements that result in 90% of people in our region living less than one hour away from a designated bathing site.

- Our investment plans are targeted, to be resilient to drought and flooding, e.g., the Strategic Pipeline Alliance (SPA) and plans for future reservoirs.
- We have an established water-sector route map and organisational strategy, to deliver on our aim to be net zero by 2030, mitigating climate change.
- We tackle biodiversity loss through active management of biodiversity assets on our sites. 99% of our SSSIs are in favourable condition and we have a biodiversity net gain policy to address unavoidable biodiversity loss on our land, through the construction programme.
- We undertake ecological surveys and impact assessments, where required, to avoid and mitigate biodiversity impacts.
- We are prioritising low-carbon, nature-based solutions – where possible – to meet our needs, while enhancing the environment.

- We have strong management systems, controls and governance in place for managing our abstraction licence compliance, with a formal lessons-learnt process and tactical response groups in place.
- We have a well-established Pollution Incident Reduction Plan (PIRP), spanning 2023 to 2025, which details all reduction and control activities that are underway and provides regular progress updates to the Environment Agency.
- All incidents and associated response, mitigation and preventative actions are reported to, and monitored by, our operational performance cells and senior management.
- We have invested in new technology for remote monitoring of discharges, which has been installed at key points on the network, both inland and on the coast.
- We regularly meet our regulators to review performance, share best practice, set future environmental strategy and drive improvements.
- We work with regulators, stakeholders and the water industry, to regularly review and update the Biosolids Assurance Scheme (BAS) – the national standard for recycling biosolids products to agricultural land, to ensure it remains appropriate for the future.

### Opportunity

Use new learning and technical developments to collaborate and to be industry-leading in driving environmental change; promoting Anglian Water as a trusted custodian of the environment and public health.

Collaborate with others at a catchment-scale, to deliver solutions that meet the needs of all stakeholders.

Use enhanced Root Cause Analysis and analysis of themes, to ensure that any mitigation or improvement activities and controls are aligned to actual cause, whether systemic management system changes, or locally driven mitigation.

## 3 Water quality and supply



Strategic goal:  
**"To make life better for our customers, every single day."**

### Risk description

The risk that we are unable to provide a reliable source of water to customers when they need it, in line with quality standards.

### Key driver(s)

The speed at which the climate changes and the population grows, together with our region being the driest in the UK, could see this risk materialising sooner than we had planned.

To mitigate this risk, we have:

- skilled and trained employees operating our water assets;
- a mature planning approach for drinking water safety, which meets regulatory requirements;
- robust policies and standards for water supply hygiene;
- regular routine testing on water quality;
- investment to maintain and improve water quality;
- regular internal and external audits;
- detailed emergency and business-continuity response plans;
- a 25-year statutory Water Resource Management Plan, funded and delivered in five year Asset Management Period plans;

- a five-year statutory Drought Plan;
- monthly monitoring in place for our water resources;
- regular discussions with the Environment Agency, in relation to water supplies;
- regular discussion and liaison with the Drinking Water Inspectorate, in relation to near and long-term water-quality provision and risk;
- robust asset management planning and investment assured ISO 55001; and
- planned investment from 2025, to improve our resilience to climate change by renewing our highest-risk climate vulnerable mains.

### Opportunity

Exploit new digital technologies for water and water recycling solutions, to enable us to better monitor, manage and ultimately reduce consumption of key inputs – such as power, water and chemicals – with real-time data.

Work across the industry, to deliver winning solutions and drive wider benefits, beyond cost efficiencies.

Use Ofwat's Adaptive Planning to help us monitor performance against a range of scenarios, which can be adopted depending on future circumstances.

## 4 Health and safety



Strategic goal:  
**"To deliver our identified business priorities."**

### Risk description

The risk that we endanger the health, safety and physical wellbeing of our people, operating partners, or members of the public.

We recognise the importance of robust management systems and their role in the ongoing success of our business.

### Key driver(s)

Stretched resources and pressure to reduce costs could lead to less focus on following procedures, processes and maintenance.

To mitigate this risk:

- the Management Board reviews health and safety performance and associated actions. Health and safety performance reports developed and published for business unit leadership teams to manage health and safety;
- all accidents and incidents are investigated and remedial actions tracked;
- we have an established Health and Safety Charter and Policy;
- health and safety is embedded in our culture and processes, via training and raising awareness. For example, the health and safety leadership programme for all operational front line managers and senior leaders;

- ISO 45001 management system monitors performance, with regular reviews undertaken by BSI as well as through internal audit; and

- safety management is reviewed regularly, to ensure that it is suitable and sufficient to manage the hazards we have in our undertakings. We regularly engage and consult with employees on health, safety and wellbeing. Health, behavioural safety and wellbeing initiatives are run throughout the year through our LIFE programme.

### Opportunity

Work with our employees and alliances, to drive positive behaviours – built around trust – for health, safety and wellbeing. Collaboration with alliance partners, to improve safety around high-risk tasks like People Plant Interface and breaking ground.

## 5 People

 Our people, healthier, happier, safer

Strategic goal:

**“To deliver our identified business priorities.”**

### Risk description

The risk that we do not have enough skilled or capable people to run our business and deliver on our goals. The engagement and wellbeing of our colleagues and the creation of an inclusive workforce are central to our culture.

### Key driver(s)

The growth of the business, the challenging labour market, an aging workforce, low morale or lack of engagement as we continue to experience cost-of-living pressures and high inflation, alongside global instability, could lead to failure to attract sufficiently skilled people, an increase in attrition and a decrease in the wellbeing of our people.

To mitigate this risk, we:

- have a suite of people policies in place that are routinely reviewed and updated as appropriate;
- review recruitment and retention activities, including remuneration, reward and incentivisation tools;
- monitor and effectively manage and support absence;
- undertake engagement surveys, with improvement actions identified and implemented;

- have identified and regularly review essential skills, roles and business activities;
- have established business continuity plans, to cater for low-likelihood and high-impact incidents;
- provide a comprehensive range of wellbeing benefits and activities; and
- continue our aspiration to be an inclusive workforce and representative of the community we serve.

### Opportunity

To engage and listen to our colleagues, continuously improve our skills and capabilities and retain our most talented people, to help us achieve our goals. To create and deliver a strategic workforce plan to ensure the deliverability of our future business priorities.

## 6 Technology

 Resilient business  Investing for tomorrow

Strategic goal:

**“To deliver our identified business priorities.”**

### Risk description

The risk to our operations of technology failing to be available, secure, reliable and to perform as expected, and/or failure to capitalise on new and emerging technologies.

### Key driver(s)

The last year has seen the cyber threat to UK CNI sectors increase, driven by a worsening adversarial geopolitical environment; the rise of state-aligned groups; and an increase in more aggressive cyber activity. The Russia/Ukraine war continues to heighten the UK asymmetric threat; while the Israel/Hamas conflict in Gaza has increased instability in the Middle East, which has also fed into the levels of aggressive cyber activity noted in the last six months.

The last year has also seen an increase in cyber attacks – primarily ransomware-based – against UK utility companies, as targeted, larger entities continue to increase their defensive cyber posture. As cyber security measures have been improved throughout industry, it has been noted that cyber-attack levels have increased against the supply chain and this will continue.

To mitigate these risks we:

- continue to lead the digital transformation of our business through the move to

cloud-based services, reducing legacy technology and our on-premises technology footprint. As part of this, more best practice standards are being employed and governance is being strengthened;

- are adopting the National Institute of Standards and Technology Cyber Security Framework (NIST-CSF) as our guiding cyber security standard. This standard is globally recognised and utilised across a wide variety of sectors. Advice and guidance from the National Cyber Security Centre aligns to NIST-CSF; and
- we have an ongoing employee cyber-awareness and education campaign, which includes regular phishing tests.

### Opportunity:

We will continue to take advantage of new technologies, particularly those that are cloud-based, as they become available, to help us become more agile and resilient.

Within the confines of budgetary constraints, we will continue to invest in technology and cyber security to strengthen our resilience. Our updated Cyber Security Strategy, aligned with NIST-CSF best practice, will help in the overall improvement, recognition and management of technology risks.



## 7 Financial

 Fair charges, fair returns  Resilient business

## 8 Reputation

 Delighted customers

Strategic goal:

**“To deliver our AMP7 Final Determination.”**

### Risk description

The risk that we fail to appropriately finance our business in either the short or the long term.

### Key driver(s)

Economic conditions affecting the availability or pricing of funding from debt markets. Failure to deliver our Totex programme either through overspending or missing outcomes, impacting our potential for earning financial rewards, which allow us to invest for the future. Inability to maintain stable credit ratings.

To mitigate this risk:

- we use revenue from our customers, together with the proceeds of new debt raised, to finance the Totex programme;
- we use a range of investment and debt instruments to finance our regulatory capital value;
- we ensure access to a diversified source of debt across a range of maturities, to minimise the refinancing risk;

- we hold regular senior level meetings with banks, rating agencies and bond holders; and
- we have robust treasury, liquidity and energy and covenant policies, which are internally monitored through our Finance, Treasury and Energy Policy Group.

### Opportunity

Maintaining a strong credit rating, liquidity levels and an attractive environmental, social and governance (ESG) profile will allow us access to a broad range of financial markets, optimising our financing costs.

Strategic goal:

**“To deliver our identified business priorities.”**

### Risk description

The potential for negative publicity, public perception, or events that have an adverse impact on our reputation.

### Key driver(s)

The changing expectations of external (and internal) stakeholders, principally when communicated to us through public forums – such as the traditional media and now frequently amplified via social media.

To mitigate this risk:

- reputational risk is managed as part of our Group Strategy and Planning;
- our risk assessment process examines the likelihood and impact of events that could cause reputational damage;
- we have a communications strategy, executed by a highly-competent team, that promotes (both internally and externally) our Purpose, vision and our performance;

- we constantly seek to secure lateral endorsement and support from stakeholders and other third parties, who become willing to advocate on our behalf; and
- we have well-rehearsed contingency plans and accompanying communications strategies for when things don't quite go right.

### Opportunity

Using our insight and data to make sure communications are relevant, effective and engaging for our different audiences, promoting our industry's reputation and protecting our brand.

## 9 Asset infrastructure



## 10 Business resilience



Strategic goal:

**"To create a sustainable future for our region."**

Strategic goal:

**"To create a sustainable future for our region."**

### Risk description

The risk of failing to plan, build, maintain and decommission assets reliably and efficiently to meet the service expectations of our customers.

### Key driver(s)

Our significant and ageing asset base, which includes large tunnels, reservoirs and a distribution/collection network that serves a customer wide base, together with the changing regulatory and environmental landscape.

To mitigate this, we:

- have strategic alliances in place to deliver capital programmes, to assure continuation of services to our customers;
- have an established investment and corporate governance process, which operates for projects led by senior management, with independent assurance;
- have cross-business governance bodies that align to business strategy;
- have a detailed knowledge and understanding of our critical assets;
- have detailed and defined minimum asset standards to reduce risk;

- work with industry bodies to review the regulatory framework in relation to asset health, to further address long-term risks;
- have built/allocated and trained a robust support team to ensure that, in the event of incidents, we have strength and depth within the team to reach early resolution and recovery; and
- continue to drive (into new asset solutions) the learning and long-term view for asset health and maintenance, to avoid unnecessary asset risk.

### Opportunity

Trial and implement new technologies and innovation, to improve our water-treatment processes and network operations, such as leakage detection and pressure monitoring.

Use efficiency gains on analytical data, reporting and innovation, to take advantage of analytical and digital capabilities and support a reduction in process costs, while reducing inefficiencies.

Use the Totex outcomes framework and engage with the Ofwat Innovation Fund, to drive up performance and facilitate the innovation that customers need.

### Risk description

The risk of failing to embed capabilities, processes, behaviours and systems that allow us to continue to carry out our Purpose. A failure to prepare for operational risks and be resilient against them.

### Key driver(s)

Operational risks can arise within all areas of the business and can manifest themselves through inadequate or failed internal processes or systems, human error or from external events.

Our approach to ensure we have robust business resilient processes in place is to:

- proactively mitigate potential customer and environmental harm, regulatory or legal censure and financial and reputational impacts;
- regularly review our processes and systems, including prevention and detection processes, to ensure we can absorb and/or adapt to internal or external events; and
- proactively carry out and review team-specific business impact assessments across the company, to understand risk at a granular level.

### Opportunity

Use data analytics to exploit the development of our smart networks and smart metering, to utilise an untapped level of data to help increase resilience and service to customers.

## 11 Commercial and third party



Strategic goal:  
**"To deliver our identified business priorities."**

### Risk description

The risk of loss, failure or over-dependency on one or more of our key suppliers (including alliances), which may interrupt the services that they provide.

### Key driver(s)

The rising expectations of customers, increasing regulation and rapidly evolving technology.

To mitigate this, we:

- closely manage our supply chain, given our alliance and partnership model, which supports the delivery of our core services;
- monitor the long-term sustainability of key suppliers, considering wider macro-economic pressures;
- operate a strong control environment, through the delivery of our procurement and supply chain operating model, which is focused on delivering active monitoring of critical suppliers and partnerships.

### Opportunity

Engagement and monitoring of our key suppliers, to build on our success, optimising our value chain and enhancing our capabilities, through the use of transformational technologies.

## 12 Strategic execution



Strategic goal:  
**"To deliver our identified business priorities."**

### Risk description

Failure to inadequately translate the strategy from high-level ambition to specific action, to appropriately adapt the strategy when conditions change, to deliver change to time, cost and quality and to realise the benefits on completion.

### Key driver(s)

Internal and external developments, such as the supply chain challenges, the energy crisis, the cost of rising inflation and public/media sentiment, together with changing laws and regulations across the water industry, could all have an impact on our ability to finance or deliver our strategic goals.

To manage our risks, we have taken the following steps:

- we agree monitor and manage performance against the Board-approved plan and targets;
- the Board leads the annual strategy and five-year planning process, which considers our performance, competitor positioning and strategic opportunities; and
- we identify and manage emerging risks, using established governance processes and forums.

### Opportunity

Use the experience and expertise across the business, to design and deliver projects more efficiently and to deliver effective, customer-centric solutions and taking new opportunities when they arise.

# 13 Legal



Strategic goal:  
**"To deliver our identified business priorities."**

### Risk description

The risk of financial or reputational loss, resulting from a failure to comply with applicable legal obligations (including a lack of knowledge or misunderstanding of how the law applies to our business).

Risk of failure to maintain a suitable and sufficient framework to manage data protection legislative obligations.

### Key driver(s)

The changing legal and regulatory landscape.

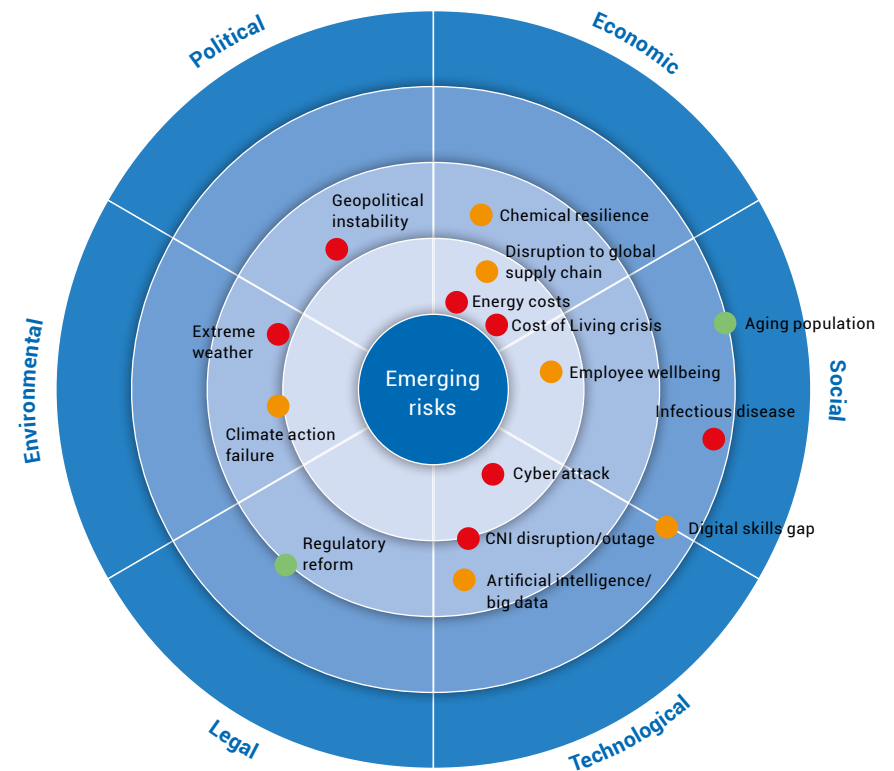
To mitigate this risk, we:

- have documented policies, processes and guidelines, covering a range of Legal scenarios, with our Legal team on hand to support the business to manage legal risk;
- employ specialist lawyers, who can advise on the business interpretation and implications of relevant legislation and other legal obligations;
- maintain a panel of external lawyers, who are available to support the business in relation to a range of legal issues (for example, complex litigation);

- have internal mechanisms (including a whistleblowing process and independent provider) to ensure that any breaches of legislation are identified, reported and investigated in a timely manner (including reporting to relevant regulators where necessary);
- ensure that all relevant employees undertake appropriate training, so they have a sufficient understanding of key legislation (including the Data Protection Act 2019, the Bribery Act 2010 and the Competition Act 1998);
- track changes in legislation via our legal register and communicate developments to relevant business units.

## Emerging risks

We define an emerging risk as new risk, or a familiar risk in a new or unfamiliar context (re-emerging), which is changing in nature and where the likelihood and impact is not widely understood. These risks are more likely to have a longer-term impact. However, there is potential for the velocity to significantly increase within a shorter time frame and affect our performance. Anglian Water continually scans the horizon for emerging risks.



### Time horizon

- 0-5 years
- 0-10 years
- 10-25 years
- >25 years

### Velocity indicator

- Very quick
- Quick
- Low

## Emerging Risks continued

Summary	Impacted principal risks															
<p><b>Energy costs</b></p> <p>Consumers have seen a reduction in energy costs leading into 2024. However the market remains volatile, due to geopolitical tensions causing disruption to supply chains, changes in demand and oil price fluctuations.</p>	<table border="1"> <tr><td>1</td><td>2</td><td>3</td><td>4</td><td>5</td></tr> <tr><td>6</td><td>7</td><td>8</td><td>9</td><td>10</td></tr> <tr><td>11</td><td>12</td><td>13</td><td></td><td></td></tr> </table>	1	2	3	4	5	6	7	8	9	10	11	12	13		
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<p><b>Cost of living</b></p> <p>The UK continues to feel pressure from the increased cost-of-living, which is putting significant strain on household wallets. Low-income families have already been hit the hardest by increasing household bills and food prices and are the most likely to have seen both their financial circumstances and their health deteriorate. Local-cost pressures and supply challenges are not set to ease anytime soon, with a lot of pressure still on the economy.</p>	<table border="1"> <tr><td>1</td><td>2</td><td>3</td><td>4</td><td>5</td></tr> <tr><td>6</td><td>7</td><td>8</td><td>9</td><td>10</td></tr> <tr><td>11</td><td>12</td><td>13</td><td></td><td></td></tr> </table>	1	2	3	4	5	6	7	8	9	10	11	12	13		
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<p><b>Cyber-attack</b></p> <p>Geopolitical instability has heightened the risk of cyber attacks. Also, as businesses move their data and infrastructure to the cloud and increase reliance on third-party software applications and service providers, they are significantly increasing the risk of cyber attacks and breaches from third parties.</p>	<table border="1"> <tr><td>1</td><td>2</td><td>3</td><td>4</td><td>5</td></tr> <tr><td>6</td><td>7</td><td>8</td><td>9</td><td>10</td></tr> <tr><td>11</td><td>12</td><td>13</td><td></td><td></td></tr> </table>	1	2	3	4	5	6	7	8	9	10	11	12	13		
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<p><b>Cyber attack on Critical National Infrastructure</b></p> <p>Geopolitical tensions are heightening the risk of large scale cyber-attacks. The threat of attacks is heightened for critical national infrastructures, such as water supply systems, energy companies and transport networks.</p>	<table border="1"> <tr><td>1</td><td>2</td><td>3</td><td>4</td><td>5</td></tr> <tr><td>6</td><td>7</td><td>8</td><td>9</td><td>10</td></tr> <tr><td>11</td><td>12</td><td>13</td><td></td><td></td></tr> </table>	1	2	3	4	5	6	7	8	9	10	11	12	13		
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- 8 Reputation
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- 10 Business resilience
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- 12 Strategic execution
- 13 Legal

Summary	Impacted principal risks															
<p><b>Employee wellbeing</b></p> <p>According to the ONS, there are over 2.8 million workers out of the labour force due to long term sickness, which will mean employers will continue to face challenges during 2024. The cost-of-living crisis may see employees struggling to manage the threat of financial security and this could provoke direct feelings of anxiety and worsening mental health.</p>	<table border="1"> <tr><td>1</td><td>2</td><td>3</td><td>4</td><td>5</td></tr> <tr><td>6</td><td>7</td><td>8</td><td>9</td><td>10</td></tr> <tr><td>11</td><td>12</td><td>13</td><td></td><td></td></tr> </table>	1	2	3	4	5	6	7	8	9	10	11	12	13		
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<p><b>Disruptions in global supply chains</b></p> <p>Ongoing, new conflicts and oceanic geopolitical conflict is adding further pressures and disruption to supply chains.</p>	<table border="1"> <tr><td>1</td><td>2</td><td>3</td><td>4</td><td>5</td></tr> <tr><td>6</td><td>7</td><td>8</td><td>9</td><td>10</td></tr> <tr><td>11</td><td>12</td><td>13</td><td></td><td></td></tr> </table>	1	2	3	4	5	6	7	8	9	10	11	12	13		
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<p><b>Climate action failure</b></p> <p>We face the reputational impact of not being seen to contribute towards the mitigation of climate change via the achievement of net zero emissions by 2030.</p>	<table border="1"> <tr><td>1</td><td>2</td><td>3</td><td>4</td><td>5</td></tr> <tr><td>6</td><td>7</td><td>8</td><td>9</td><td>10</td></tr> <tr><td>11</td><td>12</td><td>13</td><td></td><td></td></tr> </table>	1	2	3	4	5	6	7	8	9	10	11	12	13		
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<p><b>Chemical resilience</b></p> <p>The chemical industry has been a major contributor to businesses and global trade growth for decades. The industry has been hit hard by recent trade barriers, increased levels of protectionism and the COVID-19 pandemic. With current global instability, the need for a resilient supply chain in the chemical industry has never been greater.</p>	<table border="1"> <tr><td>1</td><td>2</td><td>3</td><td>4</td><td>5</td></tr> <tr><td>6</td><td>7</td><td>8</td><td>9</td><td>10</td></tr> <tr><td>11</td><td>12</td><td>13</td><td></td><td></td></tr> </table>	1	2	3	4	5	6	7	8	9	10	11	12	13		
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Summary

Impacted principal risks

Artificial intelligence/big data

Data is increasingly being used to provide meaningful insights for companies, to support key decision making. The fast-paced evolution of generative AI tools, alongside the opportunities it brings, raises concerns around lack of transparency, over reliance, bias and discrimination, vulnerability attacks, lack of human oversight, high cost and privacy concerns. This, coupled with the digital skills gap/shortage, increases the risk.

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Extreme weather

Meteorologists warn extreme weather is set to continue in the UK. And the risk of failing to deal with the impact of extreme and/or unpredictable weather events on our assets and infrastructure is increasing.

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Shortage of skilled workers/digital skills gap

There is currently a shortage of skilled workers, at a time of high demand for labour. With the increasing use of technology, it is reported that over the next 10-20 years, 90% of all jobs will require some form of digital skill.

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Geopolitical instability

Geopolitical shocks continue to impact globally in 2024 with overarching themes such as ongoing on emerging conflicts, energy security, supply chain disruptions, resource shortages, and a heightened risk of cybersecurity threats. The upcoming elections, could create an uncertain political environment, regarding future policies and regulations.

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Summary

Impacted principal risks

Infectious diseases

Infectious diseases continue to be a global risk. This risk has been increasing over the last 20 years and every year the risk increases further.

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Regulatory reform

The upcoming elections and possibility of a different governmental leadership creates uncertainty regarding future policies and regulations. There could be potential regulatory reform to the number of regulators governing the water industry, or a merger. We could see the introduction of financial penalties for accountable individuals, bigger fines, or criminal proceedings for failing to meeting regulatory requirements/expectations.

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Aging population

According to the World Health Organisation, in the next 25 years, the number of people older than 85 will double to 2.6 million. A rise in the elderly population will place greater pressure on public finances, as a relatively smaller working-age population supports growing spending on health, social care, and pensions. An aging population could lead to a shortage of workers and push up wages, causing wage inflation.

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# Long-term viability statement

## Background

The directors are responsible for ensuring the resilience or viability of the Group's water and water recycling services to meet the needs of its customers in the long term. This means the Group must be able to avoid, manage and recover from disruptions to its operations and finances.

The directors' review of the longer-term prospects and viability of the Group is an extension of our business planning process, which includes financial forecasting, a robust risk management assessment, regular budget reviews and scenario planning. This activity is strengthened by a culture throughout the Group of review and challenge. Our vision and business strategy aim to make sure that our operations are resilient and our finances are sustainable and robust.

As part of Anglian Water's approach to defining risk appetite, each year the directors review our specific risk tolerance levels and consider whether our decision-making behaviours over the past year have been consistent with these risk levels. The directors confirmed that the Group's behaviours over the past year had been in line with our risk appetite.

## Look-forward period

As one of the 10 regional Water and Sewerage services companies operating in the UK, Anglian Water's prices are set by the industry regulator Ofwat for five-year Asset Management Plan (AMP) periods, which support the Group's underlying costs. This provides the basis for future tariffs, revenues, costs and cash flows over the current AMP (April 2020 to March 2025).

## Assessment of prospects

The directors have assessed Anglian Water's financial prospects over the next 10 years from April 2024 to March 2034. A 10-year period has been chosen to ensure that our business plan for the current AMP does not impact on the longer-term viability of the Group:

- The first year takes us to the end of the current AMP, for which there is reasonable certainty and clarity, with a stretching five-year plan to deliver in line with the CMA Final Determination for AMP7.
- The next nine years of the period are outside final outcome of the following five-year price reviews, PR24 and PR29, for which uncertainty exists. Our assumptions for AMP8 align to the AMP8 forecasts that we submitted in our PR24 Business Plan and future AMPs are consistent with this.
- The Board considered whether there are specific, foreseeable risk events relating to the principal risks that are likely to materialise within a 10-year period, and which might be substantial enough to affect the Group's viability and therefore should be taken into account when setting the assessment period. These events were modelled appropriately within our downside scenarios.
- The Board has considered the impact of the wider activities of other Group companies and transactions and of the overall Group structure.
- The Board considers the maturity profiles of debt and the availability of new finance over 10 years as part of its review of financial modelling and forecasting, as well as considering the credit ratings of the debt.

- Finally, we take note of the Water Industry Act, which requires Ofwat to ensure that water companies can (in particular through securing reasonable returns on their capital) finance the proper carrying out of their statutory duties.

## Principal risks

We have set out the details of the principal risks facing the Group on pages 108-116, described in relation to our ability to deliver our 10-year outcomes. We identify our principal risks through a robust assessment that includes a continuous cycle of bottom-up reporting and review, and top-down feedback and horizon scanning. Through this assessment, priorities are elevated appropriately and transparently. This process is described in more detail on pages 105-108.

The directors regularly review business plans that show projected cash flows for the current AMP period, and long-term cash flow modelling projections which extend into AMP8 and beyond.

This includes reviewing the expected outcome relating to the principal risks with this impact included in our business plans.

## Stress testing the business plan

In reviewing its financial viability, Anglian Water considers the stringent covenant tests required under its securitised structure to provide comfort to our bondholders that our business is viable to the end of the current AMP period and beyond, and to ensure the availability of debt to finance Anglian Water's investment programme. At each regulatory price review and throughout the AMP, the Board satisfies itself that the agreed five-year business plans ensure adequate covenant headroom throughout the AMP period and beyond. This includes extensive downside scenario testing at both Anglian Water and Group level from severe, plausible and reasonable scenarios chosen because they pose the greatest risk to the business.



The following scenarios have been used individually and in combination to model the impact on the overall performance of the business, the ability of the business to service its debt and the impact on its credit rating:

Principal risk	Scenario	Impact modelled	Potential mitigations required	Principal risk	Scenario	Impact modelled	Potential mitigations required
<ul style="list-style-type: none"> <li>• People</li> <li>• Technology</li> <li>• Financial</li> <li>• Asset infrastructure</li> <li>• Business resilience</li> <li>• Commercial and third party</li> <li>• Strategic execution</li> </ul>	Material Totex underperformance against the Final Determination allowance	<ul style="list-style-type: none"> <li>Overspend of 10% across an AMP</li> <li>CAPEX overspend of 5%</li> <li>OPEX overspend of 5%</li> </ul>	<ul style="list-style-type: none"> <li>No mitigations required</li> <li>No mitigations required</li> <li>No mitigations required</li> </ul>	<ul style="list-style-type: none"> <li>• Financial</li> <li>• Reputation</li> <li>• Strategic execution</li> </ul>	Cost of debt increases	2% above base level assumptions across an AMP	No mitigations required
<ul style="list-style-type: none"> <li>• Customer proposition</li> <li>• Environment</li> <li>• People</li> <li>• Reputation</li> <li>• Asset infrastructure</li> <li>• Business resilience</li> <li>• Strategic execution</li> </ul>	Material Outcome Delivery Incentive (ODI) penalties	Up to £144 million per year	Mitigations required	<ul style="list-style-type: none"> <li>• Customer proposition</li> <li>• Financial</li> <li>• Asset infrastructure</li> <li>• Commercial and third party</li> </ul>	<ul style="list-style-type: none"> <li>Significant inflation fluctuations</li> <li>2% below base level for each AMP</li> </ul>	<ul style="list-style-type: none"> <li>1% above and below base level assumptions for each AMP</li> <li>No mitigations required</li> </ul>	<ul style="list-style-type: none"> <li>No mitigations required</li> </ul>
<ul style="list-style-type: none"> <li>• Environment</li> <li>• Water supply and quality</li> <li>• Health and safety</li> <li>• People</li> <li>• Reputation</li> <li>• Legal</li> <li>• Regulatory</li> </ul>	Regulatory fines and legal penalties	Up to 6% of turnover applied in a single year	Mitigations required	<ul style="list-style-type: none"> <li>• Customer proposition</li> <li>• Environment</li> <li>• People</li> <li>• Technology</li> <li>• Financial</li> <li>• Reputation</li> <li>• Asset infrastructure</li> <li>• Business resilience</li> <li>• Commercial and third party</li> <li>• Strategic execution</li> </ul>	<ul style="list-style-type: none"> <li>Combined scenario based on Totex underperformance for a whole AMP, along with a significant ODI penalty and a revenue penalty</li> </ul>	<ul style="list-style-type: none"> <li>Overspend of 10% across an AMP, combined with an ODI penalty of 1.5% of RORE in each year plus a financial penalty of 1% of revenue in a single year</li> </ul>	Mitigations required
<ul style="list-style-type: none"> <li>• Financial</li> </ul>	Unfunded pension liabilities	Up to £15 million applied per annum	No mitigations required	<ul style="list-style-type: none"> <li>• Customer proposition</li> <li>• Financial</li> <li>• Asset infrastructure</li> <li>• Commercial and third party</li> <li>• Reputation</li> <li>• Strategic execution</li> </ul>	<ul style="list-style-type: none"> <li>Combined scenario based on low inflation and high cost of debt</li> </ul>	<ul style="list-style-type: none"> <li>Inflation 2% below base level for the AMP combined with cost of debt 2% above base level assumptions across an AMP</li> </ul>	No mitigations required
<ul style="list-style-type: none"> <li>• Customer proposition</li> <li>• Financial</li> <li>• Business resilience</li> </ul>	Risks associated with the disruption caused by cost-of-living crisis, potential reductions in revenue collection	<ul style="list-style-type: none"> <li>Up to 5% decrease in cash collection</li> <li>20% increase in bad debt</li> </ul>	<ul style="list-style-type: none"> <li>Mitigations required</li> <li>No mitigations required</li> </ul>	<ul style="list-style-type: none"> <li>• Customer proposition</li> <li>• Environment</li> <li>• People</li> <li>• Technology</li> <li>• Financial</li> <li>• Reputation</li> <li>• Asset infrastructure</li> <li>• Business resilience</li> <li>• Commercial and third party</li> <li>• Strategic execution</li> </ul>	<ul style="list-style-type: none"> <li>Combined scenario based on low inflation, an OPEX cost shock plus a significant ODI penalty</li> </ul>	<ul style="list-style-type: none"> <li>Inflation 1% below base for the AMP combined with 2.5% OPEX cost shock in AMP7 and a £50 million ODI penalty in each year</li> </ul>	Mitigations required
<ul style="list-style-type: none"> <li>• Financial</li> <li>• Reputation</li> <li>• Strategic execution</li> </ul>	The potential impact of credit rating agencies downgrading the debt for any companies in the Group	2% increase in cost of new debt	No mitigations required	<ul style="list-style-type: none"> <li>• Customer proposition</li> <li>• Environment</li> <li>• People</li> <li>• Technology</li> <li>• Financial</li> <li>• Reputation</li> <li>• Asset infrastructure</li> <li>• Business resilience</li> <li>• Commercial and third party</li> <li>• Strategic execution</li> </ul>			



In deciding on appropriate downside scenarios and corresponding stress tests, management have considered the required modelling set out by Ofwat as part of the financial resilience testing for PR24. Management have taken the view that where the PR24 scenarios were more severe it would be prudent to align to these, this also provides consistency with our PR24 Business Plan submission.

Management have also considered the current business performance, in particular in respect to Totex overspend and ODI penalties, and how this impacts on the range of potential downside scenarios that could occur in future. In addition to the performance of the business, management have considered the performance of the sector in relation to increasing frequency of penalties and fines ensuring the downside testing provides an appropriate level of prudence. Finally, management has considered the potential impacts from a failure of a competitor company and how this may impact of the availability and cost of financing our operations.

As part of our stress tests for the downside scenarios we have considered the potential impacts of cost shocks resulting from climate change. Such cost shocks include the 'Beast from the East' extreme cold weather event, followed by a rapid thaw, experienced in early 2018, and the extreme wet weather events experienced in our region during the past six months.

The cost impacts of these events (including longer term recovery impacts such as leakage reduction), were in the order of £7 million for 'Beast from the East' and £3 million for each extreme wet weather event. During the current year, as a result of the severe wet weather experienced, we have seen costs increase by £9.3 million. Our modelled downside scenarios include cost shocks equal to experiencing several of these events in continuous years across the

AMP; we are therefore confident that we can withstand the financial impacts of extreme weather events, predicted to increase as a result of climate change.

In April 2019, Ofwat issued Information Notice IN 19/07, setting out its expectations for companies in issuing long-term viability statements. In our Annual Performance Report (available on the Anglian Water Services website), we will provide additional detail on the processes and assumptions underpinning our long-term viability statement and demonstrate our compliance with IN 19/07.

### Mitigating actions

For each sensitivity and combined scenario, we identify (where required) the appropriate mitigations against the potential risks. In the event that the situations used for stress testing were to result in an unacceptable level of deterioration in the Group's financial metrics, management's principal actions would include further reducing the level of shareholder distributions, potential shareholder equity injections, reviewing the financing structure and identifying further opportunities to reduce the Group's cost base or reduce financing costs.

Evidence of the shareholders' support for equity injections is provided by the equity injections made in October 2018 of £22.0 million, April 2021 of £110.0 million and July 2021 of £1,065.0 million.

As a further mitigation, we have a significant portfolio of insurance cover in place, to provide protection against many catastrophic scenarios, such as dam failure, pluvial and fluvial flood, terrorism and public and employer's liability. There would still be a short-term liquidity impact from such events, due to the time it would take between incurring the expenditure and recovering

this through the insurance claim. However, it is an important consideration in terms of medium-term liquidity. The Board formally reviews the output of the stress testing twice a year.

### Benefits of the securitised structure

The highly-covenanted nature of our financing arrangements (often described as a whole business securitisation) enhances our financial resilience, by imposing a rigorous governance framework. This requires continuous monitoring and reporting of our financial and operating performance by senior management, through a well-established business process, to ensure compliance with our financing arrangements. This provides an additional layer of control over how we transact with our stakeholders, including suppliers, business partners, customers, shareholders and lenders, compared to the regulatory frameworks by which we are governed.

### Assurance

Robust internal assurance is provided by the Board reviewing and challenging the selected stress-test scenarios and the risk mitigation strategies. The Directors also obtain annual independent third-party assurance on the integrity of the long-term cash flow model, which underpins the financial projections. In addition, our external auditor, Deloitte, reviews this viability statement and the outputs of our stress testing as part of its normal audit procedures. It considers whether these are consistent with the Directors' conclusion, with respect to business viability, and if the processes undertaken are sufficient to support the statements made.

### Directors' statement

In making this statement, the directors have assumed that funding for capital expenditure in the form of capital markets or bank debt will be available in all reasonable market conditions. They have also considered the impact of the Group structure, intra-Group transactions and any other Group activities, on the viability of the regulated business.

Anglian Water Services is an efficient company with a history of outperformance. The directors can be satisfied that the business: has a reasonable expectation of being able to continue in operation and meet its liabilities, as they fall due, at least to March 2034; and is financially resilient, in the face of severe but plausible downside shocks that reflect the current and potential future regulatory environment.

This is based on: the reasonable certainty of its future revenue stream; the strength of the balance sheet (in particular the substantial cash balance and strong net assets); the availability of undrawn debt facilities, in the unlikely event that debt markets were temporarily restricted; and by reviewing the business plans and strategic models, combined with the robust risk management process and mitigations described above.

Given the range of scenarios tested above the director's view is that the Draft Determination, due to be issued in July, will not impact the Company's long-term viability.

This Strategic Report was approved by the Board of Directors and signed on its behalf by

**Claire Russell**  
Company Secretary  
10 June 2023