

# More than Water

Our Environmental, Social  
and Governance Performance



# The value we bring to the North West

***‘To provide great water and more for the North West’*** isn’t just an aspiration. It’s our purpose that helps keep our people focused on what matters most to those we serve. **United Utilities is more than a business, it’s a vital part of the community – and we deliver so much more than water.**

## Providing great water...

means delivering our core water, wastewater and customer services, reliably and to the highest quality.

## ... and more...

means creating value for our stakeholders by understanding what matters to them. It means taking our responsibilities to environmental, social and governance matters seriously. We do this by:



**supporting communities to be stronger**

➔ See page 4



**protecting and enhancing the environment**

➔ See page 10



**caring for customers through trusted relationships**

➔ See page 6



**delivering a sustainable return to investors**

➔ See page 12



**creating a great place to work for all our employees**

➔ See page 8



**innovating in partnership with suppliers**

➔ See page 14

## ... for the North West

we stay focused on what matters in the region we serve.

## Building relationships, creating value

We want to be sure we are delivering great water and more for the North West. It’s about achieving our core business objectives and measuring up to stakeholders’ expectations in other areas, too.

In our experience, there is a very close relationship between how we handle Environmental, Social and Governance (ESG) matters, and our performance and the value we provide. With that in mind, we are constantly monitoring the way we work and what we achieve.

Ultimately, this work is judged by the people who matter most: customers, communities, employees, investors, environmental stakeholders, regulators, suppliers and wider stakeholders. Externally recognised measures of performance help us to check our progress and show that we are meeting, and hopefully exceeding, people’s expectations.

We respect the role that water plays in our collective success – both past and future – and firmly believe that water makes the North West. This booklet highlights how we are building stronger relationships and creating even more value. We’re finding out what matters most and investing in the areas that make a real difference.

# Water makes the North West

5

At the start of each **five-year** investment cycle...



we ask an independent consultancy to tell us the value our work brings to the **local economy**.

**£2.8bn** GVA for the whole North West civil engineering sector.

Our estimated GVA contribution each year is **£2.1billion** - which is significant when compared to...



Those are **pre-COVID-19** numbers, but they are significant.

**£1 in every £80** of Gross Value Add (GVA) in the North West.

To put this in context, United Utilities supports about **1%** of all the jobs and delivers...



This analysis helps us understand the **value we create** and so better inform the decisions we make.

The most recent report, by Hatch Regeneris, estimates that we will contribute around...

**£10.5**

**billion** to the regional economy between 2020 and 2025



It summarises our role in the jobs market:

we support an average of **22,700** jobs each year



...and people benefiting from our employees spending their wages.



...people in our supply chain...



through the people we employ directly...



# Communities

**Supporting communities to be stronger – our work puts us at the heart of local communities in the North West.**

## **E** Acres of Nature

Everyone benefits from green spaces. COVID-19 restrictions resulted in more people visiting our catchment land, which is good news. Sadly, not everyone respects the countryside the same way. We've tackled this through targeted social media, better signage and close working with local stakeholder groups that are fostering more care for the environment we all share.

Through our 'Acres of Nature' podcasts, we are encouraging more curiosity about our land and the work we do, and more interest in responsible behaviour. Acres of Nature brings some of our best loved sites to life by exploring well known landscapes and some hidden gems, too, as well as the stories of people who live and work there.

## **S** Kickstart scheme

We are expanding our early careers work by taking on up to 250 young unemployed people, encouraging those with the greatest potential to join our apprentice schemes. This is part of the Government's Kickstart Scheme, which funds six month placements for 16–24 year olds who are on Universal Credit and at risk of long-term unemployment.

We know we can help to break down the barriers to employment by promoting useful skills. Recruits get experience in customer service, operational support, administration, grounds maintenance and our laboratories.

These 6-month fixed-term contracts offer job-related and employability skills training, and every recruit is supported personally by both a United Utilities manager and a Kickstart skills coach.

This initiative complements our youth programme that helps improve social mobility in our region and break down barriers by bringing people from all backgrounds into employment. We estimate this programme has created over £9 million of social value through new employment and avoided welfare costs.

**KICKSTART**  
**SCHEME**

## **G** Building effective partnerships

As the custodian of 56,000 hectares of land in the North West, we want to deliver sustainable environmental and water quality improvements. Catchment Systems Thinking (CaST) is the name for our approach to working with partners and managing catchments in a holistic, integrated manner.

CaST involves addressing issues at their source and tackling them in partnership. Looking at the wider environment helps us make decisions that are better for the environment, customers and communities.

Over the last 15 years, our focus on catchments has enabled us to complete more than 11,000 hectares of peatland restoration work, plant over a million trees and support dozens of farmers to improve landscapes and raw water quality. Successful projects include those on the River Wyre in Lancashire and the River Patteril in Cumbria.



## Key stats



**9m**

visits to our land  
each year



**£9m**

of social value generated  
through our youth  
programme



**£300k**

awarded to community  
groups to connect  
people to nature  
through our CaST fund

## Stronger communications, better engagement

### HARP virtual approach

COVID-19 restrictions prevented us from taking a traditional approach to consultation for the Haweswater Aqueduct Resilience Programme (HARP). Instead, we went online. The results were outstanding. We received over 100 per cent more engagement than we expected, with 69 per cent of all feedback being supportive of our plans. We will use this insight about how we can communicate more effectively for other aspects of this programme and future projects.



# Customers

**Caring for customers through trusted relationships – making sure their needs come first in everything we do.**

## E Water efficiency

Using less water is good for the environment and good for our customers' pockets too. Every customer is offered a free water meter that comes with a 2 year 'lowest bill guarantee' – we compare how much they would have spent on an equivalent unmetered bill and only charge the lower amount.

For those with a potential leak, we provide proactive water efficiency advice through a rolling home audit programme. This includes the installation of water saving devices and identification of any leaks. In the first six months of 2021 we fixed over 3,000, saving between 60 and 85 litres per property per day, not to mention the savings on the customers' bill.

In parallel to these physical and technical interventions, we continuously communicate with customers across the North West via email, social and digital channels helping to promote behaviour change. We recently launched a new digital platform – Get Water Fit –

to enable customers to self-audit and order water savings devices, which saw over 20,000 registrations in the first four weeks.



## S Affordability & vulnerability schemes

Our region has one of the largest populations of economically deprived households in the country, which means we provide services to nearly half of the most deprived neighbourhoods in England\*.

We're proud to say that we have a sector-leading, ambitious and innovative approach to addressing affordability and vulnerability. We achieved the best possible assessment in our regulator Ofwat's review of the water sector's 2020-2025 business plans.

Quite simply, we help people who might be struggling to handle their water bills, for whatever reason. With a wide range of initiatives and appropriate tools, we're helping customers to adopt better payment habits, and our plans should help over 65,000 customers out of water poverty by 2025. Through our Priority Services scheme, we have over 133,000 customers registered for extra support due to age, ill health, disability, mental health problems, financial worries and language barriers.

\* National Statistics English indices of deprivation 2019 from Ministry of Housing, Communities & Local Government.

## G Accreditations that build trust

In February 2020, we gained official recognition for 'inclusive service provision for identifying and responding to consumer vulnerability for water supply and wastewater services'. After rigorous audits through the British Standards Institute, our BS18477 accreditation highlights our commitment to supporting vulnerable people. We've secured Shaw Trust Accessibility Accreditation for our website and the Service Mark from the Institute of Customer Service.





## Key stats



**20,000**

registrations to Get Water Fit in the first four weeks



**200,000**

customers benefiting from our support schemes



**certified**

to BSI18477 for inclusive service provision

## Stronger communications, better engagement

### Customer recognition

The Wow! Awards recognise great customer satisfaction. United Utilities has been involved with the Wow! Awards since 2012, and we are proud to say that, overall, we have achieved the most nominations during that time.

Over 60,000 customers have recognised what our employees do to deliver great customer service. Last year, we received almost 17,000 nominations, over 40% higher than the previous year, highlighting the incredible work that has been going on against the backdrop of a global pandemic.



# Employees

**Creating a great place to work for all our employees – our employees are the face of the company, and we could not deliver our services without them.**

## **E** Team volunteering

Our Family Friendly and Special Leave Policy lets employees spend three working days volunteering in the community each year. This brings us together around a shared purpose. It broadens our horizons, and it lets us demonstrate that our business delivers much more than water. It shows that acting responsibly matters.

Most of this work is linked to environmental projects such as beach cleaning, as part of our LoveMyBeach partnership, and land management activities with the RSPB at Dove Stone.

Our employees' efforts at Rivington Terraced Gardens alongside our partner, Groundwork, are helping to preserve a culturally significant site that is part of our Rivington Reservoir system. The work includes clearing rhododendrons, maintaining footpaths and creating habitats that will be enjoyed by many future generations.

## **S** Diversity and Inclusion networks

We are committed to having a diverse and inclusive workforce. This has never been more important. Fantastic people let us deliver more than water, they help us provide a great public service now and in the future.

We're determined to reach and recruit from every community we serve, and to support our people – to help them achieve their full potential and feel valued and included. LGBT+, gender equality, ability and multicultural groups are driving change across our business, each with an executive sponsor, and their work has led to our inclusion in the top 1 per cent of 15,000 companies across Europe in the Financial Times Statista Survey for Diversity and Inclusion Leadership.

## **G** Health, safety and wellbeing

Everyone who works for us, or on our behalf, should go home safe and well. We know that a fitter and healthier workforce is happier, more productive, and has fewer accidents. Our employee accident frequency rate for 2020/21 was 0.094 accidents per 100,000 hours worked, which is a 15 per cent improvement on the previous year. By 2030, we aim to be working in a way that ensures no one is harmed while working on our behalf.

We continue to review and develop our management system, which is accredited to OHSAS 45001, and in June 2021 achieved our ninth consecutive RoSPA (Royal Society for the Prevention of Accidents) Gold Award.







## Key stats



3

days a year for  
volunteering on  
environmental projects



96%

of our female workforce  
recommend United  
Utilities as an employer



15%

reduction in employee  
accident frequency rate

## Stronger communications, better engagement

### Employee Opinion Survey

We use direct communications and conferences to keep our teams updated on a huge variety of business matters, and how we are continuously delivering more than water for our customers. Our annual employee opinion survey gleans valuable feedback on many topics, including employee engagement, and those views then help us to improve what we do, and to increase job satisfaction.

In 2020/21, we achieved 89 per cent engagement, which is 5 per cent above the UK high performance norm and the highest score we have achieved over the last six years. Our response rate of 88% is the highest we have achieved and this level is proven to have a strong correlation with high engagement. Strong engagement lends itself to low employee attrition levels and that is reflected in our 4.5% employee turnover for 2020/21.



# Environment

**Protecting and enhancing the environment – we rely on the natural environment and play a key role in improving the water, land and air of the North West.**

## **E** Science-based decision making

To help prevent the most damaging effects of climate change, science-based targets show that greenhouse gas emissions must halve from 2010 levels by 2030 and hit net zero by 2050.

Between 2005 and 2020, we reduced our carbon emissions by 73%. We made six carbon pledges in 2020 (see page 15 for details), extending our commitment to reduce emissions by a further 42% by 2030 and to be net zero by 2050. We have achieved endorsement from SBTi in relation to the two pledges that commit us to emission reductions. By making changes to our fleet, land management and our supply chain we are going beyond just energy to achieve net zero.

Science-based decision-making underpins every aspect of our work in the environment. Our commitments to carbon-reduction involve embedding carbon as a guiding force in everything we do.

## **S** EPA and pollution performance

The Environment Agency’s Environmental Performance Assessment (EPA) in England and Wales comprises a broad range of performance measures. In 2020, we were awarded a maximum 4 star rating, which makes us an “industry leading company” in terms of environmental performance.

In 2020, we had no serious pollution incidents for the second year running. We reduced the number of pollution incidents by almost a third, as a result of implementing our Pollution Incident Reduction Plan.

For the first time, we had no wastewater treatment works classed by the Environment Agency as “failing works”, something only ever achieved once before in the sector.

## **G** Delivering natural capital and biodiversity net gain

As a utility provider, we have both a responsibility and a passion for protecting and enhancing the natural environment. We are working with many like-minded partners – leading academic institutions, customers and stakeholders – to deliver an integrated strategy, one that will provide sustainable treatment solutions generating £4m of natural capital value by 2025.

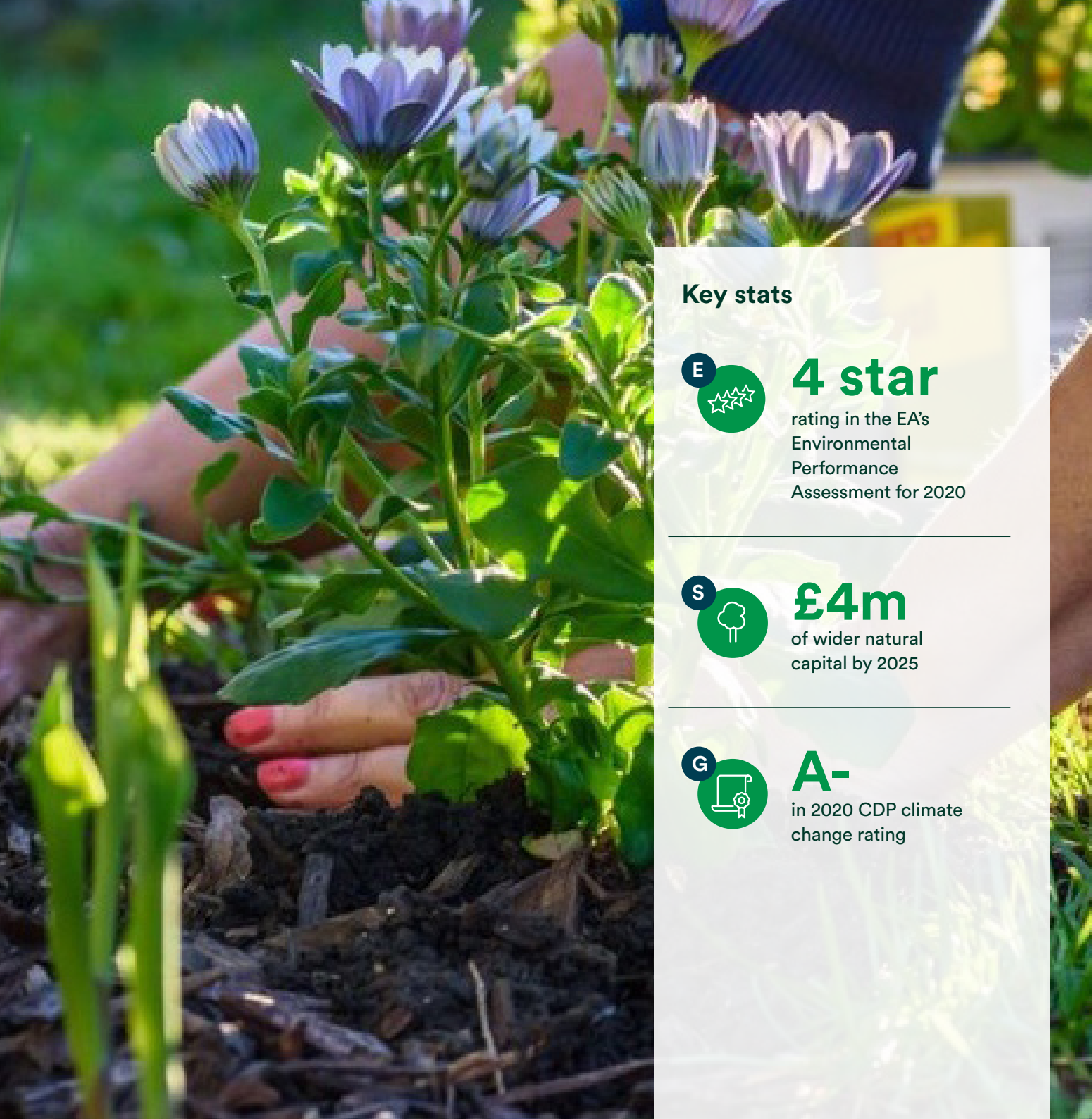
To achieve this, and to explore new ways of improving the water environment, we invest in work that gives us a detailed understanding of all 26 catchment areas in our region. This helps us make better decisions about aligning the needs of multiple stakeholders, pooling our investments, and collaborating on customer-focused priorities.

We are looking at new ways to fund schemes to improve the natural environment, including the use of market mechanisms such as ‘blended finance’. This offers both financial and non-financial returns to those who are considering investing in environmental

schemes that deliver natural capital value. We are working in a data-led way that will enable partners to trade in catchment interventions – the intention is that by trading in this way, we bring together different stakeholders with an interest in common goals.

We are embracing the opportunities expected to emerge from the Government’s Environment Bill, notably to achieve at least a 10% net gain in biodiversity. We will work with partners across the region to find innovative ways to deliver results for nature where they are needed most.





## Key stats



# 4 star

rating in the EA's  
Environmental  
Performance  
Assessment for 2020



# £4m

of wider natural  
capital by 2025



# A-

in 2020 CDP climate  
change rating

## Stronger communications, better engagement

### Early adopter of TCFD guidance

We know our customers and stakeholders want to see evidence of our commitment to carbon-reduction. The reality is that emission reduction, or mitigation, and climate resilience, or adaptation, have influenced our strategic and operational decisions for over two decades. We've achieved substantial progress and have ambitious plans to go further.

As an early adopter of the voluntary best practice guidance from the Taskforce for Climate-related Financial Disclosures, we have published detailed disclosure across its four thematic areas. Corporate Citizenship, a leading sustainability consultancy, has reviewed that TCFD disclosure and provided an ISAE assurance against the Principles of Effective Disclosure.





# Investors

**Delivering a sustainable return to investors – prudent financial risk management and a strong track record of performance across all components of ESG.**

## **E** Sustainable Finance Framework

In November 2020, we launched our sustainable finance framework. It lets us demonstrate how we're investing to make a positive impact on the North West's environment and the society in which we live and work.

Our 'use of proceeds' based framework follows market principles set out by the International Capital Market Association and the Loan Market Association covering issuance in both bond and loan format. A second-party opinion was provided by Sustainalytics, and was assessed to be 'credible and impactful'.

The framework sets out eight categories of environmental and social spend. These include core activities such as 'sustainable water and wastewater management' and more targeted areas such as 'clean transportation' and 'access to essential services'.

## **S** Strong ESG indices performance

Our commitment to conducting responsible business is a core part of who we are as a company. For many years, it has appeared in our purpose, vision and strategic themes. We take part – and perform well – in a range of global ESG ratings, indices and frameworks that benchmark our approach against best practice and emerging challenges.

In 2020, we attained World Class status on the Dow Jones Sustainability Index for the 14th consecutive year. We are a Sustainalytics ESG Industry Top Rated Company for 2021, with a low risk score of 13.0.<sup>1</sup>

In 2020/21 we made a significant improvement in the Workforce Disclosure Initiative to be ranked well above average. This merited special recognition in the 'COVID-19 transparency' category at its Workforce Transparency Awards.

## **G** Compliance with Corporate Governance Code

As a listed company, we consistently adhere to the highest levels of governance, accountability and transparency. We comply fully with the principles and the spirit of the UK Corporate Governance Code, and have procedures and policies in place to ensure we act in accordance with the Universal Declaration of Human Rights. All employees must respect our anti-bribery policy, and we have processes in place to monitor compliance.

Our responsible-sourcing principles do not tolerate corruption, bribery or unfair anti-competitive actions by our own employees or our suppliers. Our whistleblowing policy is a practical means for genuine concerns to be reported and investigated without reprisals for the whistleblower. A confidential telephone helpline and a web portal enable employees, agency workers and contractors to raise anything they're worried about.



<sup>1</sup> [sustainalytics.com/legal-disclaimers](https://www.sustainalytics.com/legal-disclaimers)



## Key stats

**E**  **£300m**  
debut sustainable bond  
issued January 2021

**S**  **inclusion**  
in the Bloomberg  
Gender Equality Index

**G**  **£258m**  
total taxes and  
contributions to public  
finances for 2021

 **Fair Tax**

## Stronger communications, better engagement

### Reporting and relationships

The way in which we publish updates about our work has evolved over the past ten years to include more information about our approach to environmental, social and governance issues.

We use our purpose-led approach as a framework to explain our performance and the value that's been created for stakeholders. Many of the ESG indices we take part in get their data from our open and transparent annual report. The quality of our ESG disclosure across all channels was recognised recently at the plc awards 2020 where we received the Best Investor Communications Award.

That commitment to ever-improving insights has underpinned our work with investors. We held a successful two-day initiative with institutional credit investors at the time we issued our first sustainable bond in January 2020, and engaged directly with institutional equity investors and sell-side analysts on ESG issues in September 2021.



# Suppliers

**Innovating with suppliers – we rely on our supply chain to deliver services and to help identify ways to make them better.**

## **E** Scope 3 science-based targets

One of our carbon pledges involves setting a science-based target to reduce value chain emissions (scope 3), alongside our ambitious targets for scope 1 and 2 emissions (the emissions we own and can control).

During 2020 we worked to baseline our emissions in line with the GHG Protocol guidance and explored target options recommended by the Science Based Target initiative.

We have chosen two targets to obtain maximum coverage of our value chain emissions:

- 1 66 per cent of our construction services suppliers (by emissions) will set their own science-based target by 2025; and
- 2 a 25 per cent reduction in absolute emissions for the remainder of scope 3 categories by 2030, from a 2020 baseline.

These targets let us focus on the important area of carbon in construction. Having a specific target for the remainder of our Scope 3 emissions ensures we will follow the trajectory needed to limit global temperature rise to 1.5 degrees above pre-industrial levels.

## **S** COVID-19 response – Accelerated payment

During the COVID-19 pandemic, everything changed. We are still working closely with our supply chain to make sure there's an extra focus on the health, safety and wellbeing of everyone's employees, stakeholders, and customers. Throughout lockdowns, we were able to carry on with the majority of our construction programmes, and to support our supply chain partners appropriately.

We are a signatory to the Prompt Payment Code. This includes a commitment to paying invoices within 60 days. At the start of the pandemic we accelerated supplier payments to help with cash flow, offering a range of payment options.

In 2020/21, the average number of days taken to pay our suppliers was 13 days, which is reflective of our efforts to accelerate payment by seven days during COVID-19. This was recognised in the Good Business Pays – 2021 Fast Payer Award, as one of only four companies in the FTSE350 to achieve the accolade.

## **G** United Supply Chain

In November 2020, we launched a new approach to responsible supply chain management, called United Supply Chain (USC). USC recognises suppliers as an extension of United Utilities. They're asked to sign up to our responsible sourcing principles. We encourage those suppliers who are integral to our operations to become leaders, and to work with us to deliver improvements across ESG areas and improve value to customers.

The core premise of USC is to develop relationships, new ideas and best practice between us while at the same time embedding our responsible sourcing principles right across our business and our supply chain. We aim to have 100 per cent of our targeted suppliers signed up by 2025.

## **Stronger communications, better engagement**

### **Innovation Lab**

Our Innovation Lab “looks for ideas where others aren't looking” – in other sectors or countries – often with small, start-up businesses, just starting out with a good idea. Compliance to procurement legislation is essential, but this approach respects that and still allows us to do rapid testing and adopt the best ideas. Our highest profile success so far is with FIDO, a company that tackles leakage detection, which is now a disruptor in the global water sector. Thanks to this work, we have what is known as ‘first mover advantage’ on any of FIDO's developments in the future.

Our fourth Innovation Lab programme is now underway. This involves publishing four high level problems and welcomes innovative solutions from around the world.

## Key stats



# SBTi

approved targets for supply chain emissions



# 13 days

average time to pay invoices



# 120

applications to our third Innovation Lab programme



CIPS CORPORATE ETHICS

0757 / VALID TO 02.06.2022

# What next?

## Responding to climate change

Climate change has been on our minds for over two decades. It's a formative part of our strategic and operational focus. In May 2020, we announced six carbon pledges that would use science-based targets to help us reduce our carbon footprint. We have successfully reduced our operational emissions by over 70 per cent in recent years, primarily by investing in our own renewable energy generation capabilities and buying green energy from the national grid. We continue to deliver on our commitments to peatland restoration and woodland creation, recently establishing two tree nurseries in the North West.

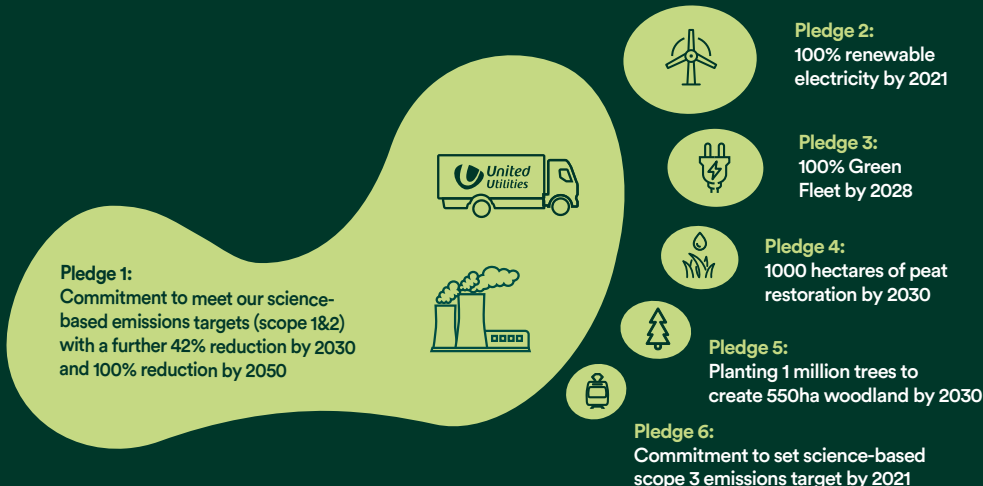
We published two climate change adaptation reports, in 2011 and 2015, to highlight the impact climate change is likely to have on the region we serve, and the strategic considerations required to address the most significant risks. We will publish our third adaptation report by the end of 2021.

## Multi-capital approach

When we talk about delivering more than water, we are describing our commitment to creating value in other ways. The resulting value can come from manufactured, financial, natural, social, human or intellectual capital. We are undertaking a project that will examine

how a multi-capital approach can better inform our decision-making processes. We'll be asking ourselves complex questions about the level of maturity we'd like to achieve and what this will mean for us, for our stakeholders, and for the environment in which we live and work.

The project will explore how we can use multi-capital thinking to understand our dependencies, risks, and the positive and negative impacts we have. This will help us to demonstrate more clearly how we make investment decisions that are aligned to creating public value.



For further information visit: [unitedutilities.com/corporate/responsibility](https://unitedutilities.com/corporate/responsibility)  
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Water for the North West