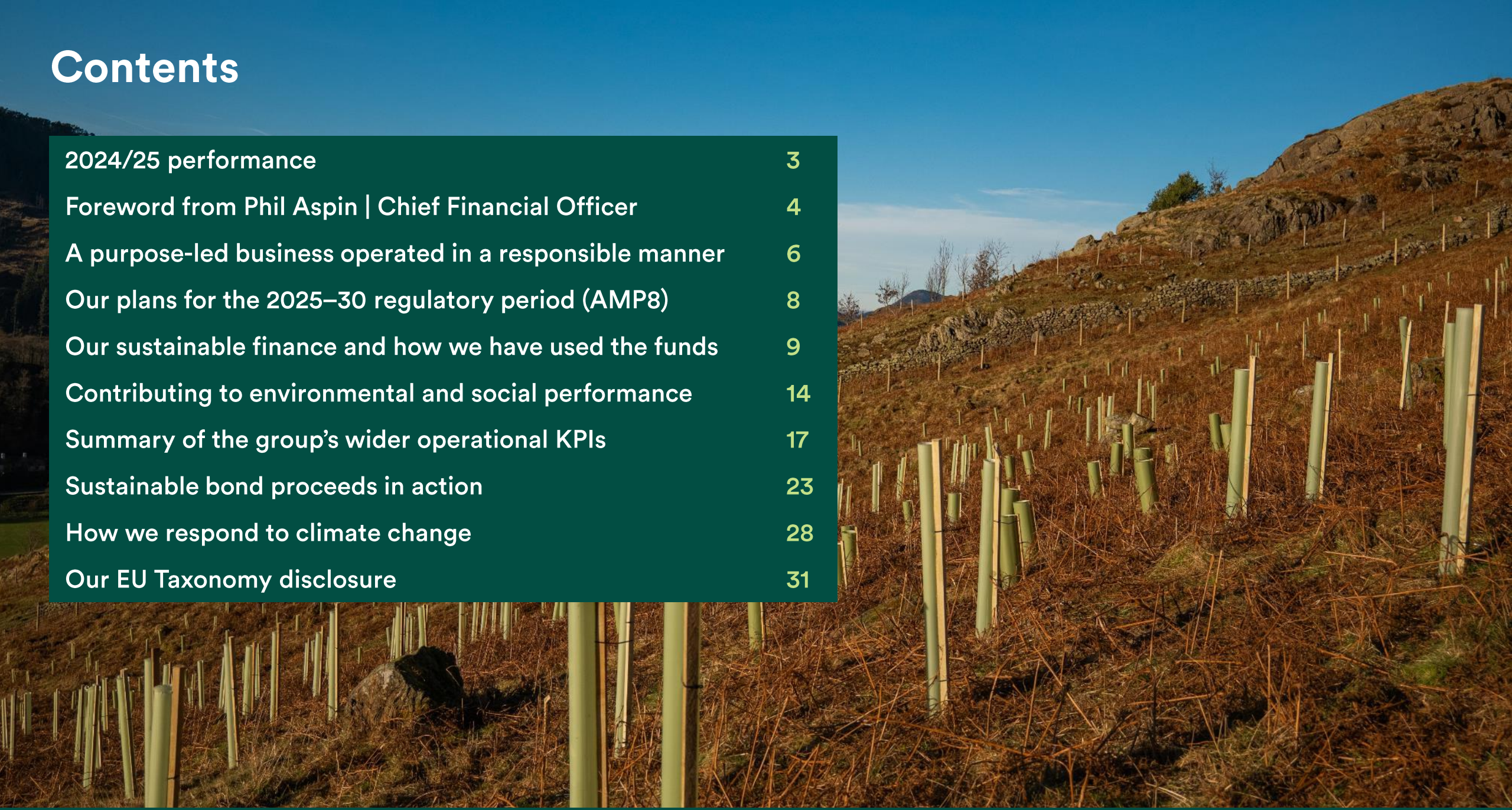
Sustainable Finance Framework

Allocation and Impact Report 2025

United Utilities

Water for the North West

Contents



2024/25 performance | Key highlights as we reach the end of the 2020–25 regulatory period (AMP7)

£2.3 billion
of cumulative funding to 31 March 2025 for sustainable projects

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

Member of the
CDP Climate A List
of the world's best performing companies out of more than 24,800 assessed, as well as
A- for Water Security

Component of the
Dow Jones Best-in-Class World Index
and a Sustainability Yearbook Member

First (and only) UK water company
to have approved science-based targets for the near term, long term and net zero

3,000 hectares
of peatland restoration, already surpassing our 2030 target

Sector-leading affordability support helping around
414,000
households during AMP7 and over
540,000
on our Priority Services Register

Nearly
100,000
customers lifted out of water poverty in AMP7

43
interns supported into full-time employment since 2021, as part of the '10,000 Black Interns' programme

87%
colleague engagement score for the year ending 31 March 2025, outperforming the UK high performance norm

Fair Tax Mark accreditation retained for the
sixth
consecutive year

Targeting 100% of sites of special scientific interest (SSSIs) at favourable or recovering status by 2030, currently at
91%
having significantly improved from 14% in 2004

Delivered a
39%
reduction in spills per storm overflow since 2020, targeting a 60% reduction by 2030

Foreword from Phil Aspin | Chief Financial Officer

As AMP7[1] comes to an end, I am pleased to introduce our 2025 allocation and impact report, showing how sustainable finance issuances continue to deliver environmental and social benefits.

Our business continues to be affected by climate change, in particular extreme weather. Heavy rainfall in winter 2024 culminated in an unprecedented downpour over the New Year which burst the banks of a number of rivers, and collapsed part of the Bridgewater Canal, resulting in significant flooding. Alongside the Environment Agency, emergency services and local councils, we took part in the multi-agency response to help minimise the impact and assist those affected. This naturally impacted some of our weather-responsive performance measures, such as sewer flooding and pollutions. However, we have continued to deliver improvements, with internal sewer flooding down 19% from last year, and our lowest ever level of sewer blockages. We are also the only company to achieve 'green' status on serious pollution events in the EA's Environmental Performance Assessment (EPA) every year since it began.

Highlighting the volatility in weather that comes with climate change, this extreme wet weather in the new year has been followed by the driest start to 2025 since the 1950s. We continue to implement schemes and strategies to encourage customers to reduce their water usage, reducing the demand for abstraction. One of our key areas of focus in AMP8 is a £256 million investment to deliver around a million smart meters, helping reduce consumption and manage leakage.

In January 2025, we accepted the final determination for AMP8 (the 2025–30 regulatory period). This represents a step-change in investment, with capital expenditure more than doubling. We are using an innovative five-counties approach to support delivery of a significant improvement in performance for customers, communities and the environment. This includes an industry-leading plan to deliver a 60% reduction in spills per storm overflow by 2030, of which we have already achieved a 39% reduction.

We continue to focus on driving down leakage, and have increased our find and fix rates by 70% using satellite imagery and artificial intelligence. We will continue this focus into AMP8 with a plan to roll out around a million smart meters to customers.

We are well prepared to deliver this stretching plan, with work having already begun, onboarding more than 100 delivery partners, engaging with customers and communities, and setting up delivery teams for each of the five counties in our region.

To support this increased investment, we have continued our sustainable financing, with more than £1 billion raised in the year to 31 March 2025 (FY25), taking the total issued to £2.7 billion. We expect this level of issuance to continue, supported by our strong green credentials.

Our approach to responsible business has ensured consistent upper quartile performance in a range of ESG ratings and indices. We joined the CDP A List of the world's best performing companies out of more than 24,800 assessed. As well as an 'A' score for the Climate theme, we also attained a leadership score of 'A-' for Water Security. We are proud to be a member of the Dow Jones Best-in-Class World Index, along with just three other companies from the Multi-utilities and water sector. In the Sustainalytics assessment, we are classified as negligible risk, and in the top 2% of performers in the utilities industry group. We are proud to be ranked amongst Corporate Knights' 2025 100 Most Sustainable Corporations in the World.

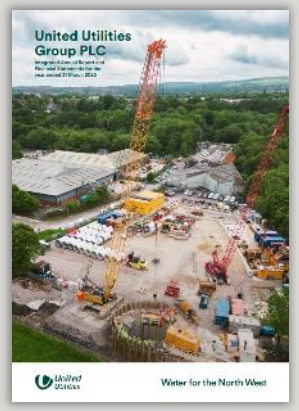
[1] AMP7 is the seventh asset management period, which is a five-year regulatory cycle running from 2020 to 2025.

Foreword from Phil Aspin | Chief Financial Officer

This report complements our comprehensive corporate reporting of financial and non-financial information that aims to provide stakeholders with the necessary information to demonstrate that we are purpose led and that we focus on what matters to them.

Our Integrated Annual Report and Financial Statements follows the four-pillar structure used by TCFD, TNFD and the ISSB reporting guidelines. Our integrated annual report also includes, for the first time, the results of our EU Taxonomy voluntary assessment, a summary of which can be seen at the end of this report. Our operational performance for the year is structured across the stronger, greener and healthier elements of our purpose, with their clear alignment to ESG. For stakeholders who are primarily focused on the sustainability aspects of our performance, the relevant information from our integrated annual report can be found in our separate sustainability report.

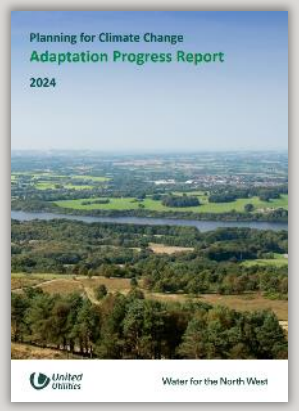
Complementary reports



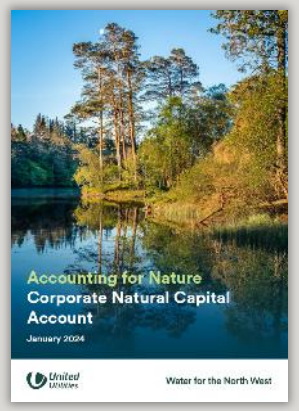
Integrated Annual Report and Financial Statements

Including Task Force on Climate-related Financial Disclosures (TCFD) and Task Force on Nature-related Financial Disclosures (TNFD)

Sustainability Report



Climate Change Adaptation Report



Corporate Natural Capital Account

Tax Report

Aligned to the Fair Tax Mark accreditation

A purpose-led business operated in a responsible manner

OUR PURPOSE

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

Our purpose highlights how environmental, social and governance (ESG) considerations are integral to everything we do.

Greener

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

Healthier

We provide great quality drinking water and safely remove and recycle used water for around eight million people in the North West, while taking care of the beautiful landscapes across the region every day.

Stronger

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

External recognition of our ESG credentials

FTSE4Good

United Utilities Group PLC has been included in the FTSE4Good Index Series since June 2001. Latest review March 2025.(1)

We have reported through the Corporate Sustainability Assessment for 25 years. For 2024, our overall performance was 67% and we are proud to be a component of the iconic Dow Jones Best-in-Class World Index (effective December 2024) and a 2025 Sustainability Yearbook Member.

Corporate Responsibility Prime
RATED BY ISS ESG

In the annual review in July 2023, our status was assessed as Prime.(2)

Climate CDP A List 2024

In our latest assessments, United Utilities joined the Climate A list of the world's best performing companies out of more than 24,800 companies assessed by CDP in 2024. As well as the 'A' score for the Climate theme United Utilities also attained a leadership score of 'A-' for Water Security.

MSCI ESG RATINGS A
CCC B BB BBB A AA AAA

As of November 2024, United Utilities Group PLC received an MSCI ESG rating of A.(3)

SUSTAINALYTICS RATED

In October 2024, United Utilities received an ESG Risk Rating of 9.5 and was assessed by Sustainalytics to be at negligible risk of experiencing material financial impacts from ESG factors.(4)

(1) lseg.com/en/ftse-russell/indices/ftse4good
(2) issgovernance.com/esg/ratings/badge
(3) msci.com/legal/notice-and-disclaimer
(4) sustainalytics.com/legal-disclaimers

A purpose-led business operated in a responsible manner

OUR STRATEGIC PRIORITIES

Each of our six strategic priorities is linked to the delivery of one of the key elements of our purpose – helping us to make the North West stronger, greener and healthier. These priorities reflect the key long-term drivers of our business and how we create value. They permeate everything we do: the stages in our water cycle, our principal risks, board and committee activity, and the measures in our remuneration policy are all aligned to one or more of these themes.

Improve our rivers

We have a strong track record in minimising pollution, and continue to protect bathing waters across the North West. River health in the UK has grown in public interest in recent years. The industrial legacy and high rainfall in the region means that delivering the significant reduction in spills from storm overflows required by the Environment Act 2021 will be more challenging in the North West than in other areas. To address this, we have the largest investment programme in AMP8 to deliver an industry-leading reduction of more than 60% in the decade to 2030. We have already accelerated work in key locations and made strong early progress, having achieved a 39% reduction in average spills per overflow since 2020.

Create a greener future

We are committed to protecting nature and biodiversity, and supporting customers to reduce their water consumption. We have a net zero transition plan underpinned by carbon pledges and ambitious science-based targets. We generate clean, renewable energy from bioresources and through partners. We are also looking at how we can make the best use of our land to help deliver a greener future, be that through our pledges to create woodland and restore peatland, or increasing our renewable energy generation capacity.

Deliver great service for all our customers

We strive to continually improve our service for customers. We conducted extensive engagement in the development of our AMP8 business plan to help us understand what matters most to customers, and we have ambitious targets to further improve water quality, reduce supply interruptions, fix leaks, and reduce the risk of sewer flooding. Great service also means helping customers with affordability and vulnerability, and keeping their data secure. These continue to be ongoing priorities, and our affordability support is already sector-leading and will double in AMP8.

Provide a safe and great place to work

We are committed to maintaining high levels of health, safety and wellbeing. We invest in our colleagues' training and development, helping us to attract, develop and engage great talent across the organisation, now and for the long term. We support and encourage a diverse and inclusive culture, helping to ensure our colleagues represent the communities we serve. This brings a diverse range of views and ideas, and we want colleagues to feel empowered to contribute to making things better. Our 'Call it Out' inbox enables everyone to raise any topic or suggestion for improvement directly with the CEO.

Spend customers' money wisely

We continuously challenge ourselves to improve cost efficiency in a sustainable way, so that we can keep customer bills as low as possible in the long term without compromising on service or resilience. We often look to minimise whole-life cost, using adaptive planning to deliver the best-value solutions in the long term. We exploit innovation to find better ways of working, capitalising on digital and automation opportunities. We continue to raise efficient financing and manage risk prudently. We also leverage partnerships and drive value in our supply chain – our mix of suppliers in AMP8 will help us to maximise our capital programme efficiency.

Contribute to our communities

We work closely with communities across the North West and we invest in those communities as well as opening our land for access and recreation. We actively engage and make use of partnerships to drive value for communities, such as our participation in the Love Windermere initiative. We produced individual business plans for each of the North West's five counties, recognising their unique and diverse needs and challenges, and we have mobilised our teams into county delivery squads to help manage these relationships in AMP8, and ensure we can deliver our planned improvements for each county with minimal disruption.

Our plans for the 2025–30 regulatory period (AMP8)

In January 2025, we accepted the final determination set out by the economic regulator, Ofwat. This gives us certainty over our performance targets and allowed investment for the next five years, enabling us to focus on progressing what will be the largest investment in water and wastewater infrastructure in more than a century, helping us to build a stronger, greener and healthier North West.

Our £13 billion investment will help us to deliver a step change on the things that matter most to customers, communities and the environment – improving water quality, delivering significant environmental improvements, supporting jobs and the local economy, while doubling affordability support for those struggling to pay.

Greener

Environmental improvement is one of the biggest drivers of the larger investment programme for AMP8, and we will be delivering significant enhancements. We are also finalising a number of nature pledges in addition to our climate change ambitions, and using more nature-based solutions in AMP8 than ever before. Our industry-leading investment in storm overflows will help us deliver the sector-highest targeted reduction in spills in the decade to 2030, and we are going further to protect and improve bathing waters and river water quality, including enhancing our wastewater treatment and working with others to reduce phosphorus levels. We are also targeting significant reductions in leakage, sewer flooding, and pollution incidents, as well as targeting zero serious pollution incidents.

>60% targeted reduction in spills per storm overflow in the decade to 2030.

1,500 ha further peatland restoration activity delivering carbon capture, biodiversity and water quality benefits.

30% targeted reduction in pollution incidents, and zero serious pollutions.

Healthier

We will deliver significant improvements for customers, including improving drinking water quality for 2 million customers. We are targeting significant reductions in customer contacts about water quality, water supply interruptions, and unplanned outages, helping to deliver a better and more resilient service every day. With bill increases necessary to deliver the step change that everyone wants to see, affordability is more important than ever, particularly in the North West. As well as delivering efficiently with the third-lowest projected bill in England by 2030, we are doubling our industry-leading affordability support, and will be helping one in six households across the North West by 2030.

£525 million affordability support, helping one in six customers in the North West.

30,000 homes with lead pipes replaced.

40% targeted reduction in internal sewer flooding, and 13% reduction in external sewer flooding.

Stronger

Our investment plans will support 30,000 jobs, both directly and indirectly through our supply chain, enabling strong economic growth across the region and creating an estimated £35 billion of economic value for the North West. Our county-based approach is enabling increased transparency and helping us to address the specific needs, priorities and opportunities in each of these unique communities. Our plans include significant improvements to resilience, such as increasing power resilience with backup batteries installed at key sites to avoid loss of service during power cuts on the grid, and protecting sites at risk from coastal and river erosion.

30,000 jobs supported, directly and in our supply chain, including 7,000 new jobs created.

£35 billion economic value created for the North West.

Five-county approach helping communities to understand what we are delivering in their area.

Our sustainable finance and how we have used the funds

Our Sustainable Finance Framework was published in November 2020 (the "Framework") and was developed to align with relevant ICMA and LMA principles.[2] We expect to update our Framework to align with the current versions of the ICMA and LMA principles along with considering the introduction of 'blue' financing instruments during the year to 31 March 2026; we anticipate that the necessary updates will not result in material changes. Under our Framework we stated our intention to follow market best practice and to communicate in a transparent manner on:

- Use of proceeds
- Process for project evaluation and selection
- Management of proceeds
- Reporting

[2] Green Bond Principles (2018 edition), the Social Bond Principles (2020 edition) and the Sustainability Bond Guidelines (2018 edition) as published by ICMA, as well as the Green Loan Principles (2020 edition) as published by the LMA.

Our sustainable finance portfolio

During the year to 31 March 2025, three new sustainable financing instruments were issued under the Framework with net proceeds totalling £1.03 billion. Including sustainable financing instruments issued in previous years, our sustainable finance portfolio issued under our Framework as at 31 March 2025 was:

Name (ISIN)	Issuer	On lent to	Form	Label	Issue date	Maturity date	Net proceeds	Status
SF1: £300m 0.875% Notes due 2029 (XS2291328735)	UUWF	UUW	Bond	Sustainable	28 Jan 2021	28 Oct 2029	£297.0m	Fully allocated
SF2: £150m Loan due 2032 (N/A)	UUW	N/A	Loan	Sustainable	29 Jul 2022	30 Jun 2032	£149.6m	Fully allocated
SF3: £300m 5.125% Notes due 2038 (XS2608701574)	UUWF	UUW	Bond	Sustainable	6 Apr 2023	6 Oct 2038	£297.5m	Fully allocated
SF4[3]: £400m 5.75% Notes due 2036 (XS2641168997)	UUWF	UUW	Bond	Sustainable	26 Jun 2023 and 7 Feb 2024	26 Jun 2036	£399.3m	Fully allocated
SF5a[4]: €650m 3.75% Notes due 2034 (XS2771661357)	UUWF	UUW	Bond	Green	23 Feb 2024	23 May 2034	£556.3m	Fully allocated
SF6: £350m 5.75% Notes due 2051 (XS2828827449)	UUWF	UUW	Bond	Green	28 May 2024	29 May 2051	£347.4m	Part allocated
SF5b: €175m 3.75% Notes due 2034 (XS2771661357)	UUWF	UUW	Bond	Green	5 Aug 2024	23 May 2034	£147.4m	Part allocated
SF7: €650m 3.5% Notes due 2033 (XS3011736108)	UUWF	UUW	Bond	Green	27 Feb 2025	28 Feb 2033	£538.6m	Part allocated
Total							£2,733.1m	

[3] Sustainable financing instruments SF4a and SF4b were previously reported individually but are now combined as one instrument.
[4] SF5a and SF5b will be reported as a combined instrument, SF5, in future years.

Our sustainable finance and how we have used the funds

Use of proceeds

An amount at least equal to the net proceeds from the issuance of the Sustainable Financing Instruments, will be used to finance or refinance, in whole or in part, new or existing projects that meet the Project Eligibility Criteria as set out in the Framework. Eligible Projects are those projects where expenditures[5] have occurred within the three-year period prior to the issuance year of the Sustainable Financing Instruments, and/or where expenditure has occurred within a two-year period following the issuance.

Eligible project portfolio

	Year ended 31 Mar 2022	Year ended 31 Mar 2023	Year ended 31 Mar 2024	Year ended 31 Mar 2025
Eligible project portfolio[6]	£676.9m	£723.5m	£796.1m	£1,021.3m
Amounts allocated as at 31 Mar 2025	£(223.3)m	£(515.8)m	£(558.8)m	£(671.7)m
Unallocated eligible projects	Time ineligible	£207.6m	£237.3m	£349.5m

[5] Expenditures follow the accounting policies adopted by the group in the preparation of its financial statements, details of which can be found in our integrated annual report.

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

Allocations – debt issued in prior years

Sustainable Financing Instruments SF1 & SF2 were fully allocated in prior years, and no changes were made in the year to 31 March 2025. Sustainable Financing Instruments SF3, SF4 and SF5a issued in prior years have been further allocated during the year and are now fully allocated as at 31 March 2025:

Eligible category	SF3 allocations as at:		SF4 allocations as at:		SF5a allocations as at:	
	31 Mar 2024	31 Mar 2025	31 Mar 2024	31 Mar 2025	31 Mar 2024	31 Mar 2025
Sustainable Water and Wastewater Management	£164.6m Δ	£165.7m ◊	£223.2m Δ	£311.7m ◊	£108.3m Δ	£198.6m ◊
Terrestrial and Aquatic Biodiversity Conservation	£50.8m Δ	£121.0m ◊	£56.3m Δ	£76.7m ◊	£192.3m Δ	£357.7m ◊
Pollution Prevention and Control	£5.8m Δ	£10.6m ◊	£2.4m Δ	£10.5m ◊	£nil	£nil
Access to Essential Services	£0.2m Δ	£0.2m ◊	£0.2m Δ	£0.3m ◊	£nil	£nil
Total	**£221.5m Δ**	**£297.5m ◊**	**£282.1m Δ**	**£399.3m ◊**	**£300.6m Δ**	**£556.3m ◊**
Unallocated amounts	£76.0m	£nil	£117.3m	£nil	£255.6m	£nil
% allocated	74%	100%	71%	100%	54%	100%

◊ limited assurance by KPMG in respect of the year ended 31 March 2025 (see page 12).
Δ limited assurance performed by KPMG in previous years.

Our sustainable finance and how we have used the funds

Allocations – debt issued in the current year
Our new sustainable debt issued during the year to 31 March 2025 was allocated c.50% to refinancing at issuance, leaving c.50% to be allocated to future spending to have greater additionality of impact compared to 100% refinancing. In the period between issuance and the 31 March 2025, additional proceeds have been allocated to eligible projects. The below table show the allocations both at issuance and as at 31 March 2025 for Sustainable Financing Instruments issued in the current year:

Eligible category	SF6 allocations as at:		SF5b allocations as at:		SF7 allocations as at:	
	Issuance 28 May 2024	31 Mar 2025	Issuance 5 Aug 2024	31 Mar 2025	Issuance 27 Feb 2025	31 Mar 2025
Sustainable Water and Wastewater Management	£72.2m	£86.8m ◊	£32.6m	£36.1m ◊	£161.6m	£178.6m ◊
Terrestrial and Aquatic Biodiversity Conservation	£102.3m	£128.4m ◊	£41.4m	£48.3m ◊	£108.4m	£116.1m ◊
Pollution Prevention and Control	£0.3m	£0.5m ◊	£nil	£nil	£nil	£nil
Environmentally Sustainable Management of Living Natural Resources and Land Use	£0.5m	£9.1m ◊	£nil	£nil	£nil	£nil
Total	**£175.3m**	**£224.7m ◊**	**£73.9m**	**£84.4m ◊**	**£270.0m**	**£294.6m ◊**
Unallocated amounts	£172.1m	£122.7m	£73.5m	£63.0m	£268.6m	£244.0m
% allocated	50%	65%	50%	57%	50%	55%

◊ limited assurance by KPMG in respect of the year ended 31 March 2025 (see page 12).
Δ limited assurance performed by KPMG in previous years.

Our sustainable finance and how we have used the funds

Allocations – total sustainable debt outstanding
Table of total allocations as at 31 March 2025 across the full sustainable finance portfolio:

Eligible category	SF1	SF2	SF3	SF4	SF5a	SF6	SF5b	SF7	Total
Sustainable Water and Wastewater Management	£197.7m Δ	£73.8m Δ	£165.7m ◊	£311.7m ◊	£198.6m ◊	£86.8m ◊	£36.1m ◊	£178.6m ◊	**£1,249.1m**
Terrestrial and Aquatic Biodiversity Conservation	£89.6m Δ	£55.7m Δ	£121.0m ◊	£76.7m ◊	£357.7m ◊	£128.4m ◊	£48.3m ◊	£116.1m ◊	**£993.6m**
Pollution Prevention and Control	£5.0m Δ	£6.1m Δ	£10.6m ◊	£10.5m ◊	£nil	£0.5m ◊	£nil	£nil	**£32.7m**
Renewable Energy	£nil	£3.0m Δ	£nil	£nil	£nil	£nil	£nil	£nil	**£3.0m**
Environmentally Sustainable Management of Living Natural Resources and Land Use	£nil	£5.8m Δ	£nil	£nil	£nil	£9.1m ◊	£nil	£nil	**£14.9m**
Clean Transportation	£nil	£4.8m Δ	£nil	£nil	£nil	£nil	£nil	£nil	**£4.8m**
Access to Essential Services	£4.7m Δ	£0.4m Δ	£0.2m ◊	£0.3m ◊	£nil	£nil	£nil	£nil	**£5.6m**
Total	**£297.0m Δ**	**£149.6m Δ**	**£297.5m ◊**	**£399.3m ◊**	**£556.3m ◊**	**£224.7m ◊**	**£84.4m ◊**	**£294.6m ◊**	**£2,303.5m**
Unallocated £m	£nil	£nil	£nil	£nil	£nil	£122.7m	£63.0m	£244.0m	**£429.6m**

◊ limited assurance by KPMG in respect of the year ended 31 March 2025 (see box to right).
Δ limited assurance performed by KPMG in previous years.

Assurance statement

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

KPMG's limited assurance report, dated 16 July 2025

KPMG also provided limited assurance in 2024, 2023 and 2021 over the selected information in the previous tables denoted by the Δ symbol, using the assurance standard ISAE (UK) 3000.

KPMG's limited assurance report, dated 10 July 2024

KPMG's limited assurance report, dated 17 July 2023

KPMG's limited assurance report, dated 5 July 2021

Our sustainable finance and how we have used the funds

Process for project evaluation and selection

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

All investments funded under the Framework are subject to rigorous governance and assurance activity throughout the project lifecycle. Project approval committees at 3 key stages in the project lifecycle to approve the release of allocated funding. These stages typically include initial project approval, full construction contract approval, and final project completion.

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

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

The Sustainable Finance Committee has:

- Ensured that allocated Eligible Projects have followed the relevant UU project development policies;
- Ensured that allocated Eligible Projects are aligned with the ICMA and LMA principles[2] categories;
- Approved changes to the register of Eligible Projects where eligibility criteria is no longer met; and
- Reviewed and approved this Allocation and Impact Report.

Management of proceeds

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

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

Contributing to environmental and social performance

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

Green Bonds Principles Category	Eligibility Criteria	Overall company impact metrics	Highlights	Relevant SDGs
Sustainable Water and Wastewater Management	• Projects which reduce pollution and impacts of water abstraction • Projects which improve water quality • Projects which reduce water losses from the system • Flooding mitigation projects	See table below	Our smart metering programme empowering both utilities and customers to reduce consumption, detect leaks early, and make informed decisions about water use.	6 CLEAN WATER AND SANITATION
Terrestrial and Aquatic Biodiversity Conservation	• Investments and/or expenditures relating to projects which deliver improved conservation outcomes • Investments and/or expenditures relating to river quality improvements	See table below	Our better rivers accelerated programme is enabling us to get started now on our long-term commitment to deliver a step change in the number of spills from storm overflows, helping to improve river quality.	14 LIFE BELOW WATER

Leakage	**Year**	**2022/23**	**2023/24**	**2024/25**
	Annual Ml/d	423.0	408.6	411.2
	3-year average Ml/d	420.5	415.2	414.3
Regulated emissions per megalitre of treated water, Kg CO_2e/Ml	**Year**	**2022/23**	**2023/24**	**2024/25**
	Kg CO_2e/Ml	101.4	177.6[7]	172.1
Regulated emissions per megalitre of sewage treated, Kg CO_2e/Ml	**Year**	**2022/23**	**2023/24**	**2024/25**
	Kg CO_2e/Ml	158.8	209.0[7]	198.5
Reduction in spills per storm overflow monitored compared to 19/20 baseline	**Year**	**2022/23**	**2023/24**	**2024/25**
	%	41%	24%	39%
Percentage of Sites of Special Scientific Interest (SSSI) designated favourable or recovering	**Year**	**2022/23**	**2023/24**	**2024/25**
	%	91%	91%	91%
Cumulative number of trees planted over 2020 to 2025 period	**Year**	**2022/23**	**2023/24**	**2024/25**
	Trees	565,733	600,466	640,252

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

Contributing to environmental and social performance

Green Bonds Principles Category	Eligibility Criteria	Overall company impact metrics	Highlights	Relevant SDGs
Pollution Prevention and Control	• Investments and/or expenditures relating to projects which reduce waste and increase the proportion recycled, and/or recover energy from waste materials	**Percentage of biosolids recycled in compliance with regulatory standard and Biosolids Assurance Scheme** Year: 2022/23 | 2023/24 | 2024/25 %: 100.00% | 100.00% | 100.00%	Improvements to our sludge treatment facilities to recover additional methane from digested sludge, increasing biogas yield, and reduce downstream methane emissions, and impacts on the environment.	
Renewable Energy	• Investments and/or expenditures relating to solar photovoltaic or wind power installations • Investments and/or expenditures relating to construction and operation of biogas-powered combined heat and power (CHP) plants	**Total energy generated from sewage sludge (CHP, biogas in boilers and biomethane exported to gas grid as GWh equivalent)** Year: 2022/23 | 2023/24 | 2024/25 GWh[8]: 167.7 | 160.6 | 167.2 **Nitrous Oxide (NOx) emissions per unit of renewable energy generated** Year: 2022/23 | 2023/24 | 2024/25 NOx/GWh: 1.07 | 0.96 | 0.87	Investment in the refurbishment of combined heat and power engines contributing to renewable energy generation.	
Environmentally Sustainable Management of Living Natural Resources and Land Use	• Investments and/or expenditures relating to projects which deliver an increase in natural capital value • Investments and/or expenditures relating to projects which contribute to avoidance of designated area deterioration	**Enhancing natural capital for customers** Year: 2022/23 | 2023/24 | 2024/25 £million: 0 | 15.777 | 5.386 **Area of peatland restored** Year: 2022/23 | 2023/24 | 2024/25 Hectares: 585 | 1,211 | 3,000 **Area of woodland created** Year: 2022/23 | 2023/24 | 2024/25 Hectares: 37 | 37 | 83	Sustainable urban drainage systems delivered with blue green infrastructure, including permeable paving, rain gardens, swales and ponds, and natural flood management.	

[8] The biomethane element was previously expressed as an electricity equivalent in the allocation and impact report 2023.

Contributing to environmental and social performance

Green Bonds Principles Category	Eligibility Criteria	Overall company impact metrics	Highlights	Relevant SDGs
Clean Transportation	• Investments and/or expenditures relating to acquisition and deployment of battery electric vehicles and associated charging infrastructure	**Number of fully electric vehicles deployed in fleet** **Year** / **Number of vehicles** **2022/23**: 33 **2023/24**: 91 **2024/25**: 204	Investment enabling the deployment of electric vehicles into the corporate fleet and associated charging infrastructure.	11 SUSTAINABLE CITIES AND COMMUNITIES

Social Bonds Principles Category	Eligibility Criteria	Indicative metrics	Highlights	Relevant SDGs
Access to Essential Services	• Investments and/or expenditures relating to programs which enable vulnerable customers to maintain access to water and other supplies	**Number of customers lifted out of water poverty** **Year** / **Number of customers** **2022/23**: 106,936[9] **2023/24**: 100,758 **2024/25**: 96,937 **Number of households registered for Priority Services** **Year** / **Number of households** **2022/23**: 294,490 **2023/24**: 401,987 **2024/25**: 540,380	Investment in our Priority Services schemes that provide sector-leading support for vulnerable customers with additional needs.	6 CLEAN WATER AND SANITATION

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

[9] Restated to include company-funded customers lifted out of water poverty, which are subject to a maximum cap in the associated regulatory target that was previously reported.

Summary of the group's wider operational KPIs

How we're delivering our purpose: Greener

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

Better Rivers: Better North West commitments

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

Target

At least 95% of programme milestones delivered by 2025

Annual performance

100%

All of this year's Better Rivers programme milestones have been delivered.

2023/24: 100% of milestones for the year

2022/23: 100% of milestones for the year

Status

● Met expectation/target

Carbon pledges

Six pledges to reduce our carbon footprint. Activities include peatland restoration, woodland creation and reducing the reliance of fossil fuels of our fleet.

Target

Individual targets for each of the six carbon pledges

Annual performance

Good progress

We have met three of the six pledges, and continue to make progress with the remainder. We have over 200 battery electric vehicles on the road and a further 200 ordered, 83 hectares of woodland will have been created by the end of the 2025 planting season, and we have reduced our scope 1 and 2 emissions by 10.5% since 2020.

2023/24: Pledges 2, 4 and 6 met

2022/23: Pledges 2 and 6 met

Status

● Met expectation/target

Environment Agency's Environmental Performance Assessment rating

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

Target

Upper quartile performance within the water industry each year

Annual performance

4-star 'industry-leading' rating

The most recent assessment is for 2023, when we were one of only three companies awarded the top 4-star rating, meaning we were classed by the Environment Agency (EA) as an industry-leading company. The EA will publish its annual assessment for 2024 later in 2025.

2022: Joint second (3-star)

2021: Joint first (4-star)

Status

● Met expectation/target

A discussion of our performance is available in our integrated annual report on pages 69 to 71.

Summary of the group's wider operational KPIs

How we're delivering our purpose: Greener

Status key

Performance against target — Met expectation/target — Close to meeting expectation/target — Behind expectation/target

Stakeholder key

Customers — Environment — Communities — Colleagues — Suppliers — Investors

Measure	2025 target	Performance 2024/25	Performance 2023/24	Performance 2022/23	Assurance[15]	Link to remuneration[11]	Key stakeholder	Status: Performance against target
Pollution incidents per 10,000km sewer network[10]	19.5	**36.2**	27.93	16.29	RRA	LTP		
Reduction in spills per storm overflow monitored	33% sustainable reduction[13]	**39%**	24%	41%	IAT	Bonus		
Treatment works compliance[10]	99%	**98.46%**	99.0%	98.5%	RRA	LTP		
Leakage reduction[10]	15%[12]	**9%**	9%	6%	RRA	LTP		
Reduction in per capita consumption[10]	6.3%[13]	**3.5% decrease**	2.5% increase	0.5% increase	RRA	PC		
Internal flooding incidents per 10,000 sewer connections[10]	1.34	**3.52**	4.35	2.32	RRA	PC		
External flooding incidents[10]	5,859	**7,315**	7,063	5,916	RRA	PC		
Waste to beneficial use	98%	**98.3%**	98.3%	98.3%	IAT	n/a		
Enhancing natural capital for customers[10]	£4m	**£5.386m**	£15.777m	£0	RRA	PC		
Number of trees planted	500,000	**640,252**	600,466	565,733	IAT	n/a		
Carbon pledge 1: reduction of scope 1 and 2 GHG emissions	14% reduction[14] (42% by 2030)	**10.5% reduction**	3.4% reduction	3.7% reduction	ITV	n/a		
Carbon pledge 2: renewable electricity purchased	100% by 2023	**100%**	100%	100%	ITV	n/a		
Carbon pledge 3: green fleet	100% by 2028	**204 vehicles**	91 vehicles	33 vehicles	IAT	LTP		
Carbon pledge 4: peatland restoration	1,000 hectares by 2030	**3,000 hectares**	1,211 hectares	585 hectares	ITV	LTP		
Carbon pledge 5: woodland created	550 hectares by 2030	**83 hectares**	37 hectares	37 hectares	ITV	LTP		
Construction services suppliers with science-based targets	66%	**78%**	23%	23%	IAT	LTP		
Better air quality: nitrogen oxides (NOx) emissions per unit of renewable electricity generated[10]	1.42	**0.87**	0.96	1.07	RRA	PC		
Energy generated directly, and with partners, as a percentage of used	25% at 2026	**22.5%**	22.4%	23.0%	ITV	LTP		

[10] Measure relates to the water and wastewater activities of our regulated entity, United Utilities Water Limited. Total uncapped performance delivered.
[11] Read our remuneration report, with details about the bonus and Long Term Plan (LTP) on pages 146 to 172 of our integrated annual eport.
PC = Performance commitment subject to reward and/or penalty as part of customer outcome delivery incentives (ODIs). These feed into both bonus and LTP through inclusion of customer ODIs and return on regulated equity (RoRE), respectively.
[12] As measured against a 2017/18 baseline.
[13] As measured against a 2019/20 baseline.
[14] As measured against science-based target baseline year 2019/20.
[15] Read more about the assurance over our performance metrics on page 67 of our integrated annual report.
ITV = Independent third-party verification. RRA = Regulatory reporting assurance. IAT = Internal audit team.

Summary of the group's wider operational KPIs

How we're delivering our purpose: Healthier

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

Colleague engagement

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

Target

At least as high as the utilities norm benchmark

Annual performance

87%

Colleague engagement has increased this year to a very high level, outperforming the utilities norm and seven points higher than the UK high performing norm benchmark.

2023/24: 81%

2022/23: 82%

Status

● Met expectation/target

C-MeX ranking

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

Target

Upper quartile against water and sewerage companies (WaSCs)

Annual performance

Second quartile

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

2023/24: top listed company, fourth WaSC, and sixth overall

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

Status

● Close to meeting expectation/target

Customers lifted out of water poverty

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

Target

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

Annual performance

96,937

We have helped nearly 100,000 customers out of water poverty so far this AMP (including 84,726 against our regulatory target and related ODI, which applies a maximum cap on the number of company-funded customers that can be included).

2023/24: 100,758 customers

2022/23: 106,936 customers

Status

● Met expectation/target

A discussion of our performance is available in our integrated annual report on pages 79 to 81.

Summary of the group's wider operational KPIs

How we're delivering our purpose: Healthier

Status key

Performance against target — Met expectation/target — Close to meeting expectation/target — Behind expectation/target

Stakeholder key

Customers — Environment — Communities — Colleagues — Suppliers — Investors

Measure	2025 target	Performance 2024/25	Performance 2023/24	Performance 2022/23	Assurance[15]	Link to remuneration[11]	Key stakeholder	Status: Performance against target
Customer ODIs[10]	Year-on-year improvement	**£24m**	£34m	£25m	RRA	Bonus	Customers	Close to meeting
Water quality customer contacts per 10,000 population[10]	12.2	**12.8**	13.2	14.1	RRA	Bonus	Customers	Behind
Supply interruptions per property per year (hours:minutes:seconds)[10]	00:05:00	**00:14:18**	00:09:39	00:38:44	RRA	PC	Customers	Behind
Unplanned outages of peak week production capacity[10]	2.34%	**1.78%**	2.05%	1.73%	RRA	PC	Customers	Met
Number of household written complaints compared to WaSCs[10]	Upper quartile	**Third quartile**[16]	Third quartile	Second quartile	RRA	n/a	Customers	Behind
Speed of resolution[10]	5 days	**5 days**	3.95 days	3.9 days	RRA	n/a	Customers	Met
Developer satisfaction score (D-MeX)[10]	Above industry median	**Above industry median**	Above industry median	Above industry median	RRA	PC	Customers	Met
Number of households registered for Priority Services[10]	In excess of 220,000 (7%)	**540,380 (16.51%)**	401,987 (12.35%)	294,490 (9.1%)	RRA	LTP	Customers	Met
Certification for Priority Services[10] [17]	Maintain certification	**Maintained ISO22458**	Maintained ISO22458	ISO22458: 2022 Verification achieved	ITV	n/a	Customers	Met
Helping customers look after water in their home[10]	10% increase	**34.50%**	34.30%	31.60%	RRA	PC	Customers	Met
Compliance Risk Index[10]	0.00	**10.21**	6.00	3.67	RRA	LTP	Environment	Behind
Wellbeing Charter accreditation	Retain accreditation	**Retained**	Retained	Retained	ITV	n/a	Colleagues	Met
Accident frequency rate for colleagues (per 100,000 hours)	10% year-on-year improvement	**0.078**	0.092	0.072	IAT	n/a	Colleagues	Met
Accident frequency rate for contractors (per 100,000 hours)	Year-on-year improvement	**0.078**	0.043	0.078	IAT	n/a	Colleagues	Behind
Your Opinion Survey score for diversity and inclusion questions	Upper quartile against utilities norm	**Upper quartile**	Upper quartile	Upper quartile	ITV	n/a	Colleagues	Met

[10] Measure relates to the water and wastewater activities of our regulated entity, United Utilities Water Limited.
[11] Read our remuneration report, with details about the bonus and Long Term Plan (LTP) on pages 146 to 172 of our integrated annual report.
PC = Performance commitment subject to reward and/or penalty as part of customer outcome delivery incentives (ODIs). These feed into both bonus and LTP through inclusion of customer ODIs and return on regulated equity (RoRE), respectively.
[15] Read more about the assurance over our performance metrics on page 67 of our integrated annual report.
ITV = Independent third-party verification. RRA = Regulatory reporting assurance. IAT = Internal audit team.
[16] Latest comparative data available 2023/24.
[17] The new Consumer Vulnerability standard, ISO 22458:2022 replaces the previous BS18477:2010 Inclusive Service Provision standard.

Summary of the group's wider operational KPIs

How we're delivering our purpose: Stronger

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

Capital programme delivery incentive (CPDi)

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

Target

At least 85%

Annual performance

99.6%

We have delivered a strong performance, exceeding our target again this year.

2023/24: 98%

2022/23: 93%

Status

● Met expectation/target

Community investment

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

Target

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

Annual performance

£9.8m

We have significantly increased our investment this year and surpassed our target, having invested £21.6 million cumulatively over AMP7, which is an increase of more than 50%.

2023/24: £3.99 million

2022/23: £2.88 million

Status

● Met expectation/target

Performance across a range of trusted indices

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

Target

Upper quartile

Annual performance

Upper quartile

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

2023/24: Upper quartile

2022/23: Upper quartile

Status

● Met expectation/target

A discussion of our performance is available in our integrated annual report on pages 85 to 87.

Summary of the group's wider operational KPIs

How we're delivering our purpose: Stronger

Status key

Performance against target ● Met expectation/target ● Close to meeting expectation/target ● Behind expectation/target

Stakeholder key

Customers | Environment | Communities | Colleagues | Suppliers | Investors

Measure	2025 target	Performance			Assurance[15]	Link to remuneration	Key stakeholder	Status: Performance against target
		2024/25	2023/24	2022/23				
Credit rating – UUW senior unsecured debt (Moody's, S&P, Fitch)[10]	Baa1, BBB+, A-	**Baa1, BBB+, A- (Stable outlook)**	A3, BBB+, A-	A3, BBB+, A-	ITV	n/a	Investors	●
Maintain sustainable finance framework	Available/ continued issuance	**Available**	Available	Available	IAT	n/a	Investors	●
Anti-bribery: percentage of identified colleagues completing required training	100%	**100%**	100%	100%	IAT	n/a	Investors	●
Number of children benefitting from education materials	20,000	**33,442**	39,131	23,253	ITV	n/a	Communities	●
Partnership leverage[10]	1:4	**1:3**	1:3	1:4	RRA	n/a	Communities	●
Invoices paid within 60 days	At least 95%	**98.71%**	99.60%	98.91%	ITV	n/a	Suppliers	●
Average time taken to pay invoices	<28 days	**12**	11	12	ITV	n/a	Suppliers	●
Supplier Relationship Management score	90%	**94%**	95%	90%	IAT	n/a	Suppliers	●
CIPS ethical mark	Retain accreditation	**Retained**	Retained	Retained	ITV	n/a	Suppliers	●
Percentage of targeted suppliers signed up to United Supply Chain	100%	**100%**	94%	89%	IAT	n/a	Suppliers	●
Percentage of partner and strategic suppliers that have sustainability risk assessments in place	75%	**94%**	78%	73%	IAT	n/a	Suppliers	●
Percentage of suppliers in high-risk categories (in sustainability risk assessments) covered by enhanced due diligence audits	5%	**5%**	4%	3%	IAT	n/a	Suppliers	●
UK Corporate Governance Code	Maintain compliance	**Compliant**	Compliant	Compliant	IAT	n/a	Investors	●
Fair Tax Mark	Retain accreditation	**Retained**	Retained	Retained	ITV	n/a	Investors	●
Living Wage accreditation	Secure and retain	**Retained**	Retained	Retained	ITV	n/a	Colleagues	●
Pension Quality Mark +	Retain accreditation	**Retained**	Retained	Retained	ITV	n/a	Colleagues	●

[10] Measure relates to the water and wastewater activities of our regulated entity, United Utilities Water Limited.
[15] Read more about the assurance over our performance metrics on page 67 of our integrated annual report.
ITV = Independent third-party verification. RRA = Regulatory reporting assurance. IAT = Internal audit team.

Sustainable bond proceeds in action

To demonstrate how our sustainable finance proceeds have been used in more detail we have included four project case studies, covering a cross-section of our activities.

CASE STUDY

Better Rivers Accelerated Programme

The Better Rivers capital programme is a £2.4 billion AMP8 investment programme to reduce spills from storm overflows across the North West.

There are, in total, 2,270 storm overflows across the North West and around 440 of them have been earmarked for investment during the AMP. This scale and volume of works is unprecedented, which is why more than 150 projects were accelerated for a pre-AMP start, backed by £200 million of funding.

This first, multi-million-pound investment phase has made a robust head start on reducing spills, in line with our 60% reduction in spills target by the end of 2030.

For efficiency, the work has been batched into geographical programmes and is being delivered by dedicated Better Rivers county-centric teams.

Additional, innovative routes towards even faster spill reduction have been spearheaded by a dedicated team within Better Rivers, who have completed more than 30 rapid schemes over the last year, contributing towards an overall 19,720 fewer spills from storm overflows.

The first location to undergo rapid works was Cargo in Cumbria. As one of United Utilities highest spilling sites – recording near-daily spills by the end of 2023 – Cargo was earmarked early on as a priority site for a rapid solution.

Initially, a 95m^3 storage tank was installed to capture any overflows during periods of heavy rainfall. Additionally, treatment capacity at Cargo was then increased via the installation of new infrastructure which meant the site could now treat almost double the flows it had been treating – from 7 litres per second to 17 litres per second.

The result was a dramatic decrease in storm overflow activations from the site, from near-daily spills in 2023 to fewer than 10 spills in 2024.

£74.7m

has been allocated to the Better Rivers Accelerated Programme across our Sustainable Finance portfolio,

£58m

of which was allocated this year

Sustainable bond proceeds in action

CASE STUDY

Better Rivers Accelerated Programme

Another unique solution that's helping to drive spill reduction is a fleet of self-contained, modular, side-stream treatment units.

The units have been providing additional wastewater treatment capacity at smaller, rural treatment works – providing up to four times additional capacity during periods of heavy rainfall, in turn, reducing the amount of times storm overflows operate into local water courses.

Modifications were applied to this modular solution to allow a larger-scale roll out and now the units (named STORM – Side-stream Treatment Overflow Reduction Modules) are providing additional capacity at more than 30 locations across the region, with that number set to increase.

Rob Drury, Better Rivers programme director at United Utilities said that the STORM units are not only reducing spill numbers quickly, but that they are excellent value for money.

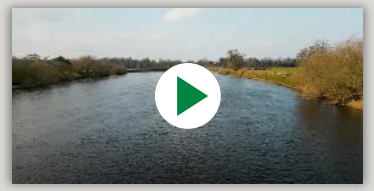
"With these modular units, we have been able to install an effective solution within a matter of weeks, compared to the longer time periods typically associated with larger-scale solutions and infrastructure.

"That also means the units have cost a fraction of the price of more bespoke solutions and, where feasible, when we turn these units into permanent solutions, negating the need for fully modelled and contractor-led solutions, we return that saving back to the programme."

In a boost to Lancashire's small business, the STORM units have been manufactured and installed by a Bury-based engineering business.

The STORM units are earmarked for installation at more than 60 rural wastewater treatment facilities across the North West, boosting spill reduction figures further.

Find out more



Watch this video for more information on how United Utilities is reducing storm overflows across the North West.

Watch this video to find out how a STORM unit works.

Sustainable bond proceeds in action

River Lune at Caton

CASE STUDY

Endangered eels and elvers in the River Lune are being given a boost thanks to the introduction of new screens and pipework that protects them from getting caught up in equipment when water is abstracted from the river.

The c.£7 million project is being delivered on a stretch of the Lune at Caton and Halton near Lancaster.

Specialist diving engineers are installing screens made of fine mesh at an intake abstraction point just outside the village of Caton. Additional work is also being carried out further downstream at Halton to install a fish return system that safely returns any fish that enter the equipment.

The new equipment will play an important role in helping protect endangered European eels that travel along the Lune by preventing them from getting trapped or injured in the water abstraction equipment.

The three screens being installed at Caton feature a fine mesh which will also help protect other fish and organisms, including salmon, trout and shrimp which are commonly found in the River Lune.

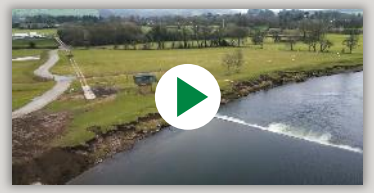
European eels start their life in the Sargasso Sea on the other side of the Atlantic near Bermuda before they migrate to Europe where they settle and grow for up to 20 years before returning to the Sargasso to spawn.
The numbers arriving in Europe have declined by 95% in the last 40 years.

Stephen Walker, who heads up Water Services for United Utilities in Lancashire said: “European eels are an important part of the ecology in the River Lune and this project will play a vital role in supporting the eel population.

“The fish return system at Halton should return most fish back to the river, but just in case any bypass that system, the fine screens we are installing further upstream at Caton will protect those from being caught up in our underwater equipment.

“We’re committed to supporting collective efforts to reverse the decline of the eel population in the River Lune and other rivers across the region.”

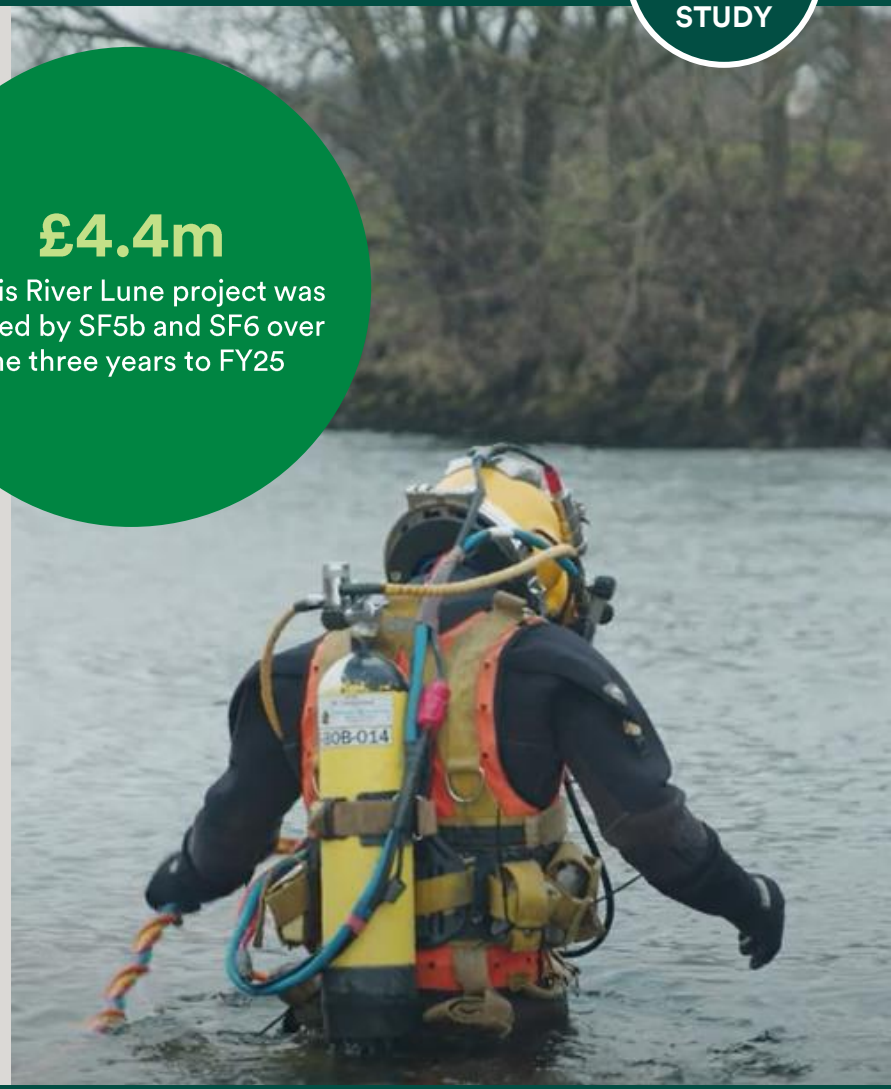
Find out more



Watch this video to find out more about the River Lune project.

£4.4m

of this River Lune project was funded by SF5b and SF6 over the three years to FY25



Sustainable bond proceeds in action

Madeley Wastewater Treatment Works

CASE STUDY

Madeley Wastewater Treatment Works, in the Crewe area, treats wastewater from the equivalent of over 6000 people, before discharging the clean water into the River Lea which flows into the River Weaver.

As part of plans to enable the River Lea to achieve 'Good' status under the Water Framework Directive, assets to remove phosphorus from the treatment works discharge were installed, leading to an improvement of 25 kilometres of river.

The traditional method of removing phosphorus from wastewater is by adding a ferric (iron) based coagulant which reacts with the phosphorus and separates it out of the water so that it can then be settled and removed.

Whilst this is an effective method of removing phosphorus, it can require additional chemicals to be added to correct the pH, resulting in the need for additional assets and health and safety risks. The requirement for frequent chemical deliveries can have an impact on our neighbours and the environment, due to vehicle emissions.

It can also be difficult to control the dose of the coagulant, meaning that some of the iron used could be carried over into the discharge and have a negative impact on the environment.

Our innovation team identified an opportunity to use a natural plant-based product to act in the same way as the ferric coagulant. Our testing and trials identified that the tree bark solution could effectively remove phosphorus and significantly reduce the amount of iron-based product that was required. In turn, this removed the need for further chemical pH correction and reduced any risk of iron carry over. The performance was so good that fine filters, that were planned to be installed at the end of the treatment process, were no longer required.

This breakthrough in UK wastewater treatment will not only safeguard water quality in our rivers but will also allow this to be delivered in a more sustainable and environmentally friendly way.

This project, costing **£2.2m,** was funded by SF6 over the three years to 2025

Sustainable bond proceeds in action

Sustainable water through smart metering

CASE STUDY

As population growth continues to drive up water demand and climate change makes water supply increasingly unpredictable, water companies like United Utilities Water (UUW) face mounting pressure to manage resources more sustainably. Smart metering emerges as a vital tool in this effort – empowering both utilities and customers to reduce consumption, detect leaks early, and make informed decisions about water use.

By providing real-time data, smart meters encourage responsible water habits, helping households and businesses lower their environmental footprint. For utilities, this technology enables more efficient network management, reducing water waste and energy use associated with treatment and distribution. Ultimately, smart metering supports a more resilient, equitable, and sustainable water future – where every drop counts.

Our smart metering strategy is a cornerstone of our commitment to a more sustainable and resilient water system. It is designed to help us meet ambitious national targets by 2050, including a 50% reduction in leakage to 224 megalitres per day, lowering per capita consumption to 110 litres per person per day, and cutting business water demand by 15%.

As part of our AMP8 plan, we will install 500,000 new smart meters across our existing customer base and replace 250,000 older meters with advanced smart technology for household customers. Additionally, we will upgrade all 170,000 non-household meters, bringing the total to nearly 1 million smart meters – a major step forward in sustainable water management. This equates to around 185,000 meters installed annually, significantly enhancing our ability to monitor and reduce water use.

Building on our success in AMP7, where we exceeded our target by installing 213,000 meters, we've proactively scaled up our operational capacity. With 50 dedicated dig teams and 80 additional operatives for surveys, installations, and exchanges, we are well-positioned to accelerate deployment and deliver on our sustainability goals. We also expect our smart metering supplier to manage the disposal of removed assets in an ethical and environmentally sustainable manner – ensuring materials are recycled, repurposed, or disposed of responsibly to minimise environmental impact and support a circular economy.

This early mobilisation reflects our long-term vision: to empower customers, reduce environmental impact, and build a smarter, more sustainable water network for generations to come.

We have allocated a total of

£69.7m

across SF6, SF5b and SF7 to our metering programmes, including

£25.6m

on an early start to our AMP8 smart metering programme

How we respond to climate change

Across the five counties, we own over 56,000 hectares of land, which delivers several ecosystem service benefits such as water supply, timber, air quality regulation, and recreation. Demonstrating our commitment to protect and enhance this value, we have made carbon pledges, and we will finalise new nature pledges later this year.

Carbon

Five years ago, we made six pledges with our initial priorities for our part towards a low-carbon future. We have since set four near-term targets and long-term targets, all of which have been validated by the Science Based Targets initiative (SBTi). We have also incorporated measures into our remuneration via our Long Term Plan.

Pledge 1: 42% reduction of scope 1 and 2 emissions by 2030
10.5% reduction since 2020

Pledge 2: 100% renewable electricity by 2021
Achieved in 2021 ✓

Pledge 3: 100% green fleet by 2028
204 vehicles; 8% of our fleet

Pledge 4: 1,000 hectares of peatland restoration by 2030
Achieved in 2024 ✓

Pledge 5: Plant one million trees to create 550 hectares of woodland by 2030
640,252 trees planted and 83 hectares of woodland created since 2020

Pledge 6: Set a scope 3 science-based target by 2021
Achieved in 2021 ✓

We have achieved three of our six carbon pledges and are making good progress to deliver the rest.

All electricity bought through contracts has been renewable since October 2021. Science-based targets covering all scope 3 emissions were approved by the SBTi in 2021 and, so far, we have 3,000 hectares of peatland under restoration meeting this pledge and the associated LTP target.

Advanced telematics mean we now have a better understanding of our transport needs and can optimise the number and types of vehicles while accelerating the decarbonisation of our fleet. Once recent orders are delivered, we will have over 400 all-electric vehicles, including four HGVs, while continuing to trial alternative fuels such as hydrogen and HVO.

Creating and maintaining even small pockets of woodland can deliver natural flood management, provide habitats for wildlife and boost biodiversity in addition to climate benefits. Our planting does not prioritise carbon sequestration, as that can promote high-growth monoculture woodland; instead, we value actions that have broader sustainability or conservation merit. We choose appropriate species mixes and planting density, to create the best woodland for our land holding. Our current estimate is that we will have created our pledged 550 hectares of new woodland by the end of the 2030 planting season.

We have met our scope 3 supplier engagement SBT with 78% of category 2 suppliers by emissions having set near-term targets aligned to SBTi criteria.

Nature

Later this year, we will finalise several nature pledges to clearly set out our dedication to restore, enhance and connect habitats across the North West.

Our nature pledges will focus on both land with special designations, and habitats that are prominent in our region, and include activities that:

- support the government commitment to the global '30 by 30' target, protecting 30% of land and ocean by 2030;
- enhance biodiversity;
- create and improve the condition of woodland; and
- restore peatland.

How we respond to climate change

Net zero enhancements

Our accepted business plan for 2025–30 included specified support for three net zero enhancement schemes.

Net zero catchment strategy

Development of a net zero catchment strategy for St Cuthbert's Garden Village in Carlisle to trial ways to reduce the impact of providing services to new developments across the North West.

We will work with partners to develop sustainable water and wastewater master plans. These will enable the management of surface water while minimising the need for investment in the sewer network and wastewater treatment works over the long term. This could include reusing products, local composting solutions, greywater recycling, and reducing household energy requirements.

Process emissions

Monitor release of nitrous oxide from wastewater processes at 17 sites. This enables the introduction of innovative technologies to reduce emissions through real-time control mechanisms, such as controlling aeration blowers.

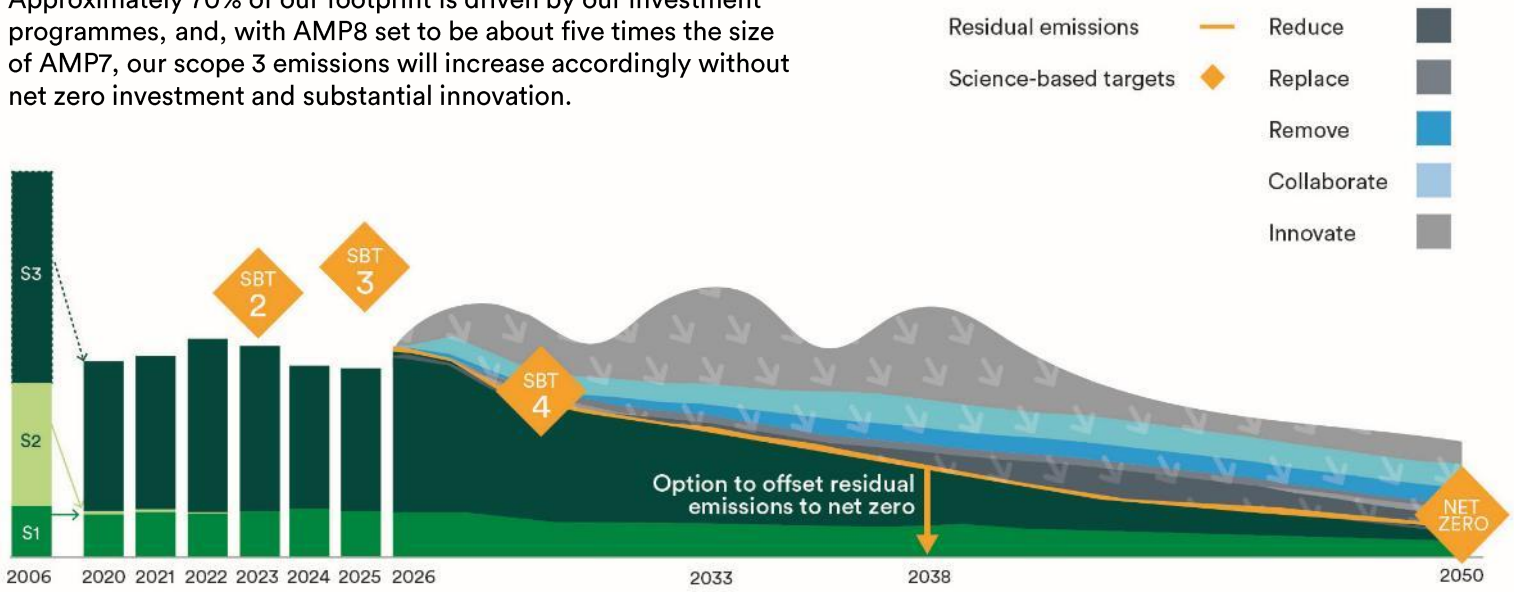
Peatland restoration

Restoration of around 1,500 hectares of peatland to store carbon and deliver wider benefits. Scheme will include mechanisms to allow the benefits of the intervention to be quantified.

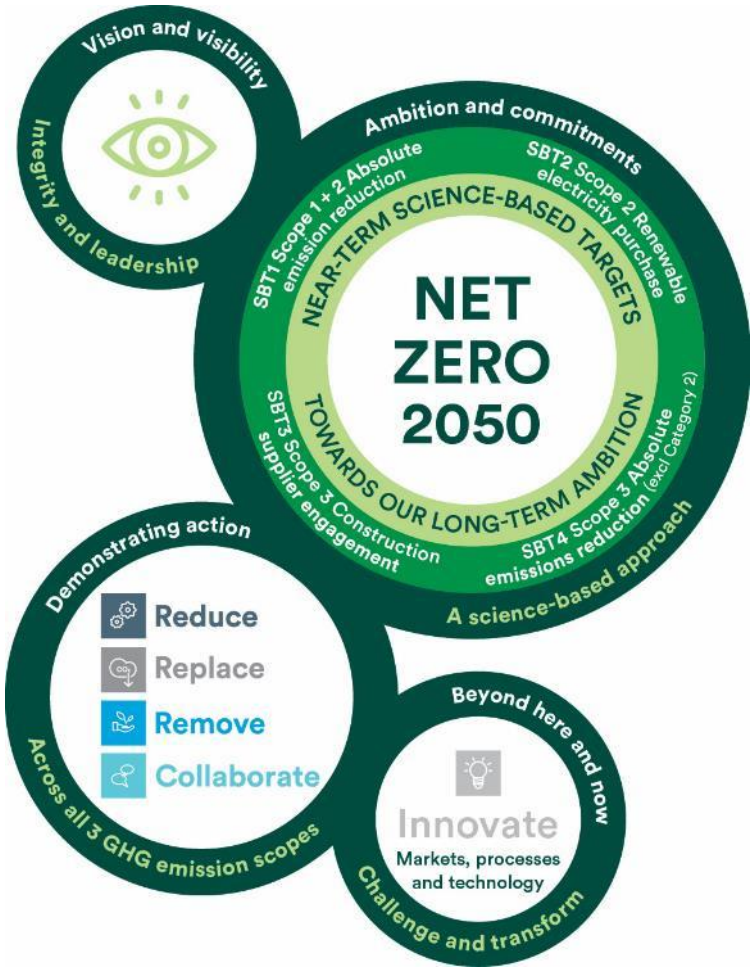
Our route to net zero

Our long-term emissions forecast illustrated below shows the scale of our emissions challenge ahead. We anticipate significant growth from the provision of services to an increasing population, investments required to adapt our assets and infrastructure for climate change and additional legal and regulatory requirements to protect the water environment. The graph below shows how we intend for this emissions growth to be addressed using the five themes of our transition plan. The depth of each layer relates to the GHG emissions that might be avoided by interventions in our action plan. Having already taken the most commercially attractive options, we know that costs, complexity and uncertainty will increase in the medium to long term. Our plan is reliant on achieving the benefits of advances made through collaboration and innovation.

Approximately 70% of our footprint is driven by our investment programmes, and, with AMP8 set to be about five times the size of AMP7, our scope 3 emissions will increase accordingly without net zero investment and substantial innovation.



How we respond to climate change



Action plan	Short term including recent progress	Medium term up to 2035	Long term to 2050 and beyond
Reduce consumption by careful use of resources.	• Reduce natural gas consumption by using biogas from wastewater • Maintain high percentage of waste to beneficial reuse • Existing energy management programme to include carbon • Use telematics to improve driver behaviour, increase fuel economy, and inform the shape of the fleet	• Optimise wastewater processes for GHG • Reduce volume of chemicals used • Sensitive delivery of substantial environment improvement programmes	• Identify and implement further efficiency opportunities • Reduce use of carbon-intensive materials and techniques
Replace processes and resources with more sustainable alternatives.	• Targeted investment in renewable energy generation capability • 60%+ sludge processing by lower emissions advanced digestion • Green fleet up to 400 electric vehicles	• Expand renewables capacity • Use natural coagulants in phosphorus removal, replacing ferric sulphate with pH correction • Bioresources investment to increase advanced digestion capacity • Fuel switching to HVO, subject to costs and supply, EVs where suitable for business continuity	• Eradicate use of fossil fuels, e.g. use hydrogen and biomethane to fuel HGVs • Nutrient-recovery initiatives • Replace processes to be more sustainable and exploit new technology and markets
Remove GHGs from the atmosphere.	• Woodland creation – successful 2025 planting season • Peatland restoration continued beyond carbon pledge	• Complete planting of 550 hectares of woodland • 1,500 hectares of additional peatland restoration activities for AMP8	• Ongoing benefits of restored peatland and growth of woodlands • Carbon capture, use and storage
Collaborate to tackle emissions in the supply chain.	• Achieved supplier engagement SBT through work with targeted capital delivery partners • Climate-related criteria used in AMP8 delivery partner selection • Agree carbon-related targets with AMP8 delivery partners	• Influence national approach to water environment improvements • Monitor sustainability of suppliers through performance indicators • Quantify more scope 3 emissions using product and activity data	• Collaborate to decarbonise our infrastructure programmes and wider supply chain • Drive standards reform to enable the use of low-emission materials and techniques • Offset residual emissions
Innovate to address current technological or market gaps.	• DESNZ LOOP project to use biogas to produce hydrogen and graphene • Establish sector funding and partnerships through Ofwat Innovation competition • Support regional transition via membership of Net Zero North West	• Explore low-carbon capital delivery options, e.g. nature-based solutions and low-carbon concrete • Process emissions monitoring • Nutrient recovery research • Research to support net zero treatment works and communities	• Transformation in water and wastewater processing towards net zero treatment works • Extraction of biopolymers from wastewater for use in the circular economy principles • Utilise emerging Environment Attribute Certificates schemes

Our EU Taxonomy disclosure

Whilst Eligible Projects under our Sustainable Finance Framework are determined by reference to ICMA principles as opposed to EU taxonomy alignment, we recognise that both are of interest to our sustainable finance investors. Therefore, we have included details of our first voluntary assessment of our EU taxonomy alignment in this report.

The EU Taxonomy provides a common language and framework for assessing whether an economic activity is environmentally sustainable. Its aim is to prevent greenwashing and help investors make informed sustainable investment decisions in order to direct investments to the economic activities most needed to meet the EU's climate and energy targets for 2030 and the objectives of the European green deal. The taxonomy sets out a list of activities, with detailed criteria that must be met in order to demonstrate alignment. Undertaking an assessment involves three key steps – eligibility assessment, alignment assessment, and financial mapping – as set out below.

Eligibility	We first undertook a review of the more than 150 activities to ascertain which of these we carry out through our activities.		
Alignment	**Substantial contribution** Companies must demonstrate that the way they deliver an activity makes a substantial contribution to at least one of the six environmental objectives set out below.	**Do no significant harm** Alignment requires that making a substantial contribution to one of the environmental objectives is not being achieved at the expense of another of them.	**Minimum safeguards** The company must also meet certain social and environmental safeguards, with due diligence processes to cover topics like human rights and anti-bribery.
Financial mapping	The result of the assessment must be reported in terms of three financial KPIs – turnover, opex and capex – with specific definitions of each KPI set out by the taxonomy. We map our financial data to each activity and adjust to align with the taxonomy definitions. Our results are presented on the next page.		

Our activities are naturally linked to sustainability, so the environmental objectives are things that we have been contributing towards for some time and continue to focus on.

Climate change mitigation
Focused on reducing greenhouse gas emissions to limit the contribution to global warming.

We were the first (and only) UK water company to have approved science-based targets for the near term, long term and net zero. Our comprehensive TCFD disclosures set out our transition plan to net zero by 2050. We generate renewable energy, and have six ambitious climate pledges, including extensive peatland restoration, woodland creation, and our transition to a green fleet.

Climate change adaptation
Focused on adapting to the unavoidable impacts of climate change, such as rising sea levels and extreme weather events. As a water and wastewater provider we must constantly adapt to extremes of weather, managing periods of heavy rainfall, prolonged dry periods, and freeze-thaw events. We have long-term plans for managing water resources, drought, and drainage and wastewater. Our AMP8 plan includes investment that will improve our resilience further to these extreme events.

Pollution prevention and control
Focused on preventing and controlling various forms of pollution, including air, water, and soil pollution.

We are sector leading on minimising pollution, and the only UK company to be rated 'green' against serious pollution incidents every year in the EA's environmental performance assessment. We have ambitious targets to reduce pollution incidents further in AMP8, targeting zero serious pollution incidents in every year.

Sustainable use and protection of water and marine resources
Promoting the efficient and sustainable use of water resources, protecting water quality and marine ecosystems.

We operate across the entire water cycle and rely on water bodies for our core activities, so protecting their sustainability is crucial. We protect the quality of water through management of catchment land, treatment of wastewater, and our significant activity to reduce spills from storm overflows. We are also focused on conserving water through leakage reduction and helping customers to reduce consumption.

Protection and restoration of biodiversity and ecosystems
Aiming to protect and restore biodiversity and ecosystems, including forests, wetlands, and marine habitats.

We are committed to protecting and improving biodiversity, and AMP8 final determinations include a specific performance commitment recognising how important this is in our work. The North West includes significant areas of SSSI land and areas of outstanding natural beauty, and our sustainable land management approach, as well as our woodland creation activity, deliver biodiversity benefits.

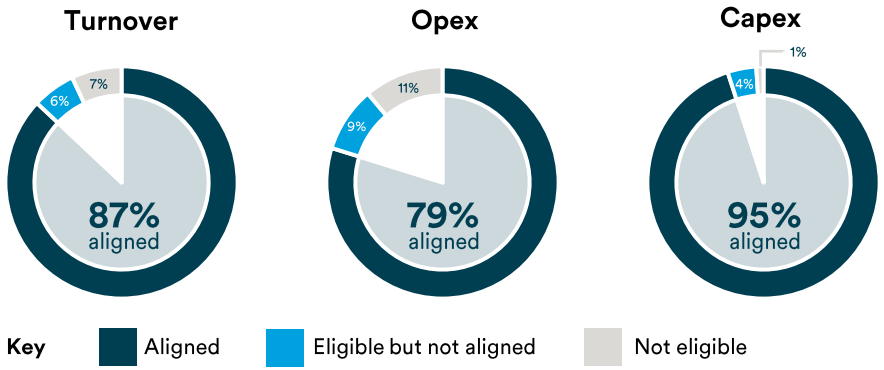
Transition to a circular economy
Encouraging the reuse, recycling, and recovery of resources to minimise waste and resource depletion.

We are committed to minimising waste from our activities. This includes our treatment of sewage sludge – a by-product from wastewater treatment activity – from which we create clean, renewable energy from biogas and recycle the residual biosolids to create a high-quality fertiliser for use in agriculture. More than 98% of our waste goes to beneficial use

Our EU Taxonomy disclosure

Outcome of our assessment

We are pleased to see that the inherent sustainability of our activities, and our commitment to protecting and enhancing the natural environment, is reflected with a high level of eligibility and alignment under the EU Taxonomy, as shown in the charts below.



	Turnover		Opex		Capex	
Activities	**£m**	**%**	**£m**	**%**	**£m**	**%**
Construction, extension and operation of water collection, treatment and supply systems	887	41%	313	45%	449	35%
Urban wastewater treatment	976	46%	238	34%	764	60%
Sustainable urban drainage systems (SuDS)	1	0%	–	–	6	0%
Total eligible and aligned under EU Taxonomy	**1,864**	**87%**	**552**	**79%**	**1,219**	**95%**
Other eligible activities	135	6%	64	9%	56	4%
Total eligible under EU Taxonomy	**1,999**	**93%**	**616**	**89%**	**1,275**	**99%**
Not eligible under EU Taxonomy	146	7%	80	11%	5	1%
Total[18]	**2,145**	**100%**	**696**	**100%**	**1,280**	**100%**

[18] The total opex differs significantly to the equivalent figure calculated under IFRS as a result of the differences in the EU taxonomy definition.

Looking ahead

This was the first year of voluntary assessment against the EU Taxonomy criteria, and as mentioned we have focused primarily on our core water and wastewater activities.

As we move forward, we will continue to refine our assessment further to improve the granularity and further examine the criteria for our other eligible activities. If and when a UK Taxonomy is published, we will also seek to incorporate this into our assessment.

We are entering a higher growth phase and will see significantly higher investment levels, with AMP8 capex more than doubling compared with AMP7. This means that our alignment under EU Taxonomy is expected to increase significantly in absolute levels in the next five-year period and beyond. With a significant proportion of the increase in investment being required to address new environmental improvement drivers, and more nature-based solutions being used in AMP8 than ever before, we would also expect that our proportional alignment would remain very high as we continue to work towards a stronger, greener and healthier North West.

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United Utilities

Water for the North West