

Reporting methodology

Our purpose and strategy are intrinsically linked to ESG

We have taken the opportunity to refresh our purpose and strategy as we look ahead and mobilise for the next investment period between 2025 and 2030.

We engaged with stakeholders and colleagues to define six strategic priorities and expand our purpose, to ensure our ambitions are clearly defined and targeted at the company we want and need to be.

In doing so, it has become even clearer how strongly environmental, social and governance (ESG) matters are integrated into the way we approach our business and the way we monitor our performance – everything aligns under the stronger, greener and healthier ambitions within our purpose.

The below infographic demonstrates the alignment between our purpose – to provide great water for a stronger, greener and healthier North West – and our six strategic priorities with ESG.

It shows the link between our purpose and the UN Sustainable Development Goals (SDGs) that we contribute towards.

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

Providing great water for a stronger, greener and healthier North West



Benchmarking our ESG performance

For over 20 years we have measured ourselves against national and international benchmarks of responsible business practice, often breaking new ground in the way the water sector approaches challenges such as catchment management and helping customers struggling to pay their bills through affordability schemes.

We align ourselves to recognised management standards and accreditations to give confidence in the way we are operating. We continue to evolve existing programmes, develop new initiatives, and respond to the changing world in which we operate. For example, we have been undertaking a project to integrate six-capitals thinking into business processes and planning to better inform our decision-making and enable us to create and protect value for all stakeholders.

→ Read more about the **six capitals** on page 34

We actively participate in a range of global ESG ratings, indices and frameworks to benchmark our approach against best practice and emerging sustainability challenges. Our strong consistent performance against these external benchmarks demonstrates our commitment to operating in a responsible manner, and we monitor our performance against a suite of trusted indices as one of our operational key performance indicators (KPIs).

→ Read more about our **performance against these ratings and indices** on pages 104 to 109

Many of the ESG indices in which we participate draw their data from this report. We collate, monitor and report publicly on a wide range of performance measures across ESG categories, with consideration to what stakeholders tell us matters most, as well as our contribution to wider value and global goals such as the UN SDGs and climate change mitigation goals.

In addition to the wealth of ESG disclosures and performance data throughout this report, the following indicates where further information on certain frameworks can be found:

World Economic Forum (WEF) International Business Council (IBC)

The WEF IBC has proposed a set of common metrics for the consistent reporting of sustainable value creation in mainstream annual reports. We already integrate many of these metrics in our integrated annual report and to make this easier for those searching for the information we have collated them into one place on our website.

Read more on our website at unitedutilities.com/corporate/responsibility/our-approach/cr-reporting/wef

Sustainability Accounting Standards Board (SASB)

SASB standards aim to standardise disclosure of material sustainability information mainly for companies based in the United States. As many of our shareholders are located in North America we publish comparable SASB data on our corporate website. This covers the main SASB data points for the water utilities industry, of which we are part.

Read more on our website at unitedutilities.com/corporate/responsibility/our-approach/cr-reporting/sasb

Updating our report to further integrate ESG disclosures

The frameworks and standards for ESG reporting are developing rapidly in response to growing expectations and increasing interest from investors and other stakeholders. For example, the draft standards from the International Sustainability Standards Board (ISSB) ask that all material sustainability-related risks and opportunities be disclosed in line with the four-pillar approach used by the Task Force on Climate-related Financial Disclosures (TCFD), i.e. providing information on strategy, governance, risks and opportunities, and metrics and targets.

As part of our drive to continuously improve our reporting to meet investor and other stakeholder needs, we have evolved our report this year to incorporate these four pillars centrally to our business model. As a result, our sustainability disclosures (including the required components of TCFD reporting) are integrated much more fully across our report. Each pillar of our business model provides general company information as well as more specific climate and nature-related information, and other key issues of material interest to readers.

This mirrors the integrated thinking approach we take to running the business, with sustainability considerations integral to everything we do. While this provides the most accurate reflection of our business, we recognise that some readers have targeted areas of interest and may not wish to read the report in full to find the relevant information.

To ensure it is as easy as possible for all readers to find what they are looking for, we use colour coding and iconography to enable quick and easy identification of climate, nature and other elements throughout this report, and pages 04 and 05 signpost to the pages on which non-financial information and the requirements of TCFD and TNFD can be found.

We have also adapted the way we present our operational performance for the year and our key performance indicators. These are now structured across the ESG headings, in alignment with the 'stronger', 'greener' and 'healthier' ambitions of our refreshed purpose. We continue to monitor and disclose how our activities and performance impact our stakeholders, retaining a comprehensive spread of metrics in relation to each stakeholder group.

Open, honest and transparent reporting is at the core of our responsible business approach. As the reporting landscape develops further, we will continue to adapt our disclosures to take account of international best practice in the presentation of ESG performance and data.

Integrated reporting and our sustainability report

We are keen to help meet the information needs of all our stakeholders, and have published a separate sustainability report this year to present our ESG disclosures in a format that some readers may find more familiar and easier to use. For the avoidance of doubt, readers of this integrated annual report do not need to read the sustainability report as well as sustainability-related disclosures are already included throughout this report. The additional sustainability report is a presentational alternative for stakeholders who are not interested in the financial aspects of our performance.

Read our sustainability report at unitedutilities.com/corporate/responsibility/our-approach/esg-performance