

Our business model

We deliver our water and wastewater services in a way that generates long-term value for a range of stakeholders.

Our key resources

Natural capital

We rely on natural resources to supply water and take back wastewater after treatment, as well as to generate renewable energy.

Human capital

We rely on skilled and engaged employees and suppliers to deliver our services, and skills must be maintained through training and development.

Manufactured capital

We invest to maintain and enhance our assets and build long-term resilience, and we use telemetry to monitor and control many assets remotely.

Financial capital

Efficient financing allows us to preserve intergenerational equity for customers while funding necessary long-term capital investment projects.

Social capital

The constructive relationships we have built with regulators, suppliers, and other stakeholders are fundamental to our ability to deliver our purpose.

Intellectual capital

Innovation helps us continually improve, and understanding performance trends in our network helps us spot potential issues early and fix them proactively.

Our external drivers

Natural environment

We must be resilient to changes such as climate change and population growth, and ensure our impact on the natural environment is positive.

Stakeholders

Our work and the huge areas of land we manage impacts a wide variety of stakeholders and we consult them to help develop and execute our plans.

Technology and innovation

New technology and innovations create opportunities for improvements in service and efficiency, but can also create risks such as cyber attacks.

Economic environment

The economy impacts our financing through market rate movements such as interest rates and inflation, and our customers' ability to pay their bills.

Regulatory environment

Environmental and drinking water standards set by our regulators drive what we do, both now and in the long term through future market reforms.

Political environment

This includes regional and national politicians as well as policymakers, and we must understand the key policy issues affecting our industry.

Our approach

Our purpose is to provide great water and more for the North West.

Our strategy and core values

Our strategy sets out how we deliver our purpose, and is broken down into three strategic themes, which govern everything we do.

🗣️ The best service to customers

📄 At the lowest sustainable cost

👤 In a responsible manner

Our core values – customer focused, innovative and trustworthy – provide the cultural framework within which we operate.

Materiality and risk management

We produce a materiality matrix to help us prioritise issues based on the level of stakeholder interest and the potential to affect our ability to create value.

➔ Read more about **what matters most to stakeholders** on pages 34 to 39

We manage a wide variety of risks to enable us to deliver a sustainable and resilient service for the long term.

➔ Read more about **our risk management** on pages 100 to 109

Systems Thinking

We operate our network as a system rather than discrete assets, and we have a network of telemetry across our system that enables us to remotely monitor and control many of our assets, providing real-time performance data and helping us deliver an efficient, proactive and modern service for customers.

Our commitment to ESG matters

We operate in an environmentally and socially conscious manner and uphold the highest standards of corporate governance. Behaving in a responsible manner is one of our strategic themes, and we actively participate in a broad range of global ESG ratings, indices and frameworks to benchmark our approach against best practice and emerging sustainability challenges.

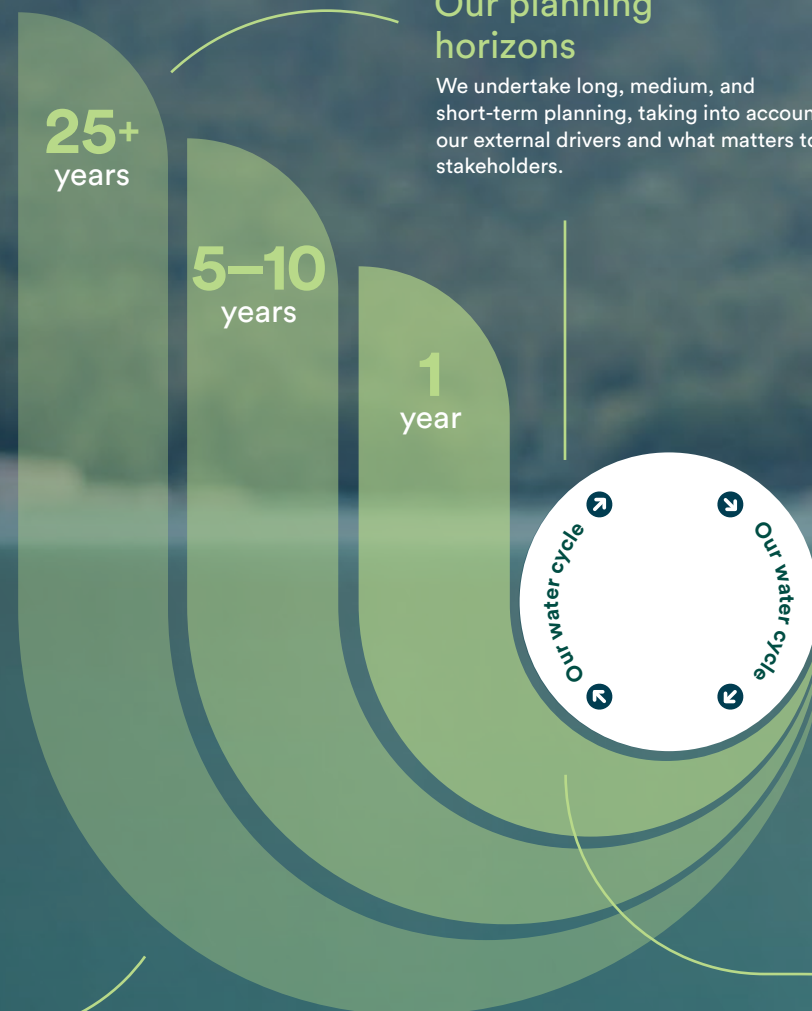
➔ Read more about **our approach as a responsible business** on page 12

➔ Read more about **diversity and inclusion** on pages 44 to 45

➔ Read our **corporate governance report** on pages 112 to 193

Our planning horizons

We undertake long, medium, and short-term planning, taking into account our external drivers and what matters to stakeholders.



Our core activities are to deliver essential water and wastewater services for household and business customers across the North West.

➔ Read more about **how we operate** on pages 18 to 19

The value we generate



Communities

We build partnerships to support communities to be stronger. We work with schools and young people to develop skills and help people get back to work. Our land is open to the public and we encourage people to use it responsibly.

How we measure this

- KPI – community investment
- Other metrics include partnership leverage, provision of education, and visitor satisfaction



Employees

We focus on attracting, developing and retaining a diverse workforce, and ensuring we look after their health, safety and wellbeing. We pay the Living Wage and have a secure pension provision.

How we measure this

- KPI – employee engagement
- Other metrics include diversity and inclusion, learning and development, and accident frequency rate



Investors

Many of our investors are pension funds and charities, so millions rely on the income we provide. We manage risk prudently and provide an appropriate return, investing in our assets for growth and resilience.

How we measure this

- KPI – return on regulated equity (RoRE)
- Other metrics include performance across investor indices, gearing and the Fair Tax Mark



Customers

We put customers at the heart of everything we do, providing a continually improving service at an efficient, low cost, and supporting thousands of vulnerable customers through a wide range of assistance schemes.

How we measure this

- KPI – customer experience (C-MeX)
- Other metrics include developer experience (D-MeX), complaints, and vulnerability support



Environment

We protect and enhance reservoirs, catchments, rivers and bathing waters that provide a home for wildlife, areas for recreation, and a major pull for tourism, and we aim to reduce our environmental impact.

How we measure this

- KPI – EA performance assessment
- Other metrics include leakage, clean air, carbon footprint, and natural capital value added



Suppliers

We invest in the North West's infrastructure and generate jobs, skills and income in the local economy through our capital programme. We act fairly and transparently with suppliers and are a signatory to the Prompt Payment Code.

How we measure this

- KPI – percentage of invoices paid within 60 days
- Other metrics include average time taken to pay invoices, and suppliers signed up to our United Supply Chain

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