A new chapter:
Delivering growth and resilience

Anglian Water Services Limited
Annual Integrated Report 2025

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Our reporting suite

We have drawn on our existing reporting suite in drafting our Annual Integrated Report.

Price Review 2024 (PR24)

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

Our Service Commitment Plan

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

A year of progress on river health

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

Pollution Incident Reduction Plan (PIRP)

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

Thriving East

The Thriving East report covers research from Capital Economics on the region served by Anglian Water.

Sustainable Finance Impact Report (SFIR)

Our SFIR charts progress against our key performance indicators, tied to sustainable investments, and can be found on our AWG website.

This annual report is an integrated report and we have applied the principles of the International Integrated Reporting Council (IIRC) framework.

Annual performance

£1.08 billion

capital investment in the region, totalling £3.8 billion between 2020-2025

(2023/24: £963m)

Revenue up 7.5% to

£1.75 billion

(2023/24: £1.6bn)

Operating profit increased by 15.2% to

£497 million

(2023/24: £431m)

Earnings before interest, taxes, depreciation and amortisation up 12.3% to

£920 million

(2023/24: £819.5m)

£11 billion*

of investments proposed in our Business Plan for AMP8 (2025-2030), with £1.1 billion earmarked for capital delivery in 2025/26

* Correct at time of publication, however subject to change following CMA referral

Over 1.2 billion litres

of clean, fresh, drinking water went into supply every day in 2024/25 - the same amount we put into supply 30 years ago, despite supplying 43% more properties

Maintained one of the industry's **lowest levels of leakage**

358,283

smart meters installed, totalling 1.1 million over the AMP

(2023/24: 262,621)

247 kilometres

of Strategic Pipelines laid which, when connected, will allow us to move more water around the region by 2028

Two major reservoirs planned to serve c.750,000 customers

£560 million

invested through our Water Industry National Environment Programme (WINEP) since 2020

36% reduction in serious pollutions.

We remain committed to reducing environmental risk in line with our long-term goal to reach zero untreated escapes (2024: 7, 2023:11)

£5.3 million

invested into Get River Positive, to improve river health, since 2022

A- for Water Security and B for Climate in our 2024 CDP disclosure

One of the largest employers in the East of England

with AMP8 creating further job and learning opportunities, including through the Green Skills Academy

BSI audit confirmed we are a champion of purpose-driven organisation principles, values and behaviours

79%

of our people feel proud to play a part in delivering against our Purpose (2023: 79%)

£1.45

average customer charges for water and wastewater services per day. We continue to be among the lowest utility bills for the majority of customers (2023/24: £1.35)

14.7%

of customers supported by our Priority Services Register, well ahead of target (2023/24: 12.7%)

405,425

customers received financial support (2023/24: 389,000)

Launched **Safer Every Day,** our unified framework for health, safety and wellbeing

A future of sustainable growth and prosperity

Welcome to Anglian Water's 2024/25 Annual Integrated Report. This year marks the end of the current Asset Management Period (AMP7, 2020-2025), which brought with it change, challenge and opportunity. As one chapter ends, another ambitious one begins, which has the potential to be transformative.

Over the past year, we have seen changes to our leadership and Board. As we welcome new Executive team members, I'd like to thank those outgoing for their support. Our new Chief Executive, Mark Thurston, and new Chief Financial Officer, Michael Bradley, replaced Peter Simpson and Tony Donnelly, respectively. Peter retired after over 35 years with Anglian Water and his significant contribution to both the business and wider water industry is hugely valued by us all. Our Remuneration Committee Chair, Natalie Ceeney, stepped down from the Board in June and was replaced by Kath Durrant. Dame Polly Courtice, Independent Non-Executive Director, also retired after a full nine years in post and was replaced by Ian Funnell. Our Audit and Risk Committee Chair, Zarin Patel, will retire in the autumn, after seven years in post, with Tony Bickerstaff taking up the mantle.

I'd like to thank our people for their hard work and dedication over the past year. I have spent time out on site and in offices, collaborating with and learning from teams, who have worked incredibly hard to close out various commitments and ready the business to transition into a new five-year investment cycle.

On my engagements, I see evidence of our strong values system, connected to our Purpose – to bring environmental and social prosperity to the region we serve through our commitment to Love Every Drop.

I also want to recognise and thank our shareholders. They have provided a range of financial support in recent years, such as funding our Get River Positive initiative and additional support to address pollutions and spills. More recently, they have agreed to inject equity of £500 million into the Anglian Water Group. This significant investment reflects their confidence in our business and our long-term ambitions, alongside addressing the sector's ability to attract long-term investment.

Improving our performance

The Board and leadership team recognise the significant challenges facing the business. This includes addressing our pollutions performance. We know we have more to do and it is receiving our utmost focus, from the Board, through to the frontline.

Over the past year, we have accelerated targeted investment in areas that will have the greatest impact, with independent assurance that we have the right levers in place. We have some way to go to meet expectations. While our total pollutions have increased, we have made a 36% reduction across our serious pollutions — alongside improvements across other key measures. These are encouraging signs of progress. In addition to the £100 million committed by our shareholders to improve our pollution and spills performance, Mark Thurston has instituted a company-wide prioritisation programme, to stabilise performance across key measures, with the aim to move us out of Ofwat's 'lagging behind' categorisation and into 'leading'. More in 'Year in context' pages 10-18.

While our ambition is to go further, independent reports show that our absolute performance is above average, see page 12. This includes our leakage position, which remains one of the best in the industry – and critical to our region. Strong leakage performance is underpinned by our supply and demand strategy, which has seen us install 1.1 million smart meters to date, now serving over half of our water customers. This combined approach to leakage and demand management is contributing to our region having some of the most conscientious water users in the country.

To further build water resilience, we are pleased with the progress made on our Strategic Pipeline, which will enable us to move water around the region to areas that need it most, protecting sensitive water environments in water-stressed areas.

We put 1.2 billion litres of clean, drinking water into supply everyday. Alongside our pipeline, which when complete, will move water across the East of England, we are planning further infrastructure projects to secure water services in this growing region. This includes two new reservoirs, serving c.750,000 people combined – one in the Cambridgeshire Fens, the other in Lincolnshire.

Leading with purpose

Over this AMP, we have seen a step change in public perception and scrutiny on water company performance, with the recent introduction of the Special Measures Act. Read more about our approach to customer engagement in 'Measuring our Purpose performance', pages 27-29. We have also considered the potential impact on our ability to attract talent in our Remuneration Committee report, pages 147-165.

Although it materialised after the financial accounting year period, we faced a recent drinking water prosecution – our first in over 20 years. We take our responsibility to supply safe, clean drinking water extremely seriously. While there was no evidence of contamination — and the risk to customers was low — we have made significant changes to our processes to prevent this from happening again. More on page 11.

We recognise the impact of such incidents on stakeholder trust. As a purpose-driven business, transparency is key to rebuilding trust — and we actively encourage our customers to challenge us, through our Independent Challenge Group (ICG) and Customer Board. We took our Customer Board through our recent Pollution Incident Reduction Plan, for which we have their support. Both groups provided fulsome feedback on our AMP8 (2025-2030) Business Plan submission to Ofwat.

Fostering relationships with the stakeholders that represent our region is fundamental. It is important that our long-term ambitions reflect what is important to our customers and what our region needs.

We keep stakeholders informed through regular reporting and engagement, more in the 'Section 172 statement', pages 70-72. And this year, we have developed our reporting approach further, with the advent of our 'Purpose Impact Assessment'. Our intent is to hold ourselves to higher standards on purpose and transparency, further build trust and demonstrate that at Anglian Water, we strive to do what is right by our customers and the environment. Our ICG and Customer Board have helped shape our Purpose Impact Assessment. More on page 28.

I see a tremendous amount of collaboration at Anglian Water and a willingness to learn from others. In March 2025, I, with members of Anglian Water's leadership team, attended the Anthropy UK conference; an annual event convening responsible leaders and organisations. We led discussions ranging from climate change and regulation to enable purpose-led businesses, to equipping the next generation with green skills.

These are complex challenges that no organisation can solve alone. At Anglian Water, we are building a bank of evidence to demonstrate that collaboration enables greater environmental and social outcomes. And over the next five years, we will create a blueprint for an outcomes-focused, collaborative, place-based approach to environmental planning and delivery.

Today, we are already reaping the benefits of such approaches. This includes our longstanding treatment wetland at Ingoldisthorpe — in partnership with Norfolk Rivers Trust — and catchment-scale work on the River Stiffkey, drawing in commercial partners including Microsoft and Avanade, alongside environmental partners. These exemplar projects have enabled us to confidently propose a significant number of nature-based schemes. We are targeting 23 new treatment wetlands in our region by 2030.

Embracing a changing regulatory framework

I joined Anglian Water in November 2023, shortly after we submitted our Business Plan to Ofwat. Our AMP8 plan commits us to spending £11 billion* over the five-year period, representing an enormous upturn in capital investment. It signals the first step of delivering transformational infrastructure on a scale not seen for generations and is part of a multi-AMP investment plan, which faces into a future where we will have less water available, against the need to meet higher demand, alongside striving for greater environmental and societal outcomes.

In December 2024, we received Ofwat's Final Determination. Having reviewed it in great detail, we do not believe it creates the right conditions for industry success. We are at the start of a decades-long process of infrastructure development and renewal, which is being echoed across the sector. Collectively, the industry has proposed 71% more enhancement funding in AMP8, compared to AMP7. Sector-wide, we have proposed a £105 billion investment programme over the next five years that, if delivered in full, will be a huge catalyst for growth.

We need to create the right environment to attract patient, long-term investment, however, the current determination does not strike the right balance between risk and reward. We are in global competition for investment, with more attractive regimes available in international markets, which could compromise our ability to fund essential planned work over successive AMPs.

* Correct at time of publication, however subject to change following CMA referral

Furthermore, the current approach to performance targets is not realistic. We are doing everything in our power to accelerate action, but need a fair chance to succeed. Excessive penalties reduce the sum available to invest. In combination, these factors have driven our decision as a Board to request a referral to the Competition and Markets Authority. We do not take this decision lightly, but believe it is the right course of action.

These are challenging times for the UK water sector, but with the right outcomes, the industry has an opportunity to deliver greater benefits for customers, the environment and the economy.

The regulatory reviews, led by Sir Jon Cunliffe and Dan Corry, coupled with the findings of the National Audit Office report, are proposing changes to help reset the regulatory framework. This is a critical moment for our industry, with the outcomes received in this Price Review helping to set the trajectory for the Government's growth mission.

As we transition into a new AMP and new future for our industry, I am confident that we have the right leadership, governance and skills in place to deliver. With our Purpose as our north star, we remain committed to driving performance improvements and delivering successive AMPs of seismic capital investment, to not only meet, but exceed the expectations of our customers and stakeholders.

Dr Ros Rivaz
Chair
12 June 2025

Dr Ros Rivaz visiting our Strategic Pipeline Alliance

Anglian Water Services Limited Board meet at our Head Office

A year of change

As we look back at the 2024/25 financial year, we also mark the end of the five-year period (AMP7). It was characterised by volatility; caused by the global pandemic, the Russian-Ukraine war and extremes of weather — felt across the globe and right here in the East of England. It's also been a significant year of change within the business, as we've focused on driving operational performance, building on strong foundations for the AMP ahead.

Since joining Anglian Water in July 2024, getting out and about, understanding the business, the sector and our people has been a priority. On our sites, I have seen firsthand our values in action and the strong commitment to our customers and the region, underpinned by our Purpose.

Being new to this industry, I've met with members of Government and our regulators, to understand their views of the sector, what change is needed and how continuing to deliver our long-term plans will support the agenda for growth. I've also met with many regional stakeholders and customers, who all have great aspirations for the East of England.

It's clear that what we do — and the positive outcomes we create — matter to us, our customers and the environment. As a sector, we have long been characterised by our performance. We recognise that pollutions is a defining factor. That's why in September 2024, we kicked off a company-wide prioritisation programme, to improve performance in key areas and set the foundations for a strong and successful AMP8. More in 'Year in context' pages 10-18.

While we have made important steps forward, our aim is to continue to return the business to upper-quartile performance. Our focused approach over the past seven months has reduced our forecasted Ofwat-related Outcome Delivery Incentive (ODI) penalty. And we have ended the year financially strong. This gives us confidence that the plans and strategies we are putting in place are on the right trajectory, with a clear roadmap for delivering consistent, high-quality outcomes for our customers, regulators and investors alike.

Alongside improving performance, there is a pressing need for sustained capital investment in key infrastructure, to unlock growth in our region. We have a huge programme ahead of us over the next five years (2025-2030) which commits us to spending £11 billion* and expanding even further in successive AMPs. This builds on existing strong foundations, where — over the years — we've focused on delivering infrastructure to keep taps flowing, culminating in projects such as our Strategic Pipeline. As we transition into the next AMP, we must become as much an infrastructure delivery company, as an operational one.

The unprecedented scale of our capital programme has brought into sharp focus the need to unify and refresh our approach to health, safety and wellbeing. In March this year, we launched Safer Every Day, which is about keeping colleagues, customers and partners safe. Our safety focus shows up in each moment and each choice we make, every day. More on page 58.

The right framework for the future

The past year and my time in post have been defined by the Price Review. One of my first jobs was to work with the Board to assess the viability of our Final Determination from Ofwat. Our referral to the Competition and Markets Authority (CMA) is part of our long-term strategy to secure the right framework for the future: one that supports performance improvements, the delivery of major infrastructure to support the region's aspirations, alongside delivering value for money to customers. We also need to ensure our business — and the water industry at large — remains an investible and sustainable proposition. More in our 'Long-term viability statement', pages 117-120.

Importantly, the referral process has not delayed our programme of work. We have already kickstarted delivery of year one of our AMP8 programme. And it's going to be big; with £1.1 billion earmarked for capital delivery in 2025/26 alone. Over years two and three, our level of investment grows, which brings both challenges and opportunities.

Thanks to our industry-leading alliance models and shareholder support, we can be confident in our ability to deliver. The @one Alliance marked its 20th anniversary this year. And we're strengthening our capital supply chain even further, to meet the challenges of the future. In February, we held our first 'CEO forum', with our supply chain and alliance partners.

Looking ahead

As we transition between AMPs, we recognise the need for the sector to evolve. Over the next 25 years, the industry plans to invest over £270 billion[1] in critical infrastructure, such as new reservoirs and supply pipelines, desalination plants and sewage treatment works. AMP8 heralds the start. We are engaged with the Cunliffe review and the expectation that the regulatory framework needs to evolve, to enable us to deliver on what matters to our customers and the environment.

At our recent Thriving East conference, which convened key decision-makers across the public and private sectors, we asked ourselves, what does the East of England want to be known for? And what is the role Anglian Water can play? We believe the region has the potential to lead the way to a thriving, green economy.

At Anglian Water, we can make a significant contribution to this vision, supporting growth and social prosperity, with our programme creating opportunities for work. I started my career as an apprentice myself. It is both a duty and privilege to nurture the next generation into careers which is one of the many reasons why we launched our Green Skills Academy. More on page 28.

This is a defining moment for us. It's significant for me on a personal level too. I'm excited to drive our plans forward over the next five years. It is important that our ambitions as an organisation reflect this moment. I am working closely with our people and across our alliances, to unify our vision and bring our values to the fore, maintaining the view that, much of the work we are delivering today, will benefit the environment and customers, as well as future generations.

Mark Thurston
Chief Executive Officer
12 June 2025

* Correct at time of publication, however subject to change following CMA referral

1 Ofwat submission to Independent Water Commission April 2025

What we do at Anglian Water

We are the largest water and water recycling company in England and Wales by geographic area.

We collect water from three main sources:

c.400 groundwater sources (accessed through boreholes)

8 reservoirs

9 rivers

We operate over 1,100 water recycling centres, over 140 water treatment works, 38,000km of water supply pipes and 76,000km of sewer pipes.

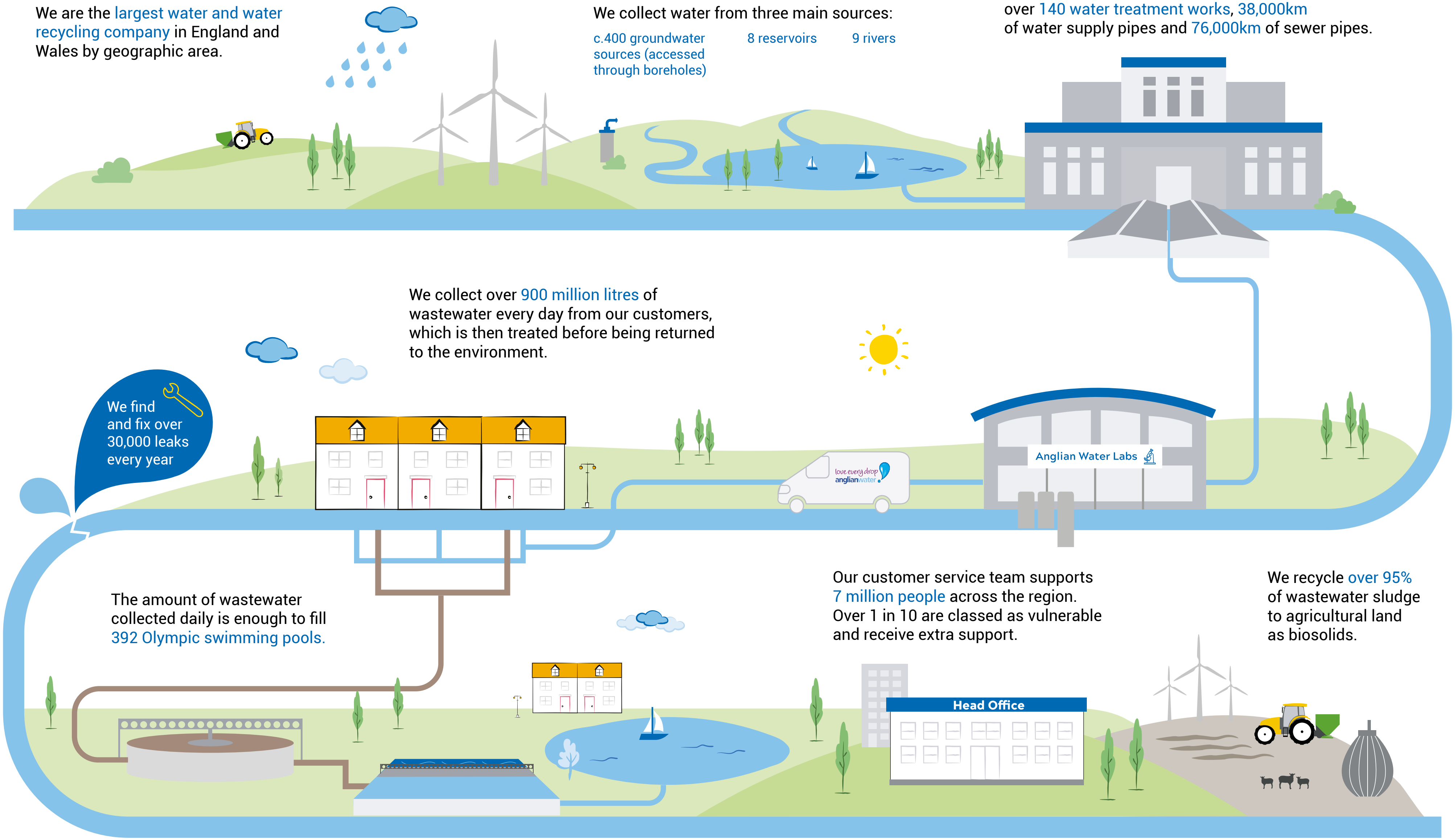
We collect over 900 million litres of wastewater every day from our customers, which is then treated before being returned to the environment.

We find and fix over 30,000 leaks every year

The amount of wastewater collected daily is enough to fill 392 Olympic swimming pools.

Our customer service team supports 7 million people across the region. Over 1 in 10 are classed as vulnerable and receive extra support.

We recycle over 95% of wastewater sludge to agricultural land as biosolids.



Our business model

1 What drives us

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

2 We deliver value for our stakeholders

- Environment and planet
- Customers and communities
- People and partners
- Shareholders
- Investors, banks and rating agencies
- Regulators
- National and local government

→ Read more about relationships with our stakeholders on pages 37-69.

3 Our long-term ambitions

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

Make the East of England **resilient to the risks of drought and flooding**

Enable **sustainable economic and housing growth** in the UK's fastest-growing region

By 2030, be a **net zero carbon business** and reduce the carbon used in building and maintaining our assets by 70%

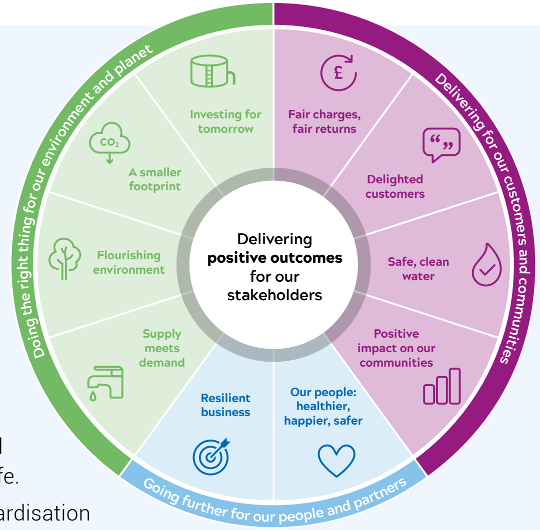
→ Read more in our Net Zero strategy

Work with others to **achieve significant improvement in ecological quality** across our catchments

→ Read more about our ambitions on page 9.

4 Our goals for 2020–2025

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



What will help us get there?

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

5 How we make decisions

Our Six Capitals framework helps to shape investment decisions

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

→ Read more about how our Six Capitals are embedded in 'Measuring our Purpose performance' pages 27-29.

6 SUSTAINABLE DEVELOPMENT GOALS

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

→ Find out more at anglianwater.co.uk/UN-SDGs

Our Strategic Direction Statement

We take a long-term approach in pursuit of our Purpose, underpinned by our 25-year Strategic Direction Statement (SDS). Our SDS was first developed in 2007. In 2017, following consultation with customers, we co-created four ambitions to deliver social and environmental prosperity in the region we serve. Reviewed in 2023, our SDS and associated ambitions remain right for our business and our customers. As recently outlined in our Long Term Delivery Strategy, these ambitions are informing our journey over the next 25 years.

Resilient to the risk of drought and flood

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

A carbon neutral business

Enabling sustainable economic and housing growth

Our 2050 aspirations

Resilient to the risk of drought and flood

- All of our customers will have at least two sources of water supply.
- Our customers will never experience internal or external sewer flooding.
- Surface water will be prevented from entering our wastewater network.
- Integrated, multi-sector water management systems will be embedded within smart cities.
- Two new strategic reservoirs will supply c.750,000 new properties across our region.

UN SDG target in action:

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

6 Clean water and sanitation | 11 Sustainable cities and communities | 13 Climate action

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

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

UN SDG target in action:

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

3 Good health and well-being | 6 Clean water and sanitation | 14 Life below water | 15 Life on land

A carbon neutral business

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

UN SDG target in action:

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

7 Affordable and clean energy | 9 Industry, innovation and infrastructure | 12 Responsible consumption and production | 13 Climate action

Enabling sustainable economic and housing growth

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

UN SDG target in action:

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

8 Decent work and economic growth | 9 Industry, innovation and infrastructure | 11 Sustainable cities and communities

The year in context

Anglian Water is the fastest-growing and largest water and water recycling company in England and Wales, by geographic area, serving 7 million customers.

The East of England, the region we predominantly serve, is the driest in the country, receiving less rainfall than other regions. Our region is prone to both drought and flooding — 28% of land is low-lying. It is also rapidly growing – home to three of the fastest-growing cities in the UK, Cambridge, Peterborough and Milton Keynes – alongside a thriving agricultural and burgeoning green energy industry, all of which have significant demands for water and drainage.

As a long-term, purpose-driven business, we are planning sustained investment over decades, to build resilience against a changing climate, deliver essential investment in water and sewerage infrastructure, alongside protecting and enhancing the environment: all of which will create jobs and bolster the local economy.

Securing the right plan for AMP8

Throughout the PR24 Price Review, we have sought to deliver a plan that addresses the current and future needs of our region. The Government has made clear its priority to drive growth to stimulate the economy and has already highlighted the critical role water plays in this.

This resulted in our largest ever Business Plan (£11 million) with one of the lowest corresponding bills increases (29% in real terms over the five years to 2030)* and largest packages of customer support. Our plan was created in collaboration with our customers and other stakeholders, who recognised the need for greater investment in this five-year period, but also in the decades following.

AMP8: Anglian Water's largest proposed investment programme (2025-2030)

Development of two new reservoirs

584km of river monitored

>1,000km of mains renewal

470,000m³ of storage to reduce storm overflows

Water Recycling Centre serving 300,000 customers in the Cambridge area

15% reduction on phosphorous released

Reduced emissions by 4,500 tonnes of carbon per year

To give us the opportunity to secure the greatest outcomes for our region, we have referred our PR24 Final Determination to the Competition and Markets Authority (CMA). Having given serious consideration to our customers and to all of our other stakeholders, we concluded we must make use of the next step in the regulatory process and ask the CMA to reconsider whether the right balance has been struck.

Our referral reflects the need to recognise major infrastructure developments as multi-AMP projects: the investment framework needs to reflect this. The sheer scale and ambition of plans require a long-term commitment from our shareholders, which will be echoed and felt across the wider industry. We need to ensure we can put the right structures in place now, to make the water sector an attractive investment for years to come and generations to come.

There will be no delay to the delivery of Anglian Water's year one plans as a result of this referral. Year one of AMP8, worth £1.1 billion, is underway. It is fully funded and we have ring-fenced a small team to lead us through the referral process.

* Correct at time of publication, however subject to change following CMA referral

AMP7 (2020-2025) achievements

- Supporting growth: adding c.100,000 new homes to our network.
- 1,900 environmental obligations complete: decreased phosphorous in rivers, improved bathing water quality and reduced storm overflows.
- Response to burst rising mains near water courses reduced from 24 to four hours.
- 100% proactive monitors on our sewerage pumping stations.
- Highest-scoring company for Asset Management Maturity (Ofwat, 2021).
- 247km of pipe laid for our Strategic Pipeline.
- c.400,000 customers received financial support and 14.7% are on the Priority Services Register.
- Lowest average five-year leakage level achieved.
- Over 500,000 customer leaks identified through smart meters: 84% resolved.
- Purpose work helped us achieve the first ever BSI Purpose-driven certification.
- Get River Positive funded 65 projects, leveraging £10 million in match funding.
- One of three water companies asked to develop our Advanced WINEP 10-year strategy.
- Highest Ofwat innovation funding – £25 million across the sector.

Financial resilience

In 2024/25, revenue rose by 7.5% to £1,749.3 million and operating profit increased by 15.2% to £496.5 million, driven by strong Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA). This was partially offset by higher depreciation, reflecting a record £1,081 million investment in our asset base, to enhance infrastructure and long-term resilience.

Our shareholders continue to provide strong, long-term support, with some investing in Anglian Water since 2006. The ultimate beneficiaries of any financial returns are pension holders, including local authority scheme members here in the UK. Our shareholders have provided a range of financial support in recent years, to support environmental improvements, including Get River Positive. Their ongoing commitment has been instrumental.

In February 2025, following Ofwat's AMP8 Final Determination (and reflecting concerns regarding the shifting regulatory environment), Moody's and S&P downgraded our ratings at the level relating to Anglian Water Services Financing PLC/Anglian Water Services Limited, to Baa1 (negative outlook) and BBB flat (stable outlook), respectively. Fitch, however, maintained our rating at A- (stable outlook). These actions reflect the wider challenges facing the industry, with many water companies' ratings reviewed and revised downwards at the same time.

We continue to remain financially resilient and continue to be a strongly-rated water sector company, with Ofwat rating us as 'standard' for financial resilience. We have a de-leveraging plan that enables us to continue operating within revised metrics, commensurate with these ratings. As we enter AMP8, we will maintain open and constructive dialogue with the rating agencies, continuing to demonstrate our financial strength and focus on retaining strong investment-grade ratings.

Our annual performance

Over the past year, we have worked hard to close out many of our AMP7 commitments, readying our business to deliver AMP8. In September 2024, we launched a company-wide performance programme, prioritising seven key areas: serious and total pollutions, treatment works compliance, external and internal flooding, our Water Industry National Environment Programme (WINEP), spills, water supplies 24/7 and ensuring our people are Safer Every Day.

Across the business, we established multi-team working groups, to break down the priorities into manageable projects and resolve them at speed. This plan, led by our new Chief Executive, Mark Thurston, was supported by our shareholders. The Board receives both monthly and quarterly performance reports.

These actions improved our year-end penalty by c.25% against our forecast at July 2024, although we recognise there is more to do to return to upper-quartile performance. Our net outcome against our Ofwat-related Outcome Delivery Incentives (ODIs) for 2024/25 is -£33.4 million. We received £3.4 million in reward and £36.8 million in penalties. This compares to a net outcome of -£37.57 million in 2023/24.

In many areas, we are an upper quartile/above average performer. We have met several of our Ofwat-related commitments regarding supporting customers, with take up of our Priority Services Register at 14.7%, alongside providing financial support to over 400,000 customers, bolstered by a £70 million package of financial assistance to ease the cost of living.

Furthermore, we are one of the industry's leading performers on leakage – and have maximised opportunities for innovation in this space. To make further incremental improvements, we require new levels of investment, which is why our AMP8 plan contains such a large programme of mains replacement and renewal, as we seek new methods to bring leaks down further.

Drinking water prosecution

Drinking water in England and Wales is one of the most tightly regulated in the world. Protecting the water supply of our customers could not be more fundamental to our business. This is reflected in the fact we have not had a drinking water prosecution in over 20 years.

Although it materialised after the financial accounting year period, in May 2025, we were fined £1.42 million after pleading guilty to five breaches of regulations relating to Materials in Contact. Since the case first came to light in 2019, we have made a significant step change in how we operate through our Materials in Contact management, which is recognised across the industry and sets a benchmark. Despite the breach, there was no evidence of any contamination of the water supply and the judge agreed that the risk to customers was very low.

Reducing pollutions and spills

Despite a comprehensive programme of work and investment over the last year, we recognise that our pollutions performance is still not where it needs to be. Our focus on monitoring over the past two years has given us greater visibility of our network and assets, which also means we're addressing more pollutions and storm overflows.

Our total pollutions in 2024 have increased. However, we have made a 36% reduction across our serious pollutions (2024: 7, 2023: 11) — the ones that impact the environment most — which is an encouraging sign that the actions we are taking are having an impact. We will know our final numbers in September 2025. Conversations with the Environment Agency are ongoing and we welcome the clarity that the new Environmental Performance Assessment will bring.

We are pleased that 2024 was the first year where we have had 100% monitoring on our storm overflows. in 2024, our average spills per storm overflow was 31, compared to 22 in 2023. We know this is not good enough. We own our responsibility to protect the environment from harm. Overall, we expect AMP8 to be a period where we reset our pollutions and spills performance, setting ourselves up for success in AMP9 and beyond.

This year, we were pleased to receive external assurance from Roland Berger — validating our Pollution Incident Reduction Plan — alongside improvements to key metrics assessed by the Environment Agency, including Treatment Works Compliance.

Read more on our annual performance in 'Ofwat-related Performance Commitments', pages 30-37. For information on our approach to minimise harm from our operations, refer to 'Our Environment', pages 38-47. For further information on our reduction strategy, see our Pollution Incident Reduction Plan.

Anglian Water's absolute performance

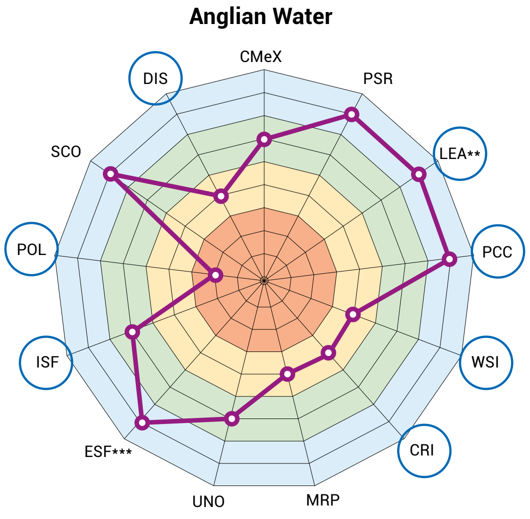
In arriving at an assessment of 'lagging' for Anglian Water, Ofwat assessed performance against targets set at PR19 for each company, based on shared measures used across the industry. Each company has different performance target levels and ODIs. This year, almost half (c.£16 million) of our ODI penalty results from our leakage performance, which, while falling short of our individual target, remains one of the industry's leading positions. The remaining penalty was made up of underperformance on pollutions, water supply interruptions and sewer flooding.

When looking at our performance on an absolute basis, across the 12 metrics reported in Ofwat's Annual Water Company Performance Report (2023/24) - alongside the new common ODI for external sewer flooding - Anglian Water is above median for eight of the 13 metrics. Ofwat has categorised our performance as lagging.

We have asked the CMA to revisit our targets for AMP8, to ensure that this strong, absolute performance is fairly reflected. We believe the risk and reward framework set by Ofwat should enable an above-average performer to earn a fair return.

Our 2030 vision is to be an upper-quartile performer. However, evidence suggests that many of the targets Ofwat set at PR19 are beyond reach across the sector. Currently, this performance deficit is being carried into AMP8. At Anglian Water, we are projecting to incur substantial penalties from the start of AMP8, even in areas where we are leading which will make it more challenging for us to attract the investment needed to deliver improvements for customers and the environment.

Independent assessment by Oxera, an economics and finance consultancy, on Water and Sewerage Companies' absolute performance in AMP7, based on Ofwat's latest Annual Water Company Performance Report*

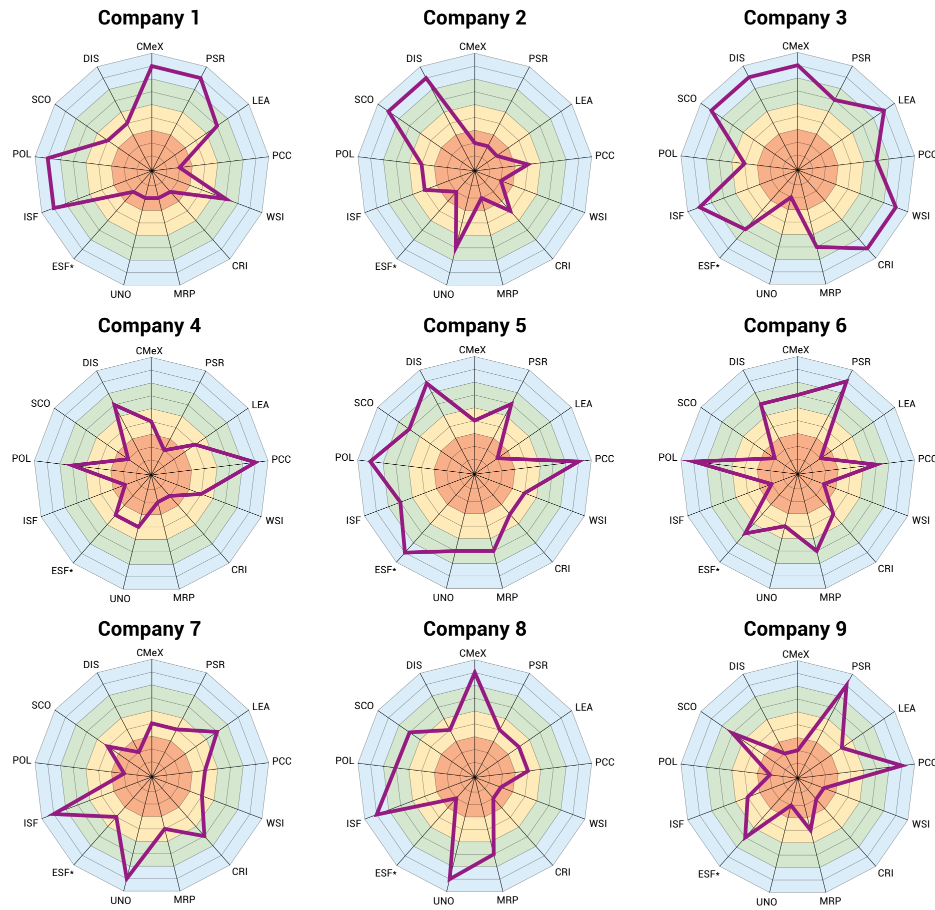


Our absolute performance, against the measures used in Ofwat's Annual Water Company Performance Report, against other Water and Sewerage Companies.

- Upper quartile or above
- Above median
- Below median
- Below lower quartile

Areas contributing to Ofwat's 'lagging' assessment for Anglian Water.

CMeX - Customer Measure of Experience
PSR - Priority Services Register
LEA - Leakage
PCC - Per Capita Consumption
WSI - Water Supply Interruptions
CRI - Compliance Risk Index
MRP - Mains Repairs
UNO - Unplanned Outage
ESF - External Sewer Flooding
ISF - Internal Sewer Flooding
SCO - Sewer collapses
DIS - Discharge Compliance
POL - Pollutions



A report from Moody's Investor Services shows that the negative public opinion surrounding water companies in England and Wales is not wholly deserved. While polls show low and falling public confidence around the treatment of wastewater, pollutions and leakage, the UK fares favourably when compared to other developed countries in terms of performance.

* Based on average AMP7 data to date from this source: Water Company Performance Report 2023-24 - Ofwat. This analysis does not include 2024/25 performance.

** Leakage compared on normalised basis, per unit length of mains.

*** External Sewer flooding is not one of the current 12 metrics, but will become a common ODI at AMP8.

Near- and long-term challenges

The landscape in which we operate continues to evolve at pace. We continue to work closely with our regulators to understand the consequences. We will keep our focus on delivering against our long-term ambitions, while maintaining a level of flexibility in the face of a changing future, seeking opportunities to further build resilience across our business.

Regulatory reform for long-term resilience

The nature of the water industry is changing and the regulatory framework must evolve if it is to remain fit for purpose. Delivery of new infrastructure is needed at an unprecedented scale. Over the next 25 years, the industry will invest over £270 billion in critical infrastructure — such as new reservoirs and supply pipelines, desalination plants and sewage treatment works. The core focus of water companies will shift to developing major infrastructure, alongside operations and delivering core services. The equity requirements will be unprecedented, signalling a shift to significant, long-term investment and regulatory capital value (RCV) growth.

The current regulatory system does not reflect the needs of future generations. The prioritisation of short-term bill impacts over longer-term resilience, poses a risk to asset health. If we don't have the funding to increase capacity, this exposes us to climate impacts and limits our ability to support growth, Over time, this will impact our performance.

There must be rationalisation of the legislative and regulatory framework and alignment of regulator responsibilities behind these new priorities. The approach to planning and procurement of major infrastructure will need to change to meet the complexity and scale of infrastructure required for the future. And the Price Review process must deliver a fairer balance of risk and reward, to enable our sector to be investible. These reforms are complex and sensitive. To be successful will require a collaborative approach.

We welcome the Government's formation of an Independent Water Commission, led by Sir Jon Cunliffe. We are engaged with the Commission's work, and have submitted our response to the call for evidence and are encouraged by the interim report.

We have also participated in a number of roundtables and have engaged with other Government regulatory reform processes, including the Corry Review and the National Audit Office's review of water regulation. We've submitted evidence towards growth initiatives, including the Industrial Strategy and the Government's 10 Year Infrastructure Strategy.

Asset resilience and capacity to unlock regional growth

In November 2023, we launched 'Thriving East', a report which provided a deep dive into the unique challenges faced by the diverse landscapes, businesses and people living in our region. The report combined research from Capital Economics, with qualitative information gleaned from conversations with stakeholders.

The outcomes helped shape our Business Plan, which we submitted to Ofwat in 2023. In January 2025, we reconvened stakeholders for a follow-up discussion. Almost 200 people gathered in Peterborough for our 'Investing in a Thriving East' conference, which welcomed key decision makers representing the public, private and third-party sectors.

Discussions covered the opportunity for the East of England to lead the UK's transition to a thriving green economy, in support of the Government's agenda for growth. Ensuring the region has the right infrastructure to accommodate housing and economic growth will unlock opportunities for social mobility and green skills. However, we need the right policy and investment environment to make this a reality. Since our Final Determination, new targets set by Government have resulted in an anticipated 40% increase in housing numbers (c.75,000 homes) across our region during AMP8.

Local Planning Authority aspirations and housing delivery requirements have increased, which means the forecasts we made during the Price Review to accommodate growth are no longer valid.

We are responsible for delivering a range of schemes necessary for growth, including Water Recycling Centre (WRC) upgrades and major projects in the RAPID process.

We also aim to support growth through initiatives such as the Cambridge Waste Water Treatment Plant relocation project. We are exploring, with Government and regulators, how we can better support business investment and expansion, such as the development of Universal Studios in Bedford. We must find a way to protect the environment and our existing customer base, alongside supporting growth. We have shared proposals with Defra and Ofwat for regulatory reforms, to better reflect the dynamic nature of growth.

Relocation of the existing Cambridge Waste Water Treatment Plant

In April 2025, the Government granted development consent for our Cambridge Waste Water Treatment Plant relocation project. In March 2019, funding was allocated to Anglian Water and Cambridge City Council, by the Government's Housing Infrastructure Fund to relocate the existing Cambridge treatment facility.

The relocation will unlock the last major brownfield site, known as North East Cambridge, for redevelopment. This enables a once-in-a-generation opportunity, to transform the area and create a significant new city district. The new district could deliver 8,350 homes, 15,000 new jobs and a wide range of community, cultural and open space facilities.

To support this, our new, low carbon wastewater treatment facility will provide vital services for the community and environment; recycling water and nutrients, alongside producing green energy. The treatment plant will be operationally net zero carbon. It is designed to be resilient to storms and flooding, providing a long-term solution to how we best treat wastewater for a growing Greater Cambridge population.

Long-term planning to secure water supplies and services

We want to support the growth ambitions of our region, but we must do this in a way that is sustainable. In recent years, water companies have come under significant scrutiny for a lack of investment in infrastructure and the subsequent impact on the environment. Protecting the environment means ensuring our infrastructure is able to cope with the demands that are being placed on it. As 'growth-enabling infrastructure', water is foundational and enables the expansion of housing, schools, transport and energy infrastructure. We are leading on several infrastructure projects to secure future water supplies, which are critical for our region's growth ambitions.

Strategic Pipeline

Our Strategic Pipeline, being delivered by our Strategic Pipeline Alliance (SPA), will be completed during AMP8 (estimated 2028, as per our rephasing, more in 'Ofwat-related Performance Commitments', pages 30-37). Once complete, we will have a new network of hundreds of kilometres of large-scale interconnecting pipelines and associated infrastructure, which will allow between 15 and 55 million litres of water a day to be moved around the region; from wetter areas in the north, to drier areas in the south. Over 247 kilometres of pipeline is already in the ground and this will eventually join up from north Lincolnshire right down to Essex. Work continues to deliver the next phase.

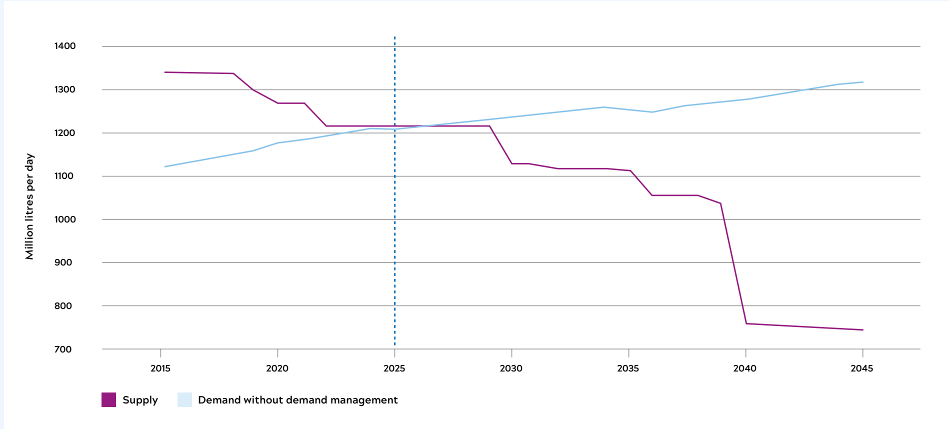
Two new reservoirs

We plan to build two new reservoirs, one in Lincolnshire and another in the Cambridgeshire Fens. The Water Resources East (WRE) Regional Plan[2] identifies the new reservoirs as key to ensuring the region we serve has enough water in the future. We have set up a 'Reservoir Programme Board', for critical governance around these projects, where we have collectively agreed changes to each of the development phases to accommodate and reflect ongoing discussions with the Regulators' Alliance for Progressing Infrastructure Development (RAPID) on the intent of Gate 3 and the introduction of a fourth consultation round. Our new reservoirs and water transfers will deliver significant benefits in line with our Water Resources Management Plan.

Exploring viable options for water re-use

Water supplies are already under significant pressure, as demonstrated in the latest set of regional water resources plans. In many parts of the UK, potable supply-demand balances are facing the 'jaws of death'[3], as shown in the graph across, with many areas subject to limits on new non-domestic demands, while abstractions from the environment are being curtailed to reduce the risk of environmental deterioration and to enable restoration and enhancement of ecosystems. The risk of a lack of available water could undermine industrial development and decarbonisation.

Anglian Water's water needs since 2010 and projected to 2050



Collaboration between regulators, the Government and industry is needed, to identify how these needs can be efficiently and equitably delivered. We are going to need a wide range of solutions, applied at scale, to achieve long-term water security. This includes sources of water that have been less well developed in the UK.

Following demand management, water re-use should be the next action, but the historical availability and low cost of water has led to insufficient action to date and widespread uptake remains limited in England and Wales. There are some good examples of process re-use across the world, as demonstrated in our International Wastewater Reuse for Non-Potable Uses Review.

We are exploring the opportunities for re-using recycled water through an independent study, commissioned by the National Framework for Water Resources non-potable re-use working group, of which we are a key member, alongside Water Resources East, Cambridge Water and Wessex Water.

The working group has come together to examine a wide range of sources, uses and users for recycled water, identifying barriers and the solutions required to overcome them, alongside a recommendations for further exploration. Find out more in our re-use report and recommendations on our website.

2 Water Resources East (WRE) Regional Plan

3 This phrase was coined by the former CEO of the Environment Agency, Sir James Bevan, to describe the impending situation where demand for water exceeds available supplies taking into account factors including growth, climate change and changes to abstraction licences. In the Anglian Water supply area, this point is 2025.

Deliverability

AMP8 signals transformational change for our sector, as water companies across England and Wales gear up to deliver more. At the time of reporting, total capital and operational expenditure (TOTEX) on water networks in England and Wales to 2030 is expected to be £104 billion (prior to adjustments for inflation). This represents a 71% increase in spend[4], compared to AMP7.

We have a plan to streamline our business to reflect these focus areas. As we evolve, becoming more focused on major infrastructure and engineering, we need to ensure the structure of our business reflects this shift.

As pressure continues on shared supply chains, we have prepared for the uptick by strengthening our alliance partnering model. Our @one Alliance is celebrating its 20th anniversary this year, while our eighth partner, Binnies, rejoined the @one Alliance from April 2024. Other alliances include the Strategic Pipeline Alliance (SPA), the Integrated Metering Alliance, Integrated Maintenance and Repair (Water Recycling), and Integrated Maintenance and Repair (Water) & Developer Services.

Having an established alliance model means we have the specialist knowledge and expertise to deliver our investment programme. We will continue the capability we have built up over many years, to deliver more over successive AMPs.

Since the @one Alliance's inauguration in 2005, our approach has been held up as an exemplar, as part of the Government's Construction Playbook.

Furthermore, in 2025, we launched the formal procurement process for a Programme Delivery Partner (PDP) – a key element of our deliverability strategy for AMP8. The role of the PDP is to work with us in a fully integrated and collaborative way, to deliver our capital programme as well as two new reservoirs. The appointment of this PDP builds on our established alliancing model, to drive delivery for our customers and the environment.

Building capability for AMP8 and beyond

Predicted labour growth in the water sector between 2024 and 2030 is 30%[5]. The most sought-after skills are: project and programme management; civil and process engineering; and environmental and nature-based solutions specialists. These skills are crucial for delivering our AMP8 Business Plan.

To ensure we remain a competitive employer, maintain workforce agility and adapt to external changes, we have developed a Strategic Workforce Plan. This includes passing down critical skills from retiring employees, enhancing employee engagement and creating a more flexible model with our supply chain.

Furthermore, in 2024, we began work to enhance our organisational capability maturity, which involved developing a comprehensive framework to assess and improve capability across all functions. By establishing a baseline of our current capabilities, we can prioritise investments and align them with our strategic goals, while also ensuring we are well positioned to meet future challenges and opportunities. Our commitment to continuous improvement and resilience is at the core of this strategy, which will be regularly reviewed and updated to drive sustained organisational growth. Read more in 'Our People', pages 56-66.

Health, safety and wellbeing

A key priority is keeping ourselves, colleagues, customers and partners safe. With increased activity to deliver our Business Plan, it is crucial that we do not lose focus on safety. Safer Every Day was launched in March 2024. It is a simple and unifying commitment, covering health, safety and wellbeing across Anglian Water. Around 180 leaders from across the business attended our launch event, where they committed to their part in driving change. Safer Every Day is sponsored at the highest level in the business, with additional oversight from our executive leadership team, for higher priority investigations.

Over the next two years, we plan to roll out a comprehensive programme to enhance safety at every level. This includes increasing resources, refreshing our health and safety programme, standardising personal protective equipment (PPE) and updating safety systems, policies and procedures, both within Anglian Water and across our partners. Read more in 'Our People', pages 56-66.

4 Water industry set for biggest ever investment programme
5 Water Industry Workforce Resilience Research – Energy & Utility Skills

Building customer trust

Since we started this AMP, there has been a societal shift in attitudes towards large corporates, climate change and specifically, intensified scrutiny on the water sector. When we created our PR19 Business Plan, our customers told us that they want us to prioritise safe, clean water, to secure resources for the future, to take care of the environment and to support the most vulnerable in society.

Delivering on these promises requires upgrading and building new local infrastructure, to improve our services to the levels our customers want to see. We continue to hold ourselves to account to (and work closely with) our Independent Challenge Group (ICG) and Customer Board — which is made up of representatives from various customer and regulatory bodies and provides scrutiny of our activity and plans. Both groups meet regularly with our executive team to share feedback, particularly on our AMP8 Business Plan. For the first time this year, the ICG has been involved in the development of this Annual Integrated Report. Read more in 'Measuring our Purpose performance' pages 27-29.

In the 2025 Consumer Council for Water annual 'Water Matters report', we received a trust score of 6.46/10, against a Water and Sewerage Company (WASC) industry average of 6.23. In AMP8, we will work hard to strengthen customer trust, including continuing our support packages, adding more customers to our Priority Services Register and maintaining our focus on building resilience and improving environmental performance.

Alongside this, we will continue to explore how we can do more to increase customer satisfaction, while encouraging customers to reduce consumption and help us safeguard the future of the region.

Maintaining affordability against evolving expectations

Our ambition is to offer a better service than we do today, while seeking to minimise the cost for our customers. However, the high level of ambition we are striving for comes at a cost. As an example, we will face a large increase in energy and pumping costs (associated with our Strategic Pipeline) and an increase in routine maintenance, as we expand and build more assets to accommodate growth. When creating our AMP8 Business Plan, we challenged ourselves to be efficient, resulting in us cutting our proposed costs by £1 billion.

Our Purpose and Six Capitals framework continue to guide us, to ensure each decision ladders up to delivering environmental and social prosperity. We have a series of affordability support measures planned for AMP8 too and we have responded to the cost-of-living cost pressures over AMP7. In 2024, we launched a £70 million package of financial assistance, providing support to customers struggling with the cost of living. Read more in 'Our customers and communities', pages 48-55.

Climate change adaptation

As one the driest UK regions, with high agricultural productivity and many precious environmental spaces to protect, we have always taken a long-term approach to building resilience — with a particular focus on water resources.

We have much to learn, as the implications of climate change become clearer. Volatile conditions will impact our ability to deliver our fundamental role; supplying safe, clean drinking water and taking away used water and returning it safely to the environment. We know this, as we have undertaken modelling to understand what future climate scenarios could mean for us. As an example, climate change may increase the number of pollution incidents by as much as 32% over the AMP.

In December 2024, we updated our Climate Change Adaptation Report, outlining progress we have made in adapting to our climate change risks since 2021. This is the fourth submission we have made to Defra under the Adaptation Reporting Power of the UK Climate Change Act (2008). Since 2021, we have observed increased risks, related to raw water quality and sewer flooding. Our progress since 2021 means our risk, related to interruptions to supply from extreme weather events, has improved.

The severity and complexity of these risks means our response is always evolving. And we must work with others to solve them. As a water business, we do not operate in isolation; we are interdependent on other infrastructure (e.g., energy and communications) and failure can cascade throughout this interconnected network. A crucial aspect of adaptation is working with other sectors, to better understand these interdependencies and plan for resilience.

Furthermore, adapting to climate change requires long-term thinking to achieve the scale of work needed. This isn't something we can solve within the next five years. We are collaborating with our regulators and wider stakeholders, taking a view to the 2029 Price Review, with a specific focus on asset health. Our Long-Term Delivery Strategy (LTDS) looks ahead to 2050, as climate risks continue to shift, alongside emerging, innovative solutions that could plausibly help us in the future. Read more in 'Our approach to the climate and nature crises', pages 75-101.

We have already kickstarted work to improve asset health. This includes a big programme of work on our water mains, which are vulnerable to extreme weather patterns. We have a long-term, large programme of work to upgrade and renew these mains. Using geospatial mapping, we have brought several datasets together into one place, giving us full visibility on the conditions on each of our c.800,000 water pipes. Each pipe holds around 200 different data points, including: historic burst mains, interruptions to supply, whether the pipe in an environmentally sensitive area is vulnerable to climate impacts and what the impact would be if the pipe failed. This data is enabling us to target high-risk mains and make smart investment decisions.

Innovation

Innovation and technology will be key enablers to deliver on challenges such as climate change, service affordability and managing the risk to our environment. We cannot be constrained by the methods and tools that we know and have in today's context. We believe unprecedented transformation of our company — and sector — will be fundamental to delivering and maintaining an improved service in the future.

Our research and innovation team lead Anglian Water's research projects. Since the start of this AMP, we have invested around £12.5 million in research and development, in addition to the £26 million funding supported by the Ofwat Innovation Fund. Through this fund, we are leading on nine projects, to solve key issues facing the water sector — such as climate change. Alongside this, we are providing subject matter expertise on 22 industry-wide projects and financial support for two more. Read more about these projects in 'Our approach to the climate and nature crises', pages 75-101.

We support industry-wide knowledge sharing through our Innovation Hub. We are known for our 'Shop Window' – our approach to testing and trialling innovation that examines not just the impact of technology, but the people and process change required to embed and scale innovation into business as usual. Recently, our Shop Window has evolved into an innovation incubator, which has been embraced sector-wide.

We are strengthening our long-term academic partnerships, working with the Government's UK Research and Innovation Research Councils, where (since 2021) we have secured approximately £200,000 in match funding to support our PhD students. These funds will support our research on new treatment works associated with desalination and new reservoirs.

We are avid supporters of UK Water Industry Research and Spring Innovation.

Cyber security

Anglian Water is considered to be part of UK Critical National Infrastructure (CNI). Security is integral to our business activities. The last year has seen a continued increase in the cyber threat to CNI sectors, driven by: an increasingly adversarial geopolitical environment; the rise of state-aligned groups; and an increase in more aggressive cyber activity.

As a major consumer and innovator of technology — continuing to digitally transform our business through the move to cloud-based services — we recognise that the same technologies that enable us to be successful also have the potential to be new sources of cyber and resilience risk, if we fail to manage them.

We use the National Institute of Standards and Technology Cyber Security Framework (NIST-CSF) as our guiding cyber security framework. This framework is globally recognised and utilised across a wide variety of sectors and we use it to understand our maturity and to prioritise work, to continually improve our cyber security posture. In conjunction with our commercial partners, we operate a 24/7/365 security operations centre, to ensure that we are constantly monitoring for and defending against cyber attacks.

Our updated cyber security strategy, aligned with NIST-CSF best practice, will help in the overall improvement, recognition and management of technology risks. Read more about how we are adapting to this risk, among others, in 'Risk Management' pages 102-116.

Ownership and structure

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

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

Overview of our corporate structure

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

The complete holding company structure and the principal companies are shown opposite.

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

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

Anglian Water Group companies

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

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

Anglian Water Services Financing Group companies

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

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

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

AWS is the regulated entity that trades as Anglian Water, managing our water and water recycling network and serving around 7 million customers. It is the part of the business that most people think of as 'Anglian Water'.

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

Anglian Water Group's holding company structure

AWG investors

Anglian Water Group Ltd

Osprey Holdco Ltd

Aigrette Financing Ltd

Osprey Investco Ltd

Osprey Acquisitions Ltd

AWG Parent Co Ltd

AWG Group Ltd

Anglian Water Services Holdings Ltd

Anglian Water Services UK Parent Co Ltd

Anglian Water Services Ltd*

Anglian Water Services Financing Plc*

Anglian Water Services Financing Group (AWSFG)

Direct subsidiary

* Collectively known as the Anglian Water Services Group, for which consolidated accounts are prepared.

Details of Anglian Water Group's ownership consortium

IFM Investors

IFM Global Infrastructure Fund is a fund advised by IFM Investors. IFM Investors is a global institutional fund manager owned by 15 profit-to-member Australian pension funds, specialising in infrastructure, private equity, debt and equity investments. IFM invests on behalf of approximately 120 million pensioners from around the world. This includes more than 4 million UK pensioners, who invest in AWG via the IFM Global Infrastructure Fund.

Origin: Australia **Ownership: 19.8%**

CPP Investments

Canada Pension Plan Investment Board (CPP Investments™) is a professional investment management organisation that invests the excess funds of the Canada Pension Plan (CPP), in order to build a diversified portfolio of assets and help ensure the future pensions of more than 22 million Canadians. CPP Investments invests in public equities, private equities, real estate, inflation-linked bonds, infrastructure and fixed income instruments. Headquartered in Toronto, with offices in Hong Kong, London, Mumbai, New York and São Paulo, CPP Investments is governed and managed independently of the CPP and at arm's length from the government. As of 31 March 2025, CPP funds totalled c$717 billion.

Origin: Canada Ownership: 32.9%

GLIL INFRASTRUCTURE DALMORE CAPITAL

Camulodunum Investments is a joint investment vehicle for Dalmore Capital and GLIL Infrastructure. GLIL Infrastructure is a partnership of UK pension funds. It manages £4.1 billion of committed capital, with more than £3 billion deployed into a growing portfolio of infrastructure assets, spanning renewable energy, water and ports, trains, hospitals and schools. Dalmore Capital is an independent fund manager with a focus on long-term, limited-volatility infrastructure investments and sources capital from UK and overseas institutional investors. Dalmore Capital has interests in over 130 infrastructure assets and has assets under management of over £5.5 billion.

Origin: UK Ownership: 15%

Infinity Investments S.A. belongs to a group of entities, ultimately wholly owned by the Abu Dhabi Investment Authority (ADIA) and focused on infrastructure investments in Europe.

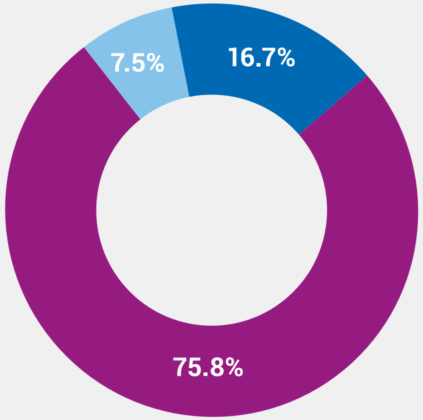
Origin: Luxembourg Ownership: 16.7%

igneo Infrastructure Partners

Igneo Infrastructure Partners is an unlisted infrastructure asset management business and is part of the First Sentier Investors Group, a global asset management business. The First Sentier Investors Group has US$134.9 billion in assets under management (as at 31 December 2024), on behalf of institutional investors, pension funds, wholesale distributors, investment platforms, financial advisors and their clients worldwide.

Origin: Australia Ownership: 15.6%

Details of beneficial ownership of Anglian Water Group by investor type



Asset manager:
(Dalmore Capital)

Sovereign wealth fund:
(Infinity Investments S.A.)

Pensions:
(CPP Investments, GLIL Infrastructure, Igneo Infrastructure Partners and IFM Investors)

Financial performance report

As a monopoly provider of essential public services, it is essential that we build trust and confidence with our customers, alongside providing a sustainable return to our shareholders.

Balancing regulatory funding and attracting investment

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

Any profits and returns to investors that we make, in excess of those allowed within the regulatory framework, come from:

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

Efficiencies are either reinvested to improve services for customers, or shared with customers, helping to keep bills down. Our focus on sustainable savings, which can be maintained over the long term, also helps to reduce our cost base in 2020-2025.

Profits are essential to attract investment — which, in turn, enables us to spread the cost of improving and extending our assets over their operational life, similar to a mortgage. In this way, future customers pay for future use of the asset. We have to provide investors with a reasonable return on their investment, in exchange for the risks they carry.

Our AMP8 Business Plan outlines £11 billion* of investment. Ofwat sets allowed returns at a fixed rate, plus inflation. This means that when inflation is below what was assumed at a price determination, this can adversely affect our finances, whereas if inflation rises, we benefit.

We believe Ofwat's Final Determination does not allow for the essential asset maintenance required over the long-term. It also fails to strike a fair balance of risk and return. As a result, we have decided to refer our Final Determination to the Competition and Markets Authority (CMA), to ensure the right balance is struck, enabling us to deliver for customers, stakeholders and the region's future.

Separately, profits can also rise or fall due to factors not directly related to our performance, for instance, interest rate levels or unexpected new legal obligations. However, the driving factors behind high inflation mean the true picture is far more complicated. The current high inflation (CPIH, or Consumer Price Index including Housing[6]) is driven, in part, by high energy prices. CPIH is calculated by using the change in cost of a range of items (basket of goods), plus the cost of owning and maintaining a home. As a high consumer of energy, our business is more exposed to energy prices than is reflected in the CPIH basket.

We have to manage this though our hedging strategy.

* Correct at time of publication, however subject to change following CMA referral

6 https://www.ons.gov.uk/economy/inflationandpriceindices

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

Each of our shareholders have provided unconditional and legally binding commitments to inject equity of £500 million into Anglian Water Group, pro-rata to their current shareholdings. This significant investment reflects shareholder confidence in both our business and the strength of our arguments to the CMA, as well as the Government's recent commitment to address the sector's long-term attractiveness to investors.

This equity commitment is part of our broader strategy — announced in March 2025 — to strengthen our capital structure, in anticipation of regulatory reforms and to maintain strong investment-grade credit ratings. This support is crucial for delivering the plan set out for AMP8. The first tranche of equity, totalling £300 million, will be provided to AWG by early September 2025, with the remaining £200 million to be provided by early June 2026.

As set out in our PR24 Business Plan, our extensive investment programme means we will look to raise c.£400 million of debt over the year to March 2026, with a further £600 million in the first half of 2026/27.

Tax

Anglian Water complies with all relevant tax laws. We support moves towards greater transparency, to increase understanding of tax systems and help build public trust. We seek to minimise the risk of uncertainty or disputes. We do this, because it helps keep customer bills low, which is a guiding principle in everything we do.

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

We make significant contributions to the Exchequer each year. Our taxable profits are less than the profits shown in our accounts, but our effective rate of corporation tax is in line with the statutory rate of corporation tax. This is because of the huge amount of investment we make into our region and the HM Revenue & Customs (HMRC) rules on interest payments and capital allowances, designed to encourage that investment.

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

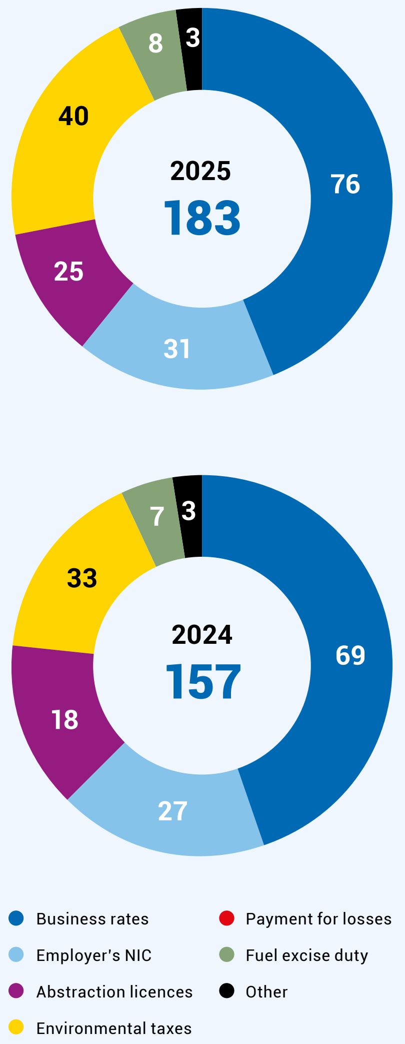
This also means some of our corporation tax liabilities are deferred until later. The corporation tax is not avoided, it is simply deferred. All this encourages investment and allows us to make a real contribution to infrastructure development, environmental protection and customer engagement in our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

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

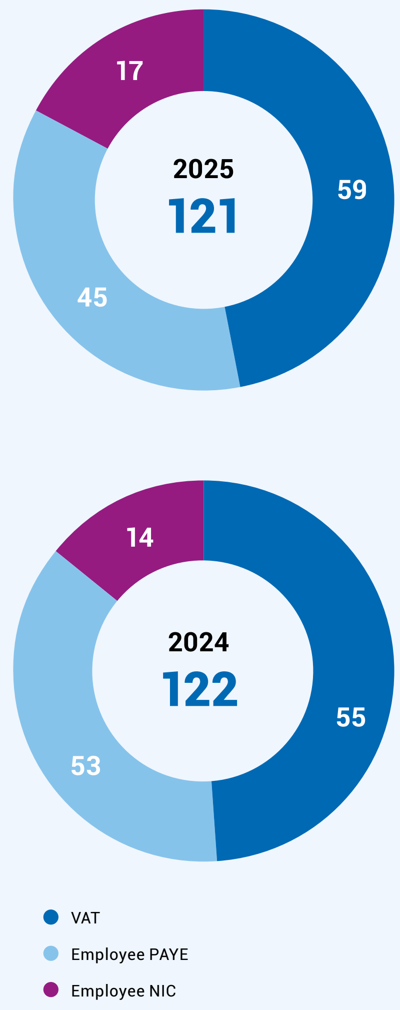
We have one of the largest levels of private investment in the region and have invested over £3.8 billion since 2020, as part of our five-year plan to 2025. This is central to underpinning the growth of the regional economy.

Our Water Industry National Environment Programme (WINEP), one of the biggest in our industry, saw us invest £560 million over the past five years. This investment is largely paid for by borrowing – and we pay interest on that borrowing. HMRC rules say companies only pay corporation tax on the profits they have remaining, after any interest payments are made.

Tax incurred directly (Figures in £million)



Taxes collected (Figures in £million)



An open and constructive approach with tax authorities

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

Our commitments on tax are underpinned by the Anglian Water Group tax strategy, which is based on a number of principles. We engage in efficient tax planning that supports our business and reflects commercial and economic activity. We're registered for tax in the UK and do not engage in artificial tax arrangements.

Tax, risk management and governance

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

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

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

Our tax contribution

Our total tax contribution for the year extends significantly beyond the liability for corporation tax. Total tax paid or collected in the year to 31 March 2025, amounted to £305 million (2024: £278 million), of which £122 million was collected on behalf of the authorities, comprising value-added tax (VAT) of £55 million and employee payroll taxes of £67 million.

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

- Business rates of £76 million, paid to local authorities. This is a direct cost to Anglian Water and reduces profit before tax.
- Employment taxes of £98 million, including £67 million of employee Pay As You Earn (PAYE) and National Insurance Contributions (NICs) collected from salaries paid. In addition, employer NICs of £31 million were charged – approximately 72% being operating costs – reducing profit before tax, with 28% capitalised to fixed assets.
- VAT of £55 million, collected and paid to HMRC. VAT has no material impact on profit before tax.
- Abstraction licences and direct discharges of £25 million. This is a direct cost to Anglian Water and reduces profit before tax.
- Fuel excise duty of £8 million, related to transport costs and charged to operating costs, reducing profit before tax.
- Environmental taxes of £40 million, charged to operating costs, reducing profit before tax.

Sustainable finance

Sustainable/green finance covers investments that meet Environmental, Social and Governance (ESG) standards. It ensures funds are used to pay for projects that drive sustainable growth, protect or enhance the environment, or help us deliver against our Purpose.

In 2017, the Board led the business to become one of the first utilities to raise finance through a Green Bond.

Since 2017, we have raised £4.7 billion in green finance. Sustainable investment at Anglian Water is rapidly expanding, in line with the uptick in our capital programme.

This AMP (2020-2025) we have issued a total of £3.7 billion of funds through green finance. Over £2.7 billion of green financing has contributed towards projects that ensure we adapt to a changing climate. This includes spend as set out in the Water Resources Management Plan (WRMP), along with investments in nature-based solutions and improvements to reduce flood risk, removing low pressure, connecting villages on the network and improving resilient services.

Our Water Industry National Environment Programme (2020–2025) will be financed almost entirely with sustainable finance. Furthermore, our first £250 million, eight-year bond will mature in August 2025, with a return of 1.625% to investors.

Throughout this year, we've raised £900 million of funds across several debt transactions. Investors have financed a wide range of investments, under different portfolios. These funds include our Strategic Pipeline, being delivered by our Strategic Pipeline Alliance, which will futureproof against drought and ensure water can be moved across our region to where it is needed most.

Our first sustainability-linked bond for £300 million, issued in 2021/22, is tied to achieving our net zero 2030 targets and 2025 interim targets. This means the interest rates payable for the debt are tied to the Company achieving its net zero targets, meaning, had we failed to achieve our 2025 reduction goals, we would have paid a higher rate of interest for the debt. The investments made through the green bonds issued to date have supported a 66.1%* reduction from our 2010 capital carbon baseline in this financial year.

Our most recent Sustainable Finance Impact Report (2024) charts progress against our key performance indicators (KPIs). We have assessed the sensitivity to these KPIs and do not consider them to have a material impact on the financial statements.

ESG impact and resilience

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

- In 2024, we received a CDP (formerly the Carbon Disclosure Project) score of B (Management) for Climate Change.
- In 2024 we maintained a score of 94 out of 100 in the GRESB Asset Infrastructure Assessment, and were awarded a four-star rating.
- In 2025, we maintained our AA rating in the MSCI ESG Ratings assessment – the second-highest ranking, for the fourth year running.

See more on our ESG ratings in 'Measuring our Purpose performance' pages 27-29.

* At the time of reporting, these figures are subject to audit.

Sustainable Finance Framework

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

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

In our previous framework (2020) the eligible categories reflected our AMP7 (2020-2025) Business Plan outcomes. We updated our framework in 2024, and and have introduced a new set of ambitious and bespoke KPIs, to align our Sustainable Finance Programme with our long-term ambitions.

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

Looking ahead

As part of Anglian Water's commitment to sustainability, the majority of funds we have received from investors as green bonds are invested in sustainable investments, until they are allocated to project spend and withdrawn from the account. Our aim is to ensure as many of our investments as possible (from the ring-fenced account) are sustainable investments. We are always seeking new opportunities to have a greater impact on the region we serve.

Together with our Strategic Pipeline Alliance (SPA) partners: Costain, Farrans, Jacobs and Mott MacDonald Bentley, we're delivering the biggest infrastructure programme in Anglian Water's history. Our Strategic Pipelines will be key to moving water more freely around the region. Once complete, this will allow between 15 and 55 million litres of water a day to be moved around the region, from 'wetter' to 'drier' areas of the region, helping to combat the risk of shortages, boosting resilience and securing water supplies. The image shows the stretch of pipeline being laid from Grantham to Peterborough.

Financial performance in 2024/25

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

Financial results

The financial results are summarised in the table below:

	2025 Total £m	2024 Total £m
Revenue (excluding grants and contributions)	1,660.1	1,528.8
Grants and contributions	89.2	97.8
Other operating income	16.8	15.8
Operating costs	(846.1)	(822.9)
EBITDA[1]	920.0	819.5
Depreciation and amortisation	(423.5)	(388.6)
Operating profit	496.5	430.9
Interest (excluding indexation)	(221.5)	(187.6)
Indexation charge	(197.1)	(359.9)
Finance income	48.2	44.9
Adjusted profit/(loss) before tax (see note 27)	126.1	(71.7)
Fair value gains on derivatives	62.9	204.9
Profit before tax on a statutory basis	189.0	133.2
Tax	(52.6)	(31.2)
Profit after tax	136.4	102.0

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

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

Revenue

Revenue, excluding grants and contributions, for the year was £1,660.1 million (2024: £1,528.8 million), or an increase of £131.3 million (8.6%). The net increase in revenue is as a result of the following factors:

- The price increase for customers, following the regulatory pricing formula, resulting in a £132.1 million increase. This is reflected in an average increase of 8.6% in dual-service bills.
- A net increase in demand of £1.8 million. Household consumption is up £1.3 million and non-household up £0.5 million, when compared with the prior year.
- Other offsetting movements in revenue of £2.6 million.

Grants and contributions

Grants and contributions represent the cash and asset contributions made principally by property developers and local authorities for connecting new property developments to the water and sewerage network and for work on existing infrastructure needed to accommodate development. 2024/25 has seen a reduction due to the decline in connecting new property development activity in which grants and contributions revenue is directly linked. This has resulted in a reduction in the year of £8.6 million to £89.2 million.

Other operating income

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

Operating costs (including loss allowance for expected credit losses)

Operating costs increased by £23.2 million (2.8%), to £846.1 million. The movement in operating costs is principally due to inflation and costs such as tankering (within water recycling) and salary costs, which have increased over and above inflation. These movements are explained in the table below:

	Total £m
Prior period	822.9
In-year movements:	
Funded by Final Determination (FD)	
Inflation	25.5
Extreme weather	
Tankering and additional people cost	8.4
Power	(25.7)
External/Government changes	
Rates	5.2
Discharge permits	6.0
Other significant items	
Loss allowance for expected credit losses	(1.1)
Above inflation salary increases	9.5
Reimbursed legal costs	(2.1)
Other	(2.5)
Total increase	23.2
March 2025	846.1

Inflation

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

Extreme weather

Our region experienced one of the wettest winters on record, which resulted in extremely high levels of rain in our wastewater network. In order to minimise disruption to customers and the environment, there was a significant increase in spend — particularly in hired vehicles and tankers — as we helped to manage flooding in the region and in our network.

Power

The reduction in power reflects the general reduction seen in energy prices. Our proactive energy hedging approach enabled us to have flexibility in the most volatile and expensive market periods.

Regulatory change

We saw increases in rates and discharge permits, over and above inflation, from the Local Authority and Environment Agency respectively.

Other significant items

Salaries have increased by £9.5 million, partly due to increased employee numbers and partly due to the agreed pay rise of 6.0% which was above CPIH of 2.9%.

EBITDA

Earnings before interest, taxes, depreciation and amortisation (EBITDA) is defined in note 27, page 221. This is the profit from continuing operations before interest, tax, depreciation and amortisation. This has increased by 12.3% to £920.0 million, which is consistent with the effect of the increases described above.

Depreciation and amortisation

Depreciation and amortisation are up 9.0% to £423.5 million, primarily as a result of higher fixed asset balances, as we construct and commission assets, in line with our capital investment programme.

Operating profit

Operating profit has increased by 15.2% to £496.5 million, which is consistent with the increase in EBITDA, partially offset by the increase in depreciation.

Financing costs and profit before tax

Adjusted net finance costs (excluding fair value gains on financial instruments) were £132.2 million lower than the prior year at £307.5 million. This is primarily a result of the non-cash impact of lower inflation on index-linked debt, which decreased by £162.8 million to £197.1 million — partially offset by interest burden on higher debt balances.

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

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

Taxation

The tax charge for the period comprises:

	Year ended 31 March 2025 £m	Year ended 31 March 2024 £m
Current tax:		
In respect of the current period	(47.8)	(47.3)
Adjustments in respect of prior periods	25.6	(0.4)
Total current tax credit	(22.2)	(47.7)
Deferred tax:		
Origination and reversal of temporary differences	96.7	82.8
Adjustments in respect of previous periods	(21.9)	(3.9)
Total deferred tax charge	74.8	78.9
Total tax charge on profit on continuing operations	52.6	31.2

Compared to the same period in the previous year, the total tax charge has increased by £21.4 million – from a charge of £31.2 million, to a charge of £52.6 million. This is mainly because profit before tax increased and there was a prior year charge from agreeing past tax returns, partly offset by a larger prior year credit from reversing a tax loss surrender to another group company in 2022/23.

In addition to the £52.6 million tax charge on the income statement, there is a charge of £16.7 million (2024: credit of £8.4 million) in the statement of other comprehensive income in relation to tax on actuarial losses on pension schemes and fair-value losses on cash flow hedges.

Distributions to the parent company

The Directors have recommended not to pay a final dividend in relation to 2024/25. While there was capacity – after taking into account commitments to customers and other stakeholders, alongside ensuring that it is able to finance its Appointed Business – the Directors felt it appropriate to defer at this time. This, along with the £500 million equity commitment into the wider group, shows shareholder long-term support.

The Board has an approved dividend policy, under which dividend payments take account of a range of matters, including free cash flow, service delivery for customers and the environment, current and future investment needs and financial resilience over the longer term. In June 2024, we paid an £88.6 million dividend for 2023/24. The base dividend was adjusted for a total of £51.1 million – deducted to reflect service delivery.

Delivery of our AMP7 capital investment programme

2024/25 was the final year in the five-year AMP7 investment programme. Delivery against this investment programme has remained strong, with this year being our biggest-to-date, with gross annual capital expenditure across the appointed business increasing from £963 million in 2023/24, to £1,081 million in 2024/25 (£424 million on capital maintenance, £657 million on capital enhancement). This has resulted in a £760 million increase in property, plant and equipment and intangible assets, net of depreciation.

Financial needs and resources

At 31 March 2025, Anglian Water had borrowings, net of cash, of £7,721.1 million (excluding the fair value of derivative financial instruments) – an increase of £744.2 million from 31 March 2024. The increase in net borrowings primarily reflects accretion on index-linked debt, capital expenditure and interest payments.

During the period, there were new issuances of £700 million (6.25% fixed rate 2044), £200 million bond tap (5.75% fixed rate 2043) and £50 million (6.05% fixed rate 2039). The funds were partially used to repay £75 million (3.666% RPI index-linked 2024), £100 million (1.588% fixed rate 2024) and £86.3 million EIB debt repayments.

Liquidity

The Group's objective is to maintain flexibility, diversification and continuity of funding, through access to different markets and debt instruments. Daily cash management is undertaken — to calculate cash position and dealing requirements — and weekly and monthly cash forecasts are prepared to demonstrate short/medium-term liquidity, covenant compliance and to inform investment strategy. Regular meetings are held with cash forecasters, to understand cash variances and challenge latest forecasts. Consolidated cash forecasts are presented to the Finance, Treasury and Energy Policy Group on a regular basis.

The business generates operating cash flows to finance the day-to-day operations of the Group. Liquidity risk therefore relates to the ability to attract debt and equity investment to fund the enhancement programme set out in Business Plan and refinance existing debt. Both the allowed return on investment and the recovery of RCV included within revenues, give management comfort as to the long-term viability of the Group.

In addition, management notes Ofwat's statutory duty to ensure that the notional company is financeable. Management believes that, to meet this duty, the return for the notional company needs to be sufficient, to enable it to be able to access the necessary debt and equity to deliver its Business Plan, both over the current five-year regulatory period, but also into the future, taking into consideration the long term planning cycle, to be able to maintain a strong investment grade credit rating throughout. This is in part why we have asked Ofwat to refer the PR24 Final Determination to the CMA, as we do not believe this financeability requirement has been met for the notional company.

The Group has borrowing facilities of £1,382.5 million (2024: £1,450.0 million), are set out in note 17(d). On 11 June 2025 the Group received formal commitment from lenders for the refinancing of £950 million of RCF's that were due to expire in March 2026 and June 2026 in the form of a new 3 year facility totalling £900 million.

Interest rates

The Company's policy, as agreed by the Board, is to achieve a balanced mix of funding to inflation-linked, fixed and floating rates of interest. At 31 March 2025, taking into account interest rate swaps, 55.8% (March 2024: 60.5%) of the Company's borrowings were at rates indexed to inflation, 31.9% (March 2024: 28.4%) were at fixed rates and 12.3% (March 2024: 11.1%) were at floating rates. At 31 March 2025, the proportion of inflation debt to regulated capital value was 44.8% (March 2024: 47.3%).

Pension funding

At 31 March 2025, the closed defined benefit scheme had an IAS 19 accounting pension surplus (before deferred tax) of £89.3 million, compared to £30.7 million at 31 March 2024. This decrease in surplus reflects a decrease in the scheme's liabilities, resulting from an increase in the corporate bond rate used to discount those liabilities on an accounting basis, compared to a greater decrease in our assets, which are hedging gilt-based liabilities.

Measuring our Purpose performance

Our position as a supplier of an essential public service presents us with the opportunity and responsibility to do more for the region and communities we serve.

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

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

These principles are woven through our business, through our defined Purpose, which is underpinned by our Company values and our Six Capitals model for decision making. Our Group Chief Sustainability Officer works with and challenges our Board, ensuring decisions are guided by our Purpose framework. Purpose-related criteria are embedded across all of our bonus structures. More in our 'Remuneration Committee' report, pages 147-165.

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

Six Capitals framework

Our Board is committed to using the Six Capitals framework for decision making: an approach we first introduced back in 2015. This framework, which is embedded in our business model, helps us balance the six, to shape investment decisions.

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

Underpinned by our values

Together we:

Do the right thing

Build trust

Are always exploring

Purpose Impact Assessment

We have been exploring new ways to be transparent in how we report our absolute impact on delivering environmental and social prosperity for our region. The result is the creation of a new Purpose Impact Assessment to help us understand and share our view of the positive and negative impacts we are having.

Structured by our long-term ambitions, the dashboard captures 30 of our most material impacts, drawing on over 60 sub-measures from many sources — including data we capture for regulatory reporting, such as the Environmental Performance Assessment and data that is verified by third parties.

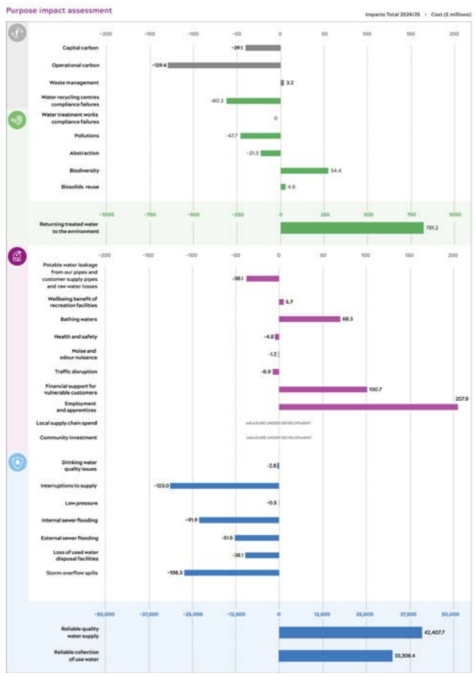
As this data contains differing units of measurement (e.g., kilometres of rivers to tonnes of carbon), we have applied a monetised valuation, to provide a common language for comparison. This also helps us to measure impact in absolute terms. The valuations are in line with those we have used in the preparation of our AMP8 plans, in accordance with Ofwat's quality standards for customer research.

Third-party challenge

We have consulted the views of our Independent Challenge Group and Customer Board to develop our Purpose Impact Assessment. We also took Defra through our proposal.

While in its current iteration this is by no means a complete or perfect view, we believe it is an important extension of our existing reporting suite, enabling customers to clearly see the direction of travel in delivering on our Purpose.

Our aim is for the Purpose Impact Assessment to play a role in supporting us to build trust and demonstrate that, at Anglian Water, we do always strive to do the right thing.



Our current Purpose Impact Assessment

Welcoming scrutiny

We regularly communicate with our customers and key stakeholders, to ensure we are delivering against their expectations. Anglian Water's Independent Challenge Group (ICG) is a group of independent experts and regulators, with an independent Chair, Craig Bennett, Chief Executive of The Wildlife Trusts.

The ICG challenges us to ensure we are delivering on customer priorities. Over the past year, the group has provided scrutiny on whether our actions reflect their priorities, alongside the consideration of Draft and Final Determinations from Ofwat of our AMP8 Business Plan. They have also had an early view and input into this year's Annual Integrated Report.

The ICG Chair, Craig, has committed to attending a full Anglian Water Board meeting once a year and Anglian Water Chair, Dr Ros Rivaz, has committed to attending one ICG meeting. Our Chief Executive also attends quarterly ICG meetings.

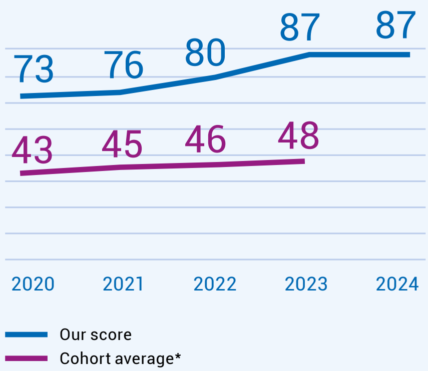
In 2022, we re-established our Customer Board, where we facilitate an open, two-way discussion between customers and our Executive Committee. At this forum, customers are invited to hold us to account and provide challenge at a senior leadership level. The Customer Board met five times over 2024/25. Find out more about stakeholder engagement in the 'Section 172 statement', pages 70-72.

BITC's Responsible Business Tracker®

When we embedded our Purpose into our Articles of Association in 2019, we committed to assessing ourselves against a set of responsible business principles, including Business in the Community's (BITC) Responsible Business Tracker®.

The Tracker assesses our work against principles, underpinned by the UN's Sustainable Development Goals. We use the feedback from the Tracker to agree future areas of focus. Overall this year we scored 87%, which sees us maintain our score from last year. We also maintained our 100% score for purpose and values.

Anglian Water's overall Responsible Business score since 2020



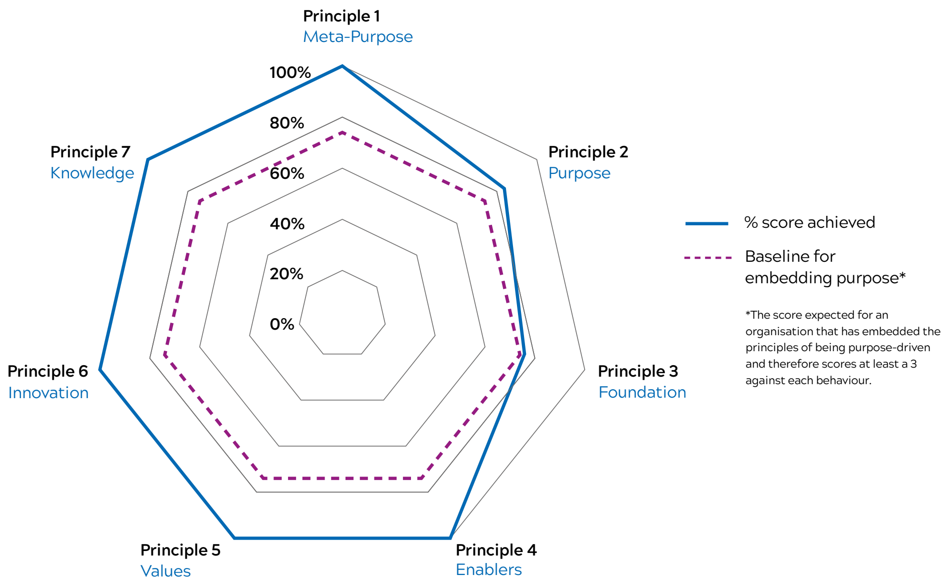
* For 2024, there is no cohort average

Embedding Purpose throughout the business

In 2022, along with the British Standards Institution (BSI), we led the development of a new Publicly Available Specification for embedding purpose in organisations, PAS 808:2022 Purpose-Driven Organisations, Worldviews, Principles and Behaviours. PAS 808 has been sponsored by the UK Government. In 2023, we were the first company to be assessed against PAS 808 by BSI, which explored the extent to which the worldviews, principles and behaviours on purpose are embedded in the organisation.

In March 2025, we had our first continuous assessment visit where BSI examined the extent to which we are maintaining our purpose-driven focus, in light of changes that have occurred since 2023. The assessment identified that there had been no fundamental change to the initial assessment score, with continued evidence of Anglian Water's ongoing commitment to purpose, not just within the company but also helping to drive purpose-driven attitudes amongst the wider business community. This includes outside of the sector, with our active engagement at Anthropy cited, alongside the Purpose in Practice Community and contributing to the technical committee for developing PAS808 into an ISO standard. Peter Hickmott, of BSI concluded that, "Anglian Water is a champion of Purpose-driven organisation principles, values and behaviours."

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



ESG ratings

We are assessed on our Environmental Social and Governance (ESG) performance by other leading organisations. This includes:

CDP

This year, we received an A- score for Water Security; the first time we have completed this questionnaire. In the Climate Change Disclosure, we received a B rating. This is down from our A- score in 2023. The decline in our score is related to a change in methodology and rating boundaries. Despite this decline, across many of the categories that contribute to the total score, we received A ratings for our dependencies, impacts, risks and opportunities process, emission reduction initiatives and governance. Furthermore, our scores were above the global and European averages of C.

MSCI

In 2025, we maintained our AA rating (for the fourth year running) in the MSCI ESG Ratings assessment. This is the second-highest ranking. MSCI ESG Research provides MSCI ESG Ratings on global public and a few private companies, on a scale of AAA (leader) to CCC (laggard), according to exposure to industry-specific ESG risks and the ability to manage those risks relative to peers.

GRESB

In 2024 we maintained a score of 94 out of 100 in the GRESB Infrastructure Asset Benchmark. We were awarded a four-star rating.

Working in partnership

Case study: Green Skills Academy

In June 2024, our former Chief Executive — Peter Simpson — and new Chief Executive — Mark Thurston — attended a Business in the Community event in Wisbech, where we showcased the Future Fens programme: a place-based approach to protect the Fens against the impacts of climate change and deliver social prosperity for one of our region's most deprived areas.

At this event, a new Green Skills Academy at the College of West Anglia in Wisbech was launched. With the help and support of our alliance partners, we have contributed £2 million of partnership funding for this new Green Skills Academy, which will fund the training of 900 people in vital environmental skills over the next 20 years. The academy and its courses are expected to be up and running this year.

Our Director of Commercial Operations, Jason Tucker, who Chairs the BITC East of England Leadership Board, said:

"We've long prioritised social prosperity alongside environmental outcomes, especially through our work in Wisbech with BITC and through the Future Fens project. This new training school will help provide a pathway for local people, especially those at the start of their career, to get involved in really important work that will help our region's environment for years to come."

Alliance partners supporting the academy include Balfour Beatty, Barhale, Clancy, Claret, Costain, Danaher & Walsh, Farrans, Jacobs, Kier, Morrison, Mott MacDonald entley, MWH Treatment, Public Sewer Services, Skanska and Sweco.

Case study: Anthropy, inspiring a better Britain

In March 2025, our Chair — Dr Ros Rivaz and Chief Group Sustainability Officer — Andy Brown — along with other team members from Anglian Water, attended the Anthropy UK national gathering, in Cornwall. The theme was around Rebooting Britain, with conversations ranging from rebooting infrastructure, the economy, nature places and health and wellbeing.

This year, Anglian Water hosted sessions to explore the role regulation can play in driving organisations towards purpose-driven business models, how businesses can collaborate to create a more strategic approach to developing skills to unlock the green economy, tackle climate change and deliver social value. We also explored how partnership, place-based working and co-investment can enable greater environmental outcomes.

Andy Brown, Group Chief Sustainability Officer, with our Chair, Dr Ros Rivaz and members of our Environment and Sustainability team and other stakeholders at Anthropy UK, March 2025.

The feedback gathered at the event will also be taken forward into the drafting of the new international standard ISO 37011 for purpose-driven organisations, which Anglian Water is leading on, from a UK perspective.

"We truly value the approach of Anglian Water. You bring such energy and enthusiasm alongside your famous action-oriented approach, openness and willingness to embrace the difficult conversations for the benefit of a better future."

Lucy Knill, Managing Director, Anthropy

Performance Commitments

To measure our progress towards our 2020-2025 outcomes, Ofwat sets us targets as part of our business planning process. The targets were decided during the 2019 Price Review.

The metrics are known as Performance Commitments, while the targets are referred to as Performance Commitment Levels (PCLs). Below, we summarise how we've performed this year, how we monitor our progress and whether we are in a reward or penalty position (also referred to as an Outcome Delivery Incentive). Most common PCLs are the same for water companies that operate mainly in England or Wales.

2024/25 marks the final year of our current five-year regulatory cycle. While we have performed strongly in many areas, most notably in supporting our customers, we have not reached all of our Performance Commitment Levels. As a result, our net Outcome Delivery Incentive performance for 2024/25 is -£33.4 million. We received £3.4 million* in reward and £36.8 million* in penalties.

Since September 2024, our performance improvement programme has seen us focus on seven key areas: serious and total pollutions, treatment works compliance, external and internal flooding, our Water Industry National Environment Programme (WINEP), spills, water supplies and ensuring our people are Safer Every Day. This programme has had a positive impact on our performance and has, across many measures, improved our penalty position against our forecast at July 2024. We recognise that we have more to do to return to 'upper-quartile' performance.

* Please note, the total is calculated in 2017/18 prices and does not match the sum of the individual Performance Commitment rewards and penalties due to rounding. The figures in this report may look slightly different to those reported in our Annual Performance Report due to rounding for readability.

Supply meets demand

What are we measuring?	How are we measuring it?	Prior year performance (2023/24)	Current year performance (2024/25)	Current year target (2024/25)	Reward or penalty outcome for 2024/25
Leakage	A percentage reduction in the amount of water lost to leakage across the region, in megalitres per day (Ml/d). One megalitre is a million litres.	6.2% reduction (against a 2019/20 baseline)	3.9% reduction (against a 2019/20 baseline)	16.4% reduction (against a 2019/20 baseline)	-£16.9 million
Per Capita Consumption (PCC)	A percentage reduction in the average water consumption per household per day, for properties in our region.	4.3% reduction	6.6% reduction	5.6% reduction	£0
Smart metering delivery	The number of smart water meters that are installed at customer properties.	800,245	1,096,405	1,096,397	£0
Internal interconnector delivery	The number of megalitres per day of extra capacity delivered, to ensure that customers in the region have sufficient water in the future.	8.9 Ml/d	11.5 Ml/d	469.4 Ml/d	£0

Leakage: This year we achieved an in-year leakage result of 187.0 megalitres a day. This produces a three-year rolling average of 186.5 and a 3.9% reduction from the three-year 2019/20 baseline period.

Per Capita Consumption: We achieved in-year performance of 123.9 litres per person per day. This gives us a three-year rolling average of 126.1 and a reduction of 6.6% from the 2019-2020 three-year baseline period[7]. This reduction is underpinned by our large-scale roll out of smart meters, customer-side leakage and our ongoing behaviour change programme. Read more on pages 42 and 50.

Smart metering delivery: Our target was to install over one million smart meters by the end of this AMP. In February 2025, we installed our one millionth meter. We went on to meet our AMP target, installing 1.1 million smart meters in our region. In addition, we installed a further 62,123 under the Accelerated Infrastructure Delivery scheme. This means around half of our customers are on smart water meters.

Internal interconnector delivery: Timescales for the delivery of our Strategic Pipeline, being delivered by our Strategic Pipeline Alliance (SPA), have been rephased. It will now be completed during AMP8, rather than by the end of March 2025, in agreement with regulators. We have completed a substantial proportion of the pipeline with c.247km of pipe already in the ground. However, we will not deliver a megalitre per day (Ml/d) benefit until the whole network of pipes is connected and operating. Appropriate environmental mitigations have been agreed with the Environment Agency to enable the rephasing.

7 In its Final Determination, Ofwat made adjustments to companies' Per Capita Consumption figures, to reflect the impact of the Covid-19 pandemic, with lockdown and changes to working habits having led to an increase in water usage per person per day. This was an unforeseeable event and the PCL was set prior to Covid-19. The adjusted figure is reported here. Please refer to our Annual Performance Report for further information.

Delighted customers

What are we measuring?	How are we measuring it?	Prior year performance (2023/24)	Current year performance (2024/25)	Current year target (2024/25)	Reward or penalty outcome for 2024/25
Customer Measure of Experience (CMeX)	Customer survey conducted for Ofwat, called CMeX, which assesses the experience the company provides to residential customers.	77.5, putting us in 7th place	77.4, putting us in 7th place	This is a comparative measure — we aim to perform in the top 25% of companies (4th position or higher)	£2.2 million
Developer Measure of Experience (DMeX)	Survey conducted for Ofwat, called DMeX, which assesses the experience the company provides to developer services' customers who build new homes.	91.2, putting us in 4th place	89.7, putting us in 8th place	This is a comparative measure — we aim to perform in the top 25% of companies (4th position or higher)	£42,000
Properties at risk of persistent low pressure	Number of properties that are affected by persistent low pressure. Persistent low water pressure is an ongoing low pressure problem, rather than short-term low pressure caused by a water mains burst, or unusual peak in demand for water.	65	62	106	£279,000
Internal sewer flooding	The number of times that properties are flooded internally per 10,000 customer connections to the sewer.	2.27	1.41	1.34	-£766,000
External sewer flooding	The number of times that properties are flooded externally.	6,564	5,232	3,991	-£5.2 million
Non-household retailer satisfaction	This measure assesses the service provided by the company to non-household retailers.	81.3	84.2	79.1	n/a
Water supply interruptions	Average length of supply interruptions per property (for interruptions over three hours).	9 minutes 8 seconds	6 minutes 51 seconds	5 minutes	-£2.1 million

Customer Measure of Experience (CMeX): We maintained our year-end position of 7th for Customer Measure of Experience (CMeX), which is 5th when comparing against the Water and Sewerage Companies. Anything above the median score means we are in reward. This reflects our continued commitment to delivering a high standard of service for our customers and ensuring their experience remains at the heart of everything we do. While we recognise there is always more to achieve – and we would like to return to upper-quartile performance – this result provides a strong foundation, as we focus on further improvements in the year ahead.

Developer Measure of Experience (DMeX): We concluded the year in 8th place, performing just above the industry median. This is a decline from last year. However, achieving a score above the median places us in reward and demonstrates our commitment to enhancing the experience for our developer customers.

Properties at risk of persistent low pressure: The number of reportable properties on the register is 62. This is well within the PCL of 150 properties. At the start of AMP7, 148 properties were on the low-pressure register, with an additional 4,312 at risk. To reduce the risk of new properties being added – and to bring down numbers on the register – we deployed a range of innovative measures, including using light detection, ranging data and solar-powered boosters.

Internal and External sewer flooding: Exceptionally high groundwater levels, occupying 50% of the region, were experienced during the first few months of 2025. The outcome is a significant improvement on last year, in particular, on our internal sewer flooding metric – where we have seen a 38% improvement. We experienced a 20% improvement on external sewer flooding. While we have not met the PCL for this year (against both measures), we have reached a level of performance that will put us on a solid footing for AMP8.

Water supply interruptions: We achieved a supply interruptions score of six minutes and 51 seconds, meaning we missed our Ofwat target of five minutes. Throughout the year, we stayed close to the PCL, however in January 2025, a freeze-thaw event caused above-average mains bursts and subsequent supply interruptions.

Fair charges, fair returns

What are we measuring?	How are we measuring it?	Prior year performance (2023/24)	Current year performance (2024/25)	Current year target (2024/25)	Reward or penalty outcome for 2024/25
Managing void properties	The percentage of properties that are falsely identified as void properties. This means that they are occupied and should be charged by the Company.	0.08	0.06	0.25	£896,000
Value for money	A survey of customers by the Consumer Council for Water about the value for money provided by the Company.	77% agree we provide value for money	70% agree we provide value for money	83% agree we provide good value for money	n/a

Managing void properties: This measure relates to the percentage of properties that are falsely identified as void properties. This means that they are occupied and should be charged. The Ofwat target was 0.25% and we outturned at 0.06%. A score closer to zero is positive and we have outperformed this PCL. To achieve this, actions included reviewing all properties void for more than four months, reviewing water consumption data, sharing data with water-only companies, using bureau and land registry data, making doorstep visits and sending letters and emails.

Value for money: This performance commitment relates to the outcome from the Consumer Council for Water's annual survey[8]. We scored above average on the 'satisfied with value for money of water services' (Anglian Water score: 70% industry average: 65%) and on sewerage services (Anglian Water: 70%, industry average: 68%.) Despite the overall downward trend across the industry, we have maintained a strong position and continue to engage with customers on value for money.

8 https://www.ccw.org.uk/publication/water-matters-2025/

Safe, clean water

What are we measuring?	How are we measuring it?	Prior year performance (2023/24)	Current year performance (2024/25)	Current year target (2024/25)	Reward or penalty outcome for 2024/25
Water quality (Compliance Risk Index)	This is the key measure used by the Drinking Water Inspectorate to determine our overall compliance with stringent regulatory drinking water standards.	3.57	Not published yet	1.50	-£496,000
Water quality contacts	The number of complaints from customers about water quality, per thousand people served.	0.86	0.91	0.77	-£375,000
Event Risk Index	This assessment looks at the Company's approach to risk mitigation of water quality events.	109.302	Not published yet	15.000	n/a

The Drinking Water Inspectorate uses a number of key performance measures and publishes a report every summer, assessing water quality across the industry. Drinking water in England is among the most-tightly regulated. Water companies consistently meet stringent standards for drinking water. Customers can be assured that drinking water quality in England and Wales is among the best in the world, with the Yale University Environmental Performance Index listing the UK as one of only 10 countries with the highest score for drinking water safety. We carry out full investigations on each failing sample. Overall, 99.98% of our samples passed this year, compared to 99.95% of our samples in 2023.

Water quality contacts: This measure relates to the number of contacts received from customers about the appearance, taste and odour of their water. In 2024 we narrowly missed the PCL, which is set at 0.85 customer contacts per 1,000 customers – we ended the year at 0.91 (compared with 0.86 in 2023). This follows on from excellent performance in 2023. Despite missing our Ofwat target, this result is another record low for us and builds on a 10-year downward trend in customer contacts.

Compliance Risk Index*: The Drinking Water Inspectorate will publish the 2024 Compliance Risk Index (CRI) figures in July 2025. At the time of reporting, our internal forecast indicates 2024 will be an improvement on the 2023 figure. However, we are unlikely to meet Ofwat's target. This is due to a number of failures through 2024. We are working hard to ensure our storage point inspection programme improves asset health. Furthermore, technology — such as online flow cytometry — alongside our Drinking Water Safety plans, will help us identify opportunities to further improve performance in the future.

Event Risk Index*: The Drinking Water Inspectorate will publish the 2024 Event Risk Index (ERI) figures in July 2025. At the time of reporting, our internal forecast shows that 2024 will be a deterioration on the 2023 figure and we will miss our Ofwat target of 15. Our score was impacted by a number of events, two of which had significant scores. Remediation and mitigation works are underway. We continue to work closely with the DWI in relation to these events.

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

Resilient business

What are we measuring?	How are we measuring it?	Prior year performance (2023/24)	Current year performance (2024/25)	Current year target (2024/25)	Reward or penalty outcome for 2024/25
Risk of severe restrictions in drought	The percentage of properties at risk of service restrictions in the event of a 1-in-200-year drought.	5.2%	4.6%	0.0%	n/a
Risk of sewer flooding in a storm	The percentage of properties that we serve that are at risk of sewer flooding, during an extreme wet weather event.	0.75%	0.76%	9.75%	n/a
Percentage of population supplied by single supply system	Percentage of population served by a single supply system. Our goal is to increase the number of properties supplied by more than one water treatment works, so that if something goes wrong at one works, our customers' water supplies are protected.	22.3%	22.3%	14.1%	£0
Cyber security	Percentage of risks mitigated against the cyber threat to operational technology (OT) and to comply with the Network and Information Systems (NIS) regulations.	Ongoing	100%	100% by 2025	£0

Risk of severe restrictions in drought: The percentage of the population we serve that would experience severe supply restrictions during a drought is 4.6%, based on 25-year prediction modelling. The percentage of customers at risk is based on the total population across five Water Resource Zones that could experience severe supply restrictions during a 1 in 200-year drought. This result has reduced from the previous year, due to Central Lincolnshire and South Fenland no longer being at risk.

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

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

Cyber security: Anglian Water's NIS Compliance Programme has successfully completed the rollout of network security across the Ruthamford System, encompassing 20 operational sites. One additional site was brought into scope, following site surveys.

A smaller footprint

What are we measuring?	How are we measuring it?	Prior year performance (2023/24)	Current year performance (2024/25)	Current year target (2024/25)	Reward or penalty outcome for 2024/25
Operational carbon	Percentage reduction in carbon emissions from day-to-day operations, compared to a 2019/20 baseline.	-1.6%	26.6%	10%	n/a
Capital carbon	Percentage reduction in carbon emissions from construction activity measured in tonnes of CO_2 equivalent compared to a 2010 baseline.	64.2%	66.1%*	65%	n/a

Operational carbon: Our operational carbon target of a 10% reduction is phased over the AMP. This year we exceeded our target, through an investment programme that prioritises green energy and sustainable projects. See more in 'Our approach to the climate and nature crises', pages 75-101. Our aim was that by 2025, 45% of our electricity requirement would be powered by renewable sources. We met this ambition and continue to explore avenues for further take-up of renewables.

Capital carbon: Our capital carbon reductions are measured against a 2010 baseline. We achieved our Ofwat target of 65%. To find out more about the approaches to capital carbon reduction, see 'Our approach to the climate and nature crises', pages 75-101.

* At the time of reporting, these figures are subject to audit.

Flourishing environment

What are we measuring?	How are we measuring it?	Prior year performance (2023/24)	Current year performance (2024/25)	Current year target (2024/25)	Reward or penalty outcome for 2024/25
Pollution incidents	Number of pollution incidents, due to escapes from our sewerage network, per 10,000km of sewer network.	40.16	57.17*	19.50	-£9.8 million
Bathing waters attaining 'Excellent' status	Number of recognised bathing waters in our region rated 'Excellent' (based on standards set by the European Bathing Water Directive).	29	31	36	-£1.1 million
Abstraction Incentive Mechanism	An incentive to reduce the water we take from sensitive rivers or wetlands, during very dry periods (megalitres, Ml).	29 Ml	85 Ml	-87Ml	-£88,000
WINEP	The progress of the company in delivering its agreed Water Industry National Environment Programme (WINEP) schemes in a timely manner.	1,533	1,698	1,856	n/a
WINEP delivery		Not met	Not met	Met	n/a
Natural capital impact	This measures progress towards meeting improvements in natural capital, within our region.	Not met	Not met	Met	n/a
Regional collaboration	This measures progress towards the development of a regional approach to assessing and considering natural capital.	On track	Pass	Pass	n/a
Sludge treatment capacity	This measures progress towards delivering additional sludge treatment capacity.	0.0	100%	100% by 2025	£0

Pollution incidents*: In 2024, we had 57.17 pollutions per 10,000km of sewer network. We have a higher number of total pollutions than we did in the prior year, exacerbated by high levels of groundwater across the region — a result of the wet winter of 2023/2024. While our investments and work spanning the past 18 months have been significant, due to the lag associated with risk reduction, we are yet to see these improvements fully realised in our current performance.

Bathing waters attaining 'Excellent' status: For the 2024 bathing water season, 31 of our bathing waters attained 'Excellent' status, compared to 29 in 2023. We missed our Ofwat target. We continue to collaborate with stakeholders in the region, to ensure all our bathing spots are brought up to 'Good' status at a minimum. The PCL assessed by Ofwat covers 48 of our bathing waters, although there are currently 54 designated bathing waters in the Anglian Water region. In AMP8, it will encompass all 54.

Water Industry National Environment Programme (WINEP): Since 2020, we have delivered 1,698 obligations through WINEP, relevant to this PCL. This commitment is based on outputs originally proposed in 2019. Of the schemes we did not complete, we have had conversations with our regulators. Our investments can be bucketed into a few key areas — improving water quality, storm overflow improvements, flow monitoring and catchment management — all of which are paving the way for future improvements, in line with our obligations and our long-term aspirations. Read more about our WINEP on page 41.

Abstraction Incentive Mechanism (AIM): We work closely with the Environment Agency, to manage pressures on environmentally sensitive areas in our region. Over this AMP, we have worked with our regulators on closing abstraction sources and abstraction license reductions, alongside river habitat improvements, as part of WINEP. This performance commitment was designed to encourage water companies to abstract less water from environmentally sensitive sites at times of low river flow and it relates to four groundwater sources identified as having a potential impact on nearby rivers. In 2024/25, we had limited opportunities for active abstraction, owing to high rainfall in 2024 increasing river flow. Only one of the four sites that contribute to this measure was affected, due to operational issues at a neighbouring water treatment works. This meant we could not minimise abstraction from this site. The remaining three sites had no low flow days in the year.

Sludge treatment capacity: Sludge is an organic matter, a byproduct of the water recycling process which we treat at our 10 Sludge Treatment Centres. We have continued with the delivery of our plans to increase our sludge treatment capacity by c.30% at our Whitlingham Sludge Treatment Centre. Our plans have involved upgrading our existing Advanced Digestion process and an innovative reconfiguration of how we operate our digesters to allow them to work more efficiently. We have also replaced our existing digesters with new ones to further futureproof sludge treatment activities at the site. Commissioning and performance testing of our Advanced Digestion upgrade works has completed, and our two new digesters are in the final build stages with further commissioning and testing activities planned over the next period.

Natural capital impact: This performance commitment captures improvements made through four sub-measures; water quantity, ground water quality, surface water quality and biodiversity. All sub-measures must be on track to meet the PCL. In 2024/25, only three of the four measures were on track and we failed on the water quantity sub-measure. The three-year rolling average target for distribution input was 225 litres per person per day. Our actual result was 229 litres. This sub-measure is impacted by the shift in water usage, as a result of the pandemic, which is not a unique issue. Despite this, year-on-year reductions have been made since 2020/21.

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

Positive impact on communities

What are we measuring?	How are we measuring it?	Prior year performance (2023/24)	Current year performance (2024/25)	Current year target (2024/25)	Reward or penalty outcome for 2024/25
Priority services for customers in vulnerable circumstances	The percentage of customers recorded as requiring priority services, due to being in vulnerable circumstances. And the percentage of people contacted, to ensure records are kept up to date.	12.7% reach 56.2% actual contact 96.9% attempted contact	14.7% reach 58.1% actual contacts 99.6% attempted contacts	12.8% reach 35% actual contact 90% attempted contact	n/a
Customers aware of the PSR	Percentage of customers made aware of our Priority Services Register (PSR) and how they can benefit from being on it.	63.4%	66.8%	65.0%	n/a
Helping those struggling to pay	The number of customers who are struggling to pay their water bill and who receive financial support, through one of the Company's financial support schemes.	389,371	405,425	310,161	n/a
Community investment	The percentage increase in the number of people directly reached, or supported by, community investment programmes, through which the Company adds social value (compared to 2020/21).	81.4%	135.8%	5.0%	n/a
Customer trust	The improvement in Company score for a survey of customers by the Consumer Council for Water about the trust that customers place in the Company.	0.08	0.18	0.05	n/a
BSI Standard for Inclusive Service	To maintain certification for the British Standard for Inclusive Service Provision (BS 18477).	Maintained	Maintained	Maintained	n/a
Partnership working on pluvial and fluvial flood risk	Investments delivered, working in partnership with other organisations to protect infrastructure from flooding.	61	98	92	£0

Priority services for customers in vulnerable circumstances: We are significantly ahead of target on all areas relating to our support for vulnerable customers, including (most notably) take-up of our Priority Services Register (PSR), which has already met the full AMP target. We have 14.7% of customers signed up to the PSR, against a national industry average of 10.2%.

Customers aware of the PSR: This year, 66.8% of customers were aware of priority services, exceeding our target of 65%. This is a result of our customer engagement strategy and proactive signposting of priority services.

Helping those struggling to pay: This year we exceeded our target by over 31% (95,264 people) providing financial support to 405,425 customers.

Community investment: This year there was 135.8% increase in the number of people we directly reached or supported through our community investment activities. We have exceeded our target of 5%. In total, an estimated 67,345 people were directly reached, or supported by Anglian Water and our Alliance partners. More on our activities in 'Our customers and communities' pages 48-55.

Customer Trust: Results from the Consumer Council for Water's annual Water Matters survey 2025, has shown a drop in score across the industry, with an average trust score of 6.28/10. Our trust score was 6.46/10, which is above average. We are working hard to build trust with our customers, through open and transparent communication and regular engagement. Read more in 'Our customers and communities' pages 48-55 and the 'Section 172 statement', pages 70-72.

Partnership working on pluvial and fluvial flood risk: This measure encouraged us to work with partner organisations, to protect our assets from pluvial, fluvial and coastal flooding. Our target was to complete 92 schemes by the end of the AMP – we completed 98. More on our flooding partnership work can be found in 'Our Environment', pages 38-47.

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

Investing for tomorrow

What are we measuring?	How are we measuring it?	Prior year performance (2023/24)	Current year performance (2024/25)	Current year target (2024/25)	Reward or penalty outcome for 2024/25
Mains repairs	Number of repairs made to water mains, per 1,000km of total water mains.	123.0	133.4	132.3	£0
Unplanned outage	Percentage of maximum water treatment works output unavailable during the year.	2.05%	1.88%	2.34%	£0
Sewer collapses	Number of sewer collapses, per 1,000km of sewers.	5.43	4.53	5.50	£0
Treatment Works Compliance	Percentage of water and sewage treatment works meeting permits for the quality of water discharged to the environment.	98.44%	99.28%*	100%	£0
Reactive mains bursts	Reactive bursts are those that are identified and reported by a customer or third party, before they are identified by the Company.	3,444	3,842	3,063	n/a

Mains repairs: We have missed our PCL, but our performance was within the deadband. We were off target as a result of the freeze-thaw event in January, which led to above average mains bursts for the time of year.

Sewer collapses: There were 252 sewer collapses in 2024/25 (2023/24: 308). This measure also includes 103 reactive burst rising mains (2023/24: 114). Both figures have reduced in comparison to the prior year. This brings the total for this year to 355, which for the PCL, is divided by the total length of sewer (77,780km) resulting in a rate of 4.53. We have exceeded our target.

Treatment Works Compliance*: Our Treatment Works Compliance score was 99.28% in 2024, which is within Ofwat's deadband of 99%. We have worked hard this year to improve our scores through a performance improvement programme, which has enhanced visibility and management of risk in this year. Actions included: enhanced performance monitoring across our sites, targeted mitigation activities and management of sludge levels. We continue to manage the volatility associated with weather impacts on this measure. This is a core metric of the Environment Agency's Environmental Performance Assessment. Our performance this year achieved green status.

Unplanned outage: Our unplanned outage result is within Ofwat's PCL, outturning 1.88%. We consistently met this target throughout the AMP.

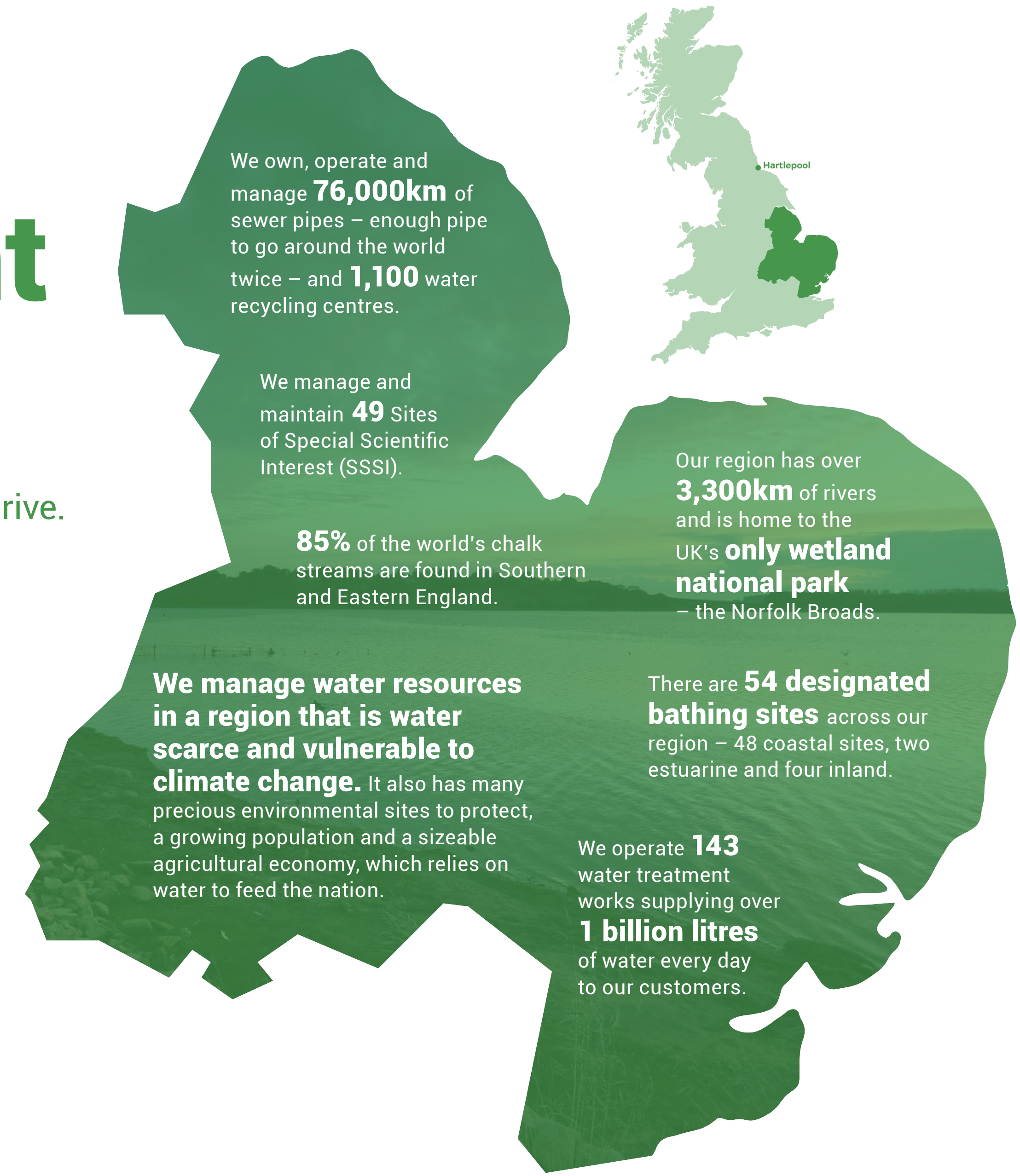
Reactive mains bursts: At PR19, we proposed reactive mains bursts reported by customers or third parties as a bespoke measure. This is because we were running a proactive programme of work to identify mains bursts on our network, which would naturally lead to a higher identification of bursts. This year, a significant freeze-thaw event in January saw a spike in bursts, although we stayed close to our target throughout the rest of the year. Due to our targeted focus on assets within high-burst areas, the impacts of this were minimised. We are using the Water Infrastructure Serviceability Performance Assessment Model to better understand the impact of external factors, such as soils, weather and mains material type on our assets, to improve our prioritisation of mains rehabilitation schemes and leakage reduction programmes.

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

Our environment

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

Section contents



Above: The East of England is the region we predominantly serve and is home to diverse landscapes and habitats.

Our environment

Water is intrinsic to a healthy environment. As a water company, we rely upon and have an impact on natural capital and ecosystems. We clean and return treated water back into the natural environment. Our reservoirs provide a place for biodiversity and social amenities. Nature provides climate regulation and flood and storm protection.

We must balance the needs of our environment carefully, alongside sustainable growth, to ensure we have enough availability of water resources now and in the future.

It is critical too, that we minimise harmful impacts associated with our water recycling and treatment processes. Our long-term ambition is to stop any untreated wastewater from entering the environment by 2050.

In the past, our water and water recycling equipment had safety measures to release excess water into the environment to prevent flooding. Though legal, by modern standards, this is no longer fit for purpose. Our infrastructure can also break, particularly as it ages, which means that untreated (polluted) water can enter into nearby streams or rivers. Our ambition is to achieve zero untreated escapes by 2050, giving us the time and resources needed to make changes across our entire network.

More broadly, our environmental ambitions span a range of protection and enhancement measures: from improving biodiversity, to harnessing nature-based, green solutions, alongside work with others to unlock more blue and green spaces. Our AMP8 plans will see us double our investment in the environment (£4 billion).

Achieving environmental prosperity is a shared goal. Over AMP7, we explored new ways of working in collaboration with others, to deliver enhancements across entire catchments and landscapes. Catchment-based approaches can deliver greater benefits than we could achieve in isolation. We have taken this approach to reduce flooding across our region in hotspot areas — and through Get River Positive, which we launched in 2022.

As we head into AMP8, we are taking what we have learnt over the past five years to help us develop a blueprint for outcomes-focused, collaborative, and place-based approaches to environmental planning and delivery. This will be actioned through our Advanced Water Industry National Environment Programme (A-WINEP), which will seek new methods of delivery for the industry.

Furthermore, between 2025-2030, we will seek to create a Partnership Centre of Excellence that will bring together stakeholders to deliver improvements in river and coastal waters. This will be through a nature-first approach, alongside a Partnership Grant Fund to support emerging partnership opportunities within target catchments.

We must also consider how our environment is impacted by our changing climate. Our Climate Change Adaptation Report (2024), highlights our risk profile since 2021, where we have seen a new increased risk to raw water quality and consequently, biodiversity and flooding. We continue to innovate, collaborate and explore opportunities to navigate these issues.

Minimising harm from our operations: pollutions and spills performance

This year, significant work has been undertaken to address our pollutions performance. The additional £100 million investment from our shareholders allowed us to invest directly in key assets, our people and the root causes of our issues – including blockages, asset health and too much water in the network (which creates hydraulic overload).

Our focused performance improvement programme, alongside the actions taken through additional investment, in line with our Pollution Incident Reduction Plan, have produced encouraging results. However, due to the lag associated with actions, we are yet to see these improvements fully realised in our current performance.

Year	Total pollutions	Serious pollutions
2024	441*	7
2023	307	11

Total pollutions have increased in 2024, compared with 2023. We have seen a 36% reduction in serious pollutions. After successive AMPs of consistently recording 10 or more serious pollutions, seven marks a record low for us.

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

Despite this encouraging sign, we recognise that our pollution performance is still not where it needs to be. We remain committed to reducing environmental risk and improving operational performance, through a combination of best practice and in-house innovation. This supports our long-term goal, to reach zero untreated escapes, as set out in our Business Plan and Long Term Delivery Strategy.

We are confident that we are setting a strong foundation to underpin future performance enhancements and – over AMP8 – will aim to deliver a 46% reduction in total pollutions and a 71% reduction in serious pollutions by 2030.

External assurance of our plans to address pollutions and spills

In 2024, we commissioned Roland Berger to conduct a review of our pollution reduction measures. The review confirmed that we are responding quickly to pollutions performance and that our AMP8 plans are focused on the right interventions to reduce risk and drive improvements.

More information on the interventions and improvements we're making can be found in our Pollution Incident Reduction Plan (2025).

Pollution Incident Reduction Plan

Over the past year, we have invested in key risk areas, to reduce pollutions. Our core activities aim to reduce the risk of a pollution occurring across all of the four main asset classes – sewers, pumping stations, rising mains and water recycling centres – alongside addressing the root causes for pollutions.

Our actions over the past year include:

- Increased our planned preventative maintenance by 53%, focusing on hydraulic overloading and early interventions.
- Doubled our rising main pressure monitoring, using industry-leading technologies like Ovarro and Syrinix.
- Expanded our Dynamic Sewer Visualisation programme to 42,000 monitors. This resulted in a 418% increase in proactive blockage clearance. Our programme is now one of the largest in the UK.
- Achieved a 19% improvement in self-reporting this AMP – the largest in the industry. We have achieved green status on this metric in the Environment Agency's Environmental Performance Assessment. Improved self-reporting – helping to maintain trust with the regulators.
- Established a new Systems Optimisation team, to drive dynamic, data-led decision-making across our network.
- Accelerated key activities to bring forward impact earlier in AMP8.

This work continues to be underpinned by our zero escapes ambition and supported through our Get River Positive programme.

17% reduction in blockages, through encouraging behaviour change

This year, our reduction of blockages across our network reached an all-time low, with a 17% reduction, compared to our highest point in the AMP in 2022. However, addressing the underlying cause – sewer misuse by customers and businesses – is a key issue we're working to address. On average, we unblock a pipe every fifteen minutes, with 80% of blockages caused by avoidable issues. This year we reinvigorated our behavioural change approach with our 'Just Bin It' trial.

The 'Just Bin It' trial brought to life the scale of the blockage challenge: based on our findings we estimate that over half a million wipes are flushed into our region's sewers every day – that's around 9,500 packets of wipes.

In the coming year, we will be expanding the campaign across our region, to educate the public on sewer misuse and the importance of responsibly disposing wipes, sanitary items and cooking fats, oils and grease. Communication and engagement activities are followed by an enforcement program, to ensure compliance, where needed.

Underpinning this work is our partnership with ECAS (Environmental Compliance and Services). They engage with food service establishments across the region, to prevent fats, oils, and grease from entering the sewer network. ECAS conducted 18,783 visits across our region in 2024/25, which prevented approximately 3,215 tonnes of fats, oils, and grease entering sewers.

In AMP8 we plan to expand upon the programme, in recognition of the damage sewer misuse has on the environment across our region – with ECAS expanding their support by working with other commercial businesses to reduce sewer misuse.

Our domestic misuse 'hedgehog' devices will help to tackle blockages by capturing and removing unflushables, evidencing the scale of the problem.

Storm overflows

Storm overflows are outlets from main sewer systems, which allow excess rainwater into rivers and seas. They protect homes from flooding, during periods of heavy or prolonged rainfall or snow melt. Overflows have been in place for many years. We are working to remove them from our network, as we move towards a future where storm overflows are no longer required. We have surrendered permits for 340 storm overflows since privatisation – representing 16% of all overflows in our network.

We are pleased that we have completed the installation of 100% of Event Duration Monitors (EDMs), which monitor the frequency and duration of spills on our overflows. Greater visibility is enabling us to proactively target high-spilling areas.

Our storm overflow average has increased this year, although it is difficult to make a year-on-year comparison as 2024 was the first year where we had 100% monitoring. While it's disappointing to see this figure increase, it reflects that nearly 50% of spills occurred in the first quarter of the year, during one of the wettest winters we've seen on record.

Year	Average spills per storm overflow
2024	31
2023	22

Catchment-based approach to reduce flooding impacts

We cannot ignore the impact of climate change and the growing demands on our region. The duality of extreme heat and rainfall in successive years cannot be viewed in isolation, but as part of a broader pattern, resulting from climate change. We are experiencing the impact of these changes – with more frequent, extreme and localised rainfall events and shifting weather patterns pushing systems beyond what they were designed to do.

We are working hard to shift performance, but we also need to work with others to find shared solutions, to create systems that can meet these changing needs, alongside places and communities that are resilient to extreme events.

We've established a series of Multi-Agency Groups (MAGs), which bring together the different agencies with responsibilities under the Flood and Water Management Act. This includes local councils, the Environment Agency, Highway Authorities and Lead Local Flood Authorities. The purpose is to facilitate collaboration among responsible stakeholders, to enhance preparedness, response and the recovery efforts related to prolonged wet weather periods.

Anglian Water's Flood Preparedness Steering Group was also set up this year, where teams are working hard to prepare for real-life flooding scenarios. The group has identified high-risk areas for flooding during winter months and is taking action to mitigate these risks, clearing drains and reinforcing flood defences.

Public awareness campaigns are also key to educating communities on how to protect themselves and their properties from winter flooding.

Removing surface water from our sewer network

Surface water contributed to 55% of hydraulic overload incidents in 2024 and also increased the risk of flooding events. In response, and to reduce the risk of this type of event from reoccuring, we adopted a new approach to better manage surface water removal. This approach focuses on both highway and property connections to the foul water system, which are governed and regulated under Sections 115 and 106/116 of the Highways Act (1980), ensuring compliance and effective water management.

For highway connections, we are now seeking to terminate arrangements (connections) that allow significant levels of surface water to enter into the foul water system and impact our assets. This process involves close collaboration with Highway Authorities, to ensure that there is ample opportunity to put solutions in place, before connections are removed.

Regarding property connections (which are typically non-domestic), we evaluate the legality of these connections by examining correlations with historic pollution and flooding incidents.

Furthermore, we are providing alternative catchment-based solutions through capital delivery schemes. These schemes include the installation of soakaways, Sustainable Urban Drainage Systems (SuDs), water butts, planters and the redirection of surface water into sewers or ditches – all measures that reduce risk within the local area. This approach not only enhances the efficiency of our operational systems, but also significantly reduces pollution and flooding risks.

Case studies: Flooding hotspots

Norfolk Strategic Flood Alliance

The Norfolk Strategic Flood Alliance (NSFA) was founded in the winter of 2021, following widespread flooding across the county. In 2024, Anglian Water funded a secondment into the NSFA, to promote an integrated approach that addresses flooding from all sources.

The NSFA has worked together over the past year to improve understanding of how systems interconnect, the importance of regular asset maintenance, sharing data to better understand flood risk and model scenarios, and securing funding for flood mitigation projects that will benefit multiple stakeholders. Alongside this, the group has maintained a regular drumbeat of meetings to ensure flood and water management is on the agenda throughout the year, not just when it is raining.

The aim is to work towards the following ideals, which can be rolled out across other high-risk zones:

- The location, condition and ownership of all drainage channels, culverts and watercourses is known, with a programme in place to maintain and highlight if/when something is not working as it should.
- Communities feel that they are being listened to by authorities, with open and honest conversations on what can and can't be done. While the Alliance will not be able to solve everything, communities will feel that everything that could sensibly be done has been considered.
- National legislation is fit for purpose and reflects what is needed now and into the next decade, in response to climate change and demand.

Yaxley: flooding reduction in action

Yaxley is one of our catchments where we have worked hard to address the root cause of pollutions and flooding in the area. Investigations identified more than 60,000m^2 of surface water from roofs and paved areas that were misconnected to our foul network – equivalent to c.24 Olympic-sized swimming pools. We also found almost 1,000 points of water infiltration into the network.

Surface water was contributing to the operation of the emergency overflow at the nearby pumping station and localised flooding during heavy rainfall. Of the 60,000m^2 of surface water area misconnected to our network, 11,304m^2 related to Highways surface run-off connected to the foul sewer, which overloaded our foul sewer, leading to subsequent spills and flooding. We worked with the Highways Agency to divert 1,741m^2 of surface water run off away from the foul sewer system, with an additional diversion of a highways culvert removing a further 9,561m^2.

To address surface water from roofs and paved areas, we used nature-based solutions, installing SUDs such as water butts, flowerbeds and plants which soak-up excess water and prevent it from entering the system, alongside improving biodiversity.

We also reinforced several metres of mainline sewer and relined laterals (the sewer pipes connection properties to our main sewer) at 15 properties. As a result, we successfully removed misconnected surface water from our sewer network from 160 locations across the catchment. This approach will be replicated across further high-risk catchments in the coming AMP.

Harnessing nature-based solutions

Nature-based solutions, such as treatment wetlands, are a key part of our vision for the future. They provide wider benefits for the environment and communities than more traditional 'grey' solutions; avoiding the need to add more chemicals into our treatment processes or build carbon intensive infrastructure.

In 2019, we created our flagship wetland at Ingoldisthorpe, in partnership with the Norfolk Rivers Trust. It has since operated as a natural treatment plant for millions of litres of water, as well becoming a beautiful habitat and a flourishing haven for wildlife. A recent survey found over 200 species of plants, animals and insects — including a large variety of butterflies, dragonflies and other aquatic invertebrates, yellow hammers and spotted flycatchers.

Building on the success of our treatment wetland at Ingoldisthorpe, we have a further seven wetlands, which are due to be completed by the end of 2025.

This year we harnessed the power of mushrooms, to treat recycled water that passes out of our Water Recycling Centre at Benfleet. Mushroom roots (mycelium) have a large surface area, which can absorb nutrients and remove micro-organisms and pollutants, trapping pathogens in their root system. This helps to cleanse water as it passes through. The University of Essex recently discovered how to use mushrooms in this way. We will be monitoring their efficiency through water quality testing.

Our Benfleet recycling centre borders Benfleet Creek, which is a Site of Special Scientific Interest (SSSI). The salt marshes are a crucial habitat for local biodiversity, but they are slowly being degraded by blooms of algae. Although our existing water recycling processes already clean and treat the water to a high standard, by passing through to a series of mushrooms, we can cleanse the water further.

We are supporting Cranfield University research into the efficacy of treatment wetlands in reducing levels of PFAS (also known as 'forever' chemicals') from entering the environment. The research is showing promising results, with surface flow wetlands contributing to PFAS removal. Long-term monitoring is key to improving evidence. We are contributing to a further study, which will quantitatively assess the contributions of nature-based solutions in protecting rivers, alongside identifying the actual sources of pollutants in the streams.

By the end of 2030, we are targeting a total of 23 treatment wetlands, 11 of which were planned during AMP7. A further 12 are going through feasibility assessments.

Water Industry National Environment Programme (WINEP)

WINEP outlines a set of actions that all water companies in England must deliver to meet environmental legislation. It sits under the regulatory framework developed by the Environment Agency, Defra, Natural England and Ofwat. Delivery against WINEP is a core metric of our Environmental Performance Assessment (EPA).

Our WINEP is one of the biggest in the industry. Since 2020, we have invested £560 million in various schemes, many in line with our 'Get River Positive' initiative, see more on page 44.

Our investments can be bucketed into a few key areas: improving water quality, storm overflow improvements, flow monitoring and catchment management. These actions are paving the way for future improvements, in line with our obligations and our long-term aspirations. At the end of 2024/25, we completed c.1,900 obligations which included:

- Increased storm storage by 90,000m^3 and treatment capacity on our water recycling assets by c.100 litres a second.
- Decreased concentrations of nutrients, such as phosphorus and ammonia, from being discharged to rivers, improving c.1,000km of river length.
- Improved monitoring of water flow (the water that goes through our treatment processes and is returned back to the environment).
- Delivered an 83% reduction in phosphorus across c.150 sites.
- Undertook 12 river restoration projects, totalling approximately 25km of ecological and geomorphological improvement, which is helping to build ecosystem resilience in rivers suffering with low flows in drier years.
- Worked with farmers and landowners to protect raw sources of water.
- Completed an investigation into the biodiversity benefits of catchment interventions at Pitsford Reservoir.

As we transition into AMP8, we aim to generate a body of evidence to show that focusing on environmental outcomes will deliver more than traditional, outputs-focused methods. This will allow us to develop an innovative regulatory model, focused on using nature-based solutions, improved multi-stakeholder governance and blended funding to maximise value.

Biodiversity

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

We are committed to delivering a 10% net gain across capital schemes and land management activities, where we may have a material impact on biodiversity. In 2023/24, we delivered a Biodiversity Net Gain of 107%. For more information on our nature-related work, see 'Our approach to the climate and nature crises', pages 75-101.

Managing supply and demand

Leaving more water in the environment is one of the best ways we can support ecological health. With the region being home to many areas significant for biodiversity, as well as being at risk of drought, we must manage our supply and demand carefully. We currently take groundwater from around 400 boreholes and surface water from eight reservoirs and nine rivers. If not managed carefully, these abstractions can have a detrimental impact on the environment.

In 2024/25, we had limited opportunities for active Abstraction Incentive Mechanism management, owing to the high rainfall during the 2023/24 winter. We took advantage of healthy river flows, following the exceptionally wet weather by abstracting for reservoir storage.

Healthy river flows and groundwater levels also meant that less environmental support was needed. Over the year, we supported local watercourses with 330 million litres distributed to areas, including Rutland Lagoons and Taverham Lake. We achieved 'green' on the 'Shadow Abstraction and Impounding Licence' compliance metric in the Environment Agency's EPA and had no annual licence exceedances in 2024/25.

We continue to work with our stakeholders to make further reductions to abstraction. With 10% of all water in this region used by agriculture, more water will be needed for irrigating crops in the warming climate. Through Water Resources East (WRE), we are contributing to and creating a more integrated approach to long-term water resource management and planning.

Water Resources Management Plan

Our long-standing statutory Water Resources Management Plan (WRMP) and Drought Plan provide a comprehensive framework for managing future water supplies. Over the past year, we've continued to implement our twin-track approach to manage demand and secure sustainable supply. Actions included improving water network connectivity, community water efficiency campaigns, reducing leakage and delivering our ambitious smart metering programme.

Our WRMP was published in 2024. It builds on our adapative approach, with a new, three-tiered strategy. Our plan recognises that certain supply-side options take significant amounts of development time. This will allow us to develop our understanding of advanced water recycling and methods such as desalination.

Guided by the water needs of our region and our customer and stakeholder views – where we have worked alongside key partners in the East (contributing to the Water Resources East Regional Plan) – our three-tiered strategy covers:

1) Making best use of our existing resources, building on our industry-leading demand management, unlocking the potential that our smart metering strategy gives us — while using the connectivity provided by our new pipeline, to reduce abstractions from our most sensitive environments.
2) The progression of Strategic Resource Options: the Fens and Lincolnshire reservoirs will meet 36% of our new water needs and provide the opportunity for many benefits identified in our best-value plan framework.
3) We have planned for adaptive future resources, which allow us to remain flexible to changing circumstances, such as using desalination — alongside ensuring we limit bill impacts, by only investing in solutions that will be needed.

We anticipate commencing construction of the Fens and Lincolnshire reservoirs in the early 2030s. With no new reservoirs constructed since the 1990s, there is a pressing need for new water storage. Once in supply, the reservoirs will serve around three quarters of a million people. These projects represent significant, transformative investments for our region, with each reservoir storing 55 million cubic metres of water.

Working in partnership

Supporting regional water need

Where possible, we manage water resources in a way that enables environmental and economic prosperity. An example is the informal agreement we have on the River Nene. The River Nene flows through Northamptonshire, Cambridgeshire, Lincolnshire and Norfolk, on its way out to The Wash. In the downstream reaches of the river, local farmers have felt the impacts of dry weather on their crops over recent years.

In 2019, we established an informal agreement with the Environment Agency and local drainage board, to share our allocated water resources from the river. This means that during certain times of the year, we stop or reduce abstraction from the river to allow downstream irrigators – such as those working in agriculture – to have access to more water for abstraction. We then recoup that water back into reservoir supplies when there are additional flows in the river (normally during the winter months).

During the drought of 2022, we let 1,132 million litres of extra water travel downstream, for abstractors to utilise in the lower reaches of the River Nene. On average, this equates to 30 million litres of water per day – equivalent to the daily use of c.230,000 customers.

Our supply and demand strategy

Reducing leakage on our network is a key part of our supply and demand strategy. We have one of the industry's lowest leakage levels. The levels of reduction we're tasked with delivering haven't been achieved before in the UK. It is incrementally harder year-on-year to find new ways to reduce leaks, but we're determined to keep pushing boundaries, investing millions in advanced technology, pressure management and system optimisation, to help us do so.

We're leading the development of new advanced sensor technology and now have more than 7,000 sensors permanently installed on 15% of our water distribution network, which (to our knowledge) makes it the world's largest sensor network. This enables us to respond quickly to emerging leaks caused by changes in weather and demands on our system.

Furthermore, we have used satellite technology to survey 5,000km of rural distribution and trunk mains, to identify and prioritise sections of pipe for proactive leak detection and mitigation. This has saved over 320,000 litres a day of water over the last year which would have been lost to leaks – enough to supply 1,000 homes a day.

Smart metering is a valuable tool to manage leakage. In February 2025, we met our target to install 1.1 million smart meters. And by March, we had completed a further 62,123 as part of our Accelerated Infrastructure Delivery plan. This means that over 50% of our customers have smart meters, which will support customers to better understand and reduce their water use and spot leaks. Our teams installed just over 1,000 meters, every day, for five years. With challenges such as the pandemic, global microchip shortages and extreme weather, we are proud to have achieved our ambitious smart metering target within the AMP.

Working in partnership

Enabling Water Smart Communities

We are leading an Ofwat Innovation fund project called Enabling Water Smart Communities, to unlock integrated water management in the UK. As water and housing sector challenges are becoming increasingly intertwined, so does the responsibility of managing these risks collectively.

Along with partners, we are addressing how new developments (and the people living in them) can adapt in a sustainable way, with a focus on water re-use. We are also focused on addressing three key impacts of climate change: flood risk, water scarcity and risk to water quality.

Through this project, we will look to set out new regulatory and policy standards, while improving understanding of cost models and the stewardship of water assets.

We have been awarded £5.5 million of Ofwat innovation funding for the project and are working with partners including; the Universities of East Anglia and Manchester, Thames Water, United Utilities and the Centre for Local Economic Strategies.

ENABLING WATER SMART COMMUNITIES

Supporting the circular economy

Sewage sludge treatment and recycling is an area of high circular economy maturity. Sludge is a byproduct of the water recycling process. It is a concentrated, nutrient and carbon rich mix of the organic matter, derived from human and food waste particles that are decomposed through the water recycling process by bacteria. Raw sludge is treated through a process called enhanced anaerobic digestion, which is converted into biosolids that we spread to land, as a replacement for artificial fertiliser.

We treat in excess of 150,000 dry tonnes of sludge across 10 sites, each year. All of our sludge production across these 12 sites is treated to the BAS (Biosolids Assurance Scheme) standard and adheres to ISO 14001 (Environmental Management System) standards – both of which are independently accredited. The biosolids produced are applied to circa 20,000 hectares of agricultural land across our region each year.

Treating sludge also produces biogas, which we use to power our fleet of CHP (Combined Heat and Power) engines, generating renewable electricity. This year we've generated just under 110GWh of electricity – around enough for 40,000 average UK households for an entire year! Our CHP engines also generate heat through their normal operation, which we re-use as part of the sludge treatment process. The recovery of waste heat and use meant that we also saved an estimated £5.3 million in fossil fuel use in the year.

The result is a highly-mature circular process, reducing costs to our customers and fossil fuel emissions, while supporting the environment in the region we serve, through the return of crucial nutrients.

As part of our Bioresources Strategy for 2025-2050, we are exploring additional recycling options for our biosolids, which will increase resilience, ensure that options are available for biosolids recycling into the future and will add value to other sectors.

In the absence of an agreed future pathway for biosolids, we convened a cross-industry group in 2023 – with regulators and the Government – to develop the National Bioresources Strategy; setting out a plan to develop new processes and technologies, to provide the opportunity to diversify recycling options in future. We are continuing to work collaboratively, to push forward a PR29 Action Plan that ensures adequate funding for vital development and commercialisation work, in light of potential regulatory changes, including Farming Rules for Water.

An example of alternative use of biosolids is our partnership with Firefly Green Fuels, where together, we are developing a process for converting biosolids into sustainable aviation fuel through hydrothermal liquefaction. We are currently supporting the development of a trial plant at a site in our region.

We are also exploring the production and use of byproducts from biosolids, produced through hydrothermal oxidation — such as ammonia and acetic acid — as part of the Ofwat Innovation Fund.

Waste production and diversion in 2024/25

In 2024/25 94.6% of the waste we created was recycled and diverted from landfill (2023/24: 98.2%). The 4% difference is related in part to operational challenges on our sludge treatment centres and standard variants in waste profiles. The high percentage of recycled waste is owed, in large part to the volume of biosolids we sold as a renewable fertiliser for agriculture, to reuse sludge stocks.

We also monitor the waste produced and diverted by our framework delivery partners, working on our capital maintenance and delivery programmes. In 2024/25, collectively, our partners produced 435,843 tonnes of waste, of which 72% was diverted from landfill (2023/24: 39.7%), primarily re-using materials. Re-use of waste accounted for 42% of the total produced.

Anglian Water Services waste data

	Disposed	Recycled	Anaerobic digestion	Incineration	Recovered/ treatment	Reuse
Tonnes	6,507	449,169	3.7	966	18,140	22.5
Percentage	1.4%	94.6%	0.001%	0.2%	3.85%	0.005%

Anglian Water framework delivery partners' waste data

	Disposed	Recycled	Recovered/treatment	Reuse
Tonnes	120,237	120,024	12,428	183,155
Percentage	27%	27%	2.9%	42%

Get River Positive

Get River Positive is our commitment to protect and revitalise rivers. Launched in 2022 in collaboration with Severn Trent, Get River Positive is underpinned by five bold, meaningful commitments to improve river health.

Industrialisation and urbanisation over many years have resulted in UK rivers being modified and fragmented by barriers. Rivers face threats from chemicals, nutrients and pollutants from a range of sources. According to The Rivers Trust's 2024 'State of Our Rivers' report, assessments show that no single stretch of river in England is in good overall health, with just 15% of English river stretches reaching good ecological health standards. Data from the Environment Agency shows river health across the UK is impacted by agriculture and rural management (40%), the water industry (27%), urban development and transport (11%) and other industries.

Get River Positive was created with the ethos that we can achieve more, together. We have championed partnership approaches which, since 2022, saw us invest in 65 projects and initiatives across our region, covering a breadth of activities (see map across).

Supported by our investments of over £5.3 million we leveraged an additional £10 million of match funding from a highly diverse range of partners.

We know that making sustainable and lasting improvements to our rivers will take time, collaboration and investment. Over the past three years, we have learnt a considerable amount, particularly around the nature of environmental partnerships and associated governance, funding opportunities and delivery models.

We have also learned more about the catchments and landscapes we operate in, and the future challenges they face.

As we transition into AMP8 and beyond, Get River Positive will be used to develop a blueprint for a much more outcomes-focused, collaborative, place-based approach to environmental planning and delivery, which will be delivered through our Advanced-WINEP.

Our Get River Positive partnerships

Get River Positive: Commitment 1

Ensure storm overflows, sewage treatment works and abstraction do not harm rivers

Poor water quality in rivers is often attributable to agricultural and industrial run-off rather than discharges of treated or insufficiently treated wastewater. On average, water companies account for 27% of the reasons for not achieving good status (RNAGs). We must do more to mitigate our impact.

Anglian Water is permitted to take (abstract) water from the environment and to return (discharge) used water, once it has been treated. Each abstraction and discharge is subject to permit conditions, set by the Environment Agency. The water we return to the environment is clean but can be high in nutrients.

The Anglian Water region is home to just under **1,000** waterways which are experiencing impacts from water company activity.

Majority of the reasons for not achieving good status are related to phosphate from water recycling centres and low river flow from groundwater abstraction.

Water companies in the region contribute to **18%** of RNAGs – lower than the national average (27%), with significant contributions from agriculture, industry and highways.

We have a programme of work to reduce the nutrients and chemicals in the water we return to the environment. We estimate that by 2030, we will have removed almost 800 of RNAGs related to our operations, through managing abstraction and reducing the impact of treated water we return to the environment. We will also have helped other sectors, such as agriculture, to take action too.

Reducing spills and pollution is our number one priority. Teams across the business have been reprioritised to focus on activities that support spill and pollution reduction. Furthermore, we are introducing a catchment-based strategy that focuses on reducing the overall flow going into the system, using green solutions, reducing unflushables from entering our systems, re-lining pipework and working with our communities.

Get River Positive: Commitment 2

Create more opportunities for everyone to enjoy our regions' rivers

We have engaged with river and coastal swimming groups across our region to seek new inland bathing water designation opportunities, with water quality monitoring and applications to Defra.

There are currently 54 designated bathing waters in the Anglian Water region: 48 coastal sites, two estuarine sites, and four inland sites. At the start of 2024, there were three newly designated bathing waters – Sheep's Green on the River Cam, River Stour at Sudbury and River Stour at Manningtree.

	Bathing Water classifications*	
	2023	2024
Excellent	30	33
Good	17	16
Sufficient	2	3
Poor	2	2

90.75% of bathing waters in our region are deemed 'Excellent' or 'Good'. This is down from 92% in 2023. This is primarily due to the inclusion of the three new bathing waters.

Comparison to 2023 designated bathing waters shows an actual improvement from 92% to 94% of bathing waters achieving 'Excellent' or 'Good'. Seven bathing waters improved to an 'Excellent' classification, three of which were recovered following a drop in classification in 2023. Four bathing waters dropped from 'Excellent' to 'Good' and two bathing waters failed to meet the minimum standards; Heacham and Sheep's Green on the River Cam. At Heacham, we found no link to our assets. At Sheep's Green, we know there is more work to be done and funding has been approved for a 'Source Apportionment' study, starting in 2025, which will assess impacts from all point and diffuse sources, including Anglian Water assets.

We continue to work collaboratively to ensure all our region's bathing spots are brought up to 'Good' status at a minimum.

Rutland Water Sykes Lane became the first inland bathing water in England to be awarded the Blue Flag Award and Seaside Award. This bathing water has retained its Excellent classification and we will reapply for this award in 2025.

In 2024, we provided 20 local community and river groups with water quality testing equipment, to provide valuable additional data to support our investments.

As the sole funders of the Keep Britain Tidy RiverCare BeachCare programme, we empower community-led volunteer groups to look after their local environment and take ownership of their waterways. The network is constantly growing, currently including over 1,300 volunteers across 49 groups, who help us keep waterways litter free and undertake work to enhance biodiversity.

* The figures reported here differ to those stated in our Ofwat-related performance commitments, pages 30-37. Our Ofwat-reported measure encompasses 48 bathing waters, whereas our actual total covers the 54 designated bathing water sites.

Get River Positive: Commitment 3

Support others to improve and care for rivers

We have developed a range of local and strategic partnerships with farmers and landowners at an estate, catchment, county and landscape scale.

For example, we have signed a ten-year strategic partnership with The National Trust, co-funding a full-time role across both organisations. We have supported new and existing farm clusters, giving us access to groups of farmers and collaborative projects across much larger geographies. We continue to explore different governance models and develop our relationship with local authorities at county and landscape scale, such as within the Norfolk Water Strategy and Future Fens: Integrated Adaptation.

Case study: Catchment management with the agricultural community

Water quality relies on the health and quality of the natural capital in our catchments. With the East of England's agricultural economic contribution at roughly twice the national average, high agricultural productivity presents challenges in terms of diffuse and point source pollutions.

Furthermore, evolving challenges of climate change, economics and land demand are driving cropping changes across our region. As oilseed rape area decreases, we are seeing the expansion of the renewable energy sector and a 200% increase in maize area over the past 10 years across the East of England.

This brings increased risk from pesticides (such as clopyralid and fluroxypyr) and greater soil run-off, due to field damage by late harvesting of waterlogged fields.

Through our catchment management programme, which we have been delivering over the past 15 years, we work closely with farmers and local businesses to improve the quality of water at source, alongside enhancing our water treatment monitoring, processes and infrastructure.

By working together, we are adapting to the changing profile in agricultural production, implementing actions that benefit our operations and the environment too. Since the start of this AMP, we have:

- Actively engaged with over 250 farmers, representing more than 100,000 hectares of land on implementing regenerative farming.
- Supported 168 farmers to plant over 1,680 hectares of cover crops, increasing the soil's capacity to retain water.
- Subsidised farm trials, to see the benefit of growing grass within maize rows to protect soil.

Working in partnership

Case study: Future Fens: Integrated Adaptation

The Future Fens Integrated Adaptation (FFIA) programme brings together partners across agriculture, infrastructure, water management and environmental sectors, to explore how the Fens can adapt to climate change, flooding and biodiversity loss. Alongside this is the need to ensure long-term economic, social and environmental resilience.

The Fens are crucial to the UK's food production, supplying a fifth of the country's crops and a third of its vegetables. Prolonged droughts could threaten this vital source of food. However, intensive agriculture and engineered landscapes have confined the region's unique biodiversity to small, vulnerable habitats, which are at risk from climate change. These habitats, including wetlands and peatlands, store carbon and support wildlife. Without action to protect and sustainably manage them, biodiversity will continue to decline. Climate risks also hold back development, trapping communities in low-wage economies. Without adaptation, the Fens could face social and economic displacement and a sharp decline in agricultural output, increasing the UK's reliance on food imports.

Over the past year, we have worked collectively to develop tools such as the Fens Climate Change Risk Assessment (produced by the Tyndall Climate Centre) and the Fens Visualisation Tool, which help stakeholders understand the risks, trade-offs, and opportunities for adaptation. A key step in this journey has been the Fens Transition Lab, delivered by North Star Transition. Read more about the Fens Transition Lab.

The Cambridgeshire Fens

Get River Positive: Commitment 4

Enhance our rivers and create new habitats so wildlife can thrive

A key partner in the delivery of this commitment is The Rivers Trust. We have funded work to develop an Eastern Regional Hub for our local Rivers Trusts.

Our most iconic project to date is on the River Stiffkey in Norfolk, where we are supporting Norfolk Rivers Trust in the delivery of a 'Total Catchment Management' approach. This is transforming the River Stiffkey from 'Poor' to 'Good' ecological status, providing a blueprint for other chalk streams and rivers in our region.

We have also supported three beaver reintroduction projects across the region, focused on natural flood risk management and water quality improvement. And we are working with Norfolk Rivers Trust to reintroduce the extinct burbot into the River Wissey.

Working in partnership

Case study: Beavers at Rushden Lakes

In February 2025, a family of six beavers was released at the Nene Wetlands in Northamptonshire. The family was released by trained expert handlers at The Beaver Trust alongside The Wildlife Trust team, which has spent four years planning the project and creating the 16-hectare fenced enclosure.

Matt Johnson, The Wildlife Trust Conservation Manager, said:

"Beavers were last seen in Northamptonshire in the 16th Century and this is the first step of their return to our countryside. I can't wait to see how they will respond to their new home, but also how the environment will respond to them. Beavers are ecosystem engineers, they will gnaw trees and plants and help transform the site into a more diverse habitat, where other species can thrive. We hope we can inspire local communities and visitors with the story of nature's recovery and build more support for conservation."

Get River Positive: Commitment 5

Be open and transparent about our performance and our plans

A panel of key national academics in the field of river health was convened at the outset of Get River Positive. The River Health Panel has provided scrutiny and challenge along the way, leading to Commitment 1 being expanded to cover abstraction.

We have engaged with citizen science groups through in-person events, welcoming questions and inviting them to share their results and observations. These groups reflect the interests and commitment of their communities. By working alongside them, we open up new perspectives, uncover insights and explore solutions together. We are now shaping plans to strengthen these relationships through AMP8. Working closely with citizen scientists ensures we remain open to the challenge these groups provide.

Through our commitments, we have provided over 20 local community and river groups with water quality testing equipment, to enable citizen scientists to capture and monitor water quality data in their local waterways.

In addition to welcoming external scrutiny, last year we launched our Storm Overflow Map, which shows when our storm overflows are operating in real-time. Soon, this data will feed into a national storm overflow map as part of Water UK's National Environment Hub.

Case study: Improving understanding of our water recycling process

In 2024/25, the Get River Positive team supported 11 site visits to water recycling centres across our region, taking the public 'behind the scenes' of our water recycling operations.

These visits included attendees from river groups, wild swimmers, schoolchildren, citizen scientists, Women's Institute and Catchment Based Approach (CaBA) members.

The visits provide a full tour of the water recycling process, welcoming questions, to address public concerns about our processes. The aim is for the public to leave our sites more informed, with a particular understanding of how our systems operate.

Our customers and communities

We can only deliver on our Purpose when we understand what matters most to the customers and communities we serve across our region.

Section contents

Our customer service performance in 2024/25

As an industry that supplies fundamental services to around 7 million customers a day, we understand the importance of listening to our customers and meeting their needs. Over the past year, we've continued to proactively engage with our customers – listening to their views, understanding their priorities and using their feedback to help shape the decisions we make.

We've continued to understand what matters most to the people and communities we serve and make sure their voices are at the heart of our business. This has been done through our pulse surveys (2,100 responses across 10 surveys), brand tracker surveys (2,000 responses across four waves) and an ongoing programme of 52 weekly Customer Panel engagement activities – involving around 350 customers.

Understanding what our customers want and need is fundamental to our business — whether it's shaping future investments, improving day-to-day services, or responding to emerging concerns. It helps us deliver better, more-relevant services and ensures we stay aligned with the expectations of those who rely on us every day.

MyAccount update

With over 7 million interactions this year, our online MyAccount portal and app continue to get great feedback from our customers. Throughout the year, we have continued to enhance the services, acting on customer feedback to improve ease and access. We have also built in additional services, allowing customers to update and amend their payment amounts, in line with water usage.

Where appropriate, customers now receive bespoke affordability support, with tailored advice and signposting to the full range of support on offer. This ensures we make it as easy as possible for customers to get the support they need, when they need it.

Simplifying our communications

We have enhanced our customer communication through Plain Numbers training, a method designed to make numerical information clearer and more accessible. This approach helps customers better understand bills, tariffs and usage data, reducing confusion and improving trust. By simplifying complex figures and using clearer explanations, we hope that all customers (including those with lower numeracy skills) can make informed decisions about their water usage and finances.

Convenient payments

This year, we have introduced a new feature that allows our customers to securely store their credit and debit card details using tokenization. This advanced security measure replaces sensitive card information with a unique token, ensuring data protection and compliance with Payment Card Industry (PCI) regulations, while making future bill payments quicker and more convenient. Customers can now enjoy a seamless and secure way to pay their bill.

Streamlined billing for Essex and Suffolk customers

This year, we successfully outsourced sewerage billing to Essex & Suffolk Water (E&S), ensuring that over 500,000 customers now receive a single bill covering both their E&S Water and Anglian Water sewerage charges. Previously, these customers had to manage separate bills and payments to each company. With this change, they now interact solely with E&S – as is typical for other dual water company areas – making it easier to view and pay their combined charges in one place. This streamlined approach is more convenient and clear for our customers.

New smart system for our contact centres

Our vision was to implement a new cloud-based contact platform, to help our teams work collaboratively to effortlessly deliver excellent customer experience. The programme of work began at the start of 2024 and we completed the transition of our business-wide telephony system by December 2024. This was on time and under budget and has received positive user feedback.

In January 2025, we began our transformation phase. This saw our digital channels migrated to the new platform, meaning – for the first time ever – we can seamlessly move resource across channels to support customer demand and have a holistic view of customer contacts.

Driving transparency and customer experience in Development Services

In April 2024, we implemented significant changes to our Developer charges for the financial year 2024/25. These updates reflected Ofwat's requirements towards improved transparency and continued cost reflectivity, in preparation for the regulatory expectations of AMP8. This new approach – implemented a year ahead of broader industry adoption – was designed to provide customers with greater choice and flexibility, through reflecting the true cost of the services they received.

In light of customer feedback, we reviewed our processes and enhanced team training to prioritise clearer, more personalised communications. These changes led to a steady improvement in satisfaction scores, rising from 12th to 8th place, positioning us just above the industry median. Additionally, we achieved a near 100% record for 'Levels of Service,' closing the year ranked 4th for delivering services on time.

Over the course of AMP7, our overall customer experience score has increased by more than two points, reflecting sustained improvements in both service quality and reliability. We are proud of the progress achieved and anticipate a positive outcome for the current year, with a strong prospect of securing enhanced financial rewards, in recognition of our commitment to delivering excellent customer service.

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

Delivering safe, clean drinking water

Long-term planning to secure water supplies for the future

Improving river quality and reducing pollutions

Internal and external sewer flooding

Water supply interruptions

Customer service (CMeX and DMeX)

More on our progress and plans against these priorities can be found in:

'The year-in-context', pages 10-18.

'Ofwat-related Performance Commitments', pages 30-37.

'Our Environment', pages 37-47.

Customer, retailer and business experience of our services

We maintained our year-end position of 7th for our Ofwat-related Customer Measure of Experience (CMeX) measure, which reflects our continued commitment to delivering a high standard of service for our customers and ensuring their experience remains at the heart of everything we do. Our aim is to return to upper-quartile performance – and this result provides a strong foundation, as we focus on further improvements in the coming year.

For Non-Household Retailer satisfaction, we exceeded the final year target for our Ofwat-related commitment. We achieved a score of 84.2, outperforming the target of 79.1. Throughout AMP7, our performance has consistently met or exceeded annual targets.

During 2024/25, Ofwat ran a trial for its new customer service incentive for business retailers. This included gathering direct feedback from business customers and non-household retailers – as well as important market performance measures, such as how well we meet service levels, how quickly we fix late requests and how accurate our customer data is. We ended the year 5th place overall, with strong results in retailer satisfaction (3rd place) and business customer satisfaction (4th place).

Supporting customers to use less water and protect the region

In January 2024, we announced new seasonal tariffs with groups of customers in Lincoln and Norwich. These tariffs were designed so discounted charges in the colder months offset higher charges during the summer.

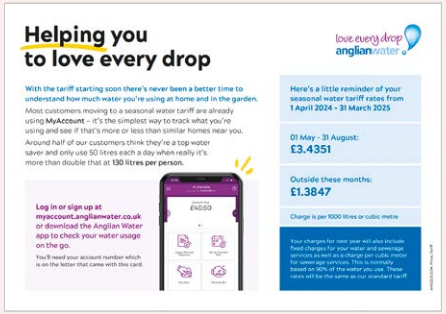
We wanted to encourage these communities to save water where they could, across their homes and gardens. By using less water, this will help us protect the environment, alongside reducing bills.

Over the past year, we engaged with trial participants through monthly updates on their water usage, providing tips for improving efficiency. Despite a cooler, wetter summer in 2024, we were encouraged to see some reductions in customer water usage.

Survey feedback also showed increased awareness and engagement with our water efficiency goals, along with a stronger intent to use water more efficiently.

Over the next year, we will be adding new functionality to the MyAccount portal, allowing all customers to track the cost of their water use daily, weekly, or monthly.

Following the encouraging results from the Lincoln and Norwich trials, we're expanding the trial to customers in Colchester and Northampton. This will allow us to gather more evidence on how different groups respond to seasonal tariffs and ensure we have robust data to evaluate its overall effectiveness.



Our seasonal tariff customer communications

Supporting vulnerable customers

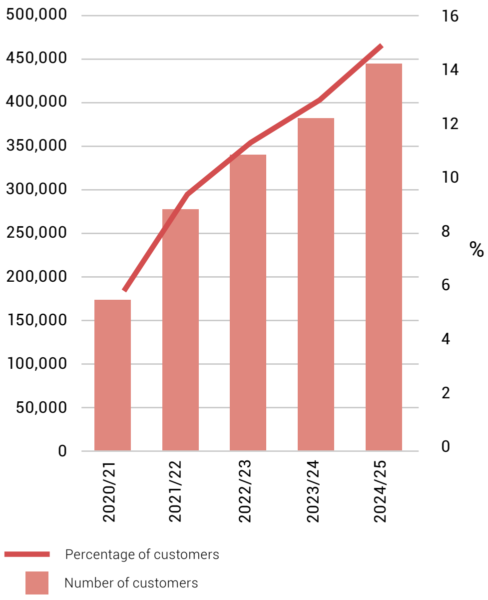
Supporting customers who need extra help is a core part of our Purpose and duty of care. In 2018, we developed our Vulnerability Strategy, in collaboration with customers, to strengthen the support we provide – a strategy that has proved vital during the cost-of-living crisis and the global pandemic.

A key part of this is our Priority Services Register (PSR), which offers tailored, practical support to customers in vulnerable circumstances. In 2024/25, 444,387 customers – 14.7% of our customer base – was registered.

This is an increase of 63,534 customers, from our position at the end of March 2024.

We have exceeded our AMP7 target within the period and ahead of the scheduled end date. This growth reflects targeted awareness campaigns, proactive use of data (to identify customers needing extra help) and strengthened partnerships with health, social care and voluntary organisations. We've also enhanced the services available through our PSR, providing alternative bill formats and a secure password scheme for added reassurance. Our priority now, is to build on this progress, continually improving our service.

Percentage of customers on our Priority Services Register since 2020



BSI Kitemark for Customer Vulnerability

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

bsi Inclusive Service KITEMARK™

Keeping bills affordable

We have a range of affordability support for customers, including: payment breaks, concessionary tariffs, forgiveness schemes and temporary instalment plans. This year, we exceeded our Ofwat affordability target of 310,161 by 95,264, supporting 405,425 customers in 2024/25.

Building on our support package, this year we awarded £800,000 from the Anglian Water Assistance Fund and matched £900,000 of payments made by customers, through our Back on Track scheme.

We are going further to support customers in AMP8, where the average household bill will increase by 29%*. To ensure customers are supported, our Business Plan includes an unprecedented level of support for those at risk of water poverty.

Our targeted support builds on what we delivered in AMP7 and includes a proposal to double the current cross-subsidy from £12 to £24. This was strongly backed by customers and stakeholders and will enable discounts of up to 50% for 230,000 customers, with an additional 70,000 receiving further help across all concessionary tariffs.

In an industry-first, we will introduce a new Medical Needs Discount, fully funded by our owners. This will offer direct financial relief to those with specific medical conditions that drive higher water use – such as customers reliant on home dialysis – without increasing costs for other customers.

Through a combination of strengthened customer and shareholder support, along with efficiency embedded throughout our plan, we will deliver direct financial assistance to those experiencing water poverty during AMP8, while also expanding flexible account management options to support even more customers.

Case study: free leak repairs for financially vulnerable customers

In June 2024, we re-launched a trial to fix leaks for vulnerable customers who had recently had a smart meter installed, which resulted in a leak being identified. Many of these customers either don't have the ability to fix their leaks, or the finances available to pay for a repair. And in some cases, customers weren't even aware they had a leak at their property.

Our team was able to visit almost 200 customers, to support with locating/repairing leaks. A total of 131 leaks were repaired, many on the same day, or within a few days — with 75% of leaks coming from toilets or taps. The customer feedback, so far, has told us we're on the right track.

* Correct at time of publication, however subject to change following CMA referral

Supporting customers with mental health challenges

With one in four people facing a mental health challenge in any year, ensuring support is accessible is essential. We recently underwent an independent audit by the Money and Mental Health Charity, founded by Martin Lewis – and the results were positive.

The charity evaluated our customer communications, culture, processes and training — with a particular focus on our PSR and customer feedback. Their findings highlighted that our strong commitment to doing the right thing is reflected in our supportive approach and clear communications. The feedback we received praised our company culture and dedication to making our services as accessible as possible.

Following the review, insights from the audit were used to enhance customer interactions and ensure help is always accessible.

"I would like to say thank you to Liam and Lesley in the customer care department. Thank you for the care and compassion you showed me. You helped me in my difficult times. Thank you, Liam, making sure I was comforted and okay before ending the call. Not all heroes wear a cape and uniform. I appreciate it."

Anglian Water Customer

Working in partnership

Broadening our reach to support vulnerable customers

Every week, we continue to identify and support more than 1,300 customers. We provide an inclusive and flexible approach to address vulnerability, to better meet the diverse range of our customers' needs.

We've partnered with Cambridgeshire and Bedfordshire Fire and Rescue to help support the safety and wellbeing of our Priority Services customers. Through this collaboration, eligible residents can access a free Safe and Well visit, offering important advice on fire safety, falls prevention, staying warm and crime reduction.

Each month, we send SMS messages to some of our customer base to raise awareness of this valuable service. Those interested can choose to have their details shared with Fire and Rescue, who will then arrange a visit.

This partnership also works both ways — Fire and Rescue teams introduce eligible residents to our PSR during their visits. If a customer would like to sign up, their details are passed back to us, helping ensure they receive extra support where needed. As a result of this joint initiative, we've identified and received thousands of new PSR registrations through the Fire and Rescue service.

Following its success in Cambridgeshire and Bedfordshire, the initiative is set to expand to Norfolk and Lincolnshire later this year, bringing its benefits to even more communities.

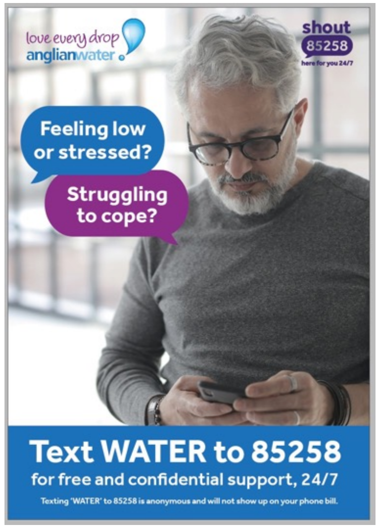
Since the start of AMP7, we have forged several relationships with partners, to better support our customers and communities. Recognising the challenges people face – whether financial, health-related, or emotional – we have worked with expert organisations to provide tailored assistance where it's needed most.

In October 2023, we partnered with Shout, a free, confidential, 24/7 text messaging support service, offering immediate mental health support. By texting WATER to 85258, customers in crisis can connect with trained volunteers for guidance and reassurance. We remain the only water company to offer this service to their customers.

Our industry-leading and award-winning collaboration with Kidney Care UK means we can provide vital assistance to individuals living with chronic kidney disease (CKD) in our region. This partnership offers financial aid, access to our PSR and a dedicated helpline, staffed by trained specialists who understand the unique challenges kidney patients face.

Since 2020, to support customers facing financial hardship, we have also secured over £2.25 million through the Household Support Fund. This funding enables us to provide direct financial assistance, helping to ease the burden for those struggling with essential costs.

Finally, over the past year, we have attended over 100 community events across the region, including financial inclusion partnerships and dementia cafés. These interactions provided opportunities to discuss billing concerns and available services directly with our customers and has led to customers saving over £13,000 on their bills in the last year.



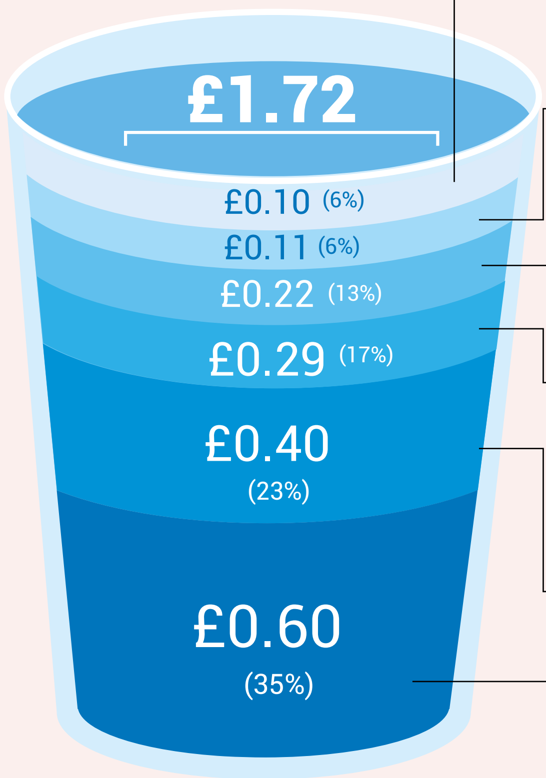
Our partnership with Shout, a free, confidential, 24/7 text messaging support service, offers immediate mental health support. We remain the only water company to offer this service to customers.

Customer bills in 2025/26

From 1 April 2025, the average customer bill will rise by £0.27p a day to £1.72* a day (2024/25: £1.45 per day) or £626 over the year — covering both water and sewerage costs. The increase in bills is driven by several factors, including rising inflation, but it also reflects the scale of the £11 billion* investment we're planning to deliver in AMP8. While our customers will see an increase, for most, water bills will remain one of the lowest household expenses. We will continue to help customers who may be struggling to pay their bills, with a package of support, worth over £80 million for year one of AMP8.

£1.72* per day

What the average water bill covers:



Energy

We use energy to clean water and pump it around our region. However, higher energy prices have impacted us, so we're looking for new ways to generate our own renewable energy, to help protect customers from rising costs.

Taxes, rates and licences

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

Maintaining and improving equipment

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

Funding long-term projects

Ongoing investment in existing projects — including building our Strategic Pipeline to supply water to some of the driest parts of our region — helps to make us more resilient to the risks of drought and flooding.

Investing in greener projects

We invest more money in running the business than we collect from customers each year. To do that, we have to borrow money and pay interest - akin to paying a mortgage. The rest can either be reinvested in the business or paid to investors in the form of a dividend. This year, all of the money is being reinvested in our assets and no dividend is being paid. Our investments are all geared towards creating a more sustainable future, such as building new treatment wetlands, extending our Strategic Pipeline and upgrading our assets.

People and materials

A large part of bills cover our running costs, including materials to test water to ensure it's of the highest quality. We also believe in looking after the people who work for us and we're proud to pay all of our employees a Real Living Wage.

* Correct at time of publication, however subject to change following CMA referral

Spreading the cost for future generations

Water bills cover much more than just the cost of supplying fresh, clean water and recycling the wastewater we take away. They go towards protecting and enhancing the environment, as well as making sure there is enough water for everyone, both today, tomorrow and far into the future.

Ofwat sets a limit on how much of customer bills can be used to help pay for infrastructure.

In addition to funding investment through customer bills, we raise money from both debt and equity investors, to help pay for major infrastructure projects.

This approach is the most effective way to fund long-term investments, as it allows the cost to be spread over time, so that today's customers aren't footing the bill for assets that future generations will benefit from.

Inspiring, educating and empowering communities

At Anglian Water we have always recognised the special responsibility we hold as a provider of an essential public service. Our community work aims to educate, inspire and support local people in the region we serve.

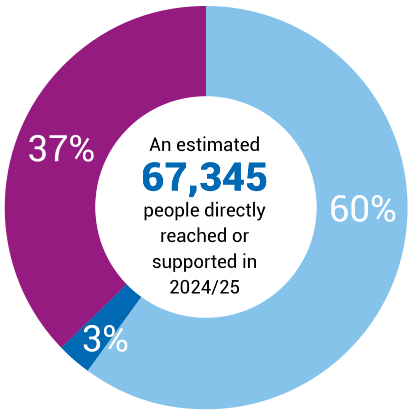
By 2030, our goal is to have positive impact on half a million beneficiaries through our education, place regeneration and community investment programmes.

In 2024/25, an estimated 67,345 people (2023/24: c.51,826 people) were reached directly, or supported by Anglian Water community investment activity and by our Alliances in the course of their work with Anglian Water. While, over the course of AMP7, we have reached 273,838 people.

Education remains a key part of our long-term community work, see page 55. Our Alliance partners also supported school visits and community events, helping to build confidence, skills and awareness of careers in our industry.

We also continued to strengthen our commitment to protecting the environment, by supporting local initiatives and community volunteers, through programmes like RiverCare and BeachCare. Alongside this, we've worked with regional environmental charities to safeguard important ecosystems, including chalkstreams, wetlands and river networks. These partnerships are making a real difference, as we respond to growing environmental pressures.

Finally, our support for WaterAid remains central to our community work, helping to improve access to clean water, sanitation and hygiene around the world. This year, our employees raised funds, volunteered their time and helped spread awareness. In Nepal, the Beacon Project continued to deliver vital hygiene and sanitation services, while closer to home, we found simple ways to connect with vulnerable people in our region.



60%
Education
40,181 people

37%
People in vulnerable circumstances
25,002 people

3%
Environmental
2,162 people

Working in partnership

Case study: Industry collaboration supports students with special needs

Clancy, with support from Anglian Water and our Integrated Maintenance and Repair team, worked together to engage young people with Special Educational Needs and Disabilities (SEND). Partnering with Lincolnshire County Council and Stamford College, together, we developed tailored work experience placements that gave students valuable exposure to the industry.

Five SEND students took part in a six-month programme, gaining hands-on experience with Anglian Water's Integrated Maintenance, Repair and Developer Services Alliance and Integrated Maintenance and Repair Water Recycling teams. Clancy worked closely with the school and council, to create customised job roles that matched the students' individual needs, ensuring meaningful learning and growth.

The impact was significant, with students gaining confidence and real-world skills. One student is now progressing toward formal training with Anglian Water, opening the door to future employment opportunities.

£775,000 raised by Anglian Water for WaterAid

We are proud to continue to support WaterAid in their mission to transform lives through clean water, decent toilets and good hygiene. Through projects like The Beacon Project in Nepal, this partnership is delivering vital, lasting change to communities in need. Over the course of 2024/25, Anglian Water employees have come together to raise an incredible £775,314 for WaterAid.

Kate Holme, Strategic Partnerships Director at WaterAid, said:

"I just wanted to say thank you from the bottom of my heart to everyone at Anglian Water who has given their time and energy to raise over three quarters of a million pounds for WaterAid over the past year. Whether you have baked a cake, climbed a mountain or organised a ball (and everything in-between!) quite simply, you are awesome.

"WaterAid has one goal: to change the world through water. Along with decent toilets and good hygiene, a reliable supply of clean water is essential for health, dignity and a life full of opportunity. Our partnership with Anglian Water enables us to have a bigger impact through the work of The Beacon Project and we cannot thank you enough."

Inspiring young minds through water education

Since its inception in 2007, our education team has engaged with 560,000 young people and adults across the region.

As part of our commitment to education and community engagement, we continue to work closely with schools across our region, to inspire the next generation about the importance of water conservation and environmental responsibility. Through our education programme, we provide a wide range of curriculum-linked resources and interactive learning opportunities that help young people understand how we manage water and protect the environment.

Sustainable habits in schools

We continued to provide resources, workshops and interactive activities, to educate young people about the importance of conserving water and understanding how their daily habits impact the environment.

Alongside this, we have mirrored the wider 'Just Bin It' campaign (see page 39 for more) in our school engagement, by delivering hands-on workshops that highlight the importance of only flushing the 3Ps – Pee, Poo, and Paper. As part of these sessions, pupils create pretend sewage mixtures, using everyday household items, to explore what can end up down our sinks and toilets. This interactive activity not only sparks curiosity, but also helps students understand the strain inappropriate waste puts on our sewer network and the potential consequences for the environment. Through these practical sessions, we aim to inspire behavioural changes that protect both our infrastructure and local waterways.

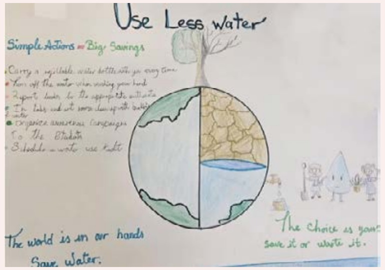
In addition, our SuDS for Schools initiative introduces students to sustainable urban drainage systems, promoting awareness of surface water flooding and ways to manage it, through engaging classroom resources and practical activities. We also offer a suite of online STEM-based lessons, covering topics such as the water cycle, water treatment, climate change and careers in the green economy. These initiatives aim to equip young people with the knowledge and skills to make informed choices about water use and sustainability, both now and in the future.

The team continues to use a blended approach of both in-person and online learning (developed when the Covid-19 pandemic disrupted traditional learning methods), to engage with even more young people, fostering climate literacy and encouraging responsible water behaviours.

The Anglian Water Eco-Advocates Award

Our Sustainable Schools Programme supports schools on their journey towards becoming more environmentally responsible, helping them to develop sustainability action plans. The Eco-Advocates Award was created to recognise and celebrate young people who demonstrate a strong commitment to environmental sustainability. It encourages students to take an active role in promoting water and climate literacy and advocating for positive environmental change within their schools and communities. The award highlights projects and initiatives, where young people raise awareness, develop innovative solutions and take meaningful actions to conserve water resources and protect the environment.

Over the last year we have presented this award to 15 schools across our region, with a further 22 registered to take part over the coming months.



An example of the work completed by one of the schools who participated in the Eco-Advocate Award this year

Strength in Diversity

Our Strength in Diversity (SID) initiative promotes workforce diversity, by focusing on key towns in our region. We work with schools, community groups and jobseekers to create meaningful employment pathways. Since its launch in 2022, SID has enabled us to engage with local communities at various levels, addressing the challenges that marginalised groups often face when entering the workforce. Our efforts are centred on delivering practical solutions, including work experience opportunities, interview preparation and the development of key employability skills.

This year we have expanded our Strength in Diversity programme to include:

Engaging with communities through education and employment

In April 2024, we participated in a jobs fair at Peterborough College, supporting young people exploring career opportunities. In October, our team contributed to a two-day Milton Keynes STEM event, where we ran interactive workshops and hosted an informational stall, inspiring the next generation of innovators.

Supporting students to solve real-world challenges

We continue to engage with young people across the region, by offering innovative alternatives to traditional work experience. This year, our team visited local schools, to introduce students to real-world challenges inspired by the work we do at Anglian Water.

Students were tasked with solving these challenges, with ongoing guidance and support from our team throughout the process. The experience culminates in an exciting opportunity for them to present their findings at one of our sites, such as Grafham Water. This approach not only enhances their problem-solving skills, but also provides valuable insight into the dynamic world of water management.

Our people

Our success is driven by our people and guided by our core values: together we build trust, do the right thing and are always exploring.

Section contents

Health, safety and wellbeing

Health and safety performance has remained relatively stable and we have closed out the year in the same position to 2023/24, with a combined Accident Frequency Rate of 0.10. However, within this we have seen a deterioration in the regulated side of the business for the number of RIDDOR-reportable incidents (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations). We are also seeing more colleagues off work, as a result of the impacts of the incidents they have had.

The majority of safety incidents this year have been linked to culture and behaviours. This is true for both the regulated business and our partners. This, in conjunction with the anticipated changing risk profile – as a result of the increase in capital delivery next AMP and the potential challenges of operating an aging asset base – has resulted in us starting a refresh of our culture, to make us Safer Every Day.

Our cultural review has been co-delivered with external safety consultants JMJ Limited, to give independent assurance and a strong perspective on what 'best-in-class' looks like.

Employee feedback has been key to driving plans for the reset and recommendations from the review will be taken forward, as part of a 24-month programme, for the first two years of the AMP.

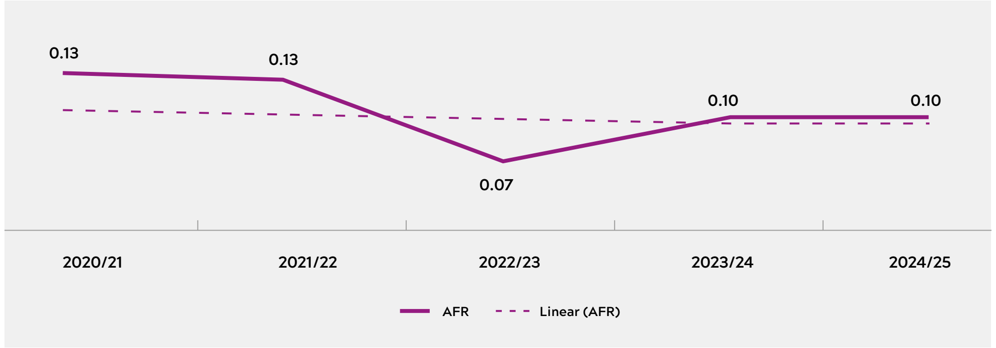
	2018 /2019	2019 /2020	2020 /2021	2021 /2022	2022 /2023	2023 /2024	2024 /2025
Category 1 events[1]							
• Reporting of Injuries, Diseases and Dangerous Occurrences Regulation (RIDDOR) reportable specified injury accidents • RIDDOR reportable non-worker /member of the public accidents • RIDDOR reportable (potentially life-limiting) occupational diseases • Fatalities	5	4	7	7	3	13	10
Accident frequency rate (AFR)							
• The number of reportable accidents in every 100,000 hours worked. Our AFR includes data from our own employees and our contractors.	0.12	0.08	0.13	0.13	0.07	0.10	0.10
Sickness absence – target 5 days							
• The average number of working days lost, per employee, due to sickness	4.60	4.54	3.77[2]	5.82[2]	5.04	4.96	5.04

1 In 2019 we made changes to the way we report on more serious events. To ensure we have a more objective and refined way of reporting and measuring performance, we revised the event types that are now classified as Category 1 events. To ensure consistency of reporting, we have revised the previous years' Category 1 figures in line with the current reporting criteria, so we're comparing like-for-like.

2 These figures exclude self-isolation and shielding due to Covid-19.

Our health and safety figures cover alliance members, framework contractors and Anglian Water staff – approximately 9,500 people.

Accident Frequency Rates over AMP7

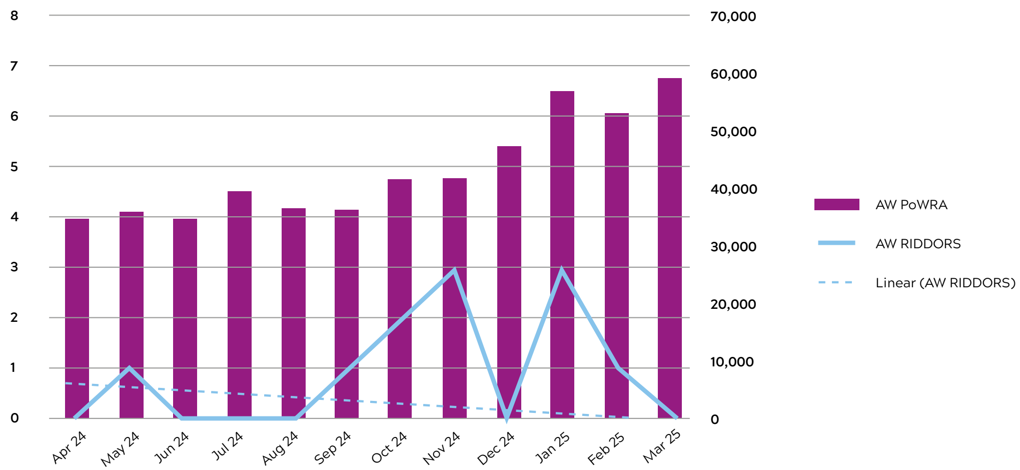


Active management visits have increased this year, with 11,107 reported, in comparison to 10,129 in 2023/24. The launch of the new active management app will address functionality issues with the current system, so we expect to see this increasing trend continue.

518,965 Point of Work Risk Assessments (PoWRA) have been recorded this year, in comparison to 358,875 in the previous year. Both these lead measures help us to drive down significant incidents.

518,965 PoWRA assessments were undertaken in 2024/25

Anglian Water RIDDOR/PoWRA Comparison



Safer Every Day: Anglian Water's commitment to safety

safer every day

At Anglian Water, safety is at the core of everything we do. As we ready ourselves to deliver our ambitious Business Plan in AMP8, keeping health, safety and wellbeing at the forefront has never been more crucial.

Feedback from our teams, through our Love to Listen (L2L) survey (see page 61) and Safety Culture surveys, highlighted areas where our approach can feel complex or inconsistent.

This is why, in March 2025, we launched our new commitment to health, safety and wellbeing – Safer Every Day. It's about keeping colleagues, customers and partners safe, no matter where they are or what they're doing – moment by moment, choice by choice. Safer Every Day is underpinned by our values.

Safer Every Day is a simple and unifying approach for health, safety and wellbeing, across Anglian Water. Over the next two years, we plan to roll out a comprehensive programme, to enhance safety at every level. This includes refreshing our health and safety programme, standardising personal protective equipment (PPE) and updating safety systems, policies, and procedures.

Safer Every Day is more than just a name: it's a mindset. As we embark on an exciting new chapter at Anglian Water, we remain committed to making safety simple, consistent and effective for everyone.

Mark Thurston speaking at the Safer Every Day launch, March 2025

Case study: improving safety and wellbeing in Water Recycling

We strongly believe, as an organisation, we all need to be highly engaged if we are going to make a step change in our health and safety performance.

As Safer Every Day launches, Water Recycling employees are approaching their safety in a new way – through the formation of safety and wellbeing improvement teams. These teams are made up of people who are passionate about safety and want to make a difference at a local level. Through their introduction, our people have the opportunity to take control of their own workplace safety and make a positive impact.

Case study: Active Management App

In 2025, we developed a new active management application, which was designed to enhance the support and coaching our people receive in their daily work.

With a focus on health, safety, wellbeing, quality and the environment, the app fosters meaningful conversations through a set of simple, targeted questions. It also introduces powerful new features – including dashboards to track visits, review actions and prioritise high-risk safety activities. Additionally, employees will receive a summary email after each active management visit, ensuring transparency and follow-up.

Launched in April 2025, this new tool will play a key role in proactively managing challenges, improving service delivery and helping employees work in a safer, healthier and more sustainable way.

Enhancing out-of-hours coverage for wellbeing

Over the past six months, we've explored how we can enhance operational resilience, while prioritising the health, safety and wellbeing of our people. Our aim is to reduce fatigue, strengthen resilience in our 24-hour operations and protect our critical assets, customers and the environment.

We are introducing a new working hours policy that applies to all Anglian Water employees. This policy, which builds on successful trials in the Stoke Ferry Supply and Northampton Water Recycling teams, will take effect from 1 April 2025 and includes:

- A 15-hour working cap within any 24-hour period. While exceeding this limit is rare, more robust measures will be in place to ensure safety, if it occurs.
- An extended rest time eligibility window for those on standby overnight.
- Clearer guidance on managing disturbance calls between 22:00 and 06:00, to maintain a consistent approach across the business.
- Fatigue risk assessments required when 12 or more hours are worked.

This change reflects our ongoing focus on safety and wellbeing and aligns with our business aspiration, to ensure that no front-line colleagues work more than 15 hours in a 24-hour period. It also strengthens our collective responsibility to manage working hours effectively, whether teams are office-based or on site.

Employee health and wellbeing

In 2025, we strengthened our commitment to employee wellbeing through the launch of Safer Every Day. Together, we're creating a safer, healthier and more connected workplace: one where work has a positive impact on our employees' wellbeing. Because when our people thrive, so does our business.

We recognise that wellbeing is personal and constantly evolving. For some, it's about being free from illness; for others, it's about resilience, happiness and fulfilment. Our Wellbeing Strategy reflects this and is built on four, interconnected pillars: mental, physical, financial and social health. These pillars guide our initiatives and ensure holistic support for all colleagues.

We believe consistent, everyday actions lead to lasting change. Key achievements this year include:

- 22 wellbeing webinars delivered, with over 5,000 views.
- Our largest-ever wellbeing event, engaging 4,900+ colleagues.
- Ongoing success of our initiative designed to support early detection of illnesses and encourage proactive health behaviours.

Key focus areas in 2024 included:

Musculoskeletal health

A common workplace health challenge, musculoskeletal health was a key focus in 2024. We raised awareness around prevention and introduced a new hybrid Display Screen Equipment (DSE) assessment, to help employees better manage posture, equipment use and overall musculoskeletal health.

Mental wellbeing

We continue to foster a workplace culture grounded in mutual respect and psychological safety, where colleagues feel empowered to speak up and be themselves. In 2024, we delivered bespoke mental health training for frontline managers and Operations Logistics teams. This proactive support has previously led to a sustained reduction in mental health-related absence.

Championing neurodiversity

We proudly celebrated neurodiversity in 2024 and formally recognised self-diagnosis of neurodiverse conditions as valid. We remain committed to making reasonable adjustments for anyone who requests them and to sharing knowledge that helps make the journey smoother for colleagues exploring a neurodiverse identity.

Occupational health

Our dedicated Occupational Health team carried out over 9,000 health assessments in 2024 and introduced the HAVS Zero Limit Project – going beyond health and safety guidance, by proactively screening employees for hand-arm vibration-related health risks. These checks ensure our colleagues are fit for work, and that their work doesn't harm their health.

Wellbeing champions

Our network of 122 Wellbeing Champions plays a vital role in advocating for wellbeing across teams and driving local engagement. Looking ahead, we will be introducing a formal role description, to support coordination and better align their activities with our strategy.

Expert support for employee wellbeing

With over 3,000 referrals, our flagship private healthcare offering has helped employees access mental health support, physiotherapy and a wide range of consultants – ensuring timely, expert care when it's needed most.

Looking ahead to 2025

In 2025, we're expanding our annual Health, Safety and Wellbeing day initiative into a full week of events and activities. The week is designed to support wellbeing through impactful sessions, covering everything from mental health and physical wellbeing, to workplace safety and leadership perspectives.

This year, we welcomed a dedicated Health and Wellbeing Lead – a key role responsible for developing a comprehensive yearly wellbeing plan, enhancing psychological health and safety training and leading targeted health campaigns across the business.

Working in partnership

Case study: Innovative safety solution for cochlea implant wearers

We have sought a safety helmet solution for employees using cochlear hearing implants. Traditional safety helmets posed a challenge, as the internal harness conflicted with the external hearing processor, creating discomfort and compromising the fit.

To address this unique challenge, we worked with Betafit (a PPE supplier) and those who use cochlear implants, to fully understand the specific requirements. Through a detailed assessment, Betafit explored various safety helmet designs to identify a solution that would accommodate the hearing processor, without compromising comfort or safety.

Betafit successfully developed a modified safety helmet that incorporates an additional layer of protection inside the harness. This adjustment ensures the cochlear implant remains in place, while providing the necessary head protection. The solution has now been seamlessly integrated into Anglian Water's PPE supply through Tower Supplies, ensuring that employees with cochlear implants can work safely and comfortably.

This collaboration demonstrates our commitment to inclusivity and safety, ensuring that all employees have access to PPE solutions that can meet their individual needs.

Our safety helmet incorporating a cochlear hearing implant.

Preparing for AMP8 and beyond

As we transition between AMPs, we're evolving from a water company to one that must deliver key infrastructure. Investing in our people and partnerships has never been more critical; a resilient, skilled and adaptable workforce is essential to achieving our ambitious goals. To meet the evolving demands of AMP8 and prepare for AMP9 and beyond, we must proactively align our workforce with shifting regulatory requirements, customer expectations and operational challenges.

Predicted labour growth in the water sector between 2024 and 2030 is 30%[9]. We have a plan to 2030, designed to ensure our workforce is agile, we are a competitive employer for talent and that we can maintain flexibility in the face of external change. Actions will include ensuring critical skills from those retiring are passed down into the business, we have greater employee engagement through more progression opportunities and a more flexible supply chain mode.

We have supported our Alliances to be well-prepared, through a strategic and proactive approach to workforce planning. This includes growing frontline teams and strengthening partnerships to enhance delivery capacity. The addition of the new Programme Delivery Partner will further boost capability, ensuring that complex projects are managed effectively.

In preparation for AMP8, the alliances have introduced further strategic oversight, to enhance operational ownership. By aligning workforce capacity with business needs, they are enhancing collaboration, reducing duplication and driving greater efficiency. Additionally, there is a strong emphasis on retraining and upskilling the workforce, ensuring that people are equipped to adapt to new challenges and evolving operational demands.

9 Water Industry Workforce Resilience Research – Energy & Utility Skills

Reshaping our business for success

Customer and stakeholder expectations have evolved, with the Government's growth agenda highlighting water as a key driver of economic and social progress. Our Business Plan for AMP8 steps up to meet these demands. However, this builds on the cost and performance pressures experienced during AMP7.

Over the next five years, we want to move to being an upper-quartile performer. To do this will require that we become a more agile and efficient business and that we strengthen capabilities within our workforce.

We need to ensure we have the right people in the right roles, positioning us to optimise performance in AMP8 and beyond. This will require reshaping how we operate, starting in year one. Some areas, such as frontline teams, our alliance partners, the Safety team and our new Programme Delivery Partner, will expand. Conversely, senior leadership structures, enabling functions and non-operational areas will be streamlined to improve clarity, eliminate duplication and increase efficiency.

While we are committed to being transparent, reshaping may also involve placing people into consultation and at risk of redundancy – a process that has already begun across some teams. However, there will be ample opportunities for individuals to retrain and diversify within the business. The savings generated will be reinvested in our assets, making us a more resilient and sustainable organisation.

Case study: Supporting the retirement journey

AMP8 investment and business growth is significantly higher than in previous AMPs. At the same time, a community of experienced and knowledgeable people will be initiating retirement plans across the business.

However, unlike maternity planning, we didn't have a culture where employees were encouraged to talk about their retirement plans — and there was often hesitancy to do so. This can result in unexpected notices and a lack of time to effectively implement succession plans.

Employees aged 56 years and over:

- 17 years average length of service
- 17,000 collective years of experience

This presented us with a significant business risk that was unknown and undefined. In 2024, we launched a programme to support people and their retirement journey. This was based on feedback from across the organisation, to support our retiring employees and recognise their achievements, alongside ensuring the Company's continuity and retention of knowledge.

We refreshed and introduced several options including:

- A glidepath approach to retirement, meaning employees can gradually reduce their working days.
- The opportunity to change roles within the organisation, with support to help identify potential opportunities.
- Employees planning to retire with at least six months' notice will receive an extra payment, equivalent to two weeks' basic pay, in their final salary.
- Offering a complimentary car parking pass for our water parks, valid for one year after retirement.

Since launching this programme at the end of 2024, we have seen 23 upcoming retirees opt for the extended notice of retirement and two have opted for standard contracted notice. We estimate that we have gained 98 months of additional working time from employees, due to the incentive.

Our people and culture

Pay update

In 2024 Anglian Water and the Trade Unions agreed a pay deal for the years 2024/25 and 2025/26. All parties felt the deal reflected the incredibly hard work of all our people. We've also responded to feedback and given employees the option to make longer-term financial plans and commitments.

For the financial year 2025/26:

- A base pay increase, based on the November 2024 Consumer Price Index including Housing costs (CPIH) rate (3.5%[1]) plus 1%. (The rate was published in December 2024.) The increase will also apply to overtime and contractual allowances, such as standby and callout; for clarity this will also be a consolidated uplift.

Looking ahead:

- The next round of pay negotiations between Anglian Water and the Trade Unions is likely to take place at the end of 2025. At this point, we will consider our approach – regarding how to look to the future – and provide an update accordingly.

Dignity at Work

At Anglian Water, living our values means fostering a workplace where everyone feels respected, included and supported. To help make this a reality, we've refreshed our Dignity at Work training, drawing on real experiences shared by our people and aligning with recent updates to the Equality Act 2010.

The updated training is now mandatory for all employees and covers key topics such as bullying and harassment, respectful language, allyship, and more. It's an important step in building a culture where everyone can thrive and sets a shared standard as we begin the next AMP with clarity and purpose.

Love to Listen 2025

Love to Listen is an important part of our interaction with employees, helping us understand our people's experience and work together to continually improve. We do this through surveys on an independent platform where people can share their views in confidence.

After a year of change, this year's results show overall engagement has dipped slightly at 70% – down two points from 2023. People continue to enjoy their jobs and working with their team colleagues. They continue to feel supported by their manager and appreciate our flexible, inclusive culture, support for safety and wellbeing and our employee benefits.

As we look ahead, our focus will centre around three key areas: living our values and becoming Safer Every Day; ensuring fair performance and reward; and improving collaboration across teams. The launch of Safer Every Day will play a vital role in embedding our core principles into everyday working life and will drive a stronger safety culture.

We're also committed to making further progress on performance and reward, with ongoing work to enhance pay frameworks and out of hours arrangements, to support our people better.

Finally, strengthening collaboration remains a priority, with plans in place to reshape the business for AMP8; simplifying ways of working and removing duplication, to help teams work together more effectively.

7,860 colleagues shared their views (81% response rate). (2023: 7,265)

70% overall engagement (2023: 72%)

79% feel proud to play a part in creating environmental and social prosperity in the region we serve (2023: 79%)

83% feel their manager listens and responds to their ideas and concerns (2023: 84%)

85% have a clear understanding of our business goals (2023: 86%)

86% agree there is a strong emphasis on great customer service (2023: 86%)

86% feel this is an inclusive place to work (2023: 86%)

Best things about working here:

Our people

Our Purpose

Flexible, supportive culture

Opportunities to develop

Benefits package

Top things to improve:

Cross-business working

Efficiency and removing duplication

Works Technician reward

Improving facilities

1 Consumer price inflation, UK - Office for National Statistics

Apprentices and graduates: our future workforce

Apprentices and graduates have long been the lifeblood of Anglian Water. We are dedicated to making our early career programmes attractive, so we can build a vibrant and diverse future workforce.

We continue to recognise the challenges that some of our apprentices and graduates may face when attending interviews, such as relying on public transportation, managing anxiety or navigating neurodivergence. To address these barriers, we have shifted our candidate selection process to focus on skills and behaviours rather than grades. And we have updated the structure of our in-person assessments.

In addition, we are also tackling social mobility challenges, by introducing support measures – such as scheduling assessments later in the morning, to accommodate other commitments or public transport timetables.

To promote our apprenticeship programme in 2025, we hosted three open evenings, where Anglian Water employees and current apprentices engaged with prospective apprentices, along with their parents, carers and teachers. These events attracted a total of 120 attendees, providing valuable insights and firsthand experiences about the programme.

For the 69 operational apprenticeship vacancies advertised (which are set to begin in 2025), we received over 2,000 applications – a 30% year-on-year increase – with over 850 applications arriving in the first week alone. These applicants came from across 90 towns and cities, with 17% identifying as from Ethnically Diverse Communities (EDC) and 10% being female. To ensure we selected the best candidates for these roles, we held 14 assessment centres, as part of a thorough and inclusive selection process.

Our apprenticeship programme achievement rates currently sit at 100%, which already surpasses the Government's ambition of a 67% achievement rate for apprenticeship standards, by the end of the 2024/25 academic year. What's more, apprenticeship retention at Anglian Water after 10 years is 87%, compared with the national average apprentice retention after one year of just 54% (source: Department for Education).

Since 2020, we have provided apprenticeship opportunities to approximately 570 employees.

Our Graduate programme, established in 2004, provided 92 opportunities for aspiring leaders through AMP7 (66 with the @one Alliance, 26 within Anglian Water), demonstrating our ongoing commitment to talent development. These include environment, customer service, asset management, project management and engineering — ensuring a strong foundation for future leadership.

Case study: Engaging future leaders at the executive level

After joining the business in August 2024, our Chief Executive Mark Thurston, wanted to raise awareness further, at a senior level, about the importance of supporting apprentices and graduates – having started his career as an apprentice.

Mark has introduced a new initiative, where each month, apprentices and graduates are invited to attend the Executive Committee meeting. They have 10 minutes to share their experiences, insights, or passions directly with senior leaders. Seated among the executives in an inclusive and informal setting, they have the opportunity to bring their personalities to life and engage in meaningful dialogue.

So far, 13 apprentices and graduates have taken up the opportunity, which not only empowers future leaders to have their voices heard, but also fosters a culture of continuous improvement and collaboration.

"In December 2024, I had the opportunity to attend an Executive Committee meeting and share my apprenticeship experience with Mark Thurston and members of the Executive team. I spoke about my journey as a Network Technician and as a woman in a traditionally male-dominated field.

"Throughout my apprenticeship, I've had incredible support from my early careers partners, managers and mentors."

Rosa Bailey, Apprentice Network Technician

"Throughout my apprenticeship, Anglian Water has provided exceptional support and invaluable experiences, helping me grow in my role and contribute more effectively. A standout moment was attending an executive board meeting, where I shared my journey and highlighted Anglian Water's value as an employer – an experience that reflects its strong commitment to developing apprentices and investing in the future."

Rohan Boulton, Data Science Degree Apprentice

"Being invited to speak to senior leaders about my Graduate Scheme experience reinforced my belief that early careers are truly valued at Anglian Water. I received a warm and enthusiastic response, felt able to speak freely, and was fully supported by the People team throughout."

Anna Wilson, Graduate Environmental Leadership Trainee

Recruitment and retention

We remain committed to refining our attraction and selection processes, with inclusion at the heart of everything we do. Our aim is to build a diverse, skilled team that reflects our values and Purpose.

Over the past year, we have continued to monitor recruitment and candidate trends, making adjustments where needed to ensure our approach remains fair, accessible and inclusive. As part of this ongoing work, several key changes have been introduced, including:

Supporting inclusive and fair recruitment practices

We have continued to invest in the development of our hiring managers, by providing comprehensive recruitment and interviewing skills training. This programme ensures that all managers are equipped with the necessary tools to select candidates in a fair, consistent and inclusive manner, supporting our commitment to building a diverse and capable workforce.

In our ongoing commitment to inclusion and equity, we will ensure the scheduling of our apprenticeship assessment centres from 2026 onwards takes into account key religious observances, such as Ramadan.

Enhancing candidate experience

Following the success of last year's trial, we now provide all candidates – both internal and external – with their behavioural interview questions in advance. This initiative offers candidates the opportunity to prepare thoroughly for their interviews, creating a more transparent, supportive and equitable process for everyone involved.

Fairer assessment centres

To help drive greater objectivity and fairness in our recruitment process, our assessment centres now include independent assessors. These assessors provide additional oversight and ensure selection decisions for our future apprentices are made through an unbiased lens, aligned with our organisational values and behaviours.

Improved occupational health system for accessibility

We have enhanced our online Occupational Health system, Cority, to better capture adjustment requirements for candidates and employees. Cority now holds an accessibility rating of WCAG 2.2, reflecting our commitment to creating an inclusive and supportive working environment for all.

Updated recruitment adjustments information

To help candidates feel fully supported, we've refreshed our external adjustments page with helpful guidance on recruitment and interview preparation. Our candidate communications and adverts now clearly highlight how to get in touch for support, and the interview preparation guide is also available on our intranet for internal candidates.

Expanding candidate support through data transparency

We have broadened the voluntary disability question on our application form, providing candidates with clear information on why we request this data and how it will be used to support them during the recruitment process. This reflects our ongoing efforts to create a fully inclusive experience for every applicant.

Disability Confident Level 3 application progress

Last year, we shared our intention to apply for Disability Confident Level 3 accreditation. While the process has taken longer than expected, we remain fully committed to achieving this important milestone. Work is continuing and we're on track to progress our application in 2025, as part of our wider inclusion strategy.

Case study: Expanding our training school

Over the past year, we've expanded our Training School to include project and planning roles. Our first cohort ran from April to July 2024, with 18 people recruited on a fixed-term contract. Selection focused on behaviours and potential, rather than existing technical knowledge. We delivered a 10-week programme to provide participants with the skills and knowledge needed to become an Assistant Project Manager within one of our capital delivery routes. This included two weeks of in-person learning at the Anglia Ruskin University campus, covering essential business skills, project management principles and workplace readiness.

Following the programme, we successfully appointed 17 individuals into permanent roles. A second programme is now underway, with a new cohort of 15 people.

Armed Forces Covenant Gold Award achievement

We are proud to have retained the Armed Forces Covenant Gold Award this year. This recognition reflects the collective efforts of our steering group and wider business community. To secure the award, we demonstrated our commitment to:

- Supporting the mobilisation of Reservists within our workforce, with a framework in place to facilitate this.
- Engaging proactively with stakeholders, to promote Forces-friendly recruitment practices.
- Actively supporting the Cadet movement among our colleagues.
- Advocating for the Defence and Armed Forces community and encouraging our network – including through our preferred supplier list reviews and LinkedIn activity – to sign up to the Armed Forces Covenant.

This achievement reinforces our ongoing dedication to being a supportive, inclusive and responsible employer for the Armed Forces community.

ARMED FORCES COVENANT
EMPLOYER RECOGNITION SCHEME
GOLD AWARD

Anglian Water Force

Anglian Water Force (AWF) is the community of people across our business who support us to resolve incidents and minimise impact to our customers.

Employee engagement continues to be strong, with AWF helping to respond to 15 incidents throughout 2024/25 and also providing full standby cover, to support our Water Recycling colleagues during the maintenance and treatment cutover and Christmas period cover.

Throughout the year, we held over 50 training and exercise sessions for the community, as well as adding an increased line of resilience to AWF. Critical incident roles have been trained to resources who are on standby 24/7. This has seen a vast improvement to response times for getting incident teams in place.

Developing our talent pipeline

We believe every person brings unique talents. That's why managing talent means understanding our people – so we can attract, grow and keep the best. We've created a playbook, to help everyone take charge of meaningful, high-performing careers, whether shaping their own path or supporting others. Our focus is clear: we take a company-wide view of the skills, knowledge and behaviours that drive our success.

Our blended onboarding experience, delivered both digitally and in person, provides new joiners with the tools, connections and inspiration they need to thrive from day one. By engaging both heart and mind, we create a meaningful first experience that supports retention and long-term success.

This year, we've refreshed our in-role development and talent programmes, to better support our current and future leaders, at every level. By embracing a blended learning approach, we've created a more engaging, flexible experience that empowers individuals to grow and perform at their best.

Our Aspiring Leaders programme is all about growing confident, capable leaders. By focusing on leading self, leading others and leading the business, it gives individuals the clarity, support and skills they need to take the next step and thrive in future leadership roles.

Over the past five years, nearly 200 people have taken part in our leadership talent programmes across all levels. A key focus has been increasing gender diversity in leadership, with 44% of participants identifying as female and 56% as male. This intentional approach is helping us open more pathways for women into leadership roles and build a more balanced and inclusive leadership pipeline.

A fresh approach to developing our people

Core offer: In-role development		Talent programmes*
	Senior Leaders	• Senior Talent Development Programme
• Essentials for Leaders • Transforming our leadership essentials	Middle Managers	• Rising Stars Programme
	Front Line Managers	
• Make Today Great**	Team members	• Aspiring Leaders Programme

Open access for all: Life Orientation | eLearning | Values and behaviours self assessment | Mentoring

* For those who have been identified as having the potential and performance to move to a more senior role in the business. All programmes are through an application/selection process.

** Customer facing roles.

Leader talent programmes | Programme overview

01 **360 Feedback:** Gain a comprehensive evaluation of personal performance from different perspectives. Report will then be fed back. by an accredited coach.

02 **Masterclasses:** Quarterly workshops, themed on key topics linked to business priorities and current challenges.

03 **Coaching:** Assigned a coach for 4-6 sessions, to support growth and development related to personal goals.

04 **Business project:** A Board-sponsored project on a strategic business issue, which will allow the group to collaborate and practically apply what they are learning.

05 **External collaboration*:** Challenge24 is an exclusive collaborative leadership learning programme. It has been created, designed and developed for and with a network of partnering organisations.

Our Rising Stars and Senior Talent Development Programmes equip individuals for their next leadership move.

Rising Stars focuses on high-potential talent preparing for major leadership roles.

Senior Talent Programme is for experienced professionals, ready to step into business wide influence and external partnerships.

* Specific to Senior Talent Development Programme to foster collaboration across industries

Inclusion

We want to ensure Anglian Water is a safe, welcoming environment for everyone. We continue to implement our Inclusion Strategy, which is now in its fifth year.

Our inclusion strategy covers three strands:	Key actions undertaken in 2024/25
1. Developing awareness and education Raising awareness of key topics, recognising and celebrating diversity and educating our people.	• Speaker events including Olympian Susannah Townsend for Pride Month and Benjy Kusi for Black History month. • Lunch and learns on epilepsy and microaggressions. • Blogs about ADHD, Chanukkah, Day of the Dead, having a premature baby, Easter, Eid. • Presentations at new apprentice and graduate induction sessions regarding inclusion.
2. Build and grow our Inclusion community Together, we will continue to grow the community as a safe place to share, engage and be allies, fully supported by our management board.	• Inclusion Week 2024 and monthly inclusion events. • Ensuring we're an attractive employer for women and minority genders, offering enhanced maternity, paternity and adoption leave, shared parental leave, flexible and part-time working. We have supportive policies, including pregnancy loss, transgender and transition and domestic abuse. • We have active Employee Resource Groups (ERGs) for women, minority genders and allies including Women Inspiring, Connecting and Advocating community, Menopause group and The Balancing Act, a network for parents of all genders managing work and busy home lives with children.
3. Making changes to move our organisation forward Together, we will embed inclusion within our policies and practices and we will create interventions to remove barriers	• Evacuation Chair training, to support colleagues with mobility issues. • Updated mandatory eLearning and dignity at work policy, following changes to equality act regarding sexual harassment. • Published our first joint Ethnicity and Gender Pay Gap Report. • Launched three new employee-led groups. • Maternity, paternity and adoption policies updated, to increase our enhanced offering.

Ethnicity

This year, we reported on our Ethnicity Pay Gap for the third year in a row. Recording ethnicity is voluntary. Since 2019 we have asked our workforce to do this, to help us understand and support people from all ethnic backgrounds appropriately.

The proportion of employees who record their ethnicity has risen from 32% in 2020 to 73% in 2024. As a result of this improvement in data capture, the number of eligible employees in the overall reporting population for the ethnicity pay gap for Anglian Water has increased from 62.8% to 65.3% (2.5%).

In line with our predictions in previous years, our Ethnicity Pay Gap has risen as we've gained more visibility of our Ethnically Diverse Community (EDC) population. We are continuing to build on our recruitment efforts, to encourage more people from EDC to join Anglian Water at all levels and to improve representation, progression opportunities and inclusion for our EDC employees.

To read more about how we are working to improve the gender and ethnicity composition of our workforce, see our Remuneration Committee report, pages 147-165.

Progress made on inclusion since 2020

Growing our Inclusion Community

We've grown our internal inclusion community from 40 members (at its inception in May 2020), to more than 450 members in 2024. The community meets regularly and members are encouraged to share updates with their colleagues. We also hold regular guest speaker and panel events. Members of our community have been instrumental in our Inclusion Weeks.

Awareness and education

- Launched our mandatory Inclusion training in 2021 – to date 91% of employees have completed the training. We have recently refreshed this training and relaunched in April 2025.
- Launched Neurodiversity training for managers and team members and dedicated internal information pages in 2023.
- From 2021, we started regularly sharing stories and information about the main festivals of the major religions through our internal channels.
- Sponsored Lincoln Pride in 2022, 2023 and 2024 and the first East Coast Pride in 2024.

Specific interventions

- Launched our Holiday Swap Policy in 2021 (shortlisted at 2022 Water Industry Awards), allowing people of faiths (other than Christianity) to swap the Christmas and Easter holidays for their own festivals.
- In response to employee feedback, we updated signage on accessible toilets throughout our offices, to highlight not all disabilities are visible.
- Creation of reflection rooms in our main offices in 2023.
- Working in collaboration with employees, we undertook accessibility audits of our sites in 2023, leading to improvements for disabled colleagues and customers, including automatic doors, levelling car parks and repositioning disabled spaces.
- Achieved Disability Confident Employer Status in November 2023.
- Introduced new policies such as our Transition and Transgender policy, Bereavement policy and Domestic Violence policy.
- Made a number of improvements to our maternity and paternity offering, enhancing our paid maternity leave offer in 2023, and introducing family-friendly policies such as Pregnancy Loss, Shared Parental Leave, Adoption Leave and Time off for Dependants.

As we head into AMP8, we have updated our strategy, building on what we learnt from AMP7, with much closer links to our values. This includes improving our data, so we can understand how best to support our people and track our progress, building the diversity of our workforce, to attract talent and reflect the region we serve and supporting and celebrating our people through our values-led culture.

Together we:

Do the right thing

- Embed inclusive hiring practices.
- Support our managers to lead high performing inclusive teams.

Build trust

- Build belonging through our employee led communities.
- Celebrate colleagues who role model our values.

Are always exploring

- Track progress through accurate data reported consistently.
- Embed inclusion into innovation and new ways of working.

National and local government

Strong relationships with our political and Government stakeholders enable us to best serve communities and economies within the region.

The General Election in July 2024 brought about significant changes in Government. Across the 77 parliamentary constituencies that we serve in the region, 42 new Members of Parliament were elected.

We have worked hard to build relationships with new MPs, engaging parliamentary candidates in the run up to the election. We established relationships through hosting site visits, one-to-one meetings and attending key summits and conferences.

This year we attended 237 meetings andsite visits, with more than 900 political stakeholders – from MPs, to County and Parish Councillors – and with prospective parliamentary candidates, during the approach to the General Election. Through these meetings, we engaged with over 1,000 regional stakeholders; from businesses and environmental groups, to NGOs and residents.

We regularly engage with political stakeholders in the region, particularly during operational incidents. Other proactive communications covered topics such as investment, infrastructure improvement, environmental protection, support with the cost of living, our Purpose and the supply and demand challenges.

Wide-ranging reforms

The change in UK Government also brought a renewed focus on the water industry, leading to a three-stage approach for sector reform.

Shortly after taking up his role as Secretary of State for Environment, Food and Rural Affairs, Steve Reed announced initial policy changes, including asking water companies to change their Articles of Association, to embed customer and environmental outcomes in their decision making. This was a step that Anglian Water took in 2019. We shared our experience of embedding a purpose-led approach, to help inform the Government's policy approach. We've continued sharing insights and have gathered feedback from officials on our upcoming 'Purpose Impact Assessment', ahead of publication. More in 'Measuring our Purpose performance', pages 27-29.

The second stage of reform was the Water (Special Measures) Act. This covered transparency, monitoring, penalties and executive bonuses, giving regulatory bodies new powers across a range of areas. Throughout the passage of the Bill, we responded to consultations designed to shape implementation of the new powers.

The third-stage of reform is an independent commission on the future of the water industry, being led by Sir Jon Cunliffe. In December 2024, we responded to a detailed initial consultation, which helped to shape the Commission's call for evidence in February 2025. The recommendations from the Commission are expected to result in legislation in 2026, which will shape the 2029 Price Review and beyond. We continue working with the Commission to ensure that the proposed reforms deliver a regulatory system that is fit for purpose.

Building relationships with the new Government

As the Government works through significant policy changes, we've worked to support their thinking, by hosting a series of visits that demonstrate our work in action.

In January 2025, Defra Parliamentary Under-Secretary of State Baroness Hayman, visited a number of our Emergency Overflow sites in Essex. The visit followed a similar structure to one we hosted in November 2024 for Defra officials in Norfolk. Our hosting coincided with the Water (Special Measures) Act being navigated through Parliament, which included new requirements for the monitoring of Emergency Overflows. This helped Ministers and officials understand the context in which we manage Emergency Overflows, as well as the challenges with monitoring and operating these assets.

In February 2025, we welcomed Defra Parliamentary Under-Secretary of State, Emma Hardy MP to a meeting with our Board, followed by a site tour at Grafham Water Treatment Works. The meeting was the first of a series across all water company boards, designed for the Minister to discuss Government priorities, alongside hearing about the industry's efforts to improve performance and attract investment.

In March 2025, we held our third Ministerial visit of the year. Our Strategic Pipeline Alliance (SPA) welcomed Steve Reed MP, to our site in Rede, near Bury St Edmunds, where a new storage reservoir and water pumping station are under construction.

During the visit, Reed saw firsthand how the construction of the storage reservoir is progressing. When operating, the reservoir is expected to hold 20 million litres of water and support the existing network and the flow of water, to parts of the region where it is needed most. The Secretary of State referred to the site as "incredible new infrastructure", adding, "we have to make sure there is enough water for domestic use and the economy to grow and for this region to prosper in the future."

Work started on site in 2024 and is due to complete late 2026. It will be fully commissioned in 2027.

Steve Reed MP and our Chief Executive, Mark Thurston, visit Rede, where we are constructing a new reservoir

Regulators

As a regulated business, we strive for open and constructive working relationships with our regulators.

Ofwat

Over the past year, we have actively engaged with Ofwat through in-person meetings, industry forums, collaborative working groups and formal written submissions.

We hosted many Ofwat visits throughout the year, including at Rutland Water and Great Billing Water Recycling Centre and Sludge Treatment Works. In September, we welcomed Ofwat and the team at RAPID to our Fens reservoir site, to see how plans are unfolding. The development process for the Fens reservoir means we have many discussions with RAPID, Ofwat and Defra, as part of the formal regulatory process.

Our Chair, Dr Ros Rivaz and Chief Executive Mark Thurston, have periodic meetings with their counterparts at Ofwat – Iain Coucher and David Black – respectively.

Our executive leadership team regularly engages with Ofwat. In response to our 'lagging' categorisation in Ofwat's Annual Performance Report, we submit progress reports against our targets every quarter, alongside attending quarterly meetings, chaired by Helen Campbell – with Defra and the Environment Agency also in attendance.

In July 2024, Ofwat's Draft Determinations were published, outlining the proposed pricing and investment plans for water companies for AMP8. We submitted our formal responses in August.

In December, Ofwat published its final methodology for PR24 and, following a detailed review, we have requested a referral to the CMA.

Environment Agency

We work with the Environment Agency regularly, with recent consultations demonstrating the breadth of the legislatory framework we operate within. Topics varied from strategic objectives and funding allocations, through to monitoring river health and when events, such as spills occur.

Our Chair and Chief Executive have periodic meetings with Alan Lovell and Philip Duffy, respectively. Our executive leadership team has built strong relationships with senior stakeholders over many years, and we have taken forward partnership working on projects, such as flooding preparedness and nature-based solutions.

In July 2025, the Environment Agency will publish its Environmental Performance Report for 2024, assessing water companies' adherence to environmental standards. As a result of this report, we are putting plans in place to meet stricter regulatory standards and reduce environmental risk.

Our 2024 Annual Performance Report, published separately, outlines our ongoing efforts to improve environmental outcomes, reflecting our commitment to collaboration with the Environment Agency, to enhance environmental performance.

Drinking Water Inspectorate (DWI)

To ensure all our customers can access safe, clean drinking water, both now and in the future, we regularly meet the DWI to review issues that could impact water quality in our region. This includes the Materials in Contact prosecution, where we reported failures to the DWI. We continue to work with the DWI, to ensure best practice is followed at all times.

Our meetings with the DWI ensure there is an open and transparent flow of information, with meetings ranging from monthly calls, to liaison meetings with our Principal Inspector and their team. Together, we review progress on recommendations from the DWI, including those from the Clean Water Committee.

We report annually to the Inspectorate on our performance. Scores across the whole sector are published in the Chief Inspector's report in the summer. Alongside our industry peers, we attend an annual summer event, where the report is presented. These meetings, and our engagement at various levels within the DWI, ensure we are providing them with the most up-to-date information on the quality of the water, any issues we have encountered and how we're tackling them, alongside our plans for the future.

Consumer Council for Water (CCW)

We continue to engage and consult with the CCW across the full spectrum of customer services and hold regular meetings with them, to discuss ongoing initiatives and provide proactive updates on areas such as emerging service concerns.

In September, we discussed our Indicative Wholesale Charges Schedule with the CCW, reviewing proposed charges and their impact on customers. This followed our interactions in August, where the CCW provided feedback on Ofwat's Draft Determination, reflecting ongoing engagement between our organisations, to address consumer concerns. This engagement continued in October when the CCW, in collaboration with Ofwat, conducted research on the Draft Determination, focusing on customer perspectives and financial challenges.

In addition, we have been actively involved in the industry-wide complaints working group and undertook a complaint audit, after which we held a session to provide feedback to CCW on the actions and changes implemented in response to their recommendations. To ensure continual learning and improvement, we have internally replicated the audit process.

These ongoing interactions demonstrate our commitment to working with the CCW, to address customer needs and ensure fair pricing and service standards.

Natural England

Natural England is an executive non-departmental public body, sponsored by Defra, which we have worked with since 1999. We work collaboratively with Natural England, to agree and implement management across our SSSIs to ensure they remain in favourable condition.

Strong shareholder and investor relationships

Committed shareholders, engaged debt investors and a more accessible digital platform are driving transparency and resilience across Anglian Water.

Strong, supportive shareholders

Our shareholders have been a consistent source of support over the years, with some having been part of Anglian Water since AMP4 (2006). Their long-term commitment has provided stability and continuity, allowing us to focus on delivering sustainable outcomes for our customers and the environment.

We maintain an open and regular dialogue with our shareholders, ensuring they are fully engaged in our strategies and progress. Their input has been invaluable in shaping our plans for AMP8, ensuring that our goals are aligned with both business priorities and the needs of the communities we serve.

Having also been with us through the CMA referral process at the start of AMP7, our shareholders are well-informed about the challenges we may face and are committed to supporting the business through this process. Their ongoing guidance, understanding and steadfast backing continue to be crucial, as we navigate the complexities of the coming years.

Further information on Anglian Water Services Directors can be found in 'Board of Directors', pages 123-126.

Debt investor engagement

At Anglian Water, maintaining strong and transparent relationships with our debt investors is key to ensuring long-term financial stability and success. Over the past year, we've held four investor engagement events, two of which offered both in-person and online attendance options. These events attracted over 250 attendees, demonstrating the level of interest and engagement from this community.

Our ongoing and active engagement programme ensures our debt investors remain well-informed about our financial performance, strategic direction and key developments across the business. This open dialogue helps to strengthen relationships and provides our investors with the insights they need to make informed decisions.

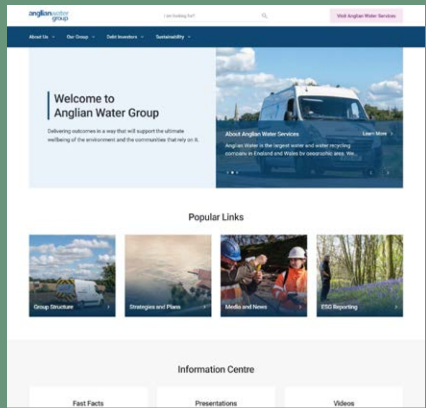
Since April 2024, we have successfully raised significant capital in the private investment market, further solidifying our financial foundation. This reflects the confidence the investment community has in our long-term strategy and operational resilience. Our efforts in securing this funding are integral to supporting our business objectives, including our commitment to environmental sustainability and delivering essential services to our customers.

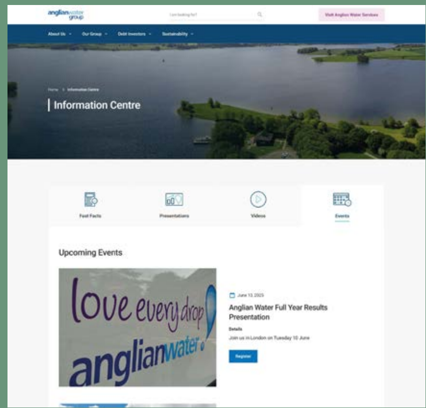
Read more about our sustainable investment programme on our website.

Launch of the new Anglian Water Group website

In December 2024, Anglian Water Group (AWG) launched its newly redesigned website, to provide a more intuitive and streamlined experience for its stakeholders – particularly the investor community. Developed with feedback from users, the new site reflects their priorities and enhances access to key information.

The new website makes it easier for users to find updates on financial performance, regulatory filings, sustainability initiatives and corporate governance. Built with direct investor feedback, the new platform is a valuable resource that enhances transparency and strengthens engagement. The launch marks a significant step forward in how Anglian Water Group communicates with its investors, reinforcing the commitment to delivering a best-in-class digital experience.





Stills from the new Anglian Water Group website

Section 172 statement

In July 2019, with the approval of our Board and shareholders, we became the first major utility company to enshrine our Purpose into how the business operates, by amending our Articles of Association. This amendment means that the Company has enshrined, for the long-term, the principles set out in section 172 of the Companies Act 2006 – making us accountable for delivering on our long-standing commitment to working in the public interest (see page 27).

Section 172(2) states that, where the purposes of a company consist of purposes other than, or in addition to, benefiting the company's shareholders, the section 172 duties will take effect, as if the reference to promoting the success of the company for the benefit of shareholders were a reference to achieving those alternative purposes. The purpose of the Company (our Purpose) is to conduct its business and operations for the benefit of members, while delivering long-term value for its customers, the region and the communities it serves, seeking positive outcomes for the environment and society. It follows that the directors of the Company have a duty to act in a way that can be considered as most likely to promote our Purpose.

The following disclosures demonstrate how the Anglian Water Limited Services Board has regard to the matters set out in section 172(1) (a) to (f) and includes cross-references to other sections of the report for further information.

S.172(1)(a) The likely consequences of any decision in the long term

Anglian Water's long-term strategy is driven by our 25-year Strategic Direction Statement (SDS). Since the SDS was first published in 2007 it has been refreshed, with Board support, in both 2017 and 2023 and now covers the period to 2050. The four key strategic priorities set out in our SDS are shown in our business model on page 8. The SDS sets out what we want to achieve, in terms of outcomes for our region, and our Long-Term Delivery Strategy (LTDS) refines this further, determining how we will get there through a core pathway of investments and interventions across the business through to 2050. The LTDS draws information from our other long-term plans such as the Water Resources Management Plan (WRMP) and the Drainage and Wastewater Management Plan (DWMP). The Board has been closely engaged with each of these strategic plans and has provided assurance where required.

Much of the Board's focus over the prior and current financial year was the PR24 Business Plan for the period 2025-2030, with the Board's engagement in the development of the PR24 Business Plan stretching back to March 2021. See the case study on page 72 for further details.

A key element to securing the long-term future water supplies is the development of two new reservoirs in the East of England, one in the Cambridgeshire Fens and another in Lincolnshire. The Board is already closely engaged in the development of these projects. During the year, a number of directors visited the proposed sites of both reservoirs. Additionally, the Board has considered a number of updates on the reservoirs, as well as attending events with employees. To ensure appropriate Board oversight of this key strategic initiative, Ian Funnell, an Independent Non-Executive Director, has joined the Reservoirs Programme Board.

In the year, the Board considered the updates made to the UK Corporate Governance Code and approved the new Anglian Water Services Corporate Governance Code 2025 (AWS Code 2025). To ensure that Anglian Water will be compliant with the AWS Code 2025, the Board considered the Financial Reporting Council (FRC) Corporate Governance Code Guidance (FRC Guidance) and associated questions over the course of the year. These questions focus on areas such as our Purpose and strategy, decision making and stakeholder engagement.

The Board has also approved Anglian Water's long-term viability statement (see pages 117-120), within which the directors have assessed the Company's prospects over the next ten years.

Board decisions

When making decisions, the Board takes into consideration the interests of all relevant stakeholders. To enable the Board to make well-informed decisions, high-quality and detailed Board papers are provided in advance of meetings through a secure Board portal, allowing directors plenty of time for thorough review and consideration prior to Board meetings. Board paper templates specifically include the stakeholders impacted by each paper, ensuring directors consider the views of each relevant stakeholder in their decisions. Additionally, the Company maintains a forward planner that outlines the standard agenda items for each Board meeting, along with additional topics that need to be addressed in the year.

The Board includes an appropriate combination of executive and non-executive (and in particular independent non-executive) directors. During Board meetings there are open discussions, where the non-executive directors constructively challenge, provide strategic guidance and offer specialist advice, while holding management to account. The Board benefits from the diverse skills, knowledge and experience of all directors, all of whom understand the importance of their section 172 duty to act in good faith to promote the success of the Company.

S.172(1)(b) The interests of the Company's employees

The welfare and development of our employees and of the Company's culture, values and behaviours, are key areas of focus for the Board and its committees, with employee-related issues covered at every Board meeting. Areas considered by the Board and committees range from health, safety and wellbeing to inclusion, employee engagement and succession planning.

The Board meets the Head of Safety on a quarterly basis, which enables the monitoring of key safety trends and challenges to performance, where appropriate. During the year, Anglian Water employees were required to complete mandatory health and safety training, to ensure readiness for AMP8, reinforcing the importance of safety and ensuring it remained a strong focus for all employees. We also introduced our new commitment to health, safety and wellbeing through Safer Every Day, our initiative to ensure the safety of our colleagues, customers and partners across Anglian Water. Further information can be found on pages 57-59. The launch event in March 2025 was attended by both the Chair and Ian Funnell, Independent Non-Executive Director.

In line with the Anglian Water Services Corporate Governance Code 2020, the Board has appointed John Barry as the non-executive director responsible for engaging with the workforce. During the year, John met with Anglian Water graduates, apprentices, first line leaders in the Aspire programme and senior talent development delegates to gain additional insight and feedback from those participating in Anglian Water programmes, as well as building relationships with employees.

In February 2025, the annual Love to Listen survey was undertaken, with the aim of seeking and acting on the views of our employees. The survey was deferred from October 2024 to February 2025 to enable employees to express an informed view on the impact of the changes underway in the business to drive performance. The results of the survey, together with plans to address its findings, were considered by the Board at its meeting in March 2025, and can be found on page 61.

During the year four events were held, which gave directors and employees the opportunity to engage with each other and discuss in detail a variety of important matters affecting the Company. Areas considered included the proposed Fens and Lincolnshire reservoirs and people matters.

Employees are kept informed of changes in the business and general financial and economic factors influencing the Company. This is achieved through a systematic approach to employee communication, which includes regular briefings, presentations and electronic newsletters and emails. Weekly Newstream bulletins provide employees with a round-up of important news across the Company. The Company's intranet is also an extensive source of information. The Company's regular virtual all staff meetings are a chance for employees to hear directly from members of the Executive Committee and senior leaders about the business; receive progress updates; and ask any questions. The sessions take place regularly throughout the year and are recorded, so employees can watch them at a later date.

As part of the Company induction process, new employees are invited to join 'Meet the Chief Executive' calls with Mark Thurston. This provides a valuable opportunity for them to be personally welcomed into the business by Mark and share how they've been settling in. Mark also holds monthly calls with the senior leadership team to provide an update on key business matters.

Further information on how the Board and management engage with employees, and the impact of that engagement, can be found on pages 56-66.

Board engagement with stakeholders

Our Board has set out to define discrete stakeholder groups, but it recognises that, in many cases, they have complementary interests and shared priorities. On occasion, their concerns may even conflict with one another. The Board's duty in reviewing, challenging and shaping plans and setting strategic direction, is to consider and balance the impact of its decisions on a wide range of stakeholders.

We have an annual stakeholder engagement strategy, which is approved by the Board. This is designed to demonstrate how Anglian Water is delivering on its Purpose and to increase the breadth and depth of understanding of the value that Anglian Water delivers. The Board regularly engages in the delivery of the stakeholder strategy.

There are some key issues, of such strategic importance, that the Board judges it should engage directly with relevant stakeholders. However, much of our engagement happens at an operational level. Where the Board has not engaged directly with stakeholders, it receives regular reports from management, so the directors can understand and take account of the key issues to which they must have regard.

More information on our business model, including how we use Six Capitals thinking to shape decisions and measure outcomes, can be found on pages 8 and 27. Information on our key stakeholders can be found throughout this Strategic report.

S.172(1)(c) The need to foster business relationships with suppliers, customers and others

Our most important supply chain relationships are with our alliance partners, who play a crucial role in the delivery of our infrastructure and services. The Board receives an update on the progress of the capital investment programme at each Board meeting. This update provides an opportunity for the directors to review and challenge progress across the different delivery routes. As referred to above, as part of the implementation of the AWS Code 2025, the Board considered the FRC's Guidance and associated questions regarding the Company's approach to managing suppliers.

Under Anglian Water's Scheme of Delegation, the Board must approve the procurement approach prior to the award of contracts with suppliers, where the anticipated spend exceeds a certain value. This ensures there is an appropriate level of oversight of these key contracts. During the year, the Board approved procurement strategies for; sewer network monitors; tanks and liquid storage; and pump hire services. Each year, the Board also approves Anglian Water's Modern Slavery and Human Trafficking Statement, which details the steps we have undertaken to ensure that slavery and human trafficking are not taking place in any part of the business, or within Anglian Water's supply chain.

The Board also engages with our different regulators including Ofwat, the Environment Agency (EA) and the Drinking Water Inspectorate (DWI). During the year, both the Chair and Chief Executive regularly engaged with their respective counterparts. Part of this engagement took the form of regular calls and meetings between our Chair, Dr Ros Rivaz, and the Chairs of Ofwat and the EA. As well as these meetings, Dr Ros Rivaz hosted several site visits; with Alan Lovell (Chair of the EA), visiting Ardleigh Reservoir and Chelmsford Water Recycling Centre; and with Iain Coucher (Chair of Ofwat) visiting both Rutland Water and the Benfleet Mycelium Mushroom Wetland construction site. Dr Ros Rivaz also met with the Chair of the Consumer Council for Water (CCW) during the year. Further information regarding engagement with our regulators can be found on page 68.

During the year, the Board considered and supported the Company's Service Commitment Plan (SCP), which was the Company's response to Ofwat's Water Company Performance Report for 2023/24. The SCP provides context for the Company's performance and the actions it is taking to make improvements.

Another important stakeholder group are debt investors, banks and rating agencies. Engagement is key to understanding their requirements, demonstrating our long-term, sustainable vision and helping them to understand what makes Anglian Water a sound investment. Further information regarding engagement with our debt investors can be found on page 69.

S.172(1)(d) The impact of the Company's operations on the community and environment

The environment is at the heart of our Purpose and our SDS is fully aligned with the Government's 25-year Environment Plan. In July 2021, we published our Net Zero Strategy to 2030. This route map, which was fully supported by the Board, sets out how we aim to reach net zero carbon emissions by 2030. The Board regularly considers matters that impact both the environment and communities. Over recent years, the Board has recognised that — as a business with a stated purpose to bring environmental and social prosperity to the region we serve — pollution performance has been disappointing for all stakeholders. In January 2024, shareholders agreed to invest £100 million to tackle pollutions and storm spills. Therefore, during the year, the Board has closely tracked pollution reduction activity, receiving a quarterly update from Emily Timmins, Director of Water Recycling. It has also monitored the progress of both Ofwat's and the Environment Agency's investigations into sewage-treatment-works compliance.

Some of the Company's environmental work also has a wider benefit to communities. The Board was interested to receive an update on the environmental and societal benefits achieved by Get River Positive since its inception in 2022. To read more about our Get River Positive commitments, please see pages 44-47.

S172(1)(e) The desirability of the Company maintaining a reputation for high standards of business conduct

We seek to maintain high standards in all that we do as a business. We have robust risk-management and internal control processes, which are reviewed by the Board, or the relevant Board committee. Our code of conduct, 'Doing the Right Thing', applies to all employees and sets out what is expected from our people in different situations.

Anglian Water also holds itself to account against a set of Responsible Business Principles, which are approved by the Board. See 'Measuring Our Purpose performance', pages 27-29.

S.172(1)(f) The need to act fairly between members of the Company

The Anglian Water Group is owned by a consortium of five, long-term investors, representing millions of long-term pension holders in the UK and overseas. These shareholders are represented on the Board of our ultimate parent company, Anglian Water Group Limited. There are also shareholder representatives on the Board of the Company. In this way, we ensure that we treat all shareholders fairly and that their views are heard when making key decisions. These directors bring with them a broad range of skills and experience. This is extremely valuable during Board discussions. Our shareholders have made a long-term commitment to our organisation and have a shared interest in, and responsibility for, its success. As the ultimate shareholders are the source of equity investment, so, it's vital that we engage them in strategic planning and share our progress and results with them.

Further information on our Company structure and ownership can be found on pages 18-19 and in Board biographies on pages 123-126.

Business Plan for 2025-2030

Throughout the Price Review 2024, the Company sought to deliver a Business Plan for AMP8 that addresses the current and future needs of our region. As a long term, purpose-driven business, we are planning sustained investment over decades, to build resilience against a changing climate, deliver essential investment in water and sewerage infrastructure and protect and enhance the environment – all of which will create jobs and bolster the local economy. The Government has made clear that driving growth to stimulate the economy is a priority and has already highlighted the critical role water plays in this. In the East of England, with four of the fastest growing cities in the UK, as well as the Cambridge-Oxford Arc, the levels of investment needed are significant.

This resulted in the Company's largest ever Business Plan, which commits us to spending £11 billion* with one of the lowest corresponding bills increases (29% in real terms, over the five years to 2030), accompanied by one of the largest packages of customer support. It was created in collaboration with our customers and other stakeholders, who recognised the need for greater investment in this five-year period, but also in the decades following.

The Board was engaged throughout the Price Review 2024 process. The Board-approved the PR24 Business Plan that was submitted to Ofwat in October 2023 and rigorously scrutinised Ofwat's Draft Determination (published in July 2024), over the course of a number of meetings. The Board collectively agreed that, while some aspects of the Draft Determination were positive, there were also limitations which, if not satisfactorily addressed, would impact both the Company and wider economic growth in the East of England. The Board's concerns regarding certain aspects of the Draft Determination were highlighted to Ofwat in the Company's Draft Determination representations.

In December 2024, Ofwat published its Final Determination, which once again was closely scrutinised by the Board over the course of the following two months. During its deliberations, as to whether or not to accept the Final Determination, the Board considered its impact on key stakeholder groups, including customers, the environment, shareholders and debt investors.

Ofwat's stated aims for its AMP8 settlement were to align the interests of companies and investors to those of customers, by setting the appropriate balance of risk and return. Ultimately, however, the Board decided that the overall level of risk inherent in Ofwat's Final Determination, such as the underfunding for asset maintenance, was not acceptable, particularly given the returns on offer to investors.

After extremely careful consideration, the Anglian Water's Group Limited Board concluded that Ofwat's Final Determination fell short of its stated aims. Therefore, the Board decided, unanimously, to request that Ofwat refer the Final Determination to the Competition and Markets Authority (CMA) for a redetermination, so the CMA can consider whether the right balance between investment and affordability has been achieved.

* Correct at time of publication, however subject to change following CMA referral

Non-financial and sustainability information statement

The statements below reflect our commitment to and management of employees, communities, the environment, human rights and anti-bribery and anti-corruption in the last 12 months, as required by sections 414CA and 414CB of the Companies Act 2006.

We integrate this information throughout this report. The information is designed to help you find key elements on non-financial matters. Our website contains further information about our current activities, alongside our policies, standards and relevant documents: anglianwater.co.uk.

Environmental and climate matters

Our commitment to protecting and enhancing the environment is enshrined in the Articles of Association of Anglian Water, through our stated Purpose: To bring environmental and social prosperity to the region we serve, through our commitment to Love Every Drop.

Relevant policies, documents or reports that govern our approach:

- Articles of Association
- Strategic Direction Statement
- Integrated Management System Framework Policy
- Water Resources Management Plan
- Drought Plan
- Water Recycling Long-Term Plan
- Drainage and Wastewater Management Plan
- Pollution Incident Reduction Plan
- Climate Change Adaptation Report
- Net Zero Strategy 2030

Sections within the Annual Integrated Report where you can read more about our current activities and risk management:

- Chair's Welcome: pages 4-5
- Chief Executive Officer's Statement: page 6
- The year in context: pages 10-17
- Our strategic ambitions: page 9
- Measuring our Purpose performance: pages 27-29
- Responsible financing: sustainable finance: pages 22-23
- Climate-related (CR) financial disclosures: pages 75-101

(a) governance arrangements: pages 77-79

(b) how climate-related risks and opportunities are identified, assessed and managed: pages 97-98

(c) how processes for identifying, assessing and managing climate-related risks are integrated within the Company's overall risk-management framework: pages 97-98

(d) description of: (i) principal climate-related risks and opportunities: pages 81-83; (ii) time periods to which these are assessed: pages 81-83

(e) actual and potential impacts of the principal CR risks and opportunities on the business model and strategy: pages 84-87

(f) resilience of the business model and strategy, taking into consideration different climate-related scenarios: pages 80-96

(g) targets used to manage climate-related risks and realise opportunities and performance against targets: pages 99-101

(h) KPIs used to assess targets above and calculations on which these are based: pages 99-101

- Our stakeholders: Environment: pages 37-47
- Section 172 statement: pages 70-72
- Climate-related financial disclosures: pages 75-101
- Principal risks: pages 107-115

Employees

Our approach to our employees is guided by the values that drive our continued progress: Together we: build trust; do the right thing; are always exploring.

Relevant policies, documents or reports that govern our approach:

- Values Framework
- Doing the Right Thing – Code of Conduct
- Inclusion Plan
- Health and Safety Policy
- Dignity at Work Policy and Procedure
- Personal Relationships at Work Policy
- Gender Pay Gap Report
- Whistleblowing Policy and Procedure
- Ethnicity Pay Gap Report
- Board Diversity Policy

Sections within the Annual Integrated Report where you can read more about our current activities and risk management:

- Chair's welcome: pages 4-5
- Chief Executive's statement: page 6
- Our stakeholders: People: pages 56-66
- Section 172 statement: pages 70-72
- Corporate Governance report: pages 127-135
- Nomination Committee report: pages 143-146
- Remuneration Committee report: pages 147-165

Human rights

Our policies and processes are underpinned by our values, in particular: 'do the right thing'.

Relevant policies, documents or reports that govern our approach:

- Doing the Right Thing – Code of Conduct
- Dignity at Work Code of Conduct
- Data Protection Policy
- Data Retention Policy
- Customer Privacy Notice
- Modern Slavery and Human Trafficking Statement
- Human Rights Policy

Sections within the Annual Integrated Report where you can read more about our current activities and risk management:

- Our stakeholders: pages 37-69
- Nomination Committee report: pages 147-165

Social matters

Our commitment to serving our customers and our communities is enshrined in the Articles of Association of Anglian Water through our stated Purpose: To bring environmental and social prosperity to the region we serve, through our commitment to Love Every Drop.

Relevant policies, documents or reports that govern our approach:

- Articles of Association
- Strategic Direction Statement
- Social Contract
- Employee Volunteering Guidelines – Love to Help

Sections within the Annual Integrated Report where you can read more about our current activities and risk management:

- Chair's welcome: pages 4-5
- Chief Executive's statement: page 6
- The year in context: pages 10-17
- Our strategic ambitions: page 9
- Measuring our Purpose performance: pages 27-29
- Our Stakeholders: Customers and communities: pages 48-55
- Section 172 statement: pages 70-72

Anti-corruption and bribery

Our policies and processes are underpinned by our values, in particular: we do the right thing.

Relevant policies, documents or reports that govern our approach:

- Doing the Right Thing – Code of Conduct
- Anti-Bribery Policy
- Anti-Fraud Policy
- Corporate Hospitality Policy
- Whistleblowing Policy
- Board protocol for dealing with conflicts of interest
- Tax and Transparency Policy

Sections within the Annual Integrated Report where you can read more about our current activities and risk management:

- Principal Risks: Legal: page 115
- Audit and Risk Committee report: pages 136-142

Non-financial key performance indicators

Relevant policies, documents or reports that govern our approach:

- Non-financial performance, measured against a set of commitments agreed with Ofwat
- Health and Safety measures and targets
- Environmental Performance Assessment

Sections within the Annual Integrated Report where you can read more about our current activities and risk management:

- Performance Commitment outcomes: pages 30-36
- Our Stakeholders: People: pages 56-66

Description of principal risks and impact of business activity

Sections within the Annual Integrated Report where you can read more about our current activities and risk management:

- The year in context: pages 10-17
- Risk management: pages 102-116
- Risk management: pages 102-116
- Principal risks: pages 107-115
- Business long-term viability statement: pages 117-120

Description of the business model

Sections within the Annual Integrated Report where you can read more about our current activities and risk management:

- Our business model: page 8
- Board statement of company direction and performance, Annual Performance Report (available at anglianwater.co.uk/corporate/reports/our-reports/)

A copy of our code of conduct ('Doing the Right Thing'), together with our Whistleblowing policy, our Anti-bribery policy and our current Modern Slavery and Human Trafficking statement, can be found on our website at anglianwater.co.uk. Our customer privacy notice can be found at anglianwater.co.uk/about-us/legal/privacy-notice.

Our approach to the climate and nature crises

In this report, we cover our approach via two reporting frameworks: the Task Force on Climate-related Financial Disclosures (TCFD) and the Companies Act 2006. We have reported against the TCFD since 2017. Our approach is consistent with all 11 TCFD recommendations and is compliant with the requirement of LR 9.8.6R, by including climate-related financial disclosures. This disclosure also complies with the requirements of the Companies Act 2006, as amended by the Companies (Strategic report) (Climate-related Financial Disclosure) Regulations 2022 (CFD). Additionally, this disclosure also includes reporting that follows the principles of the Task Force on Nature-related Financial Disclosures (TNFD). We will continue to develop our disclosures as our approach matures.

Section contents

Key:

TCFD – Climate related

CFD – Climate related (mandatory)

TNFD – Nature related

As a water company, we have an intrinsic relationship with the environment. The health of the which both influences and is impacted by our operations. We must also consider the changing nature of our environment, as a result of climate change. Around the world, we are witnessing increased risk of drought, paired with extreme storms and rising sea levels. In recent years, in the UK, we have experienced more flooding and some of the highest temperatures ever recorded.

We have long known about these challenges. When we published our Strategic Direction Statement in 2007, we set out what we believed to be our main challenges to 2035; the most significant being climate change and population growth. This relationship has driven a range of climate-related commitments and targets.

Climate change is a global issue. Our work is influenced by global aspirations and policies, such as the United Nations Sustainable Development Goals. During COP29, water was a key focus, with the Global Commission on the Economics of Water presenting a strong case for integrating water into national climate plans, arguing that the world is at risk of entering an era of "chronic water scarcity." A key takeaway was the growing recognition of water security as foundational to global economic stability and climate resilience.

This global sentiment is echoed in the region we serve. The East of England has experienced significant change over the past few decades; more customers; more products that cause blockages going into our sewers; and less green space to absorb rainfall. Couple this with growth ambitions, and it is clear that water plays a fundamental role in: supporting environmental prosperity, economic growth, new agricultural practices, unlocking opportunities in hydrogen and renewable energy and closing the green skills gap. Our long-term ambitions to 2050 show our aspirations, as a water company, to help realise these greater ambitions.

Furthermore, we have always taken a long-term approach to building resilience, but increasingly, climate-related conditions will impact our ability to supply safe, clean drinking water and take away used water and return it safely to the environment.

Our Climate Change Adaptation Report, updated in 2024, outlines the key climate-related risks we face. Since we last published our Climate Change Adaptation Report in 2020, we have observed increased risks related to raw water quality and sewer flooding. Raw water quality relates to the quality of the water we clean and put into supply. Sewer flooding risks have increased in response to the heavy rainfall and stormy weather experienced in recent years, and we have seen the damaging impact on both our assets and performance.

Our changing climate is also impacting nature. For example, changing cropping patterns are impacting the types of crops being grown and sold, the use of different pesticides and changes to the chemical run-off into waterways, alongside biodiversity impacts. Furthermore, warmer water and transferring water resources across the region, such as through our Strategic Pipeline, could put us at greater risk of invasive non-native species.

We must find ways to work with our changing climate, in a way that doesn't detriment nature, but works harmoniously with it – and that means our approach needs to be flexible too. Our view is that adapting to climate change is a long, continual journey.

To prepare for the future, we have led and supported a wide breadth of projects, using integrated, partnership approaches and nature-based solutions. Increasing flood prevention, coastal protection and improving water quality in rivers and waterways are complex issues that cannot be solved alone. We have championed joint approaches for many years and we will build on our portfolio of work in AMP8.

We have several strategies and plans that cover different areas of our business and the ways in which we are building resilience and adapting to the climate and nature crises.

In this report, we cover our approach via two reporting frameworks: the Task Force on Climate-related Financial Disclosures (TCFD), and the Companies Act 2006 as amended by the Companies (Strategic report) (Climate-related Financial Disclosure) Regulations 2022 (CFD).This disclosure also includes reporting that follows the principles of the Task Force on Nature-related Financial Disclosures (TNFD).

Our upcoming Net Zero Carbon Transition Plan will be published separately. Our Net Zero 2030 Strategy is published here.

Recent highlights:

B for Climate and **A-** for Water Security for our 2024 CDP disclosure, demonstrating that our actions are aligned with good environmental management.

£0.9 billion raised in green bonds in the year and a total of **£4.7 billion** of sustainable financing since 2017.

Delivering a 66.1%* reduction in capital carbon, in line with our ambition set out in our Net Zero Carbon 2030 Strategy.

Platinum certified by Achilles Carbon Reduce, signalling 10+ consecutive years of carbon reductions.

Fourth Climate Change Adaptation Report submitted to Defra.

99% of Sites of Special Scientific Interest (SSSIs) in favourable condition.

107% of Biodiversity Net Gain delivered across our capital delivery programme.

£5.3 million invested into 65 multi-agency projects via Get River Positive.

Over the next five years, we will be delivering 23 treatment wetlands, using nature-based solutions to further clean water before it is returned to the environment.

* At the time of reporting, these figures are subject to audit.

In December 2024, we submitted our Climate Change Adaptation Report to the Department for the Environment, Food and Rural Affairs (Defra), under the Adaptation Reporting Power of the UK Climate Change Act (2008). This is the fourth submission we have made. Its purpose is to outline progress we have made in adapting to our climate change risks since 2021, contribute to the Government's understanding of the UK's level of preparedness to climate change and inform other ongoing work on climate adaptation, including the national Climate Change Risk Assessment and National Adaptation Programme.

To understand what future climate scenarios could mean for us, we have undertaken modelling in the preparation of our many strategies (which we cite throughout this report), including our Long-Term Delivery Strategy (LTDS), Water Resources Management Plan (WRMP) and Drainage and Wastewater Management Plan (DWMP).
More on page 89.

SUSTAINABLE DEVELOPMENT GOALS

We work in the spirit of all 17 of the UN Sustainable Development Goals and we have mapped our work to the 10 where we have the most material impact. See more in our Sustainable Finance Impact Report on our AWG website.

Climate-related governance

a. Describe the Board's oversight of climate-related risks and opportunities.

a. Describe the Company's governance arrangements, in relation to assessing and managing climate-related risks and opportunities.

a. Describe the Board's oversight of nature-related dependencies, impacts, risks and opportunities.

Board oversight

The Anglian Water Services Limited (AWS) Board retains overall oversight of climate and nature-related risks and opportunities. The Board discusses climate and nature-related issues through many aspects of our strategic planning, for example in reviewing our Water Resources Management Plan, updated in 2024. Climate and nature-related risks are also included within the Company's top-tier risk register, which is reviewed twice a year by the Board and managed through risk management and internal control systems.

The Board meets between eight and 10 times per year, where climate and nature-related matters are discussed — covering topics such as abstraction, compliance against the Environment Agency's Environmental Performance Assessment (EPA), progress on our Water Industry National Environmental Programme (WINEP), our water resource position and pollution reduction schemes.

The Board receives monthly performance reports, containing a number of measures relating to progress against some of our climate- and nature-related commitments and targets, including our EPA performance and Ofwat-related Outcome Delivery Incentives (ODIs) – such as pollutions, WINEP delivery and leakage. The Board has embedded accountability for delivery against our Purpose and receives quarterly reports showing performance against several measures, framed around our Six Capitals approach. This scorecard helps us to understand how well we are delivering against our Purpose and includes performance against our capital carbon and operational carbon reduction targets. Our operational carbon performance is used to monitor progress against our Net Zero 2030 Strategy.

In 2017, the Board led the business to become one of the first utilities to raise finance through a Green Bond, due to the governance structure we have in place.

The Board drives and oversees our climate and nature-related commitments including:

- Anglian Water's commitment to achieve net zero carbon by 2030: our Chief Executive at the time was co-sponsor of the sector-wide Water UK commitment. Our net zero 2030 commitment covers our Scope 1 and 2 emissions, together with those Scope 3 emissions we're required to report on. The Board monitors progress.
- Our commitment to reducing our capital carbon emissions: Scope 3 emissions (that arise as a consequence of building and maintaining our assets) by 70%, against a 2010 baseline by 2030.
- Our five Get River Positive pledges, launched in 2022. This initiative is part of our commitment to protect and revitalise rivers.

Leadership

The Company's Board offers a diverse set of skills and backgrounds, including experience in environment and sustainability. Our Chief Executive, Mark Thurston, is a Visiting Professor at the Bartlett school of Sustainable Construction at UCL and the School of Complex Project and Programme Leadership at Loughborough University. He is also a Fellow of the Institution of Civil Engineers.

Our Chair, Dr Ros Rivaz is Chair of Anthropy East of England Alliance, a regional sub-group of Anthropy, which is a national membership network for leaders to convene to foster a stronger, fairer and more sustainable future for Britain. The group's current focus is around building regional collaboration on green skills, to tackle climate change and social mobility. An overview of our Board members' experience, with regards to the environment, can be found in the Board skills matrix on page 133.

The role of the Audit and Risk Committee

The Audit and Risk Committee plays a key role in monitoring the Company's financial reporting, reviewing the material financial judgements and assessing the internal control environment; ensuring information is accurate, timely, reliable and compliant.

The Committee provides effective oversight of both financial and non-financial disclosures, including climate-related financial disclosures. Climate change is an area of focus as described on page 138.

The Committee approves our annual internal audit plan, which this year included an audit of our non-financial climate reporting to drive areas of focus. The Committee also bi-annually reviews the top-tier risk register. More in 'Risk Management', pages 102-116.

The role of the Remuneration Committee

The Remuneration Committee plays a key role in ensuring that climate change and our impact on the environment — along with other Environmental, Social and Governance issues — are considered at the top of the organisation. A portion of variable executive remuneration is already aligned to our Purpose and selected ESG measures. These measures include our performance as a business in operational and capital carbon, pollutions, leakage, biodiversity net gain and WINEP delivery.

Performance metrics are agreed by the Committee at the start of the financial year, or performance period, with performance being reviewed at the November Committee meeting. See the Remuneration Committee report, pages 147-165, for more detail.

The role of the Nomination Committee

The Nomination Committee's primary function is to advise the Board, in relation to the appointment of executive and non-executive directors. The Committee is responsible for monitoring that the Board has the right balance of skills, experience, and knowledge and makes recommendations to the Board accordingly. Prior to commencing the search for new directors, the committee reviews the Board skills matrix, which covers Environment and Sustainability including climate change, which informs the recruitment process for new independent non-executive directors.

Diagram 1: Climate and nature-related governance at Anglian Water

The Anglian Water Services Limited (AWS) Board
Oversight of climate and nature-related risks

Audit and Risk Committee	Remuneration Committee	Nomination Committee
Review the Company's top-tier risks	Remuneration policy linked to ESG	Balance of skills, knowledge, experience and diversity on the Board

Executive Committee

Sub-committees led by Executive Committee members

Environment and Sustainability	Operations – Water	Capital Delivery
Risk, Assurance and Disclosure	Operations – Water Recycling	Strategic Change
People	Operations – Customer and Wholesale	Health, safety and wellbeing
Water Quality and Environmental Compliance Group	Climate Change and Carbon Steering Group	Sustainability Centre of Excellence

Six Capitals framework

Our Board is committed to using the Six Capitals framework for decision making, an approach we first introduced back in 2015. This framework, which is embedded in our business model, helps us balance natural capital, alongside social, people, intellectual, manufactured and financial capital, to shape investment decisions.

Natural | Financial
Social | Intellectual
People | Manufactured

Together we:

Do the right thing | Build trust | Are always exploring

b. Describe management's role in assessing and managing climate-related risks and opportunities and nature-related dependencies, impacts, risks and opportunities.

Executive Committee

In 2024, we reset our governance structures to enhance focus on key issues and create a clear line of governance from the frontline to the Executive Committee and into the AWS board. These changes were driven by our new Chair – Dr Ros Rivaz – and new Chief Executive – Mark Thurston.

In monthly Executive Committee meetings, issues related to climate and nature-related impacts and dependencies are discussed. These meetings are often shaped by the agendas and outcomes of the groups specified below. The Executive Committee consists of our Chief Executive, along with key decision makers, who chair many of the groups below.

The Executive Committee plays a key role in ensuring the delivery of our performance commitments, which include climate and nature-related targets such as those relating to operational and capital carbon, pollution incidents, WINEP delivery, and natural capital.

The Executive Committee reviews the top-tier risk register a minimum of twice a year. Climate and nature-related impacts and dependencies are key elements of this review. Due to the nature of our business, our Executive Committee is collectively responsible for the delivery of environmental prosperity for the region.

Environment and Sustainability Executive sub-Committee

Our Director of Quality and Environment, Dr Robin Price, is responsible for leading Anglian Water's Environment Strategy and associated ambitions and targets. Robin chairs the Environment and Sustainability Committee, a sub-committee of the Executive Committee, which meets quarterly and governs matters relating to our Purpose, environmental impact, sustainability, climate change – including net zero – and related matters. A summary of the discussion and actions is shared with the full Executive Committee, with an update shared onwards to Board. A number of groups report up into the Environment and Sustainability Committee including the Climate and Carbon Steering Group, which Robin also chairs.

The Climate and Carbon Steering Group

The Climate and Carbon Steering Group is responsible for progress against climate change mitigation and adaptation. The group meets monthly to discuss specific themes, including our proposed AMP8 net zero investment plans, which include a focus on reducing Nitrous Oxide emissions at 17 of our largest sites and moving towards lower carbon HGVs. The group also monitors our plans to develop renewable energy generation and consumption. Updates are provided to the Environment and Sustainability Committee when required, for example on our net zero carbon trajectory. This group has been integral to the development of our climate adaptation investment plans for 2025-2030, our Climate Change Adaptation Report and progress against our 2030 carbon commitments.

Water Quality and Environmental Compliance Group

This group meets weekly and monitors tactical and short-term operational strategies. It receives and reviews reports on matters relating to environmental issues, such as water recycling performance, supply/demand, biosolids and the quality of drinking water. The group is responsible for commissioning work, providing assurance to the business and external stakeholders, identifying lessons learned and ensuring they are communicated.

Sustainability Community

Anglian Water's Sustainability Community allows Anglian Water employees and alliance partners to engage with sustainability-related activities. This ensures that input into the climate change, carbon and sustainability agenda is open to all. This Community aims to harness these ideas and the widespread commitment to sustainability across Anglian Water and our partners.

c. Describe the organisation's human rights policies and engagement activities, and oversight by the Board and management, with respect to indigenous peoples, local communities, affected and other stakeholders, in the organisation's assessment of — and response to — nature-related dependencies, impacts, risks and opportunities.

Stakeholder considerations and engagement

Our Articles of Association require Anglian Water to conduct its business and operations for the benefit of shareholders, while delivering long-term value for the Company's customers, the region and the communities it serves, alongside seeking positive outcomes for the environment and society. More in 'Measuring our Purpose performance' pages 27-29.

Engagement with stakeholders is central to shaping, informing and challenging our strategic plans. We have set out, in detail, how we have engaged with our customers and community in the Section 172 Statement, pages 70-72.

In the development of our Drainage and Wastewater Management Plan (DWMP), we worked in collaboration with a range of stakeholders, including county and district councils, the Environment Agency, the River and Wildlife Trusts and Natural England, to identify catchment risks and any partnership working opportunities.

Our Water Resources Management Plan (WRMP), updated in September 2024, has been guided by the water needs of our region — taking into consideration customer and stakeholder views to develop an affordable, sustainable pathway that will benefit our customers, society and the environment. We also work with key partners in our region to contribute to the Water Resources East Regional Plan.

Ongoing engagement

We encourage and gather views of our communities through our online community forum, Customer Board and Community Ambassador Programme. We carried out almost 35,000 in-depth engagements with our household customers and over 2,500 engagements with our non-household customers, specifically on our AMP8 plans.

External scrutiny

We work with other stakeholders outside of the business to challenge us on our plans. For example, our Independent Challenge Group (ICG) is made up of a group of independent subject experts and regulators. The Chair of the group is Craig Bennett, Chief Executive of The Wildlife Trusts. Craig is an Honorary Fellow of the Chartered Institute of Water and Environmental Management (CIWEM). As Chair, Craig has committed to attending a full Anglian Water Board meeting once a year and Dr Ros Rivaz, Anglian Water Chair, has committed to attending one ICG meeting. Our Chief Executive, Mark Thurston, also attends quarterly ICG meetings. Board engagement is critical to the success of the ICG.

Our independent River Health Panel was established in 2023, to provide challenge and hold us accountable on our river health initiatives.

Human rights

Through the Anglian Water Group Human Rights Policy, (which draws upon the International Bill of Human Rights and the International Labour Organisation (ILO) Declaration on Fundamental Principles and Rights at Work), we seek to prevent or mitigate adverse human rights' impacts and continue to look for ways to support the promotion of human rights within our operations.

Our Whistleblowing Policy and Procedure is there for when an employee or someone working on our behalf wishes to raise a concern on a range of matters, including damage to the environment.

See our Non-financial and sustainability information statement, page 73-74, for more on the relevant policies, documents and reports that govern our approach to human rights.

Nature-related advocacy

We are keen to input, influence and shape the external political and regulatory environment, to enable us to deliver environmental benefits. For example, we argued strongly in favour of government action to enable water companies to make more ambitious use of nature-based solutions, in our submissions to the work of the Independent Water Commission. Find out more about how we engage with local and national government on page 67.

Strategy

a. Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.

d. Describe the principal climate-related risks and opportunities arising in connection with the Company's operations and the time periods, by reference, to which risks and opportunities are assessed.

Globally, research from the Institute and Faculty of Actuaries has shown that the economy could face a 50% loss in GDP between 2070 and 2090[10], unless immediate policy action on risks posed by the climate crisis is taken. These risks include food system shocks, water insecurity, heat stress and infectious disease, which (without action), could lead to mass mortality, involuntary mass migration, severe economic contraction and conflict.

More immediately in the UK, a Deloitte report[11] has shown that property insurance payouts in 2024 are set to hit their highest level since the 2007 torrential summer floods. While there are many factors at play, climate change is prominent, with claims relating to weather, including floods, storms and freezing temperatures, expected to reach £1.2 billion.

We are feeling these impacts in our region, demonstrated by weather events in successive years, with significant flooding in 2021, drought in 2022 and storms and flooding throughout the winter of 2023. These are all indicative of our changing climate, which will lead to greater risks across our operations that impact both climate and nature, to include:

- A hotter, drier climate will reduce water available for abstraction.
- Saltwater intrusion, due to sea level rises, will put an increased number of water sources at risk — such as the impact of estuary water on natural ground water — alongside a loss of assets due to coastal erosion.
- Increasingly intense rainfalls will put pressure on sewer systems.
- Wetter winters will lead to rising groundwater levels, which could also impact water quality and increase infiltration into our sewer network.

We have aggregated our climate risks into five key headline themes, as shown in the table below.

Our five-year investment periods and associated Ofwat Performance Commitment Levels (PCLs) are set in the context of a much longer timeframe, in line with our Purpose and Strategic Direction Statement (2050). In the table, the metrics cited are our Ofwat PCLs. These are a subset of a wider range of performance measures, which ladder up to our long-term ambitions. More on page 9.

Aerial shot of Grafham Water during the 2022 drought

10 Current climate policies risk catastrophic societal and economic impacts
11 Deloitte: 2024 property insurance payouts expected to hit highest level in almost two decades

Table 1: Key physical risks

S short-term (0-5 years) M medium-term (5-10 years) L long-term (10-25 years)

Key risk	Drivers	Potential impact	Response to risk	Related metrics and targets	Cost of response to risk
Security of public water supply S M L	Hotter, drier summers, increasing drought severity and frequency, combined with forecast population growth.	On customers: • Increase in interruptions to supply. • Low water pressure issues. • Drought restrictions more commonplace. On business: • Impact on our financial penalty/reward position. • Increase in operating costs, to deal with periods of drought. • Increase in capital investment required.	We maintain a 25-year Water Resources Management Plan (WRMP), which quantifies the need and recommends investment to maintain supply-demand balance, to avoid water shortages in the context of drought and population growth. This 25-year plan is refreshed every five years, to incorporate short, medium and long-term actions.	The most relevant Ofwat PCLs for this key risk are: • Leakage • Per Capita Consumption • Unplanned Outage • Percentage of population supplied by a single supply • Abstraction Incentive Mechanism • Properties at risk of persistent low pressure • Smart metering delivery • Internal interconnector delivery • Risk of severe restrictions in a drought • Natural capital impact	Our WRMP shows that by 2050, as a result of climate change and changes to abstraction licensing and drought, there will be an 80Ml/d reduction in the water available to us. This is part of the total deficit of 593Ml/d in the region. Our AMP8 Business Plan contained proposed investments of over £1 billion* to meet the total shortfall in water availability. As part of this, we will deliver two new reservoirs to achieve resilience to a 1-in-500 year drought. With no new reservoirs being constructed since the 1990s, our proposed new reservoirs have been identified as a large-scale investment in new water resources that we need. They will play a critical role in securing water supply, long into the future alongside protecting and restoring the environment. Our Lincolnshire reservoir will improve our resilience to drought, while the Fens reservoir will allow us to leave more water in chalk streams.
Risks to our assets from flooding S M L	Increased frequency of periods of heavy rainfall, combined with wetter, warmer winters.	On customers: • Increase in interruptions to supply. On business: • Impact on our financial penalty/reward position as well as environmental penalties. • Increase in operating costs, to deal with heavy rainfall and associated flooding. • Increase in capital investment required. • Reputational damage.	As set out in our Drainage and Wastewater Management Plan (DWMP), the next 25 years will increase flood risk in many catchments in the East of England, due to more intense rainfall, resulting from climate change. The risk is particularly acute for coastal areas, considering 28% of our region is low-lying. Our long-term approach to addressing hydraulic flooding is outlined in our DWMP strategic planning framework. The DWMP presents a catchment-level long-term strategy for addressing flooding over a 25-year horizon and recognises that hydraulic flood risk is the collective responsibility of a wide number of stakeholders, including the water sector. This approach delivers over a short, medium and long-term timeframe.	The most relevant Ofwat PCLs for this key risk are: • Water supply interruptions • Unplanned outage • Pollution incidents • Treatment works compliance • Bathing waters attaining excellent status • WINEP • Partnership working on pluvial and fluvial flood risk	Our AMP8 Business Plan contained proposed investments of £17 million* to increase pluvial and fluvial flood resilience. Climate change will increase the frequency and severity of heavy rainfall events. With two significant wet weather events and unprecedented groundwater levels in the space of three years — and with warmer wetter winters predicted — a new, more holistic catchment-based approach is essential, to make communities more climate resilient. See more in the footnote, section 9[12]. Our plan also included investments to improve water resilience, to mitigate against the impacts of surface water flooding at key water production assets, including boreholes, which are highly susceptible to flooding. This is to ensure that the impacts of heavy rainfall and sea level rises, both attributed to climate change, will be mitigated in the medium to long term. See more within footnote 12, section 8.

12 Our PR24 Enhancement Strategies - Resilient to Flooding

* Correct at time of publication, however subject to change following CMA referral

Key risk	Drivers	Potential impact	Response to risk	Related metrics and targets	Cost of response to risk
Risks to sewer flooding from extreme rainfall S M L	Increased frequency of periods of heavy rainfall, combined with wetter, warmer winters.	On customers: • Internal and external sewer flooding and impact on customers' homes. On business: • Impact on our financial penalty/reward position as well as environmental penalties. • Increase in operating costs to deal with heavy rainfall and associated flooding. • Increase in capital investment required. • Reputational damage.	As set out in our DWMP, the next 25 years will increase flood risk in many catchments in the East of England, due to more intense rainfall, resulting from climate change.	The most relevant Ofwat PCLs for this key risk are: • Internal sewer flooding • Pollution incidents • Treatment works compliance • External sewer flooding • Bathing waters attaining excellent status • WINEP • Risk of sewer flooding in a storm	Our AMP8 Business Plan included proposed capital investment of c.£108 million* over the next five years to help mitigate the risk of flooding of properties. This investment is required to enhance our sewerage system, to reduce the risk to properties and external areas of flooding from sewers. For more detailed information, see footnote 12, section 7.
Risks to raw water treatment from reduced water quality S M L	High intensity rainfall events are accelerating soil erosion, leading to increasing concentrations of nutrients in raw water supplies. High temperatures lead to increased algal blooms, which can result in treatment challenges and reduce the efficiency of our treatment.	On customers: • No impact on water quality delivered to customers. On business: • Impact on our operating costs due to increased treatment costs. • Reputational damage.	Wet weather can negatively impact the quality of water we take out of rivers, reservoirs and our groundwater, due to higher turbidity and sediment-bound pollutants. To tackle this in the short-term, we have instigated a programme to use weather station data to plan our abstraction regimes. Catchment management provides a longer-term solution. We are sharing local data with other water users and land managers, to make informed decisions to protect our water resources.	The most relevant Ofwat PCLs for this key risk are: • Percentage of population supplied by a single supply • Water supply interruptions • Abstraction Incentive Mechanism • Event Risk Index • Compliance Risk Index	Our AMP8 Business Plan contained significant proposed investments to improve water quality — although climate change is not the primary driver; the impacts will be worse into the future if left unmanaged. See footnote 12, section 11. Our plans proposed investment of c.£1 million* to combat invasive non-native species, which pose a greater risk for us as a result of a warming climate and our water transfer schemes.
Risk of service interruptions and interdependent risks S M L	Hotter drier summers and warmer wetter winters could lead to prolonged drought and wetter periods, impacting the performance of our assets and those other infrastructure assets (e.g. power infrastructure), on which we rely.	On customers: • Increase in interruptions to supply. On business: • Impact on our financial penalty/reward position, as well as environmental penalties. • Increase in operating costs to deal with heavy rainfall and associated flooding. • Increase in capital investment required. • Reputational damage.	We have moved from a reactive to a coordinated and proactive incident management system, embedded across our whole business, to manage and mitigate the impact of any disruptive event, including those from prolonged and extreme weather events. We are active participants in the Climate Resilience Demonstrator (CReDo) project, which aims to prevent cascade failure with the interconnected infrastructure network. We have recently completed a study into climate vulnerable mains. This covers mains that are vulnerable to bursts, as a consequence of drought-induced soil shrinkage. This study highlights the pressing need to make vital assets resilient and fit for the future. A tool has been developed to assess the potential failure of assets due to extreme high temperatures – likely to be more common in the future.	The most relevant Ofwat PCLs for this key risk are: • Water supply interruptions • Unplanned outage • Pollution incidents • Partnership working on pluvial and fluvial flood risk • Internal sewer flooding • Treatment works compliance • External sewer flooding • Risk of sewer flooding in a storm	Our Long-Term Delivery Strategy (LTDS) sets out how we will achieve our future vision, with our core pathway outlining the investments we expect to make to 2050. We have used Ofwat's common reference scenarios — technology, demand, climate change and abstraction reduction — to test our future plans. And we have looked to the future through a variety of lenses including; digital, innovation, partnership-working and place-based approaches, to ensure we have considered every possible solution. This enables us to create a core pathway and a set of alternative routes, in the event circumstances change. Our LTDS proposes to invest £1.64 billion by 2060, as part of a multi-AMP programme to remove 75% of our 8,241km of climate vulnerable mains by 2060.[13] Proposed investments within the 'Risks to our assets from flooding' are relevant here. These investments will make the network more resilient and reduce the risk of interruptions to supply.

13 Our Long Term Delivery Strategy

* Correct at time of publication, however subject to change following CMA referral

Table 2: Key transitional risks

Key risks	Drivers	Potential impact	Response to risk	Related metrics and targets	Cost of response to risk
The pace of grid decarbonisation S M	Future energy policy direction, impacting future electricity markets. Premiums for green electricity. Grid pricing mechanisms. Planning challenges for onshore wind and solar PV.	Changes in the pace of grid decarbonisation will impact the magnitude of our residual emissions, as well as the cost effectiveness of future energy-efficiency measures. Uncertainty in the future financial balance between the cost of investing in energy efficiency and the cost of low-carbon energy.	Continued wider market engagement to better understand future grid electricity tariff scenarios, in particular, green electricity and energy sleeving, to have a more informed electricity procurement strategy. Continued engagement with our solar investors, EPC contractors and distribution network operators, to ensure solar portfolios are delivered. Engagement with Government consultations on the future of electricity generation, supply and markets. Monitoring of planned solar investments in our region (outside of our own land), to identify and benefit from annual solar generation by 2030 and beyond. Continued engagement with local authorities, to monitor planning risks for onshore wind in our region. Encouraging employees to challenge and report areas where energy efficiency can be improved.	The most relevant Ofwat PCLs for this key risk are: • Operational carbon • Capital carbon	Demand for green energy has been rising in recent years, with both domestic and non-domestic customers driving this increase. For companies to report on the amount of green energy they have procured and used from the grid, they need to demonstrate that the energy used has been generated from renewable sources. Renewable Energy Guarantees of Origin (REGO) certificates are obtained to show this. As more companies choose to procure green energy from the grid, the increase in demand is reflected in the price of REGOs. Spot trading prices increased from c.£0.20-£0.30 per REGO in the late 2010s, to a peak of c.£25 per REGO in September 2023. Market prices for Compliance Period 23 (CP23), covering financial year 2024/25, have fallen considerably from this level to around £3-£5 per REGO — however, prices are still prone to volatility, which is expected to continue into the future. During the year, we have signed two corporate purchase power agreements to procure renewable energy, directly from generators, via the grid and to reduce our reliance upon standard 'brown' grid energy, where the generation mix is dominated by fossil fuels.
Societal and legislative views on environment and net zero carbon S M L	Increased media interest and changing public attitudes to environmental issues may increase focus on improved environmental policies. Changing Government tax income may lead to a focus on carbon as a mechanism to raise tax income.	Potential for increased investment in environmental protection schemes. As an energy-intensive sector and with GHG emissions associated with water treatment, potential for increased costs.	The delivery of infrastructure affords the opportunity to deliver other positive environmental outcomes – for example nature-based solutions and through our partnership work, such as Future Fens. Strong relationship with delivery partners to deliver low-carbon solutions, as seen through our historic and ongoing commitment to reducing the capital carbon in our assets. Regular engagement with the UK Government, regulators and other stakeholders to shape policy outcomes.	The most relevant Ofwat PCLs for this key risk are: • Operational carbon • Capital carbon	Following consultation with our customers and other key stakeholders, our AMP8 Business Plan contains proposed investments towards net zero carbon. At Final Determination, Ofwat confirmed £296 million.* Our LTDS contained proposed investments over the longer term. This reflects wider societal priorities and identification of the need to invest in the environment for long-term prosperity. Customers want us to ensure a sensible balance between ambition, affordability and intergenerational fairness. While necessary increases to investment will raise bills in the long-term, we have tested our proposals with customers and stakeholders, to make sure they reflect the things that matter most to them and that they represent the best value for our region. For customers who are struggling to pay, we have a wide range of support available. Read more in 'Our customers and communities' pages 48-55.
Investment levels required S M L	Higher levels of investment required to meet more stringent environmental standards, improve resilience, adapt to climate change and meet long-term targets. The current regulatory model means that such investment will ultimately be funded through customer bills.	Increase to how much customers will have to pay, has the potential to affect affordability for those struggling financially.	Taking affordability into account, as part of the planning and investment process — through customer consultation and macro-economic analysis. Assisting the most vulnerable customers, through a range of packages. Carefully planning investments, to deliver optimum outcomes, while keeping costs to a minimum.	The most relevant Ofwat PCLs for this key risk are: • Abstraction Incentive Mechanism • Bathing waters attaining excellent status • Smart metering delivery • Internal interconnector delivery • Partnership working • Priority services register • Value for money	
Nitrous Oxide emissions S M L	Uncertainty over the emissions factor for Nitrous Oxide emissions.	Potential increase in reported Nitrous Oxide emissions, resulting in an increase in overall reported CO_2e emissions.	The historic mechanism for calculating Nitrous Oxide emissions from wastewater treatment is under review in the UK and internationally. Monitoring is underway in Anglian Water and the wider UK water sector, to understand the robustness of the current emissions calculation methodology. Following the completion of this research, a decision will be taken as to the accuracy of the current methodology and if the current emissions factor should change. Our PR24 Business Plan contains proposed investments in various Nitrous Oxide reduction approaches, which will deliver over 5,000 in tCO_2e savings by 2030.	The most relevant Ofwat PCL for this key risk is: • Operational carbon	Our AMP8 Business Plan contained proposed enhancement investments in various Nitrous Oxide reduction approaches, see section 2.3[14]. At Final Determination, Ofwat confirmed £75.5 million* for the delivery of Nitrous Oxide reduction projects. Our aim is to reduce emissions and provide valuable understanding that can be applied to our various sites, if reductions can be achieved in a cost effective way. If the Nitrous Oxide emissions factor increases, the investment improves in tonnes CO_2e saved/£ invested, but the size of reported emissions increases. Our LTDS contains more details on the levels of future investment required, see footnote 13.

14 Our PR24 Enhancement Strategies – A carbon neutral business

* Correct at time of publication, however subject to change following CMA referral

Residual risk

Our aim is to mitigate risk, as much as possible, in the short, medium and long term. However, we will not eliminate risks entirely. Our robust, risk-based approach will ensure we focus on areas that are most pervasive and material, in line with our long-term ambitions. Our Business Plan submission details the nature of the investments to both adapt and mitigate against these risks. In practice, this is our adaptive response, which allows us to remain flexible to changing circumstances, alongside ensuring we limit bill impacts by only investing in solutions that will be needed.

As part of our vision for 2050, outlined on page 9, our future aspirations will ensure that; all customers have at least two sources of water supply (in the face of more frequent drought); our customers never experience internal or external flooding; and our region will be regarded as an international exemplar for the use of nature-based solutions, to solve water security issues.

Key opportunities

Our governance structure enables us to identify climate and nature-related opportunities. This has allowed us to develop strategies for success, for example, through the green/sustainable financing that we undertake as discussed in the section below.

In line with our value 'always exploring', we are encouraged to innovate and seek sustainable solutions that deliver environmental and societal benefits. We collaborate with many organisations, including: working with the aviation industry to understand the role of biosolids in the development of sustainable aviation fuels; recovering waste heat from our sludge treatment processes in line with circular principles; hosting battery boxes on our sites to deliver increased renewable electricity to the grid and improve network resilience; and leading the development of a framework, to increase uptake of green steel.

Our key opportunities are centralised and reviewed within the Climate and Carbon Steering Group and outlined below:

Table 3: Key opportunities

Key opportunity	Drivers	Impact on business	Strategy to realise opportunity	Related metrics and targets
Spend to save programme S M	Increased cost of energy.	• Reduction in operating costs. • Reduction in operational and capital carbon. • Reduction in energy consumption. • Reduction in reliance on grid power, increasing grid resilience.	We have a dedicated initiative to identify opportunities to reduce energy, carbon and cost. Funding is made available for this initiative, providing it pays back in five years or less. We also consider investments that may pay back over a longer period of time.	The most relevant Ofwat PCL for this key opportunity is Operational Carbon.
Correlation of reducing, carbon reduces cost S M	Need to reduce carbon footprint and align with our net zero target.	• Reduction in capital investment required on projects. • Reduction in operational and capital carbon.	Our strategy is consistent with the international standard for capital carbon management, PAS 2080, which we assisted BSI to develop. The PAS 2080 standard aims to achieve a systematic process for infrastructure delivery, in which carbon management — under the direct control of the value chain — is the main focus. The introduction of electricity and gas smart meters at many of our sites is giving us a better understanding of consumption, allowing us to optimise energy reduction solutions.	The most relevant Ofwat PCL for this key opportunity is Capital Carbon.
Uptake of renewable energy S M L	The rising cost of grid power and the increasing appetite for renewable power.	• Reduction in operating costs. • Increase in green-energy consumption. • Reduction in the energy required to be imported and opportunities to export.	Investment in the optimisation of our combined heat and power (CHP) programme, biomethane programme and solar photovoltaic installations on and adjacent to our sites. Long-term renewable energy procurement.	The most relevant Ofwat PCL for this key opportunity is Operational Carbon.

Key opportunity	Drivers	Impact on business	Strategy to realise opportunity	Related metrics and targets
Uptake of catchment and nature-based solutions S M L	The need to protect and restore natural ecosystems, while minimising our carbon footprint. The need to maintain water quality and availability.	• Supports net zero commitment, by reducing the need for carbon intensive infrastructure and offsetting opportunities. • Potential cost savings over transitional infrastructure solutions, particularly through reduced operational expenditure. • Improves resilience of water treatment assets.	• Investment in more treatment wetlands, to reduce the need for expensive, carbon-intensive infrastructure and the chemical dosing that is conventionally used. • As part of our spill reduction programme, we will be delivering 17 storm lagoons and 44 Sustainable Drainage Schemes (SuDS) in AMP8*.	The most relevant Ofwat PCLs for this key opportunity are WINEP and Natural capital.
Multi-partnership approach and use of digital innovation to improve ecological quality S M L	The need for a catchment approach, to tackle environmental challenges in the region. Development of digital innovation as a solution to concerns around environmental quality.	• Supports two of our four strategic ambitions: enable sustainable economic and housing growth and work with others to achieve significant improvements in ecological quality of catchments. • Drives more efficient environmental outcomes. • Use of digital innovation through working with partners unlocks new opportunities to monitor, understand and improve river water quality.	• Partnership working on pluvial and fluvial flood risk, e.g., our multi-agency approach. • Working with Government and nutrient dischargers in catchment, to develop plans to reduce nutrient loads to unlock opportunities to enable sustainable economic and housing growth, while improving ecological quality. • Continue to explore partnerships for innovation e.g., ecological digital twin, remote sensing and in-river sensors.	The most relevant Ofwat PCLs for this key opportunity are Regional collaboration and Partnership working on pluvial and fluvial flood risk.
Diversify revenue streams, utilising by-products of water and wastewater treatment S M L	The need for resource efficiency and a circular transition.	• More efficient use of resources, producing environmental benefits. • Revenue generation, through utilising by-products of wastewater treatment.	• Continue to explore opportunities and innovate with partners to utilise by-products of water treatment and water recycling e.g., through our Bioresources Strategy. This includes an exciting opportunity to use sewage sludge as a feedstock, for production of sustainable aviation fuel to help the UK meet targets to decarbonise the aviation industry. • Our award winning Triple Carbon Reduction Project is creating a circular system to reduce carbon and recover resources through an alternative wastewater treatment process.	As part of our zero waste to landfill ambition, we aim to ensure that 100% of our biosolids are recycled, meaning zero end up in landfill.

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b. Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning.

e. Describe the actual and potential impacts of the principal climate-related risks and opportunities on the company's business model and strategy.

b. Describe the effect nature-related dependencies, impacts, risks and opportunities have had on the organisation's business model, value chain, strategy and financial planning, as well as any transition plans or analysis in place.

Our dependencies and impacts on climate and nature lie at the core of our business. Our business model is structured to create long-term value for customers, investors, business partners and the wider community. Our strategic priorities are linked to our impact and dependence upon natural capital and underpin all our plans. An overview of key plans can be found on page 87.

Financial impact

Our sector is facing unparalleled demand for investment in both the near and long-term future. We continue to ring-fence an element of the OPEX budget centrally, to ensure this is available when we incur additional costs as a result of weather events.

Our region experienced one of the wettest winters in 2023/24, which resulted in high levels of groundwater carrying into 2025. To minimise disruption to customers and the environment, we spent c.£8.4 million to mitigate extreme weather-related impacts. The increased spend covered activities, such as hiring vehicles and tankers to manage flooding. Furthermore, we have not reached our regulatory targets on some key measures. As a result, we are in a penalty. Read more in our 'Ofwat-related Performance Commitments', pages 30-37.

The impact of climate change is incorporated into our key assumptions and significant judgements in table 1. This discusses the risks in relation to our water mains network, in conjunction with the investment required for climate vulnerable mains.

Sustainable finance

In 2017, the Board led the business to become one of the first utilities to raise sustainable finance through a Green Bond. Sustainable/green finance covers investments that meet ESG standards and ensures funds are used to pay for projects that drive sustainable growth, protect or enhance the environment, or help us deliver against our Purpose.

The sustainable investment programme at Anglian Water is rapidly expanding, in line with the uptick in our capital programme. We are always seeking new opportunities to ensure as many of our investments as possible are sustainable. The investments we've financed using our former framework for Green Bonds contribute to five environmental objectives: climate change mitigation; climate change adaptation; biodiversity conservation; pollution prevention and control; and natural resources conservation.

Green Bonds financed in line with our latest framework, updated in February 2024, will contribute to four new, eligible sustainable categories:

- sustainable water and wastewater management;
- terrestrial and aquatic biodiversity;
- renewable energy; and,
- affordable basic infrastructure.

The sustainable debt we have raised, to date includes both use of proceeds debt and sustainability-linked financing. The sustainability performance targets are summarised below. For more information on how the proceeds have been allocated and our progress against these targets, please refer to the Sustainable Finance Impact Report.

Table 4: Sustainability key performance indicators

Sustainability key performance indicator	Actual	Target	Target met
Capital Carbon: Percentage reduction in carbon emissions from construction activity, measured in tonnes of CO_2 equivalent, compared to a 2010 baseline.	66.1%*	65%	We have achieved our 65% capital carbon reduction target.
Water quality Compliance Risk Index: This is the key measure used by the Drinking Water Inspectorate (DWI), to determine our overall compliance with stringent regulatory drinking water standards.	Not published yet	1.5 (deadband)	The DWI will publish the water industry's CRI figures in July 2025. At the time of reporting, our internal forecast indicates 2024 will be an improvement on 2023. We are unlikely to meet Ofwat's target.
Water leakage: A percentage reduction in the amount of water lost to leakage across the region, in megalitres per day (Ml/d), measured on a three-year average.	3.9% reduction	16.4% reduction	We missed our three-year leakage reduction target. However, our performance remains industry-leading. More on how we manage supply and demand on page 42.
Supporting vulnerable customers: Number of domestic households on Priority Services Register (PSR) – as % of the number of households (connected properties).	14.7%	12.8%	We met our target, with 14.7% of customers signed up to the PSR, against a national industry average of 10.2%.
Pollution incidents: Number of pollution incidents, due to escapes from our water recycling network, per 10,000km of sewer network.	57.17*	19.50	We missed our pollutions target. We have a substantial programme of work to rectify our performance, more on page 38.
Net operational carbon: Reduction in carbon emissions from operational activity, measured in tonnes of CO_2 equivalent, compared to a 2018/19 baseline.	26.6%	10%	This year we met our target through an investment programme that prioritises green energy and sustainable projects.
Water abstraction: Average daily amount of water abstracted directly from rivers, reservoirs and groundwater, for household use per capita in a year. This measurement is based on litres per person, per day (l/h/d).	181.9* l/h/d	193.0 l/h/d	The volume of water consumed by household customers slightly increased this year, alongside leakage. However, the increase in population meant a slight decrease in abstraction per capita. We met our target.

* At the time of reporting, these figures are subject to audit.

Transition to net zero

By 2030, we aim to be a net zero carbon business. This is defined as net zero emissions, where we have operational control, as set out in our Net Zero 2030 Strategy. In 2030, we will likely have residual emissions, for example: fossil fuel use in Heavy Goods Vehicles (HGVs) and from process emissions from wastewater treatment — which we will look to offset. As set out in our strategy, regarding process emissions, we recognise this is a considerable challenge and are reducing uncertainty, by monitoring and collaborating with other global organisations.

Our strategy contains more detail on the risks associated with transitioning to a net zero carbon business. Overall, we have a comprehensive approach to climate change, of which our transition risks form a key part.

In our AMP8 Business Plan, we will be instigating a number of carbon reduction approaches, including:

- Nitrous Oxide (N_2O) reduction technologies. Under the Net Zero challenge fund we have secured c.£75 million of investment, to introduce 17 N_2O reduction projects at 16 sites across four technology types – liquor recovery, containment and treatment, real time control and Membrane Aerated Biofilm Reactor (MABR). These approaches will deliver CO_2e savings, while providing valuable insights and learnings as to the most appropriate technologies for the various wastewater treatment contexts. This learning will be shared with the wider water sector, to inform post 2030 N_2O reduction approaches.
- Electric HGVs. We will be introducing a number of electric HGVs and associated charging infrastructure across our operations in 2025-2030. These vehicles afford large scale CO_2 reductions, compared to traditional diesel vehicles. In 2021, when our Net Zero 2030 Carbon Routemap was published, we did not envisage the introduction of electric HGVs, instead believing that Hydrogen HGVs would be available post-2030. However, electric vehicle technology has moved forward more quickly than planned. This is a small example of retaining flexibility in our net zero approaches – adopting unforeseen technologies when they arise.
- Methane (CH_4) capture. We will be developing a number of projects to capture further CH_4 at our sludge treatment centres. CH_4 has a much higher Global Warming Potential (GWP) than CO_2 and capturing this CH_4 will have a large benefit on our overall emissions.
- Gas to Grid. Currently, at our sludge treatment centres, biomethane generated from the sludge treatment process is processed through Combined Heat and Power (CHP) engines, which generate heat for the treatment process and renewable electricity that is either used on site or exported to the electricity grid. As these CHP engines reach the end of their life, we plan to develop gas-to-grid schemes, where the biomethane generated is injected into the gas grid. This approach delivers greater carbon savings than the current CHP approach.

c. Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.

f. Analyse the resilience of the Company's business model and strategy, taking into consideration different climate-related scenarios.

c. Describe the resilience of the organisation's strategy to nature-related risks and opportunities, taking into consideration different scenarios.

Anglian Water's overall resilience to climate and nature-related risk is addressed through various strategies and plans, including our Strategic Direction Statement, Long Term Delivery Strategy, PR24 Business Plan, Water Resources Management Plan, Drought Plan, Drainage and Wastewater Management Plan, Bioresources Strategy our Pollution Incident Reduction Plan and Climate Change Adaptation Report. An overview of the three key reports can be found below.

Table 5: Key strategies and plans

	Drainage and Wastewater Management Plan	Water Resources Management Plan and Drought Plan	Long-Term Delivery Strategy
Overview	Our Drainage and Wastewater Management Plan (DWMP) sets out our plans to manage and recycle water in our region and includes the scale of investment needed to reduce the risks and impacts of sewer flooding over the next 25 years. In our DWMP, we address the triple challenge we face from our rapidly changing climate, a fast-growing population and the need to protect our region's environment. Based on analysis tools, such as hydraulic modelling, we set out interventions that are needed across water recycling catchments, to ensure our infrastructure is fit for the future. In our plan we highlight how we have assessed risk and carefully balanced the needs of our customers and the environment — for example, additional storm storage and nature-based solutions, to reduce the risk of hydraulic overload. Our DWMP is updated every five years, with the second cycle under preparation for publication in 2028. Our second DWMP is now a statutory requirement and must meet guidance issued by the Government. Our technical approaches will be refined further and seek to continue to use an adaptive planning approach, to test our plans against a range of climate scenarios. In addition, the new plan will be subject to an annual review, to understand material changes that could impact on the effectiveness of our interventions. Should the review reveal substantial changes (e.g. higher population and housing development), large parts of the plan will be reviewed. Through taking this approach, our strategy will continue to track and respond to changes in risks and highlight opportunities to make progress quicker. The impact of any financial implications of climate change will be assessed as part of the monitoring and review process.	Our long-standing statutory Water Resources Management Plan (WRMP) and Drought Plan set out how we will manage water supply and demand in our region. Both plans provide a comprehensive framework for modelling and assessing uncertainties, including climate change, to plan future water supplies. Our WRMP24 accounts for new challenges, such as increased resilience to enhanced drought. It also provides a long-term strategy for environmental improvement, focusing on the abstraction reductions needed to improve river flows. Our adaptive plans recognise that certain supply-side options take significant amounts of development time and will allow us to develop our understanding of water reuse, desalination and aquifer storage and recovery. Our WRMP will be updated every five years, setting out our plan for the next 25 years. This review will be undertaken using climate scenario modelling. In addition, the existing plan will be subject to annual review, which will include reference to the climate scenario analysis. As a consequence, the strategy may change to address identified risks and opportunities, as a consequence of the five-yearly (or sooner) revision. The impact of any changes related to climate change will be assessed as to the financial implications **Assessing our environmental impact** The environmental assessments undertaken, alongside the development of our WRMP24, are Strategic Environmental Assessment (SEA), Habitats Regulation Assessment (HRA), Water Framework Directive (WFD) assessment, Invasive Non-Native Species (INNS) assessment, Biodiversity Net Gain (BNG) assessment and the Natural Capital Approach via Ecosystem Services Assessment (NCA via ESS).	Our Strategic Direction Statement (SDS) was developed in 2007 to set a clear, sustained direction for the following 25 years. Our SDS was refreshed in 2017 and reviewed in 2021. Our 25-year Strategic Direction Statement states what we want to achieve — in terms of outcomes for the region — and our Long-Term Delivery Strategy (LTDS) refines this further, to determine how we will get there through a 'core pathway' of investments and interventions across the business. It draws in information from our other long-term plans such as WRMP and DWMP. Our LTDS identifies key internal and external factors that could slow or advance reaching our ambition. The LTDS also considers the impactions of uncertainty and extreme projections (such as a changing climate) through a series of 'alternative pathways', which we may need to switch to, should trigger points be reached. The completion of our LTDS was an Ofwat requirement for the PR24 process. It is unclear whether a similar submission will be required by Ofwat at PR29, but we are currently establishing a programme for the creation of a second long-term strategy and plan that builds on the knowledge gained in our LTDS. We are required to monitor our current LTDS at least every five years. We expect our understanding of the risks — particularly over the long term — to continue to improve, including on the financial implications of challenges like climate change and growth.

	Drainage and Wastewater Management Plan	Water Resources Management Plan and Drought Plan	Long-Term Delivery Strategy
Modelling assumptions	**Climate scenario** A range of climate change scenarios, including UKCP18 RCP2.6 and RCP 8.5, plus six storm return periods (1:30, 1:75, 1:100, 1:250, 1:500 and 1:1,000).	**Climate scenario** Based on UKCP18, through 12 bias-corrected Regional Climate Model (RCM) factors for RCP8.5. This modelling was carried out for each Water Resources Zone (WRZ) within our system.	We have developed six alternative pathways, using Ofwat's common reference scenarios (climate change, demand, abstraction and technology) and our wider scenarios (water for energy and landbank availability), to identify higher-regret investment, not included in our core pathway. They are split into 'high' and 'low' assumptions about the future. **Climate scenario** For climate change, Ofwat expects companies to use UKCP18 projections for RCP2.6 and RCP8.5, to explore how these different climate futures affect their strategies – including their potential impacts on water resources, wastewater loads, flooding, and biodiversity – and to ensure the strategy is appropriate given these alternative climate assumptions. Ofwat considers that using the 50th percentile probability level for each projection offers plausible high and low assumptions for setting common reference scenarios.
Timeframe	Four time horizons: 2025, 2030, 2035 and 2050.	To meet current and future needs over a 25-year period (2025-2050).	Aligned with our existing strategic frameworks and the Government's long-term objectives to 2050 (2025-2050).
Key findings from modelling	The results clearly show the impact of climate change, as we look ahead to 2050. Using the RCP8.5 scenario (broadly equivalent to a 4 degree C temperature rise), we can see that fluvial flood risk (when a river bursts its banks) reduces slightly, while pluvial flooding (when heavy rainfall overwhelms the ability of the ground to absorb or drain water) increases slightly.	The results of the climate change scenario analysis identified that two of our 27 WRZs are particularly vulnerable to climate change and that there would be a material impact on the supply demand balance in another five WRZs. Climate change impacts were combined with other factors, such as growth, to understand the total impact on the supply/demand balance in each WRZ. This has helped inform better resilience strategies for the WRZs (as shown in the diagram below).	Our LTDS represents the best value plan for our region and we have extensively tested it, to ensure our core pathway is efficient, affordable and fair in both the short- and longer-term, setting us up for a range of plausible futures. We have considered numerous solutions to create value across all components of the plan and we are clear how we will use base maintenance provision, alongside enhancement funding, in the long term.

Case study

Risk to security of public water supply

By 2050, we are projected to have 38% less water available for abstraction, while over 700,000 more people will live in the region. As the driest region in the UK — combined with limited capacity to store increasing winter rainfalls — less water will be available. Increased demand for water from households, agriculture and businesses is also likely in a drier, warmer climate. Left unmanaged, this results in one of our most-significant, climate-related risks. Without action, this will negatively impact the environment.

Guided by the water needs of our region and our customer and stakeholder views, we have developed a three-tiered strategy, to ensure safe and secure water resources into the future.

We recognise that driving down water consumption in our region is critical to long-term resilience. Demand management is a key element and our goal remains to offset the demand requirements needed to serve new housing and population growth, through effective demand-side measures — including leakage reduction and educating our customers to be waterwise.

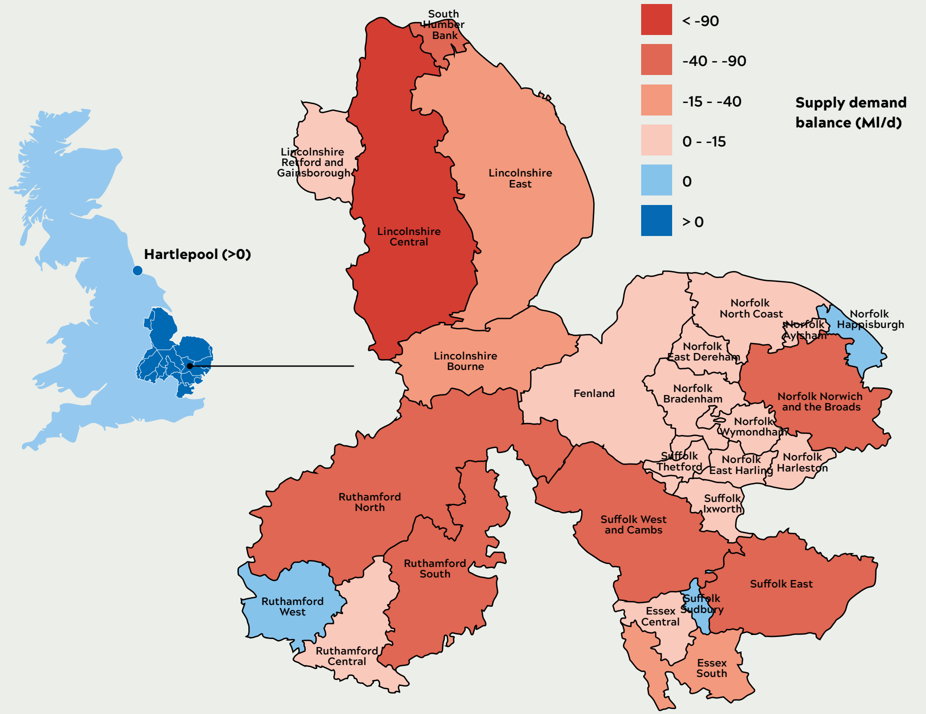
Through our long-standing engagement work, we have one of the industry's lowest levels of water usage per person. Our reductions are underpinned by our consistent work to encourage water efficient behaviours, coupled with smart metering and our framework to encourage behaviour change.

In April 2024, we launched our smart seasonal tariff trial for household customers in two areas — Lincoln and Norwich. With water companies being challenged to innovate around progressive tariff structures, we worked with the Centre for Competition Policy, to understand how tariffs and different communications can reduce demand and improve affordability.

We developed a methodology and created a summer and winter structure, testing if paying a higher price for water between May and August would make a difference to usage, or if digital communications could also influence behaviour change. Around 30,000 customers are taking part in the trial, which is the largest trial in the industry. This will be extended into Northampton and Colchester from April 2025.

We are working with the Centre for Climate Change and Social Transformation, based at Bath University, to measure attitudes and behavioural response of customers within the trial. More on the trial on page 50.

Diagram 2: Taken from our Water Resources Management Plan, this shows the scale of our region's water needs by 2050



Addressing climate-related challenges in our supply chain and wider sector

We work closely with our supply chain to deliver our capital programme. It is fundamental that we work together to reduce emissions. We began engaging with our supply chain on climate change in 2007, when we invited our key partners to HRH The Prince of Wales' first Mayday Summit. Since then, we've worked with our design and construction partners to reduce capital carbon by more than 66.1%*, against a 2010 baseline.

We engage with our supply chain throughout the year on a range of topics. In January 2025, members from our Sustainability and Commercial Procurement teams presented at the Supply Chain Sustainability School AMP 8 and Beyond: Making Water More Sustainable event. The event, which was hosted online, attracted 662 attendees. Insights were shared on sustainability and sustainable procurement for the upcoming AMP8 period, from the perspectives of both the water industry and individual organisations. Around 100 questions were raised by attendees, reflecting a strong desire to understand and address the sustainability challenges and opportunities facing the water industry.

In 2016 we became the first organisation to be verified against PAS 2080, the world's first standard for managing carbon in infrastructure. In 2024, we were verified against the updated PAS2080, which in its update, incorporates more issues around working with supply chains to reduce carbon.

More widely, our Head of Carbon Neutrality co-chairs the Water UK Carbon Network. This group meets monthly to share best practice, knowledge and developments to shape net zero policy and strategy, from a water sector perspective.

* At the time of reporting, these figures are subject to audit.

Case study

Whole Life Carbon

We're focused on reducing the carbon associated with the materials used to build our assets. Our Ofwat-funded research project works to better understand Whole Life Carbon – the carbon associated with constructing, operating, maintaining and managing the end of life of our assets.

Aligned to PAS2080, the project provides a proof-of-concept visualisation tool that can identify carbon and cost hotspots; supporting decisions to reduce carbon and cost during the design phase. It provides the detail on the processes, systems, behaviours and culture needed to ensure Whole Life Carbon and cost information can be used by engineers and decision makers.

Over AMP8, we have an Ofwat performance commitment, which incentivises the delivery of reduced carbon emissions associated with the concrete used to construct our assets. Concrete can be a carbon intensive material and it is one of the main sources of emissions from our construction programme. The concrete supply chain is complex and the product itself is relatively low in value, making the delivery of savings a challenge.

Design teams will work with material suppliers and procurement experts to design out concrete, using alternative materials and low-carbon concrete mixes. While this ODI is specific to carbon emissions associated with concrete, reductions in these emissions will contribute to our overall carbon reductions.

Across Europe, forecasts from the UK Steel and Green Alliance suggest demand for steel will increase from 2030 to 2050, mostly driven by new infrastructure to meet net zero goals.

We support the advent of green steel. The water industry uses steel in a variety of applications (e.g. sewer pumping stations, water mains and tanks). However, at present, steel production relies on a carbon intensive blast furnace production process. We are seeing new methods to create green steel emerge. This generic term refers to steel produced with less carbon emissions than existing blast furnace steel. Most green steel projects are in the pilot stage, yet production is set to grow rapidly in the next five years.

There are a host of issues to overcome in the pursuit of greener steel – and we have submitted a bid to the Ofwat Innovation fund to develop a strategic procurement methodology and framework for greener steel, to drive demand .

Case study **Working in partnership**

Integrated approaches to mitigate climate change

Our work in the Cambridgeshire Fens makes the case for integrated, landscape-scale approaches to mitigate climate change impacts.

We recently contributed to the Fens Climate Change Risk Assessment, which examines how climate change is impacting the Fens — an area that is home to the UK's largest coastal lowland and which is a vital hub for food production. The Fens face pressures from rising sea levels, extreme weather and other challenges. Authored independently, by the Tyndall Centre for Climate Change Research, this localised assessment offers evidence-based insights beyond national studies, with scenario modelling showing the impact of global warming on the area, if high CO_2 emissions continue as predicted

Our AMP8 plans make the case for further integrated approaches, working in partnership to develop solutions to our changing climate, collectively. Read more here.

Case study | Working in partnership

CReDo

Using a pioneering cross-sector climate adaptation digital twin to share data from the water, energy and telecoms sectors we are providing a practical example of how connected data can improve climate adaptation and resilience across a system of systems. This has provided us with improved understanding of asset failure, system interdependencies and cascade failures, under extreme heat scenarios.

The challenge

Our assets operate in an interrelated infrastructure system. We are reliant on the power network for electricity, the telecoms networks for communications and the transport system for access. These assets are connected in a host of ways – and a failure in any one of these can have cascade effects and lead to failures elsewhere. This issue has become more acute in the face of more frequent, extreme weather events, due to climate change.

Increasingly, high-temperature events are testing the resilience of our infrastructure. We are beginning to experience temperatures that have never been seen in the UK, such as the 2022 heatwave – where temperatures broke records and reached 40.3°C in the Anglian Water region. Across the UK, a significant number of water assets were impacted, due to heat or required emergency cooling actions to maintain normal operation.

Infrastructure owners are only just beginning to understand the effect of extreme heat on asset failure and the failure cascade of critical connected utility infrastructure is even more unknown.

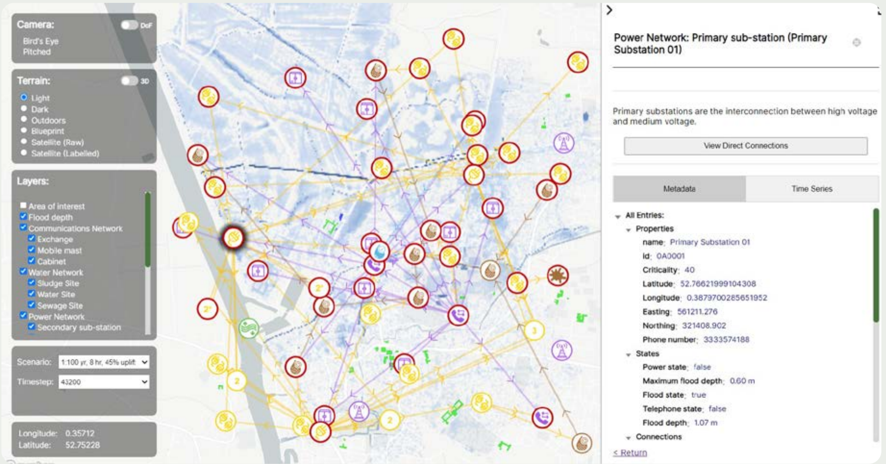
Our climate change adaptation

Since 2021, we've partnered with BT and UK Power Networks on a project – led by the National Digital Twin programme and Connected Places Catapult – known as the Climate Resilience Demonstrator (CReDo). Initially funded by BEIS and Innovate UK – and now developed further with funding from both Ofwat Innovation Fund and Ofgem – CReDo is combining datasets from Anglian Water, BT and UK Power Networks into one system model, to develop a cross-sector picture of the interconnectedness of networks.

The working digital twin has been used to examine the potential impacts of extreme high temperature events on the wider infrastructure network. We have produced an extreme heat application – which enables users to understand asset risk and when assets could fail under climate-change driven, extreme heat scenarios – to inform strategic planning, emergency planning and infrastructure design.

Next steps

As we look to the next stage of the project, we will be scaling the working digital twin model to become UK-wide. We are also considering other future scenarios – including extreme wind and storm events – and involving more asset owners, to cover infrastructure such as roads. This project has showcased how we can collaborate on a national network of connected digital twins, to create resilient infrastructure.



The image shows how Anglian Water's assets, UK Power Networks' electricity distribution assets and British Telecom's communications assets are interconnected.

In January, Anglian Water's Head of Asset Management, Matthew Humphrey, joined a panel to discuss resilience across Critical National Infrastructure – along with energy, transport and telecoms stakeholders – at the National Preparedness Commission in Westminster. Discussions centred on the future role of regulation in Critical National Infrastructure resilience. A report by the National Preparedness Commission, titled 'Regulating for Resilience', argues that current regulatory frameworks are ill-equipped for the uncertainties and pace of risks in an increasingly interconnected, interdependent world – outlining opportunities for regulatory innovation that could unlock significant economic and societal benefits.

a. Describe the nature-related dependencies, impacts, risks and opportunities the organisation has identified over the short, medium and long term.

Our relationship with nature

We address the ways in which we rely on and have an impact on natural capital and ecosystem services, through our plans. Our nature-related dependencies and impacts are summarised below. We will continue to evaluate and assess our exposure to accelerating environmental change, exploring our value chain, to develop our understanding and inform our management of nature-related issues.

Our dependencies

We rely upon several ecosystem services to provide water and water recycling services to the region we serve. Most materially, these are the provision of surface water and ground water for a safe and resilient supply of drinking water, which is also enabled by the maintenance of water and soil quality and water flow (i.e. the hydrological cycle). In addition, ecosystem services can help mitigate the impact of these operations, for example through bioremediation (i.e. the ability of living organisms to degrade, reduce/detoxify contaminants) and filtration (i.e. the filtration, sequestration, storage and accumulation of pollutants).

Healthy soil is important. Its ability to hold onto water (slow the flow) and provide an aerobic environment for microbiology to thrive in (releasing nutrients for crops to uptake and degrading pesticides) reduces losses to watercourses and contributes to healthy water. Healthy soils lead to healthy crops, which require less inputs (pesticides and nutrients), which leads to better water quality. The link between soil health and land use is clear and in the East of England the agricultural economic contribution is roughly twice the national average. This is why we work closely with farmers and landowners in the region.

Nature also has the ability to provide climate regulation and flood and storm protection. However, the region we serve has just 7% of woodland cover, below the national average of over 10%. Low levels of tree cover contribute to a range of challenges: less shading and cooling, increased thermal heating and evapotranspiration from soils and plants, less biodiversity and increased flood risk. We use partnership working to manage surface water and flooding more effectively. We will be investing further in upstream management of surface water, through the provision of sustainable drainage systems, regulation and flood and storm protection.

Our impacts

We are permitted to abstract water from the environment and to return used water once it has been treated, through permit conditions imposed by our environmental regulator. These permits ensure that environmental impacts are either eliminated or are reduced over time.

Abstraction

We recognise that the water we take from the environment must be abstracted sustainably. Abstraction can have associated impacts on sensitive habitats and ecosystems, such as chalk streams, if levels exceed a sustainable threshold. One of the best ways we can protect watercourses in our region, is by reducing the amount of water we take from the environment. More on abstraction in 'Our Environment', pages 38-47.

Environmental destinations

The concept of an environmental destination is a long-term vision for the environment, most notably for reducing the impact of abstraction on water flow and restoring, protecting and enhancing waterbodies. As a water company — and the largest abstractor in the region — we have worked closely with other abstractors and environmental regulators as part of Water Resources East (WRE), to define a set of regional-specific and locally-verified environmental destination scenarios, included in our WRMP. Having a set of environmental destination scenarios enables water companies, regulators and stakeholders to understand the types of interventions required to achieve sustainable abstractions.

Reasons for poor river health

River health is determined by many different factors and we work in partnership to address this issue collectively. More in 'Our Environment', pages 38-47.

Permitted discharges

Permitted discharges can contain high nutrient levels. By the end of 2025, our phosphorus programme has improved river health across 104 waterbodies, including 165 confirmed, probable, or suspected Reasons for Not Achieving Good Status (RNAGs). At water recycling centres with new or existing permit limits for phosphorus, we have reduced levels entering rivers and streams in our region by 53%, compared to 2020 levels. We have recently installed an I-Phyc Algal Biological Reactor at a WRC in Bedford, leveraging natural processes, to improve the efficiency and sustainability of our water recycling process. The reactor is designed to reduce phosphorous levels to below or equal to 0.5mg/l. This innovative initiative not only reduces the need for chemicals, but also lowers sludge production, reducing carbon emissions and enhancing safety on site.

Invasive species

Invasive Non-Native Species (INNS) can cause significant impacts. Recreation at our Water Parks and how we operate flows in our reservoirs can increase the spread of INNS. In our region, these species include Quagga Mussel, Killer Shrimp and Himalayan Balsam. The risk is likely to increase with warmer conditions and with increased raw water transfers between regions, as a solution to drought.

To prepare, we have trained our operational teams, rolling out guidance on how to maintain biosecurity through a network of Biodiversity Champions across the region. We also provided grants to support projects that seek to control or eradicate INNS from specific aquatic and wetland environments across the region. Our grants have funded a range of projects around the region, to address the spread of New Zealand pigmyweed, mink and water fern. We provided grants of around £40,000 during the year. Find out more in our Climate Change Adaptation Report.

Our impacts and dependencies on nature

In preparing this disclosure, we ran a series of workshops with subject matter experts from across the business. These were informed by the LEAP (Locate, Evaluate, Assess and Prepare) approach, outputs from the ENCORE tool and our strategic planning, to identify our nature-related impacts and dependencies, and the risks and opportunities that these present. We have summarised them in the diagram on the next page. We will continue to use the LEAP approach to inform our future assessments.

Our integrated climate and nature-related risks and opportunities can be found on pages 81-85.

Table 6: Our impacts and dependencies on nature

High impact: H **Medium impact:** M **Biome key:** Land Freshwater Atmosphere

	Raw water is collected	Raw water is cleaned at water treatment works	Potable water is distributed	Water is used by our customers	Used water is collected	Used water is cleaned at water recycling centres	Water is returned to the environment and biosolids recycled to land
Dependencies	We depend on plentiful water to abstract and leave enough in the environment. H Healthy soils hold and slowly release water and keep soil on land and out of the river. H Habitats in the right place and condition improve water quality and water resource availability. M	High intensity rainfall events accelerate soil erosion and lead to increasing concentrations of nutrients and emerging contaminants in raw water supplies. Without adaptation, treatment costs, energy use and carbon emissions will increase, to maintain high drinking water standards. H	Extreme temperatures and prolonged drought can lead to soil shrinkage, causing ground movement, which can increase bursts in water pipes. M	Water usage is sensitive to weather conditions, with demand for water increasing in the summer if the weather is hot and dry. More frequent and intense heatwaves, as a result of climate change, will exacerbate this. H	Habitats, alongside well-designed urban environments, reduce flooding and ensure enough capacity in the system to respond to extreme weather events. M	We depend on biological processes to undertake part of the water recycling process. H	Rivers with better water quality and flow are more effective at bioremediation and filtration. M Soil condition and climate change may affect the area of agricultural land over which our bioresources products can be recycled. H
Impacts	Surface and groundwater abstraction has the potential to create ecological impacts for rivers and groundwater-dependent ecosystems. H There is a risk of invasive species through recreation at our sites and through the water treatment process. H	Where pollutions occur, there is a risk of species or habitat loss from chlorine, sludge or brine. M Building infrastructure also has the potential to cause habitat loss. H	Leakage has the potential to cause habitat and species loss, e.g., from soil erosion into water bodies. M	The inability to manage supply-demand balance effectively has the potential to lead to negative ecological impacts in affected catchments. H Customer water use contributes to household energy use and carbon emissions. H	Where pollutions or storm overflows occur, there is the potential for species and habitat degradation. M	Where pollutions or storm overflows occur there is the potential for species and habitat degradation. M Building infrastructure also has the potential to cause habitat loss. H	River habitats may not be rehabilitated effectively, if discharge quality is not high enough for the river to be in good ecological health. H Return of nutrients and organic matter to land improves soil and plant health and supports reduced use of artificial fertilisers. H Research is ongoing into the impacts of pollutants, such as heavy metals, forever chemicals (such as PFAS) and microplastics.

Our dependency on global and local climate regulation services that contribute to and regulate atmospheric conditions span our value chain M

Emissions to air across our value chain — particularly CO_2 and NO_x — contribute to climate change M

Note: The materiality ratings are derived from the materiality ratings in ENCORE (encorenature.org) and informed by expert internal insights. In ENCORE, 'material' is interpreted as synonymous to significant or important to consider in the decision-making process. We will continue to review materiality in future years.

Pollutions

Addressing pollutions, which typically occur as a result of an escape of untreated wastewater, is a huge area of focus. Alongside this, we're working hard to ensure we comply with our obligations on storm overflows. Significant work has been undertaken across our Water Recycling network, to address our pollutions performance. Most recently, the actions outlined in our Pollution Incident Reduction Plan and £100 million capital investment have all resulted in improvements, through tangible risk reduction measures, in addition to enhanced mitigation measures, through increasing our operational response.

These measures have been implemented and will set a strong foundation to underpin future performance improvements. We have received external assurance – with Roland Berger, validating our plans – and believe AMP8 will be a period where we re-set our performance, putting ourselves on a stronger footing for AMP9 and beyond. We report progress annually.

Potable water pollutions caused by failure of our assets can also impact the environment. The speed and flow of clean water from a burst can wash additional sediment into watercourses and increase the turbidity. The settling of this sediment can disrupt natural processes and disturb important habitats.

Embracing nature-based solutions

In 2018, we unveiled our flagship treatment wetland in Ingoldisthorpe, created in partnership with the Norfolk River's Trust. The first of its kind in England, the site naturally cleans 1.4 million litres of water a day and has served as a blueprint for further treatment wetlands in our region. Treated water passes from our Water Recycling Centre to the wetland, to be filtered further by plants, before it is returned to the River Ingol. Wetlands are a low-carbon method of treating used water and also act as a natural flood defense, by slowing the flow of water re-entering rivers and supporting biodiversity.

We're also supporting Cranfield University's research into how treatment wetlands can play a role in reducing levels of PFAS entering the wider environment.

Over the next five years, we will be delivering 11 treatment wetlands (designed in AMP7) and a further 12 are currently going through feasibility assessments. These will be delivered via our WINEP.

Our AMP8 Business Plan sets out a nature-first approach to development. Keeping rainwater out of our sewers, using nature-based solutions, is one way we are reducing the risk of flooding and reducing storm overflow spills. We work in partnership to deliver Sustainable Drainage Systems (SuDS), combining drainage materials, plants and soil, to help retain water and allow it to soak away naturally.

We are also funding an increasing number of other nature-based solutions, including beaver releases in partnership with the Wildlife Trust for Bedfordshire, Cambridgeshire, and Northamptonshire. The reintroduction of beavers helps to manage and restore wetland habitats, by reshaping waterways, reducing scrub growth and enhancing reed bed areas. More in 'Our Environment', pages 38-47.

Biodiversity Net Gain

The construction and upgrade of our assets can lead to habitat loss and disturb ecosystems, which is why we implement our Six Capitals framework to account for the full impact of our activities in our decision-making. While some habitat losses are unavoidable, we are committed to applying the mitigation hierarchy in our delivery of Biodiversity Net Gain (BNG), a framework embedded in planning and best practice, that seeks to avoid and reduce any impacts on biodiversity in the first place, before compensating for any residual losses.

We made a commitment to deliver BNG well before the introduction of the Environment Bill (which puts a legal requirement on developments to deliver 10% BNG). Our AMP7 commitment went further than the legal requirement, to ensure a BNG of 10% against the measured losses of habitats by area on all Anglian Water-owned land. This applied across all capital schemes and land management activities, where there is a material impact upon biodiversity between 2020-2025. See page 41 for BNG delivered in 2024/25.

Access to green and blue spaces

We manage 49 Sites of Special Scientific Interest (SSSI) and we are proud that 99% are considered to be in favourable condition by Natural England. Some of these sites are at our seven waterparks, which play an important role in conserving and enhancing our region's wildlife. Our five largest parks hold Green Flag status – the benchmark standard for the management of recreational outdoor spaces. We are also working with Beyond Swim to ensure all our parks can be certified as safe-swim locations.

There are currently 54 designated bathing sites across the Anglian Water region: 48 coastal sites, two estuarine sites, two reservoir sites and two river sites. 17 sites have Blue Flags and a further 26 have Seaside Awards, supporting the tourism economies of coastal towns.

Our nature-related commitments

Our Get River Positive pledges are reflected across our planning framework. The Kunming-Montreal Global Biodiversity Framework has 23 action-oriented global targets for action, over the decade to 2030. Our Get River Positive pledges are in the spirit of all these targets, however there are some which have the most material impact.

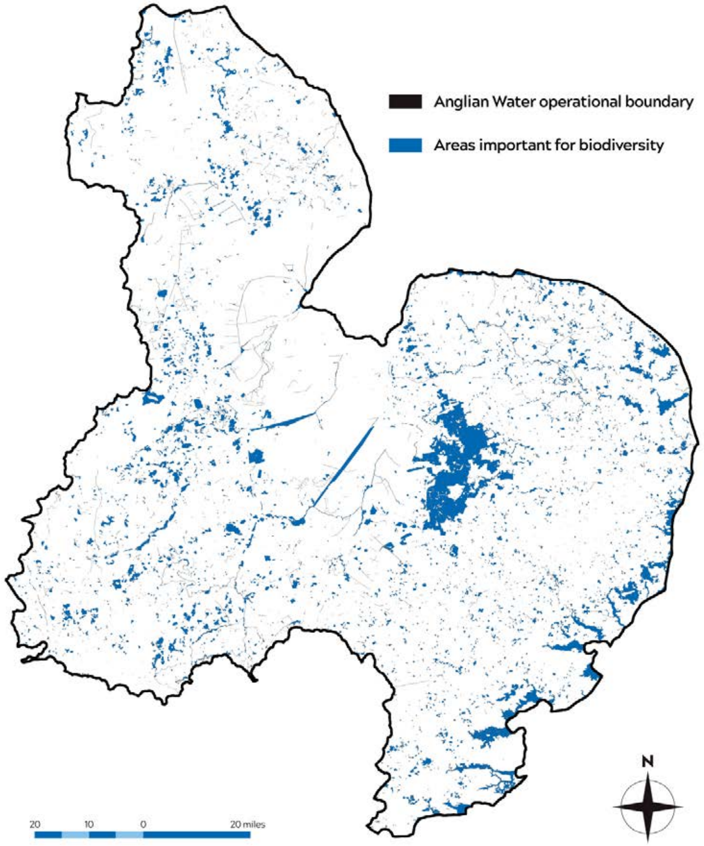
Table 7: Get River Positive commitments and Global Biodiversity Framework (GBF) 2023 targets

1. Ensure storm overflows, sewage treatment works and abstraction do not harm rivers	**GBF Target 7: Reduce pollution to levels that are not harmful to biodiversity**
2. Create more opportunities for everyone to enjoy our rivers	**GBF Target 11: Restore, maintain and enhance nature's contributions to people** **GBF Target 12: Enhance green spaces and urban planning for human wellbeing and biodiversity**
3. Support others to improve and care for rivers	**GBF Target 16: Enable sustainable consumption choices to reduce waste and overconsumption**
4. Enhance our rivers and create new habitats so wildlife can thrive	**GBF Target 2: Restore 30% of all degraded ecosystems**
5. Be open and transparent about our performance and our plans	**GBF Target 15: Business assess, disclose and reduce biodiversity-related risks and negative impacts** **GBF Target 21: Ensure that knowledge is available and accessible to guide biodiversity action**

d. Disclose the locations of assets/activities in the organisation's direct operations and (where possible) upstream and downstream value chain(s) that meet the criteria for priority locations.

Locations of operations important for nature-related impacts and dependencies

Anglian Water operates over an area of 2,750,000 hectares (ha) and owns approximately 7,000ha of land. A range of assets reside on our owned land and we have some land with no defined use. The land is under various ownership types, including leases e.g., for livestock grazing.



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

Areas important for biodiversity, owned by Anglian Water

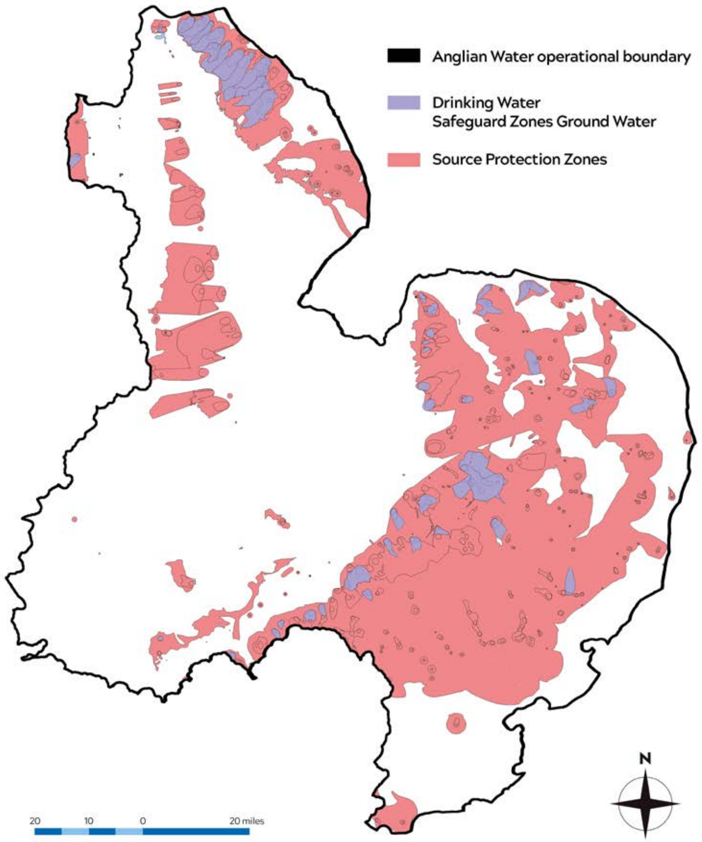
Our estate covers diverse habitat types. We work hard to ensure, where possible, we are managing our land to benefit habitats and species, as well as supporting broader environmental objectives. We have many areas important for biodiversity in the region, including the National Site Network, which covers Special Areas of Conservation (SAC) and Special Areas of Protection (SPA). Based on the Task Force on Nature-related Financial Disclosures definition, we would consider these to be sensitive locations.

Table 8: Areas important for biodiversity owned by Anglian Water

Hectares	Type of land
2,846 hectares of SSSIs	A site of special scientific interest (SSSI) is land notified under the Wildlife and Countryside Act (1981). They are sites rich in wildlife and natural features in England, supporting many characteristic, rare and endangered species, habitats and natural features. Our patch includes significant areas, if not all, of Foxcote Reservoir and Wood, Grafham Water, Newbourne Springs, Pitsford Reservoir, Rutland Water and Tetney Blow Wells.
1,575 hectares of Special Protection Areas (SPAs)	These are protected areas for birds in the UK. Rutland Water accounts for a significant proportion of the SPAs we own. SPAs, together with Special Areas of Conservation (SACs), form the UK's national site network.
1,366 hectares of Ramsar land	This is wetland of international importance, designated under the criteria of the Ramsar Convention on Wetlands for containing representative, rare or unique wetland types, or for their importance in conserving biological diversity.
890 hectares of priority habitat	Priority habitats, identified in the UK Biodiversity Action Plan, are considered as being of principal importance for the purpose of conserving or enhancing biodiversity, under Section 41 of the Natural Environment and Rural Communities Act (2006).
755 hectares of local wildlife sites, local geodiversity sites and roadside nature reserves/verges	Areas of land with substantive nature conservation value. They support both locally and nationally threatened wildlife, with many supporting important Section 41 habitats and species.
50 hectares of ancient woodland	Natural England has mapped 50 hectares of our estate as ancient woodland, this data still requires ground-truthing. Ancient woodlands are often very diverse and provide important habitats for wildlife.
12 hectares of Special Areas of Conservation (SACs)	We own a small amount of SACs. These are protected areas for habitats and species (fauna and flora), in the Habitats Directive. SACs, together with SPAs, form part of the UK's national site network.

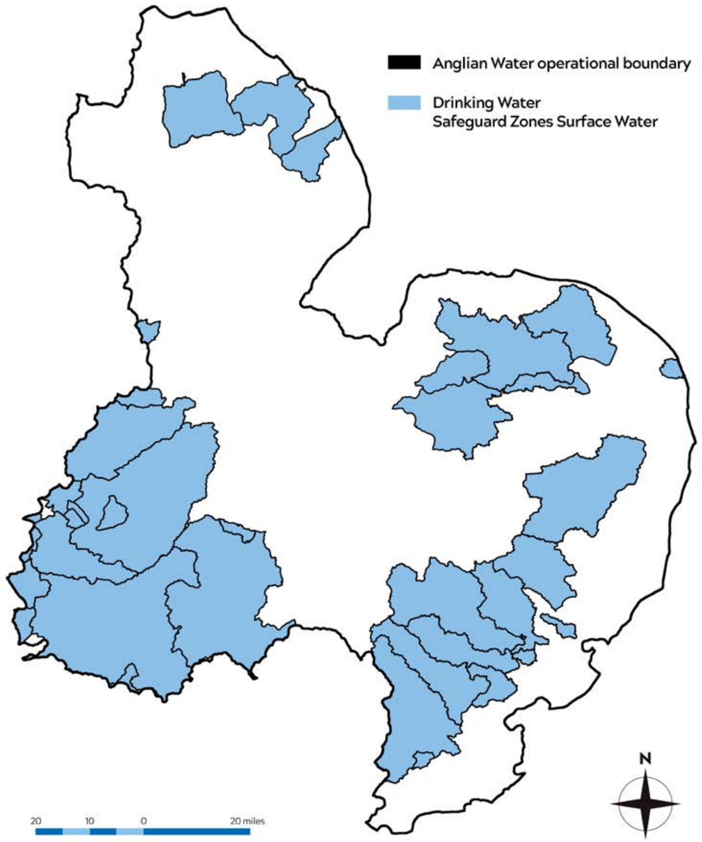
Drinking water safeguard zones and source protection zones

Groundwater Source Protection Zones (SPZs) and Drinking Water Safeguard Zones (SgZs) are defined by the Environment Agency. SPZs show the level of risk from contamination to a ground water source used to supply drinking water. This could be from any activity that might cause pollution in the area. SgZs are established around public water supplies, where additional pollution control measures are needed.



Drinking water safeguard zones (surface water)

Drinking Water Safeguard Zones (Surface Water) are catchment areas that influence the water quality for their respective Drinking Water Protection Area (Surface Water). They are identified where the protected area has been assigned as being “at risk” of failing the drinking water protection objectives of the Water Environment (Water Framework Directive) (England & Wales) Regulations 2017.



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

Risk and impact management

This section describes the Company's processes to identify, assess, monitor, manage and prioritise climate and nature-related risks, dependencies, impacts and opportunities. It covers how we identify risks and opportunities, the management of these risks and their integration into the Company's overall risk management process. (This answers a.b.c across the risk management pillar in CFD, TCFD and TNFD).

Identifying, assessing and prioritising climate and nature-related risks

We outline our 13 principal risks in 'Risk Management' on pages 102-116. Climate change and our impacts and dependencies on nature are a consideration in each. Identification of current and emerging climate and nature-related risks is undertaken as part of our embedded risk processes. Our process utilises expert judgement, historical data, external data and forward-looking analysis. The consequences and likelihood of these risks are determined and ranked using a scoring matrix, aligned to our risk appetite. We use scenarios to inform our future direction.

The assessment and management of climate and nature-related risks is consistent with the approach used to manage risk throughout the business. Climate-related risks were identified and assessed during the production of our latest Climate Change Adaptation Report. This discusses 40 risks in relation to climate change adaptation and aggregates these into five key headline themes — as shown in table 1.

Each of these can be linked to our top-tier risk register and they are integrated into our corporate risk register and business planning processes. Although we have made adaptation progress in all areas, we have observed increased risks related to raw water quality and sewer flooding. These risks are inherently linked to our dependencies on nature. Our strong adaptation progress has reduced our risk related to interruptions to supply from extreme weather events.

Across these headline risks, we observe cross-cutting impacts and external influences. Understanding the impacts of multiple hazards, compound and cascading risks are all essential to maintaining services to our customers and to meet our environmental objectives.

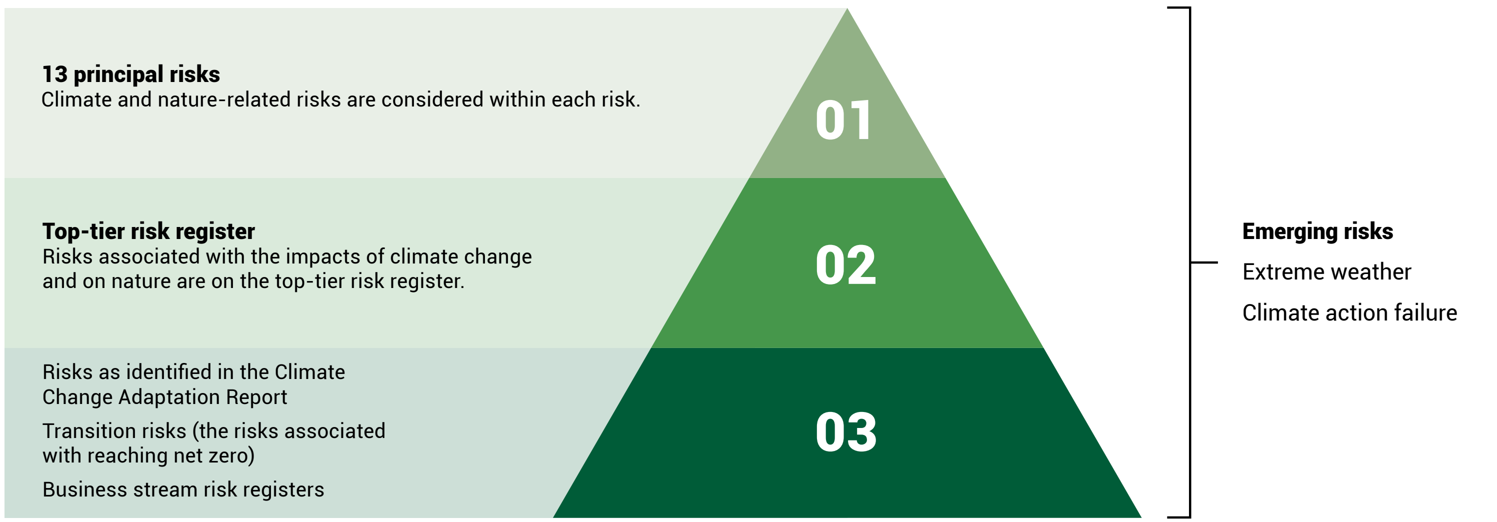
Climate and nature-related risks are also identified and managed through the preparation of long-term plans — covered in table 5 — and the delivery of individual investments. We review the current risk level, as well as how our controls provide confidence and assurance around our management of that risk.

We are developing a Net Zero Transition Plan, which will contain transitional risks.

Being a regulated business, not all the categories of example risks and opportunities identified within the TCFD guidance (tables A1.1 and A1.2 (pages 75-76 of TCFD guidance) are relevant to us. We have considered them as necessary and disclosed as appropriate.

Our approach to climate and nature-related risks is fully integrated within our overall risk strategy. Within this system, we define what constitutes substantial financial and strategic impact to the business. A critical impact at Anglian Water is defined in the risk register as being greater than £25 million, while a significant impact is between £10 million and £25 million.

Diagram 3: The assessment and management of climate and nature-related risks



Double materiality

In 2023, we completed a double materiality assessment of Anglian Water, which was shared in our 2024 Annual Integrated Report and shown in diagram 4. We plan to undertake a formal review of this matrix in the coming years, in line with our AMP8 Business Plan priorities.

The landscape in which we operate in is evolving at pace. Most of the areas referenced have increased in their impact since our formal review in 2023. Many are covered in depth throughout this report.

These include:

Sustainable growth

The Government has made clear its priority to drive growth to stimulate the economy and has already highlighted the critical role water plays in this. This has resulted in our largest ever Business Plan, which includes the development of two reservoirs, completion of our Strategic Pipeline and the relocation of the existing Cambridge Waste Water Treatment Plant.

Supply chain management

AMP8 signals transformation across the sector, as water companies across England and Wales gear up to deliver significantly more. This will increase the pressure on shared supply chains. More on page 15.

Circularity/waste management

We treat in excess of 150,000 dry tonnes of sludge through our sludge treatment processes, across 10 sites, each year. As part of our Bioresources Strategy for 2025-2050, we are exploring additional recycling options for our biosolids, which will increase our resilience, ensure that options are available for recycling biosolids in the future and add value to other sectors. More on page 32.

Corporate Governance and business ethics

Regulatory reviews will reset the framework that determines how the water industry delivers for customers and the environment over the next few decades. More on page 13.

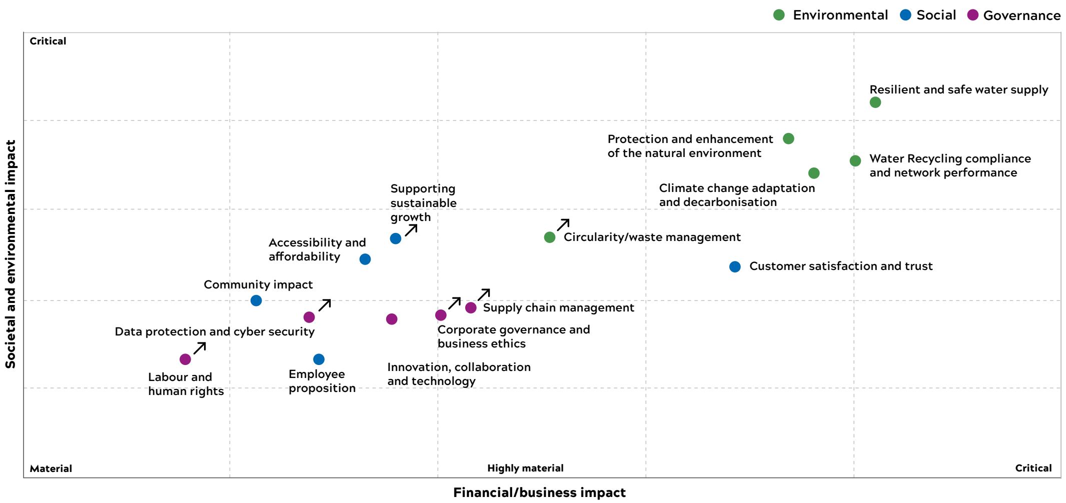
Cyber security and data protection

Anglian Water is considered to be part of UK Critical National Infrastructure. This year, we have seen increased risk of cyber and physical threats targeting critical infrastructure. More on page 17 and in 'Risk Management' pages 102-116.

Labour and human rights

Ongoing legislative changes combined with the increase in National Insurance have increased impact in this area. More in 'Risk Management' pages 102-116.

Diagram 4: Anglian Water's materiality matrix (2023)



a. ii. Describe the organisation's processes for identifying, assessing and prioritising nature-related dependencies, impacts, risks and opportunities in its upstream and downstream value chain(s).

Our Commercial Procurement team has developed materiality heatmaps, which provide a holistic view of the identified ESG risks and opportunities for each sub-category of spend.

The heatmaps are integrated within sourcing strategies and discussed, to enable inclusion of relevant ESG assessment questions for suppliers, ensuring consideration is given to relevant areas of the framework or contract for the goods or services being procured. By engaging with our suppliers around these topics early and by sharing and encouraging environmentally positive and ethical behaviour in line with Anglian Water's Supply Chain Code of Conduct, we aim to drive sustainability best practice.

We work closely with our capital delivery alliances, for example, involving them in our Climate and Carbon Steering group, to ensure we can identify and address environmental challenges as one team. Our alliances have played a key role in the delivery of our BNG target over AMP7, through our capital delivery programme. We measure the impact and performance of our biodiversity assets through an organisation-wide tool. By utilising an Alliance-wide approach, our key partners can view BNG assets spatially, visually map, track and report activities, to support decision-making across our capital schemes and land management activities.

Metrics and targets

a. Disclose the metrics used by the organisation to assess climate-related risks and opportunities, in line with its strategy and risk management process.

h. Describe the key performance indicators used to assess progress against targets used to manage climate-related risks and realise climate-related opportunities – and the calculations on which those key performance indicators are based.

a. Disclose the metrics used by the organisation to assess and manage material nature-related risks and opportunities, in line with its strategy and risk management process.

b. Disclose the metrics used by the organisation to assess and manage dependencies and impacts on nature.

c. Describe the targets and goals used by the organisation to manage nature-related dependencies, impacts, risks and opportunities and its performance against these.

Performance Commitments

Our Ofwat-related Performance Commitments track our progress. Due to the nature of our business, many of these commitments are inherently linked to our impacts and dependencies on climate and nature. These Performance Commitments – along with information on how we monitor our progress and how we've performed against our targets during the reporting year – can be found in 'Ofwat-related Performance Commitments', pages 30-37.

We've developed a process to assess and manage the climate resilience of our investments – via our Six Capitals framework – and integrate our LTDS with our water and wastewater strategic planning frameworks, to inform efficient investment decisions against long-term need.

Senior leader remuneration

Since 2022/23, a proportion of senior leader remuneration has been linked to performance against these climate-related targets. For 2024/25, 2% of the senior leader bonus is linked to the achievement of our operational carbon performance target and 2% is linked to the achievement of our annual capital carbon performance target.

In total, measures relating to our delivery for the environment make up 42% of this performance contract, which also contains metrics for Combined Sewer Overflow (CSO) spills, pollutions, leakage, biodiversity net gain and WINEP delivery. From 2025/26 onwards, 50% of the performance contract will relate to our environmental performance.

See more in our 'Remuneration Committee report', pages 147-165.

Scope 1, Scope 2 and relevant Scope 3 Greenhouse gas emissions (GHG)

This table meets requirements of the Streamlined Energy and Carbon Reporting (SECR) regulations and b. of the CDP disclosure.

Table 9: SECR

	Units	2023/24	2024/25	Inclusions
Energy consumption used to calculate emissions kWh	kWh	1,069,978,529	1,100,697,958	Electricity, gas, fuels combusted on site (fossil fuels and biogas), transport (company cars, fleet vehicles, personal and hire cars on business use) plus liquid fuels consumed on site
Scope 1 – Gas and fuel oil consumption	Tonnes CO_2e	10,945	17,988	Fossil fuel combusted, natural gas and biogas
Scope 1 – Process and fugitive emissions	Tonnes CO_2e	84,780	85,250	Water and wastewater treatment, biogas
Scope 1 – Owned transport	Tonnes CO_2e	21,759	22,216	Fleet vehicles and company cars
Scope 1 – Total	Tonnes CO_2e	117,483	125,454	
Scope 2 – Purchased electricity	Tonnes CO_2e	134,597	133,989	Grid electricity – location-based electric for vehicles
Scope 2 – Total	Tonnes CO_2e	134,597	133,989	
Scope 3 – Business travel	Tonnes CO_2e	740	809	Private cars, public transport
Scope 3 – Outsourced transport	Tonnes CO_2e	18,434	25,074	Outsourced tankers
Scope 3 – Purchased electricity	Tonnes CO_2e	11,632	11,828	Transmission and distribution
Scope 3 – Total significant	Tonnes CO_2e	30,806	37,712	We have not included commuting, capital carbon and emissions from use of water in customers' homes
Total annual gross emissions	Tonnes CO_2e	282,886	297,156	
Exported renewables	Tonnes CO_2e	-6,549	-8,739	Exported renewables REGO certified
Green tariff	Tonnes CO_2e			
Total annual net emissions	Tonnes CO_2e	276,337	288,417	
Intensity ratio – water treated	Kg CO_2e per Ml	191.99	186.7	
Intensity ratio – recycled water	Kg CO_2e per Ml	454.7	461.1	
Intensity ratio – recycled water	Kg CO_2e per Ml	236.1	212.5	Full flow to treatment

Methodology: Emissions have been calculated using Carbon Accounting Workbook v.18 (2024), an industry standard reporting tool. We have followed the 2020 UK Government environmental reporting guidance. We have used the GHG Protocol Corporate Accounting and Reporting standard (revised edition) and emission factors from the UK Government's GHG Conversion Factors for Company Reporting 2023, to calculate the above disclosures. There have been no methodological changes in the way emissions have been calculated in financial year 2023/24 against 2022/23.

The reporting boundary covers the emissions within the regulated activity of Anglian Water Services Limited, where we have operational control, i.e., all Scope 1 emissions, all Scope 2 emissions and Scope 3 emissions of outsourced transport, business travel and transmission and distribution losses.

We aim to be a net zero carbon business by 2030. This is defined as net zero emissions, where we have operational control, as set out in our Net Zero Carbon 2030 Strategy.

Energy consumption has increased slightly in 2023/24 over 2022/23, primarily because of the very wet weather and the subsequent increased pumping required to pump higher volumes of wastewater. This was somewhat offset by lower water demand and pumping requirements for water supply, including abstracting raw water from rivers into impounding reservoirs.

Where relevant, we have also aligned with industry best practice for emissions measurement and reporting. Since 2010, this approach has been verified by CEMARS, as being measured, managed and reduced in accordance with ISO 14064. Our strategy for operational carbon reduction has been verified against ISO 14064 since 2010. And in 2021, we were awarded Platinum status on Achilles Carbon Reduce.

The numbers reported have been verified by Achilles Carbon Reduce (powered by Toitū) Scheme (formerly CEMARS) as being measured, managed and reduced in accordance with ISO 14064-1. This verification process has been followed since 2011.

c. Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.

g. Describe the targets used by the company to manage climate-related risks and to realise climate-related opportunities, and performance against those targets.

Six Capitals framework

Our Six Capitals framework, as shown in our Business Model (page 8), is used to consider the broadest value we can create through investment decisions. These metrics have been incorporated into our value framework – which attributes a notional financial value to elements within each of the Six Capitals – and into our risk, opportunity and value tools and process. Within Natural Capital, we have measures such as environmental quality, carbon and emissions, pollutions, water resources and permit failures. Investments are then assessed for climate resilience, operational carbon performance and capital carbon performance.

Organisational targets to manage climate-related risks and opportunities

Our key short- to medium-term, climate-related targets are as set out below. We frequently monitor and forecast our position towards our net zero commitments, which are to be a net zero carbon business by 2030 (emissions where we have operational control and as set out in our Net Zero Carbon 2030 Routemap). We also have a target to deliver a 70% reduction in capital carbon by 2030, against our 2010 baseline. The below targets are in addition to our Performance Commitments.

Table 10: Anglian Water's net zero carbon targets and performance

Target	2024/25[15]	2023/24
On the pathway to our 2030 target, by 2025, achieve a 34% reduction against our net zero 2018/19 baseline (aligned to our Net Zero strategy)	32%	Not applicable (target only relevant from 2025)
Deliver a 65% reduction in capital carbon by 2025, against our 2010 baseline;	66.1%*	64.2%
Deliver a 10% reduction in operational carbon[16] by 2025, against a 2020 baseline; and	26.6%	-1.6%
Between 2020 and 2025, ensure that a climate change resilience assessment is completed for all relevant investments.	99.5%	99.5%

15 Our 2024/25 performance covers our cumulative performance between 2020-2025.
16 Capital carbon is the carbon emitted as consequence of the manufacture and installation of assets we construct, for example, our new Strategic Pipeline or a new treatment facility.
* At the time of reporting, these figures are subject to audit.

Our Net Zero 2030 Strategy sets out in detail how we will achieve these reductions. They will be achieved by:

- Maximising energy efficiency and renewable energy generation and storage.
- Procuring green electricity.
- Decarbonising our fleet.
- Maximising the value of our biogas.
- Managing our process emissions.
- Opting for alternative fuels.
- Developing our offsetting strategy.

Our longer-term, climate-related targets are in line with our Purpose and Strategic Direction Statement to 2050. And we are currently developing our approach to delivering further reductions post-2030, including our approach to increased uptake of low carbon concretes. We will publish our approach over the coming years.

Additional nature-related metrics

These are pulled from the Environment Agency's Environmental Performance Assessment (EPA) and other obligations and commitments.

Key
Physical Risk P Transition Risk T Opportunity O

Table 11: Nature-related metrics

Description of metric		2023/24	2024/25	Related targets and progress
Biodiversity Net Gain The % change in the number of biodiversity units is based upon condition and extent of biodiversity, as a result of construction and land management activities on the company's land.	O	92%	107%	We have a responsibility to protect the precious habitats and species in our region and support biodiversity. Biodiversity Net Gain is one way we are enhancing natural capital in the region. It encompasses our approach to development and land management, which aims to leave the natural environment in a measurably better state than beforehand. During AMP7 we had a target to deliver a 10% net gain across capital schemes and land management activities, where we may have a material impact on biodiversity.
SSSIs managed in favourable condition Percentage of SSSIs (Sites of Scientific Special Interest) we manage, by area, which are considered in favourable condition by Natural England.	P	99%	99%	99% of the 49 SSSIs we manage by area were in favourable condition in 2024, compared to just 35% of SSSIs by area nationally.
Trees planted Total number of trees planted since 2018.	P	7,300	12,139	We will continue to monitor our tree planting progress in AMP8.
Spills from storm overflows Sometimes referred to as Combined Sewer Overflows (CSOs), storm overflows are relief valves built into the combined sewer systems, to allow excess water into rivers, lakes, or the sea when rainfall exceeds capacity. This permitted discharge protects properties from flooding and prevents sewage backing up into streets and homes during heavy storms.	P	22	31	Our storm overflow average has increased this year, although it is difficult to make a year-on-year comparison as 2024 was the first year where we had 100% monitoring. While it is disappointing to see this figure increase, it reflects that nearly 50% of spills occurred in the first quarter of the year, during one of the wettest winters we've seen on record. Our vision for 2050 is that storm overflows are no longer required. See Action on Storm Overflows - Our plan to 2050.
Satisfactory sewage sludge disposal Percentage of sewage sludge production (overall tonnes dry solids) that is dispatched and used or disposed of in a satisfactory manner.	P	99.43%	100%	We achieved 100% of our targets for the satisfactory disposal of sewage sludge to agriculture and expect to be rated as Green again in the EPA.
Self-reporting of pollution incidents to the EA Percentage of category 1 to 3 pollution incidents self-reported by a water company to the Environment Agency.	T	89%	88%	Our performance remained strong for self-reporting of pollution incidents, meaning we achieved Green in the EPA again.
Abstraction licence compliance Percentage compliance for our annual drinking water abstraction licences with the Environment Agency.	P	99.5%	100%	We achieved 100% compliance across our annual and daily licences this year.
Supply Demand Balance Index How the supply demand balance (water available for supply, compared to forecast dry-year demands) compares to what is set out in a water company's Water Resources Management Plan.	P	100%	100%	The Supply Demand Balance Index is a key metric used by the Environment Agency, to determine whether we have sufficient resources to meet demand. It compares the amount of water we would have available in a severe drought, net of actual outage, with demand and target headroom. Our overall Supply Demand Balance Index was 100% for 2024/25.

Maintaining a resilient business and managing our risks

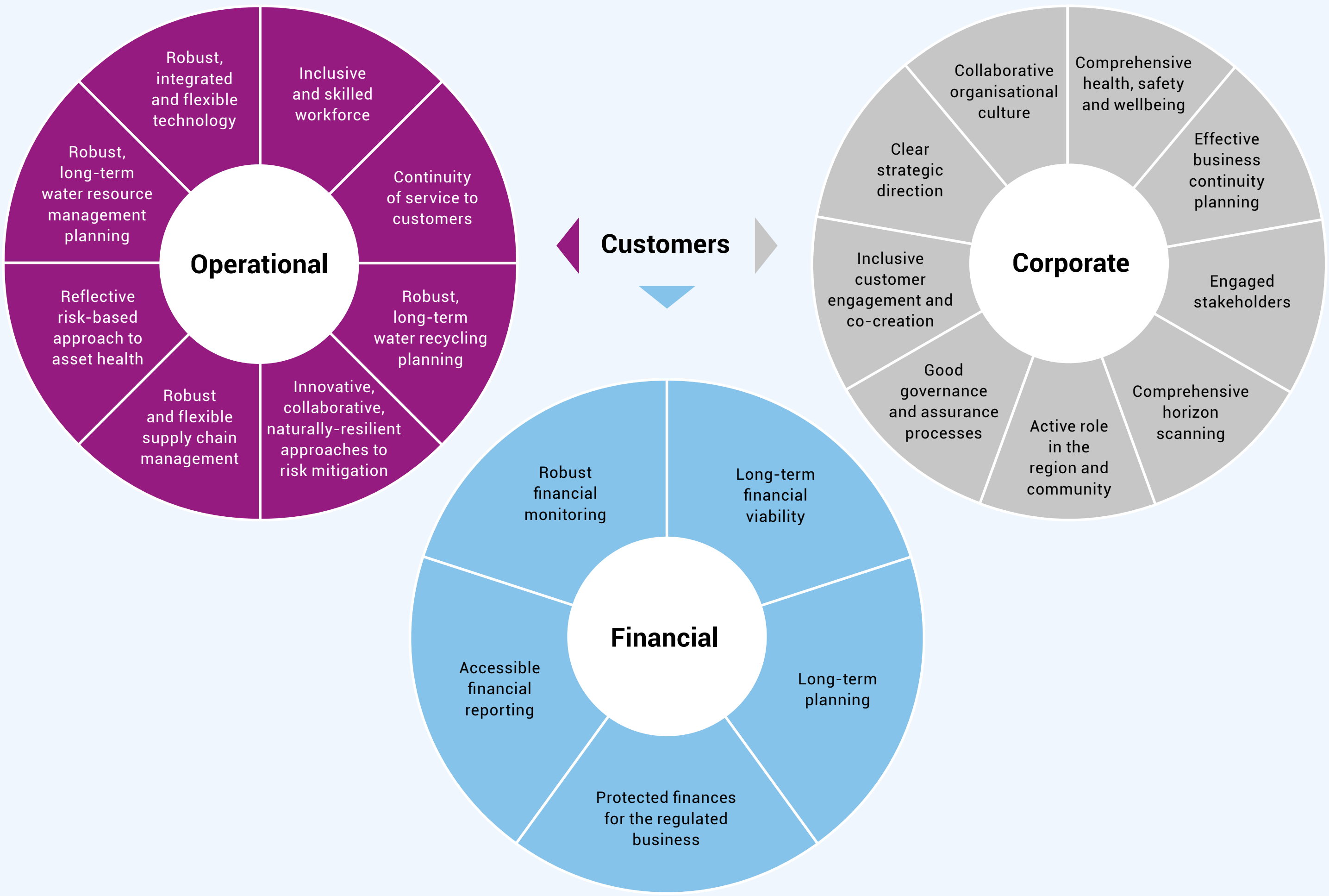
Integrating resilience throughout our business is an integral part of our operational and organisational planning and delivery. It ensures that we are delivering on our Purpose and that we secure long-term resilience, in relation to water supplies and water recycling services.

Resilience is the ability to cope with and recover from disruption and to anticipate trends and variability, in order to maintain services. Building in robust resilience allows us to quickly adapt to disruptions, maintain continuous business operations and safeguard our people, our customers and our assets.

At Anglian Water, resilience is considered and managed through three specific lenses:

- Corporate resilience: organisational governance, accountability and assurance processes that help the company to avoid, cope with and recover from disruption. These should also enable the anticipation of trends and variability in business operations.
- Financial resilience: the organisation's ability to avoid, cope with and recover from disruption to its finances.
- Operational resilience: having organisational infrastructure – and the skills to run that infrastructure – that means the company can avoid, cope with and recover from any disruption to its ability to provide critical services to customers.

Our resilience framework



Over the past year, we have continued to face economic, geopolitical and environmental challenges. In addition to responding to nuanced changes – brought about by a new government and a new CEO – we continued to respond to: the impacts of global unrest and the Russia-Ukraine conflict's impact on supply chains; potential local and national power outages; chemical supply chain disruptions; and extreme weather events causing widespread flooding.

Throughout 2024/25, we encountered additional stressors such as increased risk of cyber and physical threats to critical infrastructure, heightened geopolitical tensions affecting energy supplies and more frequent natural disasters – exacerbated by climate change.

We also saw heightened domestic unrest, which has left water companies at increased risk of protest and sabotage-related crime – exacerbated by increased media coverage. These challenges required us to further strengthen our resilience strategies and adapt to the evolving risk landscape.

To maintain operational resilience, we have:

- Reviewed and aligned our corporate governance.
- Embedded an incident management structure to manage company-wide and longer-term incidents, using military J-cell elements for improved threat visibility and clear command structures.
- Created a new dedicated, competent and confident 24/7 incident response capability within our Tactical Operations team, with support from key roles and a wider volunteer force.
- Trained our Incident Community to handle major incidents.
- Developed emergency plans, focusing on service resilience.
- Reviewed Business Impact Assessments for resource prioritisation and begun to develop a minimum-viable Company approach, to assure standards of resilience measures against criticality.
- Mapped interdependencies related to chemicals and supplies.
- Supported diverse customer profiles.
- Agreed a new contract to ensure robust and timely support to provide alternative supplies to our most vulnerable customers, in the event of a large-scale interruption to supply.
- Enhanced training programs for resilience.

In addition to responding effectively to live incidents, we have conducted 45 exercises to test our response plans against multiple scenarios. This involved multi-agency collaboration with regulators, Local Resilience Forums, Police, stakeholders across other industries and other water companies. Our new dedicated 24/7 Incident Response team, supported by Anglian Water Force (with a membership of over 3,500 trained employees), ensures company-wide incident-response readiness.

Collaborating through national groups like Platinum Incident Management (PIM) and National Incident Management (NIM), we promote industry-wide resilience. We are proud of our ISO 22301 certification in business continuity management, which attests to our high level of resilience.

Security is integral to our strategy, encompassing personnel, cyber, information and physical security. We adhere to Protective Security Guidance under the Security and Emergency Measures Directions (SEMD) and maintain our security standards through regular audits.

Risk management is crucial for our strategic priorities. We consider global mega-trends, use the National Risk Register and adopt an all-hazards approach for preparedness. Engaging with customers helps us to understand their priorities and communicate our challenges. We also update processes in line with the 2024 SEMD, to ensure national security and civil emergency mitigation and have planned further enhancements to protect our vulnerable sites.

Our risk management practices are integrated into our governance framework, with clear accountabilities, authority limits and policies to govern employee conduct.

Incident response capability

The way we resource our core incident roles to respond effectively to incidents has significantly changed through the delivery of the 24/7 resilience project. Recruitment of an additional shift to supplement our 24/7 Tactical Operations team has fundamentally changed the quality and timeliness of our response.

We have dedicated time to operational resilience training for core critical incident roles, to improve resilience in the business and ensure a faster response to operational incidents. Since the launch, we can now form a full incident team in under one hour. We have also maintained training for the wider community – and ensured incident response is evolving with the business – by reviewing roles, system use and structures, to increase consistency in incident management and data collection.

The implementation of our new resourcing strategy has already seen considerable positive benefit to our resilience. As an example, before January, we found it difficult to fill key, specialised roles consistently, often waiting four hours or more. Since introducing our new 24/7 resilience shifts, our call-out time for resource has decreased to less an than an hour, with 100% of core shifts being filled during incidents.

Emergency planning

We continue to meet all our obligations for emergency planning that are defined in SEMD. In 2024/25, we submitted a green self-assessment return to the Drinking Water Inspectorate (DWI) for the emergency planning section of SEMD.

We maintain our extensive suite of emergency response plans, for current, new and emerging risks, critical assets, reasonable worst-case scenarios and vulnerable customer groups – such as major hospitals, prisons, those on the Priority Services Register (PSR) and critical non-household/industrial customers.

These plans, along with our incident response processes, support vulnerable customer groups during incidents. For example, in the event of an interruption to water supply, we deliver bottled water to our vulnerable PSR customers.

We continue to work with an external supplier, who supports us with the provision and national logistics framework, to enhance our emergency bottled water obligations. Alongside this, we have recently enhanced our support to our most vulnerable PSR customers, through an efficient doorstep delivery service during large-scale, prolonged loss-of-water supply incidents.

In addition to maintaining our current incident response structures and processes, we've further developed our ability to manage more incidents and risks.

Collaborating with others

We take a leading role through two national Water UK collaboration groups: Platinum Incident Management (PIM) and National Incident Management (NIM). These groups work together to plan for and respond to events and situations, to ensure the industry is resilient.

We're an active member of the Emergency Planning and Security industry group, the Security and Emergency Planning Network (SEPN) and several of its sub-groups. These groups collaborate through identifying current and emerging risks, sharing best practice and exchanging updates with Defra and the DWI.

We are part of the Strategic Alternative Water Working Group, which manages the process for mutual aid for alternative water for large-scale individual company incidents, or multiple incidents across water companies. The group brings the industry together to pool all available alternative water and resources, to give support where it's needed, to ensure customers receive alternative supplies.

We participate in industry emergency planning with our regulator, Defra, to plan for large-scale/national incidents.

We proactively engage with the 13 Local Resilience Forums (LRF) that cover our geographic region, planning both in line with the national risk register and for incidents – such as storm events that lead to flooding.

For a recent incident, which could have led to a loss of water supplies to a large number of customers in the Northampton area, we proactively asked the LRF to step in. We appraised them of the situation and risks and enabled other agencies (such as the fire and health services) to review their plans and response for a worst-case scenario. This initial call led to all agencies agreeing to stand up the Local Resilience Forum Tactical Coordination Group, with regular daily calls. The result was a success: no customers lost their water supply.

Business Impact Analysis (BIA) application replacement

During 2024, we kickstarted a project to rebuild our Business Impact Analysis application. A 'power application' was created, to improve our existing application and its functionality.

The new app allows teams to identify, in greater detail, the impacts of disruption on business activities – improving consistency across business impact analysis reports. The app also allows business activities to be linked across teams, enabling critical path analysis and highlighting internal dependencies and single points of failure, to support greater resilience planning.

Organisational incident management

We have continued to refine our approach to incident management, reviewing the processes and structures for responding to large-scale operational and business continuity events and incidents. We have adopted the military style 'J Cell' structure across these types of incidents. This approach allows the business to respond to both emerging risks and incidents in a flexible and agile way, ensuring that relevant areas of the business are sighted and involved.

Power resilience

Power outages remain a key area of focus. We have worked with Distribution Network Operators to understand the impact of demand control, by monitoring the impacts of voltage control tests across our network – using our power prioritisation tool to model the impacts of rota disconnections.

To strengthen our response during power outages or communications failures, satellite phones have been allocated across key roles. Following the roll out and training, three exercises have been carried out — allowing users both in and outside of Anglian Water to become familiar with the technology. We have also carried out a company-wide exercise, testing the response to a national power outage scenario.

Supply chain resilience

Geopolitical events continue to influence global supply chains. During the past year, the business has improved planning for critical supply chain disruptions, using a risk and impact-based methodology.

Our management system framework policy

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

Quality	Protecting water from source to source, providing assurance that our drinking water and recycled water is always safe and clean.
Environment	Water is intrinsic to a healthy environment, natural capital and ecosystems. We work hard to minimise environmental risk from our operations.
Asset health	We have a programme of work to enhance and upgrade our assets, so they are fit for today's and tomorrow's customers.
Resilience	Effective planning and preparation to manage and mitigate the impact of any disruptive even, so we can rapidly respond, continue operations and recover.
Customer	Provide an inclusive service for all our customers, delivering a personal, trusted and effortless experience.

Our Health, Safety and Wellbeing Charter

Being Safer Every Day puts safety and wellbeing at the heart of every decision, moment by moment, choice by choice.

safer every day

In addition to our Health, Safety and Wellbeing Charter and new Environmental Charter, we have defined management-system arrangements for chosen standards, assessment schemes and specifications.

Our Integrated Management System (IMS) unifies our management system processes into a single framework, aligned with our Purpose, values and behaviours. The regular reviews, undertaken by the IMS team throughout year, are an important source of second-line assurance.

We recognise the importance of robust management systems and their role in the ongoing success and sustainability of our business.

We are committed to:

- Executive leadership team that leads and is accountable for achieving intended business outcomes.
- Delivering excellent drinking water quality.
- Zero pollutions mindset while protecting and enhancing the quality of the recycled water that we treat and return to the environment.
- Maintaining our laboratory's UKAS accreditation.
- Identifying and managing our risks.
- Making the most of our employees' knowledge and experience, by recognising the contribution they make.
- Continually improving the efficiency and effectiveness of our operating processes and this management system framework.

Complying with relevant legislation, regulations and other business needs including the requirements of:

- ISO 45001 and ISO 45003 Health, Safety and Wellbeing.
- PAS 808 Purpose Driven Organisations.
- ISO 9001 Quality Management.
- ISO 14001 Environmental Management.
- ISO 17024 & CMS (Competence Management Systems).
- ISO 22301 Business Resilience (Continuity).
- ISO 22458 Inclusive Service and Customer Vulnerability.
- ISO 55001 Asset Management.
- PAS 2080 Carbon Management.
- MCERTS Environment Agency Monitoring Scheme.

We will:

- Take account of the needs of our customers, stakeholders and interested parties.
- Live by our Purpose, values and behaviours.
- Create a culture of care and concern, by supporting team and personal resilience, promoting health, safety and wellbeing.
- Communicate and promote strategic priorities, business goals and positive outcomes throughout our business and the alliances that work with us.
- Effectively manage our assets to deliver optimal whole-life value.
- Assess all aspects of our operational activities and their potential impact upon the environment.
- Undertake business impact analysis, to determine critical products or services and ensure that robust controls are in place to manage them if disrupted.
- Maintain and protect data to meet our obligations and have reliable, accurate and complete auditable information on our assets, performance and business activities.

Risk management

We manage risk across our business through a number of processes, including our three lines of defence model. Our risk management processes sit within our overall governance framework, which includes clear accountabilities, delegated authority limits and well-defined policies and procedures that govern employee conduct.

Anglian Water's three lines of defence

Three lines of defence model

First line of defence

The business

- Identify, evaluate, mitigate, monitor and report business risks
- Ensure compliance
- Escalation to appropriate governance group
- Strategic planning
- Long term business plans

Oversight

- Structure of oversight and governance groups to discuss, manage and respond to risks

Second line of defence

Enterprise risk management

- Set risk management framework and policies
- Reporting
- Provide expertise and training to the business
- Enterprise view of risk
- Risk deep dive
- Horizon scanning
- Assurance activities

Oversight

- Audit and Risk Committee
- Risk, Assurance and Disclosures committee
- Risk Committee

Third line of defence

Internal Audit

- Annual audit programme
- Provide independent assurance to senior management and the Board
- Evaluate the effectiveness of governance, risk management and internal controls

Oversight

- Audit and Risk Committee
- Risk, Assurance and Disclosures committee

Managing risk in line with our strategy

Our Executive leadership team, with oversight from the Audit and Risk Committee and the Anglian Water Services Limited (AWS) Board, is responsible for developing our strategy. Our strategic planning process aims to ensure we have developed clear objectives and targets and identified the actions needed to deliver on our commitments, including the management of risk.

Risk management approach

We have an established risk management process in place with defined 'principal risk areas' and we review risk appetite statements regularly. Our top-tier and business risks are aligned to our principal risk areas and are enabled by our risk management process and supporting activities.

The risk management process sits within our overall governance framework, which includes clear accountabilities, delegated authority limits and well-defined policies and procedures that govern employee conduct. Our governance framework is mapped on page 107.

Our risk management framework enables the identification, assessment and effective management of business risks, both individually and in aggregation. The consequences and likelihood of these risks are determined and ranked using a scoring matrix, aligned to our risk appetite. This ensures we take a consistent approach when assessing the overall impact to Anglian Water and our customers.

Risk appetite

Anglian Water is exposed to a variety of uncertainties that could have a material adverse effects or impact on our financial condition, our operational performance, programme delivery, business resilience and/or our reputation.

Risk appetite defines the opportunities and associated risks that Anglian Water is willing to accept, in pursuit of achieving its strategic objectives. These statements are used to drive risk-aware decision making, by key business stakeholders.

We consider risks in relation to our strategic priorities and align these to our principal risk areas. Underpinning each statement is a series of risk-appetite thresholds. These assist us in providing a view on whether we are operating within our appetite, or whether additional risk mitigation may be required.

We have a structured approach to risk assessment. The Board reviews and challenges management's assessment of risk and seeks assurance that appropriate mitigation measures are in place to manage principal and top-tier risks in the context of our obligations — to keep employees safe and provide an essential and efficient service to customers. The Board's assessment of risk determines what level of risk it is willing to accept, which helps senior management to understand the mitigating activities required to control risk likelihood and impact to acceptable levels.

For principal risks, we review the current risk level and how our controls provide confidence and assurance around our management of that risk. Where a gap exists between our current position and our mitigated aspiration, we instigate new or revised actions. Peer review and discussion at the Board, Audit and Risk Committee or at Executive Committee-level forms the basis for establishing our overall principal risk status. There may be occasions when a higher level of risk is acceptable, but this is only in cases where the risks are well understood and can be demonstrably managed. The Audit and Risk Committee and the Board regularly review Anglian Water's internal controls and risk management processes, to support decision making.

Risk Governance

The start of a new regulatory cycle presents a good opportunity to refresh our principal and key risks, along with material controls, to ensure we have effective monitoring in place to provide effective risk management in line with our Enterprise risk management processes. This work is being supported with external expertise and will be approved by members of the Executive Committee, Audit and Risk Committee and the Board.

We have reset our governance structure, which provides oversight for our key risks. The introduction of the Risk, Assurance and Disclosures Committee and the Audit and Risk Committee will provide monitoring, response, mitigation activity and escalation routes for the business. Oversight of principal risk areas areas managed through the appropriate sub-committees as mapped below.

We carry out regular horizon scanning activities to identify any emerging risks that may impact the business. The scope, speed, impact and interdependence of risks are growing — creating further complexity, meaning we are also having to manage multiple events at a time.

We continue to experience a level of uncertainty, with global supply chain disruptions due to the ongoing Russia-Ukraine war, the emerging trade and tariff disputes, regulatory uncertainty regarding future policies and regulations, plus extreme weather events. In response to our evolving risk profile, we have implemented additional controls and mitigating measures, to address and stabilise our risk position.

In the context of an uncertain economic and political global picture and in a traditionally uncertain period of the regulatory cycle, our risk profile remains similar to last year.

Anglian Water's risk governance framework

The Anglian Water Services (AWS) Board

Audit and Risk Committee	Remuneration Committee	Nomination Committee
Review the Company's top-tier risks	Remuneration policy linked to Environmental, Social and Governance (ESG)	Balance of skills, knowledge, experience and diversity on the Board

Sub-committees led by Executive Committee members

Executive Committee sub-committees

2 Environment and Sustainability	3 6 11 7 10 Operations – Water	9 Capital Delivery
8 13 Risk, Assurance and Disclosure	6 7 10 11 Operations – Water Recycling	9 12 Strategic Change
5 People 1 6 7 10 11	Operations – Customer and Wholesale	4 Health, Safety and Wellbeing

Numbering refers to each Principal Risk

Principal risks

The Board has a responsibility to disclose 'significant failings and weaknesses, or areas of concern that have not been resolved by year-end'. The Board's interpretation of this requirement is that there is a need to disclose any control failure or omission which, if unchecked, has the potential to result in significant financial, operational, or reputational damage to the business.

We carefully assess the principal risks facing us. These risks centre around the criticality of our infrastructure, the importance of our customers and our people, climate change and the environment, health and safety in our service delivery, cyber security and our ability to finance our business appropriately. These are reported regularly to Audit and Risk Committee and the Board.

In addition to the principal risks, we also actively manage business risks, which feed into our principal risk areas. Principal risk areas are assessed by considering a combination of factors, including emerging risks and external threats.

On each principal risk, we assess therisk profile and movement of this risk over this financial year and our prediction for 2025/26. They are listed on the following pages, in no particular order.

Risk profiles

- High risk
- Medium risk
- Medium – Low Risk
- Low risk

Risk movement

- No change
- Risk increasing
- Risk decreasing

1 Customer proposition

Delighted customers

Strategic goal:

"To make life better for our customers, every single day."

Mitigated risk profile	Trend 24/25	Predicted outlook 25/26
Yellow	↔	↔

Risk description

The risk of being unable to improve and maintain the levels of customer service necessary to deliver what our customers tell us they want. Inability to support customers with vulnerability or affordability challenges, or to deliver on our Purpose.

Key driver(s)

The requirement to meet CMeX (Customer Measure of Experience) and DMeX (Developer Measure of Experience) as set by Ofwat.

The continued customer affordability challenges, as a result of the rising cost of living, which could impact our risk of failing to achieve financial sustainability.

To mitigate this risk:

- We conduct customer satisfaction and experience surveys, publish the results and identify and act upon areas for improvement.
- We have a clear complaints process to identify and address expressions of dissatisfaction.
- We test the accessibility of our services with a wide range of demographics.
- We are certified to the ISO 22458 Inclusive Service Provision Framework, to help identify and assist vulnerable customers.
- We are deploying agile methodologies and ways of working, to focus and prioritise our efforts to the best of our ability and to deliver value – as soon as possible – to customers.

Opportunity

Use our customer service feedback to look for new ways to meet everyday challenges to make life better for our customers.

2 Environment

Flourishing environment

Strategic goal:

"To create a sustainable future for our region."

Mitigated risk profile	Trend 24/25	Predicted outlook 25/26
Orange	↔	↔

Risk description

The probability and consequence of damaging the environment through business activities/incidents. This could be through deficiencies in waste management, waste transport, waste treatment and disposal, breaching abstraction licences, unintended pollutions, construction activities or an overall failure to reach Net Zero by 2030.

Key driver(s)

Extreme weather events and gradual changes in climate, as well as environmental degradation, such as air, water and land pollution. Water stress and biodiversity loss, plus other factors, including behaviours and use like wet wipes and fats, oils and grease (FOG), failing assets or control systems.

To mitigate this risk:

- Our Purpose is to 'to bring environmental and social prosperity to the region we serve through our commitment to Love Every Drop'. We are committed to protecting and enhancing our environment.
- Our Get River Positive initiative, launched in 2022 with Severn Trent contains five key commitments that set out the overarching framework for protecting and revitalising rivers, to ensure storm overflows and sewage treatment works do not harm rivers and to make improvements that result in 90% of people in our region living less than one hour away from a designated bathing site.
- Our investment plans are targeted, to be resilient to drought and flooding, e.g., the Strategic Pipeline Alliance (SPA) and plans for future reservoirs.
- We have a strategy to become a Net Zero business by 2030, and we're a key driver of the established water sector route map.
- We tackle biodiversity loss through active management of biodiversity assets on our sites. Ninety-nine of our Sites of Special Scientific Interest (SSSI) are in favourable condition.
- We undertake ecological surveys and impact assessments, where required, to avoid and mitigate biodiversity impacts.
- We are prioritising low-carbon, nature-based solutions, where possible, to meet our needs, alongside enhancing the environment.
- We have strong management systems, controls and governance in place for managing our abstraction licence compliance, with a formal lessons-learnt process and tactical response groups in place.

2 Environment continued

- We have a well-established Pollution Incident Reduction Plan (PIRP), which will be published annually in AMP8. The plan details all reduction and control activities that are underway and we provide regular progress updates to the Environment Agency.
- All incidents and associated response, mitigation and preventative actions are reported to, and monitored by, our operational performance cells and senior management.
- We have invested in new technology for remote monitoring of discharges, which have been installed at key points on the network, both inland and on the coast.
- We regularly meet our regulators to review performance, share best practice, set future environmental strategy and drive improvements.
- We work with regulators, stakeholders and across the industry to regularly review and update the Biosolids Assurance Scheme (BAS) — the national standard for recycling biosolids products to agricultural land, to ensure it remains appropriate for the future.
- We manage our trade effluent discharges in line with the Environmental Permitting Regulations 2016 (EPR), Urban Wastewater Treatment Regulations 1994 (UWWTR) and the Water Industry Act 1991 (WIA), to ensure we protect people, our assets and processes and the environment.
- We work closely with our regulators and the rest of the sector to identify emerging environmental risks and put strategies in place to identify, monitor and manage them with evolving technology and regulation.
- We ensure that our activities are correctly permitted and operated in compliance with relevant regulations such as EPR, UWWTR and the WIA.

Opportunity

Use new learning and technical developments to collaborate and to be industry-leading in driving environmental change, promoting Anglian Water as a trusted custodian of the environment and public health.

Collaborate with others at a catchment-scale, to deliver solutions that meet the needs of all stakeholders.

Enhance our use of technology, to analyse performance and ensure that any mitigation or improvement activities and controls are aligned to actual cause — whether systemic management system changes, or locally-driven mitigation.

3 Water quality and supply

Safe, clean water

Strategic goal:

"To make life better for our customers, every single day."

Mitigated risk profile	Trend 24/25	Predicted outlook 25/26
■	↔	↔

Risk description

The risk that we are unable to provide a reliable source of water to customers when they need it, in line with quality standards.

Key driver(s)

The speed at which the climate changes and the population grows – combined with our region being the driest in the UK – could see this risk materialising sooner than we had planned.

To mitigate this risk we have:

- Skilled and trained employees operating our water assets.
- A mature planning approach for drinking water safety including a 25-year water quality strategy, which meets regulatory requirements.
- Robust policies and standards for water supply hygiene.
- Regular routine testing of water quality.
- Investment to maintain and improve water quality.
- Regular internal and external audits.
- Detailed emergency and business continuity response plans.
- A 25-year statutory Water Resource Management Plan (WRMP), funded and delivered in five-year Asset Management Period (AMP) plans.
- A five-year statutory Drought Plan.
- Monthly monitoring in place for our water resources.
- Regular discussions with the Environment Agency, in relation to water supplies.
- Regular discussion and liaison with the Drinking Water Inspectorate, in relation to near- and long-term water-quality provision and risk.
- Robust asset management planning and investment assured ISO 55001.
- Planned investment, from 2025, to improve our resilience to climate change by renewing our highest-risk climate vulnerable water mains.
- We are investigating the risk to water posed from forever chemicals and we are participating in relevant research.

Opportunity

Exploit new digital technologies for water and water recycling solutions, to enable us to better monitor, manage and ultimately reduce consumption of key inputs – such as power, water and chemicals – with real-time data.

Work across the industry, to deliver winning solutions and drive wider benefits, beyond cost efficiencies.

Use Ofwat's Adaptive Planning Framework to help us monitor performance against a range of scenarios, which can be adopted depending on future circumstances.

4 Health and safety

Our people, healthier, happier, safer

Strategic goal:
"To deliver our identified business priorities."

Mitigated risk profile	Trend 24/25	Predicted outlook 25/26
■	↑	↔

Risk description

The risk that we endanger the health, safety and physical wellbeing of our people, operating partners, or members of the public. We recognise the importance of robust management systems and their role in the ongoing success of our business.

Key driver(s)

Stretched resources and pressure to reduce costs could lead to less focus on following procedures, processes and maintenance.

To mitigate this risk:

- The Board reviews health and safety matters at each meeting. In addition, the Executive Committee and Health, Safety and Wellbeing sub-committee reviews health and safety performance and associated actions. Health and safety performance reports developed and published for business unit leadership teams to manage health and safety.
- All accidents and incidents are investigated and remedial actions tracked.
- We have launched a refresh of our approach to Health and Safety – Safer Every Day.
- Health and safety is embedded in our culture and processes, via training and raising awareness. For example, the health and safety leadership programme for managers and senior leaders.
- ISO 45001 management system monitors performance, with regular reviews undertaken by BSI as well as through internal audit.
- Safety management is reviewed regularly, to ensure that it's suitable and sufficient to manage the hazards we have in our undertakings. We regularly engage and consult with employees on health, safety and wellbeing. Health, behavioural safety and wellbeing initiatives are run throughout the year.

Opportunity

Work with our employees and alliances, to drive positive behaviours — built around trust — for health, safety and wellbeing. Collaboration with alliance partners, to improve safety around high-risk tasks.

Read more on our approach to health and safety in 'Our People', pages 56-66.

5 People

Our people, healthier, happier, safer

Strategic goal:
"To deliver our identified business priorities."

Mitigated risk profile	Trend 24/25	Predicted outlook 25/26
■	↔	↓

Risk description

The risk that we do not have enough skilled or capable people to run our business and deliver on our goals. The engagement and wellbeing of our colleagues and the creation of an inclusive workforce are central to our culture.

Key driver(s)

The growth of the business, competition for scarce skills, an aging workforce – alongside global instability – could lead to failure to attract sufficiently skilled people, an increase in attrition and a decrease in the wellbeing of our people.

To mitigate this risk, we:

- Have a suite of people policies in place that are routinely reviewed and updated as appropriate.
- Review recruitment and retention activities, including remuneration, reward and incentivisation tools.
- Monitor and effectively manage and support absence.
- Undertake engagement surveys, with improvement actions identified and implemented.
- Identify and regularly review essential skills, roles and business activities.
- Have established business continuity plans, to cater for low-likelihood and high-impact incidents.
- Provide a comprehensive range of wellbeing benefits and activities.
- Continue our aspiration to be an inclusive workforce and representative of the community we serve.

Opportunity

To engage and listen to our colleagues, continuously improve our skills and capabilities and retain our most talented people, to help us achieve our goals.

To create and deliver a strategic workforce plan to ensure the deliverability of our future business priorities.

Read more on our approach to workforce planning and engagement in 'Our People', pages 56-66.

6 Technology

Resilient business Investing for tomorrow

Strategic goal:
"To deliver our identified business priorities."

Mitigated risk profile	Trend 24/25	Predicted outlook 25/26
■	↔	↔

Risk description

The risk to our operations of technology failing to be available, secure, reliable and performant/failure to capitalise on new and emerging technologies.

Key driver(s)

The last year has seen a continued increase in the cyber threat to UK Critical National Infrastructure (CNI) sectors, driven by: a rapidly worsening adversarial geopolitical environment; the rise of state-aligned groups; and an increase in more aggressive cyber activity.

The Russia-Ukraine war continues to heighten the UK asymmetric threat, particularly as attempts at reaching a peace accord are underway. While Israel and Hamas have agreed a peace deal, continued negative feelings between the two have not decreased the general instability in the Middle East, which continues to feed into high levels of aggressive cyber activity.

The last year has also seen an increase in cyber-attacks — primarily ransomware-based — against UK utility companies. As cyber security measures have been improved throughout industry, cyber-attack levels have increased against the supply chain and this is expected to continue.

Supply chains may also be negatively affected by new US Administration interventionist policies, particularly trade, forcing costs up and bringing into question availability of technical services.

It has also been noted that threat actors are starting to make more use of Artificial Intelligence (AI) in the design and execution of their attacks.

To mitigate this risk, we:

- Continue to lead the digital transformation of our business through the move to cloud-based services, reducing our legacy and on-premise technology footprint. As part of this, more best practice standards are being employed and governance is being strengthened.
- Have adopted the National Institute of Standards and Technology Cyber Security Framework (NIST-CSF) as our guiding cyber security standard. This standard is globally recognised and utilised across a wide variety of sectors. Advice and guidance from the National Cyber Security Centre aligns to NIST-CSF.
- Have an ongoing employee cyber awareness and education campaign, which includes regular phishing tests.
- Have taken more internal control of cyber security monitoring through the use of cloud capabilities, such as Microsoft Sentinel and Defender.

Opportunity

We will continue to take advantage of new technologies, as they become available – particularly those that are cloud-based – to help us become more agile and resilient.

Governed by our Digital Operating Model, we will continue to invest in technology and cyber security to strengthen our resilience. Our updated Cyber Security Strategy, aligned with NIST-CSF best practice, will help in the overall improvement, recognition and management of technology risks.

7 Financial

Resilient business | Fair charges, fair returns

Strategic goal:
"To deliver our AMP7 Final Determination."

Mitigated risk profile	Trend 24/25	Predicted outlook 25/26
■	↔	↔

Risk description

The risk that we fail to appropriately finance our business in either the short or the long term.

Key driver(s)

Economic conditions affecting the availability or pricing of funding from debt markets.

Failure to deliver our TOTEX programme either through overspending or missing outcomes, impacting our potential for earning financial rewards, which allow us to invest for the future.

Inability to maintain stable credit ratings.

To mitigate this risk, we:

- Use revenue from our customers, together with the proceeds of new debt raised, to finance the TOTEX programme.
- Use a range of investment and debt instruments to finance our regulatory capital value.
- Ensure access to a diversified source of debt across a range of maturities, to minimise the refinancing risk.
- Hold regular senior level meetings with banks, rating agencies and bond holders
- Have robust treasury, liquidity and energy and covenant policies, which are internally monitored through our Finance, Treasury and Energy Policy Group.
- Our ultimate shareholders have committed to inject £500 million into Anglian Water Group, £300 million will be provided by early September. The remaining £200 million will be provided by early June 2026. This is part of plans to strengthen the capital structure ahead of regulatory reforms and maintain strong investment grade credit ratings.
- As set out in our PR24 Business Plan, our extensive investment programme means we will look to raise c.£400 million of debt over the year to March 2026, with a further £600 million in the first half of 2026/27. In addition, on 11 June 2025 the Group received formal commitment from lenders for the refinancing of £950 million of RCF's that were due to expire in March 2026 and June 2026 in the form of a new three-year facility totalling £900 million.

Opportunity

Maintaining a strong credit rating, liquidity levels and an attractive environmental, social and governance (ESG) profile will allow us access to a broad range of financial markets, optimising our financing costs.

8 Reputation

Delighted customers

Strategic goal:
"To deliver our identified business priorities."

Mitigated risk profile	Trend 24/25	Predicted outlook 25/26
■	↔	↔

Risk description

The potential for negative publicity, public perception, or events that have an adverse impact on our reputation.

To mitigate this risk, we:

- Have a Board-assured communications strategy which seeks to address (both internally and externally) reputational concerns, while driving proactive opportunities around growth, investment and good citizenship.
- Have key risk indicators across customer, stakeholder and trade press to provide trend data on trust and reputation. This is reported monthly and informs our communications strategy.
- Constantly seek to secure lateral endorsement and support from stakeholders and other third parties, who become willing to advocate on our behalf.
- Have well-rehearsed contingency plans and accompanying communications strategies for when things don't quite go right.
- Have enhanced governance structures at Executive Committee level, which provide robust escalation pathways for reputational issues. These include the Risk, Assurance and Disclosures sub-committee and Environmental and Sustainability sub-committee. These are supplemented by a weekly Corporate Affairs review for acute issues and quarterly updates to the reputational risk register.

Opportunity

We use our insight and data to make sure communications are relevant, effective and engaging for our different audiences.

We continue to challenge bad data and misinformation where necessary. Ensuring we're prioritising stakeholder engagement and strengthening relationships remains key, as well as actively engaging with the Government's growth agenda and the regulatory reform process.

9 Asset infrastructure

Investing for tomorrow

Strategic goal: "To create a sustainable future for our region."	Mitigated risk profile	Trend 24/25	Predicted outlook 25/26
	■ (orange)	↔	↔

Risk description

The risk of failing to plan, build, maintain and decommission assets reliably and efficiently to meet the service expectations of our customers.

Key driver(s)

Our significant and ageing asset base – which includes large tunnels, reservoirs and a distribution and collection network that serves a customer-wide base – and the changing regulatory and environmental landscape.

To mitigate this risk, we:

- Have strategic alliances in place to deliver capital programmes, to assure continuation of services to our customers.
- Established investment and corporate governance process, which operates for projects led by senior management, with independent assurance.
- Have a cross-business governance bodies that align to business strategy.
- Have detailed knowledge and understanding of our critical assets.
- Have detailed and defined minimum asset standards and proven designs to reduce risk.
- Work with industry bodies to review the regulatory framework in relation to asset health, to further address long-term risks.
- Have built/allocated and trained a robust support team to ensure that, in the event of incidents, we have strength and depth within the team to reach early resolution and recovery.
- Continue to drive (into new asset solutions) the learning and long-term view for asset health and maintenance, to avoid unnecessary asset risk.
- Work with the design and operational communities to ensure practical feedback is obtained on assets to further improve asset knowledge and performance.
- Have additional expertise join the business to head up delivery of the Major Infrastructure projects, as well as specialists to assit in understanding asset health and performance.

Opportunity

Trial and implement new technologies and innovation, to improve our water treatment processes and network operations, such as leakage detection and pressure monitoring.

Use efficiency gains on analytical data, reporting and innovation, to take advantage of analytical and digital capabilities and support a reduction in process costs, while reducing inefficiencies.

Use the TOTEX outcomes framework and engage with the Ofwat Innovation Fund, to drive up performance and facilitate the innovation that customers need.

10 Business resilience

Resilient business

Strategic goal: "To create a sustainable future for our region."	Mitigated risk profile	Trend 24/25	Predicted outlook 25/26
	■ (yellow)	↔	↓

Risk description

The risk of failing to embed capabilities, processes, behaviours and systems that allow us to continue to carry out the fundamentals of our business. A failure to prepare for operational risks and be resilient against them.

Key driver(s)

Operational risks can arise within all areas of the business and can manifest themselves through inadequate or failed internal processes or systems, human error or from external events.

To mitigate this risk, we:

- Proactively mitigate potential customer and environmental harm, regulatory or legal censure and financial and reputational impacts.
- Regularly review our processes and systems – including prevention and detection processes – to ensure we can absorb/adapt to internal or external events.
- Proactively carry out and review team specific business impact assessments across the company, to understand risk at a granular level.

Opportunity

Use data analytics to exploit the development of our smart networks and smart metering, to utilise an untapped level of data to help increase resilience and service to customers.

11 Commercial and third party

Resilient business

Strategic goal:
"To deliver our indentified business priorities."

Mitigated risk profile	Trend 24/25	Predicted outlook 25/26
■	↔	↔

Risk description

The risk of loss, failure or over-dependency on one or more of our key suppliers (including alliances), which may interrupt the services that they provide.

Key driver(s)

The rising expectations of customers, increasing regulation and rapidly evolving technology.

To mitigate this risk, we:

- Closely manage our supply chain, given our alliance and partnership model, which supports the delivery of our core services.
- Monitor the long-term sustainability of key suppliers, considering wider macro-economic pressures.
- Operate a strong control environment, through the delivery of our procurement and supply chain operating model, which is focused on delivering active monitoring of critical suppliers and partnerships.

Opportunity

Engagement and monitoring of our key suppliers – to build on our success – optimising our value chain and enhancing our capabilities, through the use of transformational technologies.

12 Strategic execution

Investing for tomorrow

Strategic goal:
"To deliver our indentified business priorities."

Mitigated risk profile	Trend 24/25	Predicted outlook 25/26
■	↔	↔

Risk description

Failure to translate the strategy from high-level ambition to specific action; appropriately adapt the strategy when conditions change; deliver change to time, cost and quality; and to realise the benefits on completion.

Key driver(s)

Internal and external developments, such as supply chain challenges, the energy crisis, the cost of rising inflation and public media sentiment, together with changing laws and regulations across the water industry, could all have an impact on our ability to finance or deliver our strategic goals.

To manage our risks, we have taken the following steps:

- We agree monitor and manage performance against the Board-approved plan and targets.
- The Board leads the annual strategy and five-year planning process, which considers our performance, competitor positioning and strategic opportunities.
- We identify and manage emerging risks, using established governance processes and forums.

Opportunity

Use the experience and expertise across the business, to design and deliver projects more efficiently and to deliver effective, customer-centric solutions and take new opportunities when they arise.

13 Legal

Resilient business

Strategic goal:

"To deliver our indentified business priorities."

Mitigated risk profile	Trend 24/25	Predicted outlook 25/26
■	↔	↔

Risk description

The risk of financial or reputational loss, resulting from a failure to comply with applicable legal obligations (including a lack of knowledge or misunderstanding of how the law applies to our business). Risk of failure to maintain a suitable and sufficient framework to manage data protection legislative obligations.

Key driver(s)

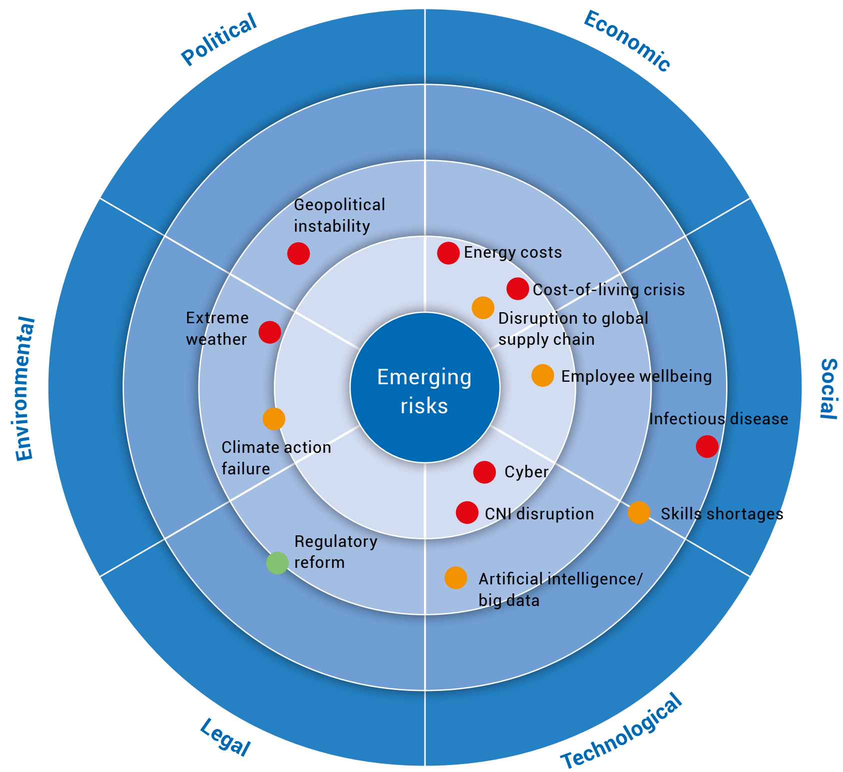
The changing legal and regulatory landscape.

To mitigate this risk, we:

- Have documented policies, processes and guidelines, covering a range of Legal scenarios, with our Legal team on hand to support the business to manage legal risk.
- Employ specialist lawyers, who can advise on the business interpretation and implications of relevant legislation and other legal obligations.
- Maintain a panel of external lawyers, who are available to support the business in relation to a range of legal issues (for example, complex litigation).
- Have internal mechanisms (including a whistleblowing process and independent provider) to ensure that any breaches of legislation are identified, reported and investigated in a timely manner – including reporting to relevant regulators where necessary.
- Ensure that all relevant employees undertake appropriate training, so they have a sufficient understanding of key legislation (including the Data Protection Act 2019, the Bribery Act 2010 and the Competition Action 1998).
- Track changes in legislation via our legal register and communicate developments to relevant business units.

Emerging risks

We define an emerging risk as new risk, or a familiar risk in a new or unfamiliar context (re-emerging), which is changing in nature and where the likelihood and impact are not widely understood. These risks are more likely to have a longer-term impact. However, there is potential for the velocity to significantly increase within a shorter time frame and affect our performance.
Anglian Water continually scans the horizon for emerging risks.



Time horizon

0-5 years · 0-10 years · 10-25 years · >25 years

Velocity indicator

Very quick · Quick · Low

Emerging Risks continued

Summary	Impacted principal risks
Energy costs The market remains volatile, due to geopolitical tensions causing disruption to supply chains, changes in demand and oil price fluctuations. Fluctuations in the energy costs can create financial and operational uncertainty.	1, 5, 7, 10, 11
Cost of living The UK continues to feel pressure from cost-of-living increases, which is putting significant strain on household finances. Local cost pressures and supply challenges are not set to ease anytime soon, with a lot of pressure still on the economy. This could result in affordability issues and increased debt levels.	1, 5, 7, 10
Cyber-attack Geopolitical instability has heightened the risk of cyber-attacks. Also, as businesses move their data and infrastructure to the cloud and increase reliance on third-party software applications and service providers, they are significantly increasing the risk of cyber-attacks and breaches from third parties.	3, 6, 7, 10, 11
Critical National Infrastructure disruption/outage There is an increase in the threat to UK Critical National Infrastructure, such as water supply systems, energy companies and transport networks of interconnected asset failures, leading to operational disruption and loss of services.	6, 7, 10
Employee wellbeing Increased demands on the existing workforce could lead to adverse effects on employee wellbeing, resulting in an increase in staff absence and staff turnover.	5, 7, 10
Disruptions in global supply chains Supply chains may be negatively affected by ongoing conflicts, geopolitical instability and the emerging trade and tariff disputes adding further pressures and disruption to supply chains, potential delays in delivery, disruption to operations, and increased costs.	7, 10, 11
Climate action failure Failure to take action to address the increasingly volatile climate may lead to damage to assets, pollutions, flooding and/or water supply and drought issues. This could result in instance of non-compliance, or unforeseen regulatory changes, as well as loss of public trust and reputational damage.	2, 3, 7, 12

Summary	Impacted principal risks
Artificial intelligence/big data Data is increasingly being used to provide meaningful insights for companies, to support decision making. The fast-paced evolution of generative AI tools, alongside the opportunities AI brings, raise concerns around data privacy, security, ethics, accuracy and reliability.	3, 6, 12
Extreme weather The risk of failing to deal with the impact of extreme/unpredictable weather events will lead to increased strain on our assets and infrastructure resulting in financial and reputational consequences.	1, 2, 7, 9, 10
Shortage of skilled workers/digital skills gap There is currently a shortage of skilled workers, at a time of high demand for labour. The growing requirement for common skills in increased volume, or new skills to tackle emerging challenges, outstrips supply — creating inflated costs, increased delivery risk and subsequent performance risk.	3, 6, 7, 10, 12
Geopolitical instability Geopolitical shocks continue to impact globally, with overarching themes such as ongoing or emerging conflicts, trade wars, supply chain disruptions, resource shortages, and a heightened risk of cybersecurity threats. Recent election outcomes could create an uncertain political environment regarding future policies and regulations.	7, 10, 11
Infectious diseases Infectious diseases continue to be a global risk. This risk has been increasing over the last 20 years, and every year the risk increases further.	5, 7, 10
Regulatory reform The recent elections resulting in a change to Government leadership creates further uncertainty regarding future policies and regulations. We could see the introduction of financial penalties for accountable individuals, bigger fines, or criminal proceedings for failing to meeting regulatory requirements/expectations.	2, 3, 5, 7, 10

1 Customer proposition
2 Environment
3 Water quality and supply
4 Health and safety
5 People
6 Technology
7 Financial
8 Reputation
9 Asset infrastructure
10 Business resilience
11 Commercial and third party
12 Strategic execution
13 Legal

Long-term viability statement

Background

The Directors are responsible for ensuring the resilience or viability of the Group's water and water recycling services, to meet the needs of its customers in the long-term. This means the Group must be able to avoid, manage and recover from disruptions to its operations and finances.

The Directors' review of the longer-term prospects and viability of the Group is an extension of our business planning process, which includes financial forecasting, a robust risk management assessment, regular budget reviews and scenario planning. This activity is strengthened by a 'review and challenge' culture throughout the Group. Our vision and business strategy aim to make sure that our operations are resilient and our finances are sustainable and robust.

As part of Anglian Water's approach to defining risk appetite, each year the Directors review our specific risk tolerance levels and consider whether our decision-making behaviours over the past year have been consistent with these risk levels. The Directors confirmed that the Group's behaviours over the past year were in line with our risk appetite.

How the business is financed

Every five years the Company, along with all other Water and Sewerage Companies, submits its Business Plan to the regulator Ofwat — setting out what it believes it needs to run the business for the next five-year period, known as the Asset Management Plan (AMP) cycle. Ofwat then assesses these plans, in order to determine the revenue it will allow companies to charge customers.

In setting the allowed revenue, Ofwat determines the efficient operating costs of the business. In order to fund the significant capital investment of the business it would be unfair to expect current customers to fund the costs of assets that will deliver services for many years, especially as these costs can fluctuate year-on-year.

Companies therefore raise money from both debt and equity investors to fund this investment. The investment set out in the Business Plan forms what is known as the Regulatory Capital Value (RCV) of the Company. Ofwat allows companies to recover the value of RCV through revenues via a depreciation charge. In addition, Ofwat allows a fair return on the investment to be included in those revenues.

In determining that fair return, Ofwat has a duty under the Water Industry Act to ensure that the sector is financable in the long term and is able to attract investment.

Therefore, through this regulatory regime the Group generates operating cash flow to service the day-to-day operations of the business, including capital maintenance and servicing of debt and equity. The Group seeks external investment from both debt and equity markets to fund growth (capital enhancement) and re-finance existing debt in order to maintain a desired net debt to capital value ratio. Given the structure of the funding arrangement and relatively stable customer base, which includes a level of inflation protection, the business generates stable operating cash flows.

Look-forward period

As one of the 10 regional Water and Sewerage Companies operating in the UK, Anglian Water's prices are set by the industry regulator – Ofwat – for five-year AMP cycles, which support the Group's underlying costs. This provides the basis for future tariffs, revenues, costs and cash flows over the next AMP (April 2025 to March 2030).

Assessment of prospects

The Directors have assessed Anglian Water's financial prospects over the next 10 years from April 2025 to March 2035. A 10-year period has been chosen to ensure that our Business Plan for the current AMP does not impact on the longer-term viability of the Group:

- The first five years are aligned to AMP8, which will be determined following the outcome of the referral of the PR24 Final Determination to the CMA. Our assumptions for AMP8 align to our submission to the CMA in March 2025, with year one reflecting the Final Determination.
- The remaining five years of the period will be determined by the PR29 determination, for which uncertainty exists. Our assumptions for AMP9 align to the longer term view we submitted and to our Long Term Delivery Strategy (LTDS).
- The Board considered whether there are specific, foreseeable risk events relating to the principal risks that are likely to materialise within a 10-year period – and which might be substantial enough to affect the Group's viability and therefore should be taken into account when setting the assessment period. These events were modelled appropriately within our downside scenarios.
- The Board has considered the impact of the wider activities of other Group companies and transactions and of the overall Group structure.
- The Board considers the maturity profiles of debt and the availability of new finance over 10 years as part of its review of financial modelling and forecasting, as well as considering the credit ratings of the debt.
- Finally, we take note of the Water Industry Act, which requires Ofwat to ensure that water companies can (in particular through securing reasonable returns on their capital) finance the proper carrying out of their statutory duties.

Principal risks

We have set out the details of the principal risks facing the Group in 'Risk Management' pages 102-116, described in relation to our ability to deliver our 10-year outcomes. We identify our principal risks through a robust assessment that includes a continuous cycle of bottom-up reporting and review, alongside top-down feedback and horizon scanning. Through this assessment, priorities are elevated appropriately and transparently. This process is described in more detail in our 'Risk Management' section.

The Directors regularly review business plans that show projected cash flows for the current AMP period and long-term cash flow modelling projections, which extend into AMP9 and beyond. This includes reviewing the expected outcome relating to the principal risks, with this impact included in our Business Plans.

Our Base Case assumptions and our CMA appeal

As noted in our Statement of Case to the CMA, AMP8 and future price control periods are radically different to those that have come before. Regulatory and statutory obligations are driving a step change in capital investment programmes to meet the supply and demand balance, accommodate growth and protect the natural environment. This investment is not discretionary. It is vital to maintain resilient water supplies and environmental improvements. As noted on Page 20, our PR24 Business Plan includes £400 million of debt raising in the period to March 2026 with a further £600 million in the first half of 2026/27.

In the face of this investment challenge, the Final Determination's allowed Weighted Average Cost of Capital (WACC) return is insufficient and exposes the notional company to the prospect of not obtaining the necessary equity.

In addition, our Statement of Case sets out a number of areas of challenge in relation to the funding of base costs and ODI performance targets, which ultimately leave insufficient funding to meet the required performance levels.

We will be asking the CMA to consider these issues and we have incorporated them into our base model, to which we apply our stress testing.

Stress testing the Business Plan

In reviewing its financial viability, Anglian Water considers the stringent covenant tests required under its securitised structure — as well as the metrics used by rating agencies. This provides comfort to our bondholders that our business is viable to the end of the current AMP period and beyond and ensures an investment-grade credit rating, to enable the business to finance Anglian Water's investment programme.

At each regulatory Price Review and throughout the AMP, the Board satisfies itself that the agreed five-year Business Plans ensure adequate covenant and rating agency headroom throughout the AMP period and beyond.

This includes extensive downside scenario testing at both Anglian Water and Group level from severe, plausible and reasonable scenarios chosen, because they pose the greatest risk to the business.

The following scenarios have been used individually and in combination, to model the impact on the overall performance of the business, the ability of the business to service its debt and the impact on its credit rating:

Principal risk	Scenario	Impact modelled	Potential mitigations required
• People • Technology • Financial • Asset infrastructure • Business resilience • Commercial and third party • Strategic execution	Material TOTEX underperformance against the Final Determination allowance	Overspend of 10% across an AMP	No mitigations required
		CAPEX overspend of 5%	No mitigations required
		OPEX overspend of 5%	No mitigations required
• Customer proposition • Environment • People • Reputation • Asset infrastructure • Business resilience • Strategic execution	Material Outcome Delivery Incentive (ODI) penalties	Up to £144 million per year	No mitigations required
• Environment • Technology • Water supply and quality • Health and safety • People • Reputation • Legal • Regulatory	Regulatory fines and legal penalties Impact of a cyber attack	Up to 6% of turnover applied in a single year	No mitigations required
• Financial	Unfunded pension liabilities	Up to £15 million applied per annum	No mitigations required
• Customer proposition • Financial • Business resilience	Risks associated with the disruption caused by cost-of-living crisis, potential reductions in revenue collection	Up to 5% decrease in cash collection	No mitigations required
		20% increase in bad debt	No mitigations required
• Financial • Reputation • Strategic execution	The potential impact of credit rating agencies downgrading the debt for any companies in the Group	2% increase in cost of new debt	No mitigations required

Principal risk	Scenario	Impact modelled	Potential mitigations required
• Financial • Reputation • Strategic execution	Cost of debt increases	2% above base level assumptions across an AMP	No mitigations required
• Customer proposition • Financial • Asset infrastructure • Commercial and third party	Significant inflation fluctuations	1% above and below base level assumptions for each AMP	No mitigations required
		2% below base level for each AMP	No mitigations required
• Customer proposition • Environment • People • Technology • Financial • Reputation • Asset infrastructure • Business resilience • Commercial and third party • Strategic execution	Combined scenario based on TOTEX underperformance for a whole AMP, along with a significant ODI penalty and a revenue penalty	Overspend of 10% across an AMP, combined with an ODI penalty of 1.5% of RORE in each year plus a financial penalty of 1% of revenue in a single year	No mitigations required
• Customer proposition • Financial • Asset infrastructure • Commercial and third party • Reputation • Strategic execution	Combined scenario based on low inflation and high cost of debt	Inflation 2% below base level for the AMP combined with cost of debt 2% above base level assumptions across an AMP	No mitigations required
• Customer proposition • Environment • People • Technology • Financial • Reputation • Asset infrastructure • Business resilience • Commercial and third party • Strategic execution	Combined scenario based on low inflation, an OPEX cost shock plus a significant ODI penalty	Inflation 1% below base for the AMP combined with 2.5% OPEX cost shock in AMP7 and a £50 million ODI penalty in each year	No mitigations required

In deciding on appropriate downside scenarios and corresponding stress tests, management has considered the required modelling set out by Ofwat, as part of the financial resilience testing for PR24. Management has taken the view that where the PR24 scenarios were more severe, it would be prudent to align to these.

Management has also considered the current business performance – in particular in respect to TOTEX overspend and ODI penalties – and how this impacts on the range of potential downside scenarios that could occur in future. In addition to the performance of the business, management has considered the performance of the sector in relation to increasing frequency of penalties and fines, ensuring the downside testing provides an appropriate level of prudence. Finally, management has considered the potential impacts from a failure of another company in the sector and how this may impact of the availability and cost of financing our operations.

As part of our stress tests for the downside scenarios, we have considered the potential impacts of cost shocks, resulting from climate change. Such cost shocks include the Beast from the East extreme cold weather event, followed by a rapid thaw, experienced in early 2018 and the extreme wet weather events experienced in our region during the past 18 months.

The cost impacts of these events (including longer term recovery impacts such as leakage reduction), were in the order of £7 million for Beast from the East and £3 million for each extreme wet weather event. During the current year, as a result of the severe wet weather experienced, we have seen costs increase by £9.3 million. Our modelled downside scenarios include cost shocks equal to experiencing several of these events in continuous years across the AMP. We are therefore confident that we can withstand the financial impacts of extreme weather events, which are predicted to increase as a result of climate change.

In April 2019, Ofwat issued Information Notice (IN 19/07) setting out its expectations for companies in issuing long-term viability statements. In our Annual Performance Report, which will be available on our website, we provide additional detail on the processes and assumptions underpinning our long-term viability statement and demonstrate our compliance with IN 19/07.

Mitigating actions

For each sensitivity and combined scenario, we identify (where required) the appropriate mitigations against the potential risks. In the event that the situations used for stress testing were to result in an unacceptable level of deterioration in the Group's financial metrics, management's principal actions would include further reducing the level of shareholder distributions, seeking potential shareholder equity injections, reviewing the financing structure and identifying further opportunities to reduce the Group's cost base or reduce financing costs.

Evidence of the shareholders' support for equity injection is provided by the equity injection made in October 2018 of £22 million, April 2021 of £110 million and July 2021 of £1,055 million.

Evidence of the shareholders' support for equity injections is provided by the equity injections made in October 2018 of £22 million, April 2021 of £110 million and July 2021 of £1,055 million. In May 2025 the shareholders of Anglian Water's ultimate parent company subscribed to £500 million of new equity commitments demonstrating their commitment to the Group and providing greater confidence to external lenders.

As a further mitigation, we have a significant portfolio of insurance cover in place to provide protection against many catastrophic scenarios, such as dam failure, pluvial and fluvial flood, terrorism and public and employer's liability. There would still be a short-term liquidity impact from such events, due to the time it would take between incurring the expenditure and recovering this through the insurance claim. However, it is an important consideration in terms of medium-term liquidity. The Board formally reviews the output of the stress testing twice a year.

Benefits of the securitised structure

The highly covenanted nature of our financing arrangements (often described as a whole business securitisation) enhances our financial resilience, by imposing a rigorous governance framework. This requires continuous monitoring and reporting of our financial and operating performance by senior management, through a well-established business process, to ensure compliance with our financing arrangements. It provides an additional layer of control over how we transact with our stakeholders, including suppliers, business partners, customers, shareholders and lenders, compared to the regulatory frameworks by which we are governed.

Assurance

Robust internal assurance is provided by the Board reviewing and challenging the stress test scenarios selected, plus the risk mitigation strategies. The Directors also obtain annual independent third-party assurance on the integrity of the long-term cash flow model, which underpins the financial projections. In addition, our external auditor, Deloitte, reviews this viability statement and the outputs of our stress testing as part of its normal year end procedures. It considers whether these are consistent with the Directors' conclusion – with respect to business viability – and if the processes undertaken are sufficient to support the statements made.

Directors' statement

In making this statement, the Directors have assumed that funding for capital expenditure in the form of capital markets or bank debt will be available in all reasonable market conditions. As discussed above, this is based on a history of raising debt competitively, strong credit ratings, long-term recovery of RCV and Ofwat's statutory duty to make an efficient, notional company financeable.

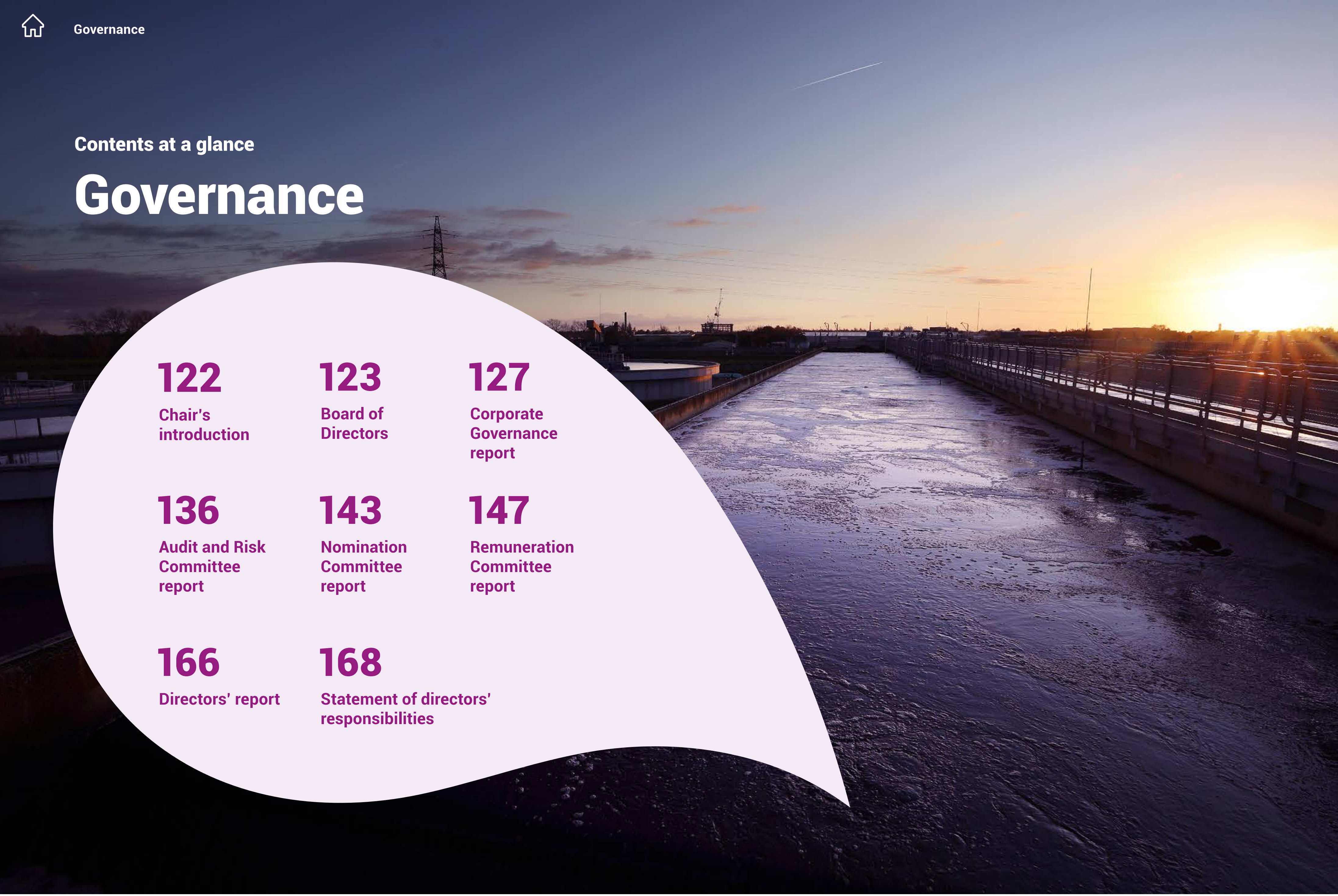
They have also considered the impact of the Group structure, namely the support from ultimate shareholders (demonstrated by equity injections), intra-Group transactions and any other Group activities on the viability of the regulated business.

Anglian Water Services Limited is an efficient company with a history of outperformance. The Directors can be satisfied that the business has a reasonable expectation of being able to continue in operation and meet its liabilities as they fall due (at least to March 2035) and of financial resilience in the face of severe, but plausible, downside shocks that reflect the current and potential future regulatory environment.

This is based on: the reasonable certainty of i ts future revenue stream; the strength of the balance sheet (in particular the substantial cash balance and strong net assets); the availability of undrawn debt facilities, in the unlikely event that debt markets were temporarily restricted; and by reviewing the Business Plans and strategic models, combined with the robust risk management process and mitigations described above.

This Strategic report was approved by the Board of Directors and signed on its behalf by

Claire Russell
Company Secretary
12 June 2025



Contents at a glance

Governance

Introducing the Board's approach to governance and its key areas of focus this year

Dear Stakeholder

I am pleased to present the Corporate Governance report for the year ended 31 March 2025. This report provides you with a more detailed look at the Board's approach to governance and its key areas of focus this year.

As I set out in my welcome, the Board recognises the significant challenges facing the business. We have accelerated targeted investment that will have the greatest impact in terms of improving performance and have continued to engage closely with our key stakeholders.

Transparency and governance

This report details our compliance against the Anglian Water Services Corporate Governance Code 2020 (the 2020 Code). As described in more detail in this report, the 2020 Code incorporates both Ofwat's Board Leadership, Transparency and Governance Principles (which are incorporated into the Company's Licence) and most of the provisions contained in the 2018 UK Corporate Governance Code. During the year, the Board adopted the Anglian Water Services Corporate Governance Code 2025 (the 2025 Code), which incorporates most of the provisions of the 2024 UK Code along with Ofwat's BLTG Principles and supporting provisions. We will report against the 2025 Code for the first time next year.

Engagement with stakeholders

As discussed elsewhere in this report, including in our Section 172 statement, the Company's relationship with its stakeholders is extremely important. During the year, the Board spent a significant amount of time scrutinising Ofwat's Draft Determination and the subsequent Final Determination, which was published in December 2024. During its deliberations, the Board considered the impact of Ofwat's proposed determination on key stakeholder groups including customers, the environment, shareholders and debt investors. Following careful consideration, the Board unanimously decided to request that Ofwat refer the Final Determination to the CMA for a redetermination.

During the year, I continued my personal programme of stakeholder engagement and regularly met the chairs of our key regulators. Along with Board colleagues, I attended the launch event for Safer Every Day in March 2025, with over 200 employees; listening to their experiences was particularly inspirational. As a Board, we consider upcoming site visits at each meeting and this continues to be an integral part of the Board agenda.

Board committees

As ever, our Board continues to be supported by the work of our committees: Audit and Risk, Nomination and Remuneration. You can read about the work of each committee in their separate reports.

Board changes

Mark Thurston was appointed Chief Executive in August 2024, to replace Peter Simpson — who had served as Chief Executive since 2010. In November 2024, Michael Bradley was appointed as Chief Financial Officer, to replace Tony Donnelly — who had held the position on an interim basis for a year. We also said goodbye to Natalie Ceeney and Dame Polly Courtice during the year, who were both long-serving Independent Non-Executive Directors. I would like to personally thank Peter, Tony, Natalie and Polly for their valuable service to the Board and the Company.

Since the last report, we have appointed both Ian Funnell and Tony Bickerstaff as new Independent Non-Executive Directors. Tony, who was previously Chief Financial Officer at Cadent Gas Limited, will replace Zarin Patel as Chair of the Audit and Risk Committee over the course of the year.

Board evaluation

The Board considers the annual review of the Board, its committees and directors to be an essential part of good corporate governance. This year the Board undertook an external review, supported by Christopher Saul Associates. More information on the evaluation process and its results can be found in the Nomination Committee report on pages 143-146.

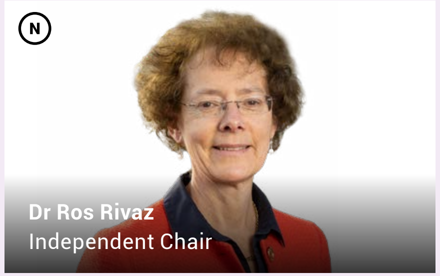
Annual Performance Report

As in previous years, the Annual Performance Report is being published as a separate document. See more on our website, here. This report contains a statement from the Board, which focuses on how Anglian Water has set its long-term ambitions and targets and how the Company is delivering for everybody that it serves.

Dr Ros Rivaz
Chair
12 June 2025

A Audit and Risk Committee R Remuneration N Nomination ○ Denotes Committee Chair

Independent Chair



Appointed

- Chair and Chair of the Nomination Committee in January 2024
- Chair Designate in November 2023

Skills, competencies and experience

Ros has a wide range of experience in executive and non-executive roles in blue chip companies, predominantly in highly-regulated and high-hazard environments, both in the UK and internationally.

Ros was previously Chief Operating Officer of Smith & Nephew plc and held senior management positions in global companies including Exxon, Diageo, ICI and Tate & Lyle Group.

She was Chair of the Nuclear Decommissioning Authority from September 2020 to August 2023. Ros has also held a range of other board roles with private and listed companies, including ConvaTec plc, Boparan Holdings, RPC Group plc, Ceva Logistics and Rexam plc. She was also a non-executive director of Defence Equipment and Support, an arm's length body of the Ministry of Defence.

Ros plays important roles in the charity sector and academia. She was Deputy Chair of the Council of the University of Southampton for ten years and was a non-executive director of the 'Your-Life' initiative, which was a campaign, to increase take up of maths and physics among 14 to 16 year olds.

Other roles

Ros is Lead Independent Director at Aperam SA and a senior independent non-executive director at Victrex plc. Ros is also on the board of the community interest company Eton Community CIC and an advisor to Partners in Performance.

Independent Non-Executive Directors

Appointed

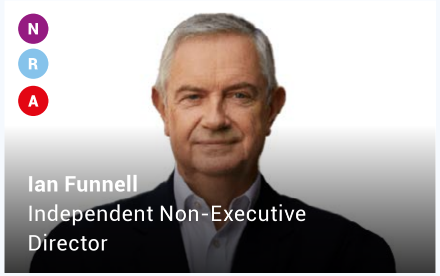
- Independent Non-Executive Director in March 2024
- Chair of the Remuneration Committee in June 2024

Skills, competencies and experience

Kath has more than 30 years' Human Resources experience, with a strong operational and strategic track record, gained at a number of large global manufacturing companies. As well as working at GlaxoSmithKline plc and AstraZeneca plc she has served as the Group Human Resources Director of Rolls-Royce plc and was most recently Group HR Director of Ferguson plc and Chief HR Officer of CRH plc. She served as a non-executive director and Chair of the remuneration committee of Renishaw plc from 2015 to 2018 and of Calisen plc from 2020 to 2021. Kath was also an independent non-executive director and Chair of the remuneration committee of Vesuvius plc from 2020 to 2024.

Other roles

Kath is Senior Independent Director and Chair of the remuneration committee at SIG plc and a non-executive director and Remuneration Committee Chair of Essentra plc.



Appointed

- Independent Non-Executive Director in August 2024

Skills, competencies and experience

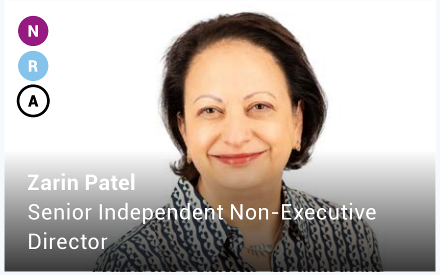
Ian has extensive experience in both executive and non-executive roles with a strong background in the UK and international power sectors. He has worked in the digital industry and global oil and gas and sectors and on the delivery of major infrastructure projects. Ian's track record includes a focus on business performance, a strong stakeholder engagement ethic and an extensive network across businesses at board level, senior levels of government and academia both in the UK and internationally.

Ian originally joined ABB in 1999 — a global technology company that works closely with utility, industry, transportation and infrastructure customers — and was appointed CEO of ABB UK in January 2015. In January 2020, he was appointed CEO of Hitachi Energy Ltd in the UK and Ireland, where he contributed widely to sector initiatives in support of decarbonisation until July 2022, when he stepped down from his executive role.

Ian has previously held positions on the Made Smarter Commission, the UK Government's Advisory Board of Innovate UK (Energy Revolution), the CBI President's Committee and was Chair of the CBI's North West Regional Council and the Covid Recovery Commission, where he helped shaped recommendations for the Government's levelling up and building back better programmes.

Other roles

Ian was appointed Chair of the UK's National Nuclear Laboratory in January 2022. He is also Chair of the NG Bailey Group, Chair of the Energy Futures Laboratory at Imperial College London and advisor to the President of Hitachi Europe. Ian is an Ambassador of the Women Leaders Association.



Appointed

- Senior Independent Non-Executive Director in January 2024
- Chair of the Audit and Risk Committee in April 2020
- Independent Non-Executive Director in October 2018

Skills, competencies and experience

Zarin is a chartered accountant who spent 16 years at KPMG, followed by 15 years at the BBC, during which time she helped to transform the organisation into a fully-digital broadcaster. Zarin was Chief Financial Officer of the BBC and sat on its board, where she was also responsible for risk management. Latterly, Zarin was Chief Operating Officer of The Grass Roots Group plc, a customer and employee engagement specialist.

Other roles

Zarin is currently Senior Independent Director of Pets at Home Group plc, where she is also Chair of the audit and risk committee, and a non-executive director of Hays plc, where she is also Chair of the audit and risk committee. She is also a non-executive director on the board of HM Treasury and chairs its audit and risk committee. She also sits on the board of trustees of the National Trust.

Independent Non-Executive Directors

Alistair Phillips-Davies
Independent Non-Executive Director

Appointed

- Independent Non-Executive Director in November 2022

Skills, competencies and experience

Alistair joined SSE plc (Southern Electric) in 1997 and has been Chief Executive since 2013. He has held a range of senior roles across multiple business areas within the SSE Group. Prior to joining the board in 2002 as Energy Supply Director, Alistair was Director of Corporate Finance and Business Development. In 2010, he became Generation and Supply Director, before becoming Deputy Chief Executive in 2012.

Prior to joining SSE plc, Alistair worked for HSBC and National Westminster Bank in corporate finance and business development roles, in London and New York. Alistair is also a former vice president of Eurelectric and former director of Energy UK.

Other roles

Alistair is a chartered accountant, a fellow of the Energy Institute and chair of the SSEN Distribution board.

Tony Bickerstaff
Independent Non-Executive Director

Appointed

- Independent Non-Executive Director in June 2025

Skills, competencies and experience

Tony has had a successful executive and non-executive career and is an experienced finance professional with commercial, strategic and financial expertise across the infrastructure, energy, utilities, transportation and logistics sectors. Tony also has significant experience of working with the Government in infrastructure investment and low-carbon energy generation.

Between February 2022 and September 2024, Tony was the Chief Financial Officer of Cadent Gas Limited, the UK's largest gas distribution network. Between 2006 and 2020, Tony was the Chief Financial Officer of Costain Group plc, the FTSE All-Share infrastructure solutions company and he has also held a number of senior management and financial positions at Taylor Woodrow. He has also served as a non-executive director and Chair of the audit and risk committee at Wincanton plc, the Low Carbon Contracts Company Limited and Electricity Settlements Company Limited.

Tony is a fellow of the Association of Chartered Certified Accountants (ACCA).

Other roles

Tony is currently a non-executive director of Pantheon Infrastructure Plc.

Langham wetland, Stiffkey restoration

Non-Executive Directors

Appointed
- Non-Executive Director in November 2020

Skills, competencies and experience

John is a chartered accountant and serves on a number of boards in the infrastructure sector. He started his career at Ernst & Young, spending seven years there specialising in mergers and acquisitions and private equity transactions. He then worked at 3i Group for 12 years, firstly in private equity and then as a founding member and director of 3i Infrastructure. Thereafter he was a managing director of First Reserve, where he was one of the founders of its global energy infrastructure business. During his time at First Reserve he oversaw numerous investments into the energy sector, including energy from waste, wind and solar power plants, gas-fired power plants, utilities and oil and gas midstream, as well as energy backup. John holds a BSc (Hons) in Physics from the University of Southampton.

John has been a director of Anglian Water Group Limited since February 2018.

Other roles

John is Non-Executive Chairman of Cory Group, where he also chairs the remuneration and developments committees. He is a non-executive director of North Sea Midstream Partners (and Chair of its Audit and Risk Committee) and an independent member of the Investment Committee for SUSI Energy Transition Fund as well as for the MML Capital Keystone Infrastructure Fund.

Appointed
- Non-Executive Director in October 2022

Skills, competencies and experience

Alex is a managing director of Igneo Infrastructure Partners, based in London. Alex joined Igneo Infrastructure Partners in 2015, prior to which he spent over 15 years in European investment banking at HSBC, Dresdner Kleinwort Benson and CSFB.

Alex holds a Dipl. Engineering from the National Technical University of Athens and an MBA from Manchester Business School.

Alex is an alternate director of Anglian Water Group Limited.

Other roles

Alex is on the board of directors of Hoegh Evi Limited and the supervisory board of MVV Energie AG.

Appointed
- Non-Executive Director in November 2021

Skills, competencies and experience

Batiste is a managing director at CPP Investments, where he heads up the European infrastructure investments team, with responsibility for total investments of over £7 billion. CPP Investments is one of the largest direct investors in infrastructure assets globally. Prior to joining CPP Investments in 2019, Batiste was an investment director at First State Investments' European infrastructure team. Over his 20-plus year career in infrastucture, Batiste has made and overseen multiple investments across water, energy, transport, digital and the circular economy.

Batiste studied at Kings College London, LSE and Sciences-Po Paris. He is a Fellow Chartered Accountant (ICAEW), qualifying with KPMG in 2007.

Batiste is a director of Anglian Water Group Limited.

Other roles

Batiste is a director of FCC Servicios Medio Ambiente Holding, S.A.U. in Spain and Fibercop S.A. in Italy. He is also a voting member of CPP Investments' global infrastructure investments committee.

Appointed
- Non-Executive Director in January 2024

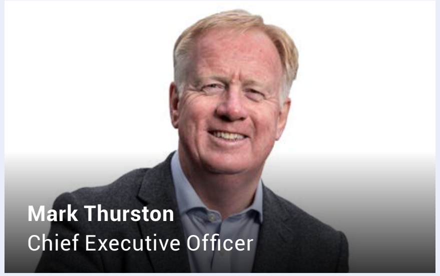
Skills, competencies and experience

Albena is an executive director at the Infrastructure Investment team of IFM Investors. At IFM, Albena is responsible for the sourcing, execution and management of infrastructure investments across Europe, as well as the development of key industrial relationships and energy transition initiatives. At IFM, Albena has served on the board of the Veolia Poland Group companies and serves as Chair of IFM Investors Netherlands BV.

Before joining IFM, Albena led the mergers and acquisitions advisory team for energy at ABN AMRO Bank. Prior to that, she was a managing director at Advent International — one of the largest global investment funds — and senior investment manager with ABN AMRO Capital. Throughout her investment career, Albena has served as a non-executive director on multiple boards and board committees in a range of industries and geographies.

Albena is a director of Anglian Water Group Limited.

Executive Directors



Mark Thurston
Chief Executive Officer

Appointed

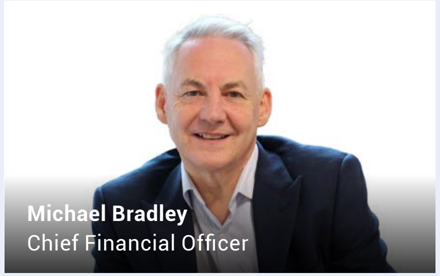
- Chief Executive Officer of Anglian Water Group in August 2024

Skills, competencies and experience

Mark is an engineer and highly experienced leader who, for more than 30 years, has held leadership roles in the infrastructure sector. Mark was previously European Managing Director of the engineering and projects company CH2M and played a key role in the growth of the business. While at CH2M he worked on both the London 2012 Olympics and Crossrail. Most recently, he was Chief Executive Officer of High Speed Two Limited (HS2 Ltd.) from March 2017 to September 2023. During his tenure, he oversaw the development of an organisation and joint venture partnership model, with the largest supply chain of any infrastructure project in the UK. With deep experience in both public and private sectors, Mark has a strong track record across projects and businesses requiring complex stakeholder engagement, including a high-profile regulatory and government interface.

Having started his career as a technician apprentice on the London Underground, Mark is a chartered electrical engineer, an honorary fellow of the Association for Project Management, a fellow of the Institution of Civil Engineers and a member of the Institution of Engineering and Technology.

Mark is a visiting professor at both the Bartlett School of Sustainable Construction at UCL and the School of Complex Project and Programme Leadership at Loughborough University. He has received an honorary Doctorate of Technology from the University of East London (UEL) and Loughborough University. In October 2023 Mark became a member of Council at Loughborough University and in September 2024 became a board member of Water UK.



Michael Bradley
Chief Financial Officer

Appointed

- Chief Financial Officer in November 2024

Skills, competencies and experience

Michael is a qualified management accountant with more than 25 years' experience operating at board level, supporting companies in both the public and private sectors. He has led Finance, IT and business-wide transformation in large complex organisations.

Michael was previously at EG Group, where he led the Finance team, supporting a global business with over 50,000 employees, and successfully navigated EG Group through a complex financial restructuring. Between November 2018 and August 2022, Michael was Chief Financial Officer at HS2 and he has also held senior roles at Defence Equipment and Support (DE&S), Enterprise and Alstom Transport.

Michael was appointed Companion of the Order of the Bath (CB) in the 2017 New Year Honours.

Anglian Water Services Limited Executive Committee

The Executive Committee oversees the day-to-day running of the business and develops long-term strategies for approval by the Board of Directors.

Mark Thurston
Chief Executive Officer

Michael Bradley
Chief Financial Officer

Amanda Bridger
Group People Director

Brian Ebdon
Director of Strategic Planning and Performance

Claire Russell
Group Legal Director/Company Secretary

Dr Robin Price
Director of Quality and Environment

Emily Timmins
Director of Water Recycling Services

Emma Staples
Director of Corporate Affairs

Ian Rule
Director of Water Services

Jason Tucker
Director of Commercial Operations

Don Maher
Director of Customer and Operational Services

Richard Eadie
Anglian Water Services Finance Director

Dr Sian Thomas
Director of Strategic Asset Management

Corporate Governance report

Principles of corporate governance

Anglian Water is committed to the highest standards of corporate governance. The Anglian Water Services Corporate Governance Code 2020 (the 2020 Code) came into effect on 1 October 2020. The 2020 Code incorporates Ofwat's 2019 Board Leadership, Transparency and Governance Principles (the BLTG Principles) and supporting provisions, along with most of the provisions contained in the 2018 UK Corporate Governance Code. Only the parts of the 2018 UK Corporate Governance Code that cannot sensibly be applied to a company in private ownership, such as the provisions relating to shareholder meetings, have been omitted.

This report details compliance with the 2020 Code and complies with the requirement contained in Anglian Water's Licence, to meet the objectives contained in the BLTG Principles and to explain — in a manner that is effective, accessible and clear — how Anglian Water is meeting the four objectives, as detailed in this report. The 2020 Code and the previous corporate governance codes applied by Anglian Water can be found at anglianwater.co.uk/governance. The Company Secretary keeps compliance with the relevant corporate governance standards under review and any changes recommended are subject to approval by the Board.

UK Corporate Governance Code 2024 (the 2024 UK Code)

In January 2024, the Financial Reporting Council (FRC) published the 2024 UK Code, which applies to financial years beginning on or after 1 January 2025. The Board and the Company's Audit and Risk Committee have been keeping developments around the Government's consultation on 'Restoring Trust in Audit and Corporate Governance' under close review. On publication of the 2024 UK Code, the Board and the Audit and Risk Committee considered the changes and the next steps to drive compliance. During the year, the Board and relevant committees reviewed and discussed, in detail, both the 2024 UK Code and the questions contained in the FRC's Corporate Governance Guidance. At its meeting in March 2025, the Board approved the Anglian Water Services Corporate Governance Code 2025 (the 2025 Code). As with prior corporate governance codes, the 2025 Code incorporates most of the provisions of the 2024 UK Code, along with Ofwat's BLTG Principles and supporting provisions. As is the case in relation to the 2020 Code, only the parts of the 2024 UK Code that cannot sensibly be applied to a company in private ownership have been omitted. Compliance against the 2025 Code will be reported for the first time in the 2026 Corporate Governance report. Provision 4.6, in relation to risk management and the internal control landscape, will come into effect on 1 April 2026 (in line with the 2024 UK Code) and compliance against this particular provision will be reported in the 2027 Corporate Governance report.

Company purpose, values and culture

Ofwat Principle: The Board of the Appointee establishes the Company's Purpose, strategy and values and is satisfied that these and its culture reflect the needs of all those it serves.

The Board recognises that, as a monopoly provider of an essential public service, Anglian Water has a duty to deliver wider benefits to society, above and beyond the provision of safe, clean water and the effective recycling of wastewater. In 2019, Anglian Water's Articles of Association were amended to enshrine the Company's long-standing commitment to a social and environmental purpose. As a consequence of this change in its constitution, Anglian Water must conduct its business and operations for the benefit of shareholders, while delivering long-term value for its customers, the region and the communities it serves and seeking positive outcomes for the environment and society.

As part of the change to the Articles of Association, the Board has also made an explicit commitment to consider, as part of its decision-making process:

- the impact of Anglian Water's operations on communities and the environment;
- the interests of Anglian Water's employees;
- the need to foster good relationships with customers and suppliers;
- the need to maintain a reputation for high standards of business conduct; and
- the consequences of decisions in the long term.

Anglian Water's Articles of Association require the directors to adopt a Statement of Responsible Business Principles (the SRBP) and – to the extent not covered in the Non-financial Information and Sustainability Statement – explain any steps that have been taken to ensure that the business of the Company has been carried out in accordance with the SRBP. The Company worked with British Standards Institute (BSI) to develop a Publicly Available Specification (PAS) for Embedding Purpose in Organisations. BSI PAS 808 Purpose-Driven Organisations – Worldviews, principles and behaviours for delivering sustainability was launched in July 2022. In 2023, the Company undertook a pilot maturity assessment against the principles and behaviours outlined in PAS 808. BSI assessed the Company as having embedded all seven principles of purpose across the business.

In 2024, the Board agreed that the SRBP should take the form of Business in the Community's (BITC) Responsible Business Tracker® and BSI PAS 808 (BITC has now retired the tracker and this will be the last year that it is available for use, so the Company is transitioning to using PAS 808). The Company conducted an assessment using the Responsible Business Tracker® in 2024, scoring 87%. In 2024/25 BSI undertook a further review to assess the Company's alignment against the standard, to understand any major changes to the organisation and to explore the delivery of recommendations from the 2023/24 assessment. Read more about the assessment in 'Measuring our Purpose performance' pages 27-29.

The Company's Purpose is one part of Anglian Water's business model, which also includes the Company's ambitions and values. The Board is committed to the implementation of the Company's business model.

To ensure that colleagues understand the standards expected of them, the Company provides all new starters with a booklet entitled Doing the Right Thing. The booklet summarises key Company policies, in a clear and concise way, to ensure that Anglian Water's values and standards are clear to colleagues from their very first day. Doing the Right Thing is available on the Company's website at anglianwater.co.uk/governance.

A statement from the Board, detailing how the Company has set its aspirations and how it performs for all those it serves, can be found in the Company's Annual Performance Report.

The Board regularly reviews the Company's culture, taking an active interest in the feedback from employees, provided in response to the Company's Love to Listen survey and reviewing our culture dashboard. The dashboard comprises a range of cultural indicators that are tracked over time, such as the latest participation figures for wellbeing and inclusion events, the number of employees taking new opportunities internally and regular exit feedback.

Corporate governance arrangements resulting from the Aligned Debt Programme

In 2002, the Company established a debt programme that underpins all of its borrowing (including bonds and private placement). All of this borrowing is based on a single set of contractual provisions (a covenant package) and a shared security arrangement that binds all debt providers. The debt programme is 'structured' in that the AWSFG is separated and ring-fenced; provides security (to the extent allowed by the regulatory framework); and has built-in protections (such as cash management regimes and contractual standstill provisions). The comprehensive package of commitments – or covenants – is contained in a single document that applies to all debt providers, called the Common Terms Agreement (CTA). The debt providers are bound by an intercreditor arrangement, contained in a document called the Security Trust and Intercreditor Deed (STID).

The Company's debt programme (an Aligned Debt Programme) has been designed to align with and enhance the regulatory protections contained in the Water Industry Act 1991 and the Company's Licence, in order to support and enhance Anglian Water's credit rating. This structure is based on the principle of Regulated Asset Base (RAB) based financing, which assumes that, if the regulated company's operations are confined to running its regulated business and the company is largely protected from non-regulated business risk and external risks, then Ofwat's regulatory framework will remunerate the Regulated Asset Base (RAB), so that sufficient revenue is available to pay for the cost of servicing the company's debt. Debt providers that provide RAB-based financing also want to ensure that the company they are lending to is focused entirely on its regulated business, carries out this business in accordance with its regulator's requirements and is largely protected from external risks to that business. Therefore, the interests of the debt providers under Aligned Debt Programmes are fully aligned with the interests of customers (and the regulator).

Debt providers under Aligned Debt Programmes are also aligned with customers and the regulator, in that the programmes are structured to support the principle that a provider of a vital public service must continue the uninterrupted delivery of that service during any default, insolvency or financial distress. In these circumstances, it is in the interests of both the company and the regulator to resolve the situation, such that the company is able to return to being able to properly finance its functions and to service its debts. Aligned Debt Programmes provide for a contractual standstill upon the occurrence of an event of default. This has the aligned intention of enabling Ofwat to deal with any problems, without having to deal with defaulted or accelerated debt.

The commitments, or covenants, which are a feature of the Company's Aligned Debt Programme, help to de-risk the business, because the Company undertakes that it will only carry on a regulated water business and that it will conduct this business in a prudent manner. These covenants include:

(a) Non-Permitted Business Limits (i.e., de minimis limits on the amount of non-regulated business that can be carried out).

(b) A restriction on tax transactions and a positive obligation to pay all taxes when due.

(c) Minimum insurance requirements (including requirements on the creditworthiness of the insurers).

(d) A hedging policy to require prudent hedging of interest rate and foreign exchange exposure, to prohibit speculative use of derivatives and to ensure swaps are only entered into with highly-rated counterparties (so as to reduce counterparty risk).

(e) A requirement to maintain and hold all required IP rights.

(f) An obligation to act in accordance with 'Good Industry Practice' in all areas of the business.

The impact of these covenants was acknowledged by the CMA in its Redetermination of the Company's PR19 regulatory settlement, in which the CMA noted that 'covenanted companies have de-risking features, such as additional ringfencing measures, enhanced rights for secured creditors, automatic standstill periods and contractual dividend restrictions'.

The Company's immediate parent company, Anglian Water Services UK Parent Co Limited, owns the entire issued share capital of the Company (32,000,002 ordinary £1 shares).

The composition of the Board and its role in relation to the Company's strategy

Ofwat Principle: The Appointee has an effective Board with full responsibility for all aspects of the Appointee's business for the long term.

The Board is ultimately responsible for the strategy and for overseeing the performance of the Company. As explained in our Business Model, the Company's four key goals for 2020–2025 (AMP7) were:

To make life better for our customers, every single day.

To deliver our 2020–2025 Final Determination.

To deliver our identified business priorities.

To create a sustainable future for our region.

These goals are designed to be consistent with the Company's long-term strategy (which takes the form of a 25-year Strategic Direction Statement, approved by the Board in 2017), which sets out four long-term ambitions which are to:

- Make the East of England resilient to the risks of drought and flooding;
- Enable sustainable economic and housing growth;
- Work with others to achieve significant improvement in ecological quality across our catchments; and
- Be a carbon neutral business.

A clearly defined framework of roles, responsibilities and delegated authorities is in place, which are designed to facilitate the achievement of the Company's key goals. The Board has a formal governance matrix, which sets out the matters that are specifically reserved for its decision, thus ensuring that it exercises control over appropriate strategic, financial, operational and regulatory issues. A full list of matters reserved to the Board appears at anglianwater.co.uk/governance. Matters delegated to management are set out in a Scheme of Delegation. Typically, these matters comprise financial approvals at levels that are not considered by the Board to be material, as well as routine operational decisions and minor regulatory approvals.

Anglian Water's investors are represented on the Board. However, independent non-executive directors form the largest single group on the Board. All directors are required, under Anglian Water's Articles of Association, to take decisions in good faith and in a way that is most likely to promote the Company's Purpose.

When making decisions, directors must have regard (among other matters) to the interests of and impact on the Company's key stakeholders (including customers, employees, suppliers, communities and the environment), as well as the interests of shareholders. Further information can be found in the Section 172 statement.

The Board acts independently and in the best interests of the Company as a whole, while considering the views of shareholders in its deliberations. Anglian Water values the particular contribution of the investor representatives who sit on the Anglian Water Board.

As is explained below, a number of matters require the approval of the Board of Anglian Water Group Limited (AWG). However, any matters requiring AWG Board approval are also considered by the Anglian Water Services (AWS) Board (or by the relevant Board committee). This approach means that, where relevant, both the Company's Board and the AWG Board carefully consider and debate key decisions.

The investor representatives who sit on the AWS Board are also members of the AWG Board. Therefore, the substantive debate on all matters takes place in the course of AWS Board meetings. It follows that, where AWG Board approval is required, the AWG Board is effectively asked to endorse a decision already taken in principle by the AWS Board. The close liaison between the two Boards — and the fact that investor views are considered by the AWS Board — means that both Boards have reached the same conclusion around key decisions. This is particularly important where additional equity funding might be required, in order to implement a strategy proposed by the AWS Board. Provisions in the AWG Investors' Agreement ensure that AWS directors will not take any action that would cause Anglian Water to breach either the terms of its Licence or any of the Company's obligations under the Water Industry Act.

The decisions requiring formal approval by the AWG Board include:

- material changes to the Company's strategy;
- material changes to the annual operating and capital expenditure budget;
- extension of the Company's activities into new business or geographic areas;
- any decision to cease to operate all or any material part of the Company's business;
- material changes relating to the Company's capital structure, including reduction of capital, share issues and share buy-backs;
- approval of accounting and treasury policy and practices;
- approval of procurement strategy for the award of new contracts by the Company, where the contract value (over the life of the contract) is expected to be in excess of £30 million;
- approval of remuneration policy;
- approval of the total pay received by each director;
- approval of director appointments;
- approval of the appointment of the Company's auditors; and
- agreeing to refer any matter (including any proposed Licence modification or Final Determination) to the CMA.

During the 2024/25 financial year, the following matters required approval by the AWG Board, under the terms of the governance matrix:

- the decision to request that Ofwat seek a redetermination of the Final Determination issued to the Company in December 2024;
- the appointment of new directors and changes to Committee membership;
- revised Committee terms of reference;
- remuneration matters, including the granting of new awards under the Deferred Bonus Plan, the vesting of awards under the Deferred Bonus Plan and the remuneration packages for the new Chief Executive Officer and Chief Financial Officer;
- a new pensions investment strategy;
- the procurement strategy for a number of high-value contracts; and
- the revised Treasury Policy.

Board composition

The Board is satisfied that the composition of the Board and its committees are such that there is an appropriate balance of skills, experience, independence and knowledge of the Company. The executive and non-executive directors are equal members of the Board and have collective responsibility for the Company's strategy and performance. As is explained above, independent non-executive directors make up the largest single group on the Board. The Board considers that the combination of executive and non-executive directors is such, that no individual or small group of individuals can dominate the Board's decision making.

The directors who held office during the year and up to the date of signing the financial statements were as follows:

Dr Ros Rivaz
Independent
Non-Executive Chair

Mark Thurston
Chief Executive Officer
(appointed 5 August 2024)

Michael Bradley
Chief Financial Officer
(appointed 28 November 2024)

Zarin Patel
Senior Independent
Non-Executive Director

Tony Bickerstaff
Independent
Non-Executive Director
(appointed 3 June 2025)

Kath Durrant
Independent
Non-Executive Director

Ian Funnell
Independent
Non-Executive Director
(appointed 2 August 2024)

Alistair Phillips-Davies
Independent
Non-Executive Director

John Barry
Non-Executive Director

Albena Vassileva
Non-Executive Director

Alex Nassuphis
Non-Executive Director

Batiste Ogier
Non-Executive Director

The following directors resigned from the Board during the year:

Tony Donnelly
Interim Chief Financial Officer
(resigned 27 November 2024)

Peter Simpson
Chief Executive Officer
(resigned 4 August 2024)

Natalie Ceeney
Independent Non-Executive Director
(resigned 12 June 2024)

Dame Polly Courtice
Senior Independent Non-Executive Director
(resigned 2 August 2024)

At the date of these financial statements, in addition to the Independent Chair Dr Ros Rivaz, there were five independent non-executive directors, two executive directors and four non-executive directors. None of the directors has a formally approved alternate.

The Company's Chair is also the Chair of the Company's ultimate parent company, AWG. The 2020 Code does not prohibit chairship of other companies in the group.

Dr Ros Rivaz is independent of investors and management and has no relationship with any of the Company's shareholders, except for her Chairship of AWG. None of the other situations listed in provision 2.3 of the 2020 Code, which might otherwise call into question independence, apply. The Board therefore considers Dr Rivaz to be independent in judgement and character, notwithstanding the existence of her other directorships. Until 30 September 2024, Dr Rivaz was a non-executive director of Computacenter plc, which in 2021, a subsidiary of which entered into a non-exclusive framework agreement with Anglian Water. However, the financial spend under the framework has not been material and Dr Rivaz did not have any direct or indirect involvement in the framework agreement whilst she was a director of Computacenter plc.

The independence of all the independent non-executive directors was considered by the Board at its meeting in January 2025. The Board concluded that all the independent non-executive directors remain independent of management and are not party to any business or other relationship that could materially interfere with the exercise of their independent judgement, in accordance with the 2020 Code.

Alistair Phillips-Davies is Chief Executive Officer of SSE plc (SSE). A subsidiary of SSE supplies electricity and gas to the Company. However, this relationship would only be a barrier to independence if it could be classed as 'material'.

When considering the independence of Alistair Phillips-Davies, the Board reviewed the details of the contracts in place, including their value and whether they could be considered material. The Board noted that all of the contracts were tendered and commenced prior to Alistair Phillips-Davies' appointment and concluded that Alistair Phillips-Davies remains independent. If a conflict did arise, it would be dealt with via the Board protocol for dealing with conflicts of interest, a copy of which can be found at: anglianwater.co.uk/governance.

The independence of Dame Polly Courtice was reviewed by the Board at its meeting in March 2024. Dame Polly was considered still to be independent, notwithstanding her nine-year term in office. The Company gave Ofwat advance notice of Dame Polly Courtice's continued appointment beyond her nine-year term in office and no concerns were raised by the economic regulator. Dame Polly Courtice resigned on 2 August 2024, on the appointment of Ian Funnell.

The Chair and each of the independent non-executive directors have letters of appointment with the Company rather than service contracts, which include the expected time commitment of the appointment. Copies of these letters can be found at anglianwater.co.uk/governance.

Where directors have concerns about the operation of the Board or the management of the Company that cannot be resolved, these would be recorded in the Board minutes, but no such concerns have been raised.

Board structure and effectiveness

Ofwat Principle: The Board of the Appointee and their committees are competent, well run and have sufficient independent membership, ensuring they can make high-quality decisions that address diverse customer and stakeholder needs.

It is the Company's policy that the roles of the Chair and Chief Executive Officer are separate, with their roles and responsibilities clearly divided. A document that clearly sets out the respective responsibilities of the Chair and the Chief Executive Officer (which was approved by the Board) can be found at anglianwater.co.uk/governance. The Chair's commitment to the Company and to its ultimate parent company is usually six to eight days per month. Her other significant commitments are disclosed in her biography. The Board considers that these commitments do not hinder her ability to discharge her responsibilities to the Company effectively.

During the year, Zarin Patel was the Senior Independent Non-Executive Director. A document setting out the role and duties of the Senior Independent Non-Executive Director has been agreed by the Board and can be found at anglianwater.co.uk/governance.

No director may vote on any contract or arrangement between the Company and any other Anglian Water group company if he/she is also a director of that Anglian Water group company. In accordance with the relevant provisions of the Companies Act 2006, all of the directors are required to disclose details of all conflicts of interest to the Board.

On appointment to the Board, all directors are required to declare all their interests; any new interests held by directors are considered at the start of each Board meeting and (where relevant) interests are declared prior to any substantive discussions. In addition, a further review of all directors' interests is undertaken annually.

The Board has approved a protocol for dealing with conflicts of interests, which is available at anglianwater.co.uk/governance.

Recommendations for appointments to the Board are made by the Nomination Committee. Appointments are made on merit and against objective criteria, with due regard to skills, knowledge, experience and diversity. There is an approved Board Diversity Policy, which is available at anglianwater.co.uk/governance. In addition, the Board Skills Matrix was refreshed. Non-executive appointees are required to meet with Ofwat prior to their appointment to the Board and are also required to demonstrate that they have sufficient time to devote to the role. The directors' key responsibilities are set out in the table overleaf.

Board committees

The Board has an Audit and Risk Committee, a Nomination Committee and a Remuneration Committee. Final decisions on issues considered by each of these committees are made by the Board; all decisions made during the year were unanimous.

Audit and Risk Committee

Details of the terms of reference of the Audit and Risk Committee, its membership and its activities during the year, are contained in the Audit and Risk Committee report. All members of the Audit and Risk Committee are independent non-executive directors. The Chair of the Audit and Risk Committee is Zarin Patel.

Nomination Committee

Details of the terms of reference of the Nomination Committee, its membership and its activities during the year, are contained in the Nomination Committee report. The majority of the members of the Nomination Committee are independent non-executive directors. The chair of the Nomination Committee is Dr Ros Rivaz.

Remuneration Committee

Details of the terms of reference of the Remuneration Committee, its membership, activities, the Company's remuneration policy and the remuneration paid to directors during the year are contained in the Remuneration Committee report. The majority of the members of the Remuneration Committee are independent. The chair of the Remuneration Committee is Kath Durrant.

The Board believes that committees have sufficient independent membership, to ensure that high-quality decisions can be made that best address diverse customer and stakeholder needs.

Board processes

The Chair is responsible for ensuring that directors receive timely, accurate and clear information. To ensure adequate time is available for Board discussion and to enable informed decision making, briefing papers are prepared and circulated to directors in the week prior to scheduled Board meetings. The structure of the Board paper template ensures that papers provide clarity to the Board around what the expected Board requirement was arising out of each paper, impacted risk areas, its link to the Company's long-term strategy and impacted stakeholders.

All non-executive directors are encouraged to make further enquiries, as they feel appropriate, of the executive directors and senior management. In addition, Board committees are provided with sufficient resources and the power to co-opt such additional support as they may require, from time to time, to undertake their duties. The Company Secretary is available to all directors and is responsible for the flow of information to the Board and advising the Board on corporate governance matters. This ensures compliance with Board procedures and applicable laws and regulations. The Board has responsibility for the appointment and removal of the Company Secretary.

During the year, the Chair held meetings with the independent non-executive directors, without the presence of the executive directors.

All new directors receive a thorough induction programme on appointment, which includes receiving a full background information pack, making visits to operational sites and receiving briefings from executive directors and senior managers. To ensure that there is a clear understanding of the responsibilities attached to being a non-executive director in the sector, all non-executive directors, including Ian Funnell and Tony Bickerstaff, attended a pre-appointment meeting with representatives from Ofwat.

The Company offers the directors in-house training, as necessary, to aid their professional development and awareness of business and sector-specific issues. The Company also offers to fund participation on externally-provided training courses. All directors are entitled to receive, at the Company's expense, independent professional advice, on any matters relating to their responsibilities as a director.

During the year the directors have visited a range of different business locations, including water treatment centres, water recycling centres and the proposed sites of the new reservoirs. These visits enable the directors to meet a range of employees and to update and maintain their knowledge of and familiarity with the Company's operations. In addition, four events were held during the year, covering subjects including Digital, Data and Technology; People; Fens and Lincolnshire Reservoirs and Flow. These event give the directors the opportunity to listen to presentations and engage with experts from around the business.

Information on the annual evaluation of the performance of the Board and the Chair can be found in the Nomination Committee report.

Board composition and roles

Independent Chair • Dr Ros Rivaz

Responsible for leading the Board and for its overall effectiveness in directing the Company. Ensuring Board members are aware of and understand the views of key stakeholders. Helps set the tone from the top, in terms of our Purpose, goals, vision and values — for the whole organisation. Responsible for ensuring that the directors receive accurate, timely and clear information.

Chief Executive Officer • Mark Thurston

Responsible for the leadership and day-to-day functioning of the Company, with a scope covering operations, asset management, customer services, human resources, corporate communications and legal.

Chief Financial Officer • Michael Bradley

Supports the Chief Executive Officer in developing and implementing strategy and in relation to the financial and operational performance of the Company. Responsible for regulatory compliance and information services within the Company.

Senior Independent Non-Executive Director • Zarin Patel

Responsible for providing a sounding board for the Chair and to serve as an intermediary for other directors, where necessary. Available to shareholders of the Company, if they have concerns that contact through the normal channels of Chair, Chief Executive Officer or other executive directors, has failed to resolve, or for which such contact is inappropriate.

Independent Non-Executive Directors • Kath Durrant • Tony Bickerstaff • Ian Funnell • Alistair Phillips-Davies

Responsible for bringing independence to the Board and its decision-making processes. They particularly provide constructive challenge and strategic guidance, offer specialist advice and hold management to account.

Non-Executive Directors • John Barry* • Alex Nassuphis • Batiste Ogier • Albena Vassileva

Responsible for providing constructive challenge to the Board's decision-making processes.

*Non-executive director responsible for engaging with the workforce.

Board diversity and skills

The Board has a diverse set of skills and backgrounds, which support the Company in the delivery of its long-term strategy. During the 2024/25 financial year, the Board developed a revised Board skills matrix, to support the appointment of additional independent non-executive directors.

The Nomination Committee has used the skills matrix to inform the recruitment process for new independent non-executive directors.

This exercise has allowed the Nomination Committee to consider whether future recruitment should focus on addressing these areas and/or whether upskilling present members of the Board would be a better solution. Further information on the skills and experience of the directors can be found in the directors' biographies. The skills matrix is regularly reviewed and updated as appropriate.

	Independent Chair	Executive Directors		Independent Non-Executive Directors					Non-Executive Directors			
Industry skills/knowledge in relation to Anglian Water – has direct experience of working in the following:	**Ros Rivaz**	**Mark Thurston**	**Michael Bradley**	**Tony Bickerstaff**	**Alistair Phillips-Davies**	**Kath Durrant**	**Ian Funnell**	**Zarin Patel**	**John Barry**	**Alex Nassuphis**	**Batiste Ogier**	**Albena Vassileva**
Infrastructure delivery/large capital programmes	●	●	●	●	●		●		●			●
Operational/manufacturing/engineering	●	●	●	●	●	●	●					
Digital technology/cyber	●	●	●	●	●	●	●	●		●	●	●
Supply chain and procurement	●	●	●	●	●	●	●	●				
Complex delivery models		●	●	●	●		●					
Environment, climate change, bioresources, CO_2 roadmap	●	●		●	●	●	●	●	●	●	●	●
Health and Safety	●	●			●	●	●	●				
Complex regulatory environments with multiple regulators	●	●	●	●	●		●	●	●	●	●	●
Financial governance and reporting at scale, including marrying of financials with performance		●	●	●	●			●	●	●	●	●
Proven Chair of Audit Risk and Assurance Committee				●	●			●	●			
Compliance, ethics, audit/assurance, membership of financial or relevant external bodies	●		●	●	●	●	●	●	●		●	●
Risk management from board through to execution in multiple sectors	●	●	●	●	●	●	●	●	●	●	●	●
Proven chair of Remuneration Committee	●	●			●	●	●	●	●			●
Customer behaviour and expectations	●	●			●	●	●	●	●			●
Setting strategic direction	●		●	●	●	●	●	●	●	●	●	●
Corporate governance	●	●	●	●	●	●	●	●	●	●	●	●

Board leadership and transparency

Ofwat Principle: The Board of the Appointee's leadership and approach to transparency and governance engenders trust in the Appointee and ensures accountability for their actions.

Board meetings

The Board held seven scheduled meetings during the year ended 31 March 2025. In addition, the Board held two further scheduled meetings between 31 March 2025 and the date of signing this report. With the exception of Zarin Patel who was unable to attend the meeting on 3 June 2025 all directors attended these meetings.

The Board received regular reports on business and financial performance, regulatory issues, health and safety performance, employee issues and the management of key business risks. The chairs of the Audit and Risk, Nomination and Remuneration committees also provided reports on matters discussed by those respective committees, since the previous Board meeting.

Board and Committee attendance

The attendance by individual directors at scheduled meetings of the Board and committees, during the year ended 31 March 2025, is shown in the table opposite. All decisions made by the Board during the year were unanimous.

During the year, nine other Board meetings were held, some at short notice, to consider different matters, including the appointment of the Chief Executive Officer and matters relating to the Business Plan for the period 2025 to 2030.

A further meeting of the Remuneration Committee was held on 3 June 2025 and a further meeting of the Audit and Risk Committee was held on 4 June 2025. Zarin Patel was unable to attend the Remuneration Committee meeting.

Board committees are authorised to engage the services of external advisors, as they deem necessary, in the furtherance of their duties, at the Company's expense.

Director	Board	Audit and Risk Committee	Nomination Committee	Remuneration Committee
Ros Rivaz**	7/7	4/4	6/6	7/7
John Barry	7/7	–	6/6	6/7
Michael Bradley*+	2/2	1/1	3/3	1/2
Kath Durrant	7/7	–	6/6	6/6
Ian Funnell+	4/4	3/3	3/3	4/4
Alex Nassuphis	7/7	–	6/6	7/7
Batiste Ogier	6/7	–	5/6	6/7
Zarin Patel	7/7	4/4	5/6	6/7
Alistair Phillips-Davies	7/7	3/3	4/6	4/7
Mark Thurston*+	4/4	2/2	3/3	2/4
Albena Vassileva	6/7	–	5/6	7/7

Former directors who served during the year	Board	Audit and Risk Committee	Nomination Committee	Remuneration Committee
Natalie Ceeney+	2/2	1/1	2/2	3/3
Polly Courtice+	2/3	1/1	1/3	2/3
Tony Donnelly*+	5/5	3/3	3/4	4/5
Peter Simpson*+	3/3	2/2	2/3	2/3

* Not a member of the committees, but attended by invitation.

** Not a member of the Audit and Risk Committee, but attended by invitation.

+ Denotes a director who joined/stepped down from the Board part way through the year. See page 132 for details of dates of appointment and resignation.

Risk management and internal control

Detailed disclosure regarding the Company's risk management approach, risk appetite and principal, as well as emerging risks, is included in the Strategic report. The Company also has in place systems and procedures for exercising control and managing risk – in respect of financial reporting – and the preparation of consolidated accounts. These include:

- The formulation and deployment of Company accounting policies and procedures.
- Policies governing the maintenance of accounting records, transaction reporting and key financial-control procedures.
- Monthly operational review meetings, which include, as necessary, reviews of internal financial reporting issues and financial control monitoring.
- Ongoing training and development of appropriately qualified and experienced financial reporting personnel.

For the year ended 31 March 2025, the Company's internal and financial controls included the following:

- An annual process – where business heads confirm the adequacy of the internal controls for their area of responsibility – and confirmation that financial risks and controls are appropriate, which is subsequently reviewed by the Audit and Risk Committee.
- A regular review by the Board of the Company's Principal Risks and the mitigations that are in place.
- A programme of internal-assurance visits, undertaken by our quality and systems team, which provide the business with assurance that our accredited quality management systems are supporting the delivery of key business objectives and Performance Commitments. The Company's Integrated Management System Framework Policy is published on our website.
- An internal audit programme – led by the Head of Internal Audit, with support provided by external specialists – takes into account the Company's Principal Risks as well as organisational objectives and priorities. Inputs include critical business processes and current areas of focus, legal and regulatory compliance requirements, events and incidents. During the year there is a comprehensive review of internal controls within each auditable area on the plan, the findings and recommendations of which are formally reported to and discussed at the Audit and Risk Committee.
- A detailed process of assurance in relation to the data submitted to Ofwat in our Annual Performance Report, which follows the approach set out in the Company's assurance framework and which includes review by an independent assurance provider where appropriate (and in accordance with the risk-based approach set out in our framework).

The Board, in conjunction with the Audit and Risk Committee, assessed the effectiveness of the risk management and internal controls in place across the Company – including in relation to whistleblowing procedures – and determined that the Company's systems had operated effectively throughout the year. Read more in the Audit and Risk Committee report.

Other disclosures

An explanation on the following can be found in the Strategic report:

- the Group's structure;
- dividend policy; and
- dividends paid.

The Remuneration Committee report explains the Company's executive pay policy and how the criteria for awarding short and long-term performance-related elements are substantially linked to stretching delivery for customers and are rigorously applied.

Compliance with the BLTG Principles and the 2020 Code

As detailed earlier in this report, the Board had incorporated the BLTG Principles (and its supporting provisions) into the 2020 Code. Therefore, by reporting against compliance with the 2020 Code, the Board is also reporting against compliance with the BLTG Principles. The Board confirms that it has complied with the 2020 Code throughout the 2024/25 financial year, with the following exception: Dame Polly Courtice reached the end of her nine-year term in office on 31 March 2024 and agreed to continue to serve on the Board, while the search for a replacement independent non-executive director was undertaken. Dame Polly Courtice resigned from the Board on 2 August 2024, on the appointment of Ian Funnell. The Company gave Ofwat advance notice of this non-compliance and no concerns were raised by the economic regulator.

This report was approved by the Board of Directors on 12 June 2025.

Claire Russell
Company Secretary
12 June 2025

Audit and Risk Committee report

Committee members

Chair
Zarin Patel

Members
Ian Funnell
Alistair Phillips-Davies

Meetings
4

Meetings also regularly attended by:

Chief Executive Officer; Chief Financial Officer; members of the Anglian Water Group Limited Audit and Risk Committee*; representatives of the external auditors; Group Financial Controller; AWS Finance Director; Head of Internal Audit; and Company Secretary

* members of the AWG Audit and Risk Committee include representatives from the Group's ultimate investors, who have significant infrastructure and utility experience. This experience gives greater strength and depth to Committee meeting discussions.

View the Audit and Risk Committee's terms of reference, the Anglian Water Services Corporate Governance Code and Whistleblowing Policy at **anglianwater.co.uk/governance**

Chair's letter

As Chair of the Audit and Risk Committee, I am pleased to present the Committee's report for the year ended 31 March 2025.

As I am retiring from the Board in October, this will be my last report. However, I am delighted that Tony Bickerstaff, who was formerly Chief Financial Officer at Cadent Gas Limited, has been appointed by the Board to replace me. Tony and I will work together over the coming months to ensure a smooth handover and Tony's extensive infrastructure investment experience will prove invaluable, as the Company moves into AMP8. In November 2024, Michael Bradley also joined the Company as Chief Financial Officer. Along with Mark Thurston, our new Chief Executive Officer, Michael has led a company-wide transformation programme to put us on a solid footing for what will be a challenging AMP.

This year has been particularly complex, with the publication of both the Draft Determination, the Final Determination and the decision by the Board to request that Ofwat refers the Company's Final Determination to the CMA. Following the publication of the Final Determination, both Moody's and S&P downgraded the Company's credit rating, reflecting the wider challenges facing the industry. The Committee and the wider Board have kept financing and liquidity risks under close review over the last year.

In advance of the new AMP, the Committee has been closely engaged in the Company's evolving approach to internal controls, risk management and developing its risk maturity. As well as this oversight, there are a number of high-profile specific risks the Committee keeps under regular review, which include cyber, IT disaster recovery and the planned roll-out of SAP S/4 HANA. In March 2025, the Board approved the updated Anglian Water Services Corporate Governance Code 2025 — and the new requirements around internal controls come into effect next year, with implementation plans already underway. The Committee continues to closely engage in the Company's internal audit programme, undertaking quarterly reviews. In March 2025, the Committee approved the 2025/26 Internal Audit Plan, which covers all principal risk areas and is aligned to the Company's organisational objectives and priorities.

The Board and the Committee know how important it is to our customers that we reduce spills and pollutions, therefore the Pollutions Incident Reduction Plan (PIRP) has been a priority for Board and Committee discussions. A number of internal audits have been carried out to assure storm overflow reporting and the Request for Investment process, as well as the transformation work detailed in the Strategic report, pages 3-120.

As independent non-executive directors, my fellow Committee members and I have no hesitation in seeking a full explanation from management or Deloitte LLP (the Company's external auditor), on any matter we feel necessary. I would like to extend my thanks to my Committee and Board colleagues for their work and support throughout my tenure on the Board as Committee Chair, and I know they will offer the same support to Tony going forward.

The following pages outline how the Committee has discharged the responsibilities delegated to it by the Board over the course of the year and the key topics it considered in doing so.

Zarin Patel
Audit and Risk Committee Chair

Membership and attendance

The Committee held four meetings during the year. The meeting attendance table is shown on page 134. The Committee Chair regularly holds separate one-to-one meetings with the Chief Financial Officer, senior members of the Finance team – including the Head of Internal Audit, the AWS Finance Director (who is responsible for risk management) and representatives from the Company's external auditor – outside the Committee's meetings, to better understand any issues or areas for concern. The Committee meets without management present and meets privately with the Head of Internal Audit and external auditor on a regular basis.

The Board believes Committee members have the necessary range of financial, risk, control, capital delivery and commercial expertise required, to provide effective challenge to management. All members of the Committee are considered to have competence relevant to the sector in which the Company operates. Zarin Patel is considered, by the Board, to have recent and relevant financial experience. Details of the Committee members' skills, experience and qualifications can be found in the biographies on pages 123-126. The Company Secretary is Secretary to the Audit and Risk Committee.

Summary of key Committee activities during the year

Financial reporting

- Reviewed the financial results for the year ended 31 March 2024 and interim results for the half-year ended 30 September 2024 (see below).
- Considered the Company's going concern and long-term viability statements.
- Considered key issues and areas of judgement, in relation to the financial statements as well as the integrity of the external audit process.
- Reviewed the mandatory TCFD disclosures (Taskforce for Climate-related Financial Disclosures) for inclusion in the Annual Integrated Report and considered proposed enhancements in respect of the 2025 disclosures.
- Approved changes to the accounting treatment of water infrastructure replacements and repairs.

External audit

- Agreed and kept under review the audit plan, including key audit risks and level of materiality applied by the external auditor, as well as agreeing the statutory audit fee.
- Considered audit reports from the external auditor on the financial statements and the areas of particular focus for the audit.
- Assessed the quality and effectiveness of the external auditor. Following this assessment, the Committee made a recommendation to the Board on the reappointment of Deloitte LLP as the external auditor for the financial year ended 31 March 2025.

Regulatory and legal disclosures

- Reviewed the integrity of key regulatory and legal statements and certificates, as required by the Company's Instrument of Appointment, the Water Industry Act, the Companies Act 2006 and Ofwat. This includes the statement as to disclosure of information to auditors; Ring-Fencing Certificate; Board statement on accuracy and completeness of data and information and the risk and compliance statement; and recommended their approval to the Board.

Risk and material control framework

- Considered updates on the Company's top tier risk register and management's proposals to update the Company's approach to risk management for AMP8.
- Following the introduction of the Financial Reporting Council's (FRC) 2024 Corporate Governance Code — and in advance of the adoption of the Anglian Water Services Limited Corporate Governance Code 2025 (2025 Code) — considered the work undertaken by management to ensure that the Company would be compliant with the 2025 Code. This included the work undertaken around material controls, risk and reviews of the FRC's Corporate Governance Code guidance.
- Conducted a review of the effectiveness of the internal control environment and the risk management framework, supported by the Annual Statement of Responsibility, as self-certified by management.
- Reviewed and supported the Company's approach to IT risk, including technical debt, cyber security and the roll-out of SAP S/4 HANA.

Internal audit and assurance

- Reviewed progress against the 2024/25 Internal Audit Plan and agreed the scope of the Plan for 2025/26.
- Where areas of improvement had been identified during the internal audit process, the Committee closely reviewed implementation of associated action plans.
- Received an update on the Global Internal Audit Standards and agreed that an external quality assessment against the Standards would be undertaken in the coming year.
- Approved changes to the Internal Audit Charter.

Other

- Monitored whistleblowing allegations and the associated investigations undertaken by management.
- Considered updates on developing compliance against the Economic Crime and Transparency Act.
- Considered actual and potential material litigation.
- Reviewed structure and forward agenda of the Committee, in advance of AMP8.

Review of financial statements and significant matters and judgements for the year ended 31 March 2025

The Committee reviews the financial statements of the Company and assesses whether suitable accounting policies have been adopted and whether management has made appropriate estimates and judgements. In order to assist with this review, the Committee requested that management present detailed papers, explaining and substantiating the basis for the Group's accounting policies and key areas of judgement and estimation. The Committee also recognises the importance of the views of the external auditor and consequently made enquiries, to ensure that suitably robust challenges and audit procedures had been performed on these judgements, during the course of the audit. There were no significant differences between management and the external auditor.

Management exercises judgement on the classification of certain items in preparing these financial statements. These items tend to relate to the judgements and accounting estimates management has to make in preparing the financial statements. Prior to the approval of the Annual Integrated Report, the Committee receives and considers a detailed paper prepared by management, covering the following issues and key areas of judgement. In conclusion, the Committee agrees with the accounting treatment and disclosure of these items in the Annual Integrated Report.

	Details of Committee review	Reference to financial statements
Critical Accounting Judgements	**Area of focus – Recognition of grants and contributions**	
	The Committee considered the rationale for recognising the income from grants and contributions as revenue, when new properties are connected to the network.	Notes 1(e), 2(a)iii
	Area of focus – Classification of costs between operating and capital expenditure	
	The Committee considered the policy for classifying operating and capital expenditure and the basis on which overheads are capitalised.	Notes 1(l) and (a)i
	Area of focus – Depreciation of property, plant and equipment	
	The Committee considered the range of asset lives applied, when calculating the depreciation charge. In addition, the Committee reviewed the assumptions applied to assets commissioned but still to be transferred out of Assets Under Construction. These assumptions also represent a key source of estimation uncertainty.	Notes 1(l), 2aii, 2biii and 11
Key sources of estimation uncertainty	**Area of focus – Retirement benefit obligations**	
	The Group operates a defined benefit pension scheme, which was closed to future accrual on 31 March 2018. The Committee reviews the key assumptions that underpin the actuarial valuation of the scheme, in accordance with International Accounting Standards (IAS) 19 'Employee benefits'.	Notes 1(w), 2(b)i and 19
	Area of focus - Level 3 derivative financial instruments	
	The Committee reviewed management's assumptions in relation to CPI swaps classified as Level 3 instruments to ensure the appropriate estimates have been made based on available information.	Note 2b
Other sources of estimation uncertainty	**Area of focus – Measured income accrual**	
	Estimating unbilled household income: the Committee reviewed the methodology and outcome of the estimate for measured income for the year ended 31 March 2025, which was consistent with that used in previous years. Measured income accrual is an estimation of the amount of mains water and water recycling charges unbilled at the end of the period and represents approximately 40.3% (2024: 39.9%) of measured household revenue. While the methodology for calculating this accrual is well established, judgement is required in terms of the level of customer consumption. Given the level of sensitivity to changes in assumptions, the Committee concluded this was not a key judgement or estimate.	Notes 1e, 2(c)ii and 4
	Area of focus – Bad debt provision	
	The Committee reviewed the assumptions underpinning the provision for bad debts and how this is consistent with recent debt-recovery experience, current conditions and estimates of future economic conditions. Management calculates the bad debt provision, by firstly evaluating the estimated recoverability of trade receivables. A provision is recorded, based on experience – primarily cash collection history – and then adjusts, as necessary, for forward-looking factors such as a change in economic conditions. In its forward-looking review, the Committee considered management's assessment of the potential impact of macroeconomic conditions – such as the cost-of-living crisis – on the bad debt charge, based on market data and a review of post year-end cash-collection rates. Given the level of sensitivity to changes in assumptions, the Committee concluded this was not a key judgement or estimate.	Notes 1(p), 2(c)i and 13
Specific consideration	**Area of focus – Climate Change**	
	The Committee reviewed the paper, prepared by management, setting out the actions taken by the Company to identify and mitigate risks arising from climate change, including via the Water Resources Management Plan, the Drainage and Wastewater Management Plan and the Business Plan for 2025-2030. The Committee also reviewed the updates that have been made to the Company's climate-related disclosures, following external feedback received.	See 'Our approach to the climate and nature crises' from page 75 and Note 2 of the financial statements for more information.

Going concern and viability statement

The Committee supported the Board in its assessment of both viability and going concern, by considering whether — in the challenging but plausible risk scenarios identified — the Company had adequate liquid resources to meet its obligations (as they fell due over the next 12 months) and to remain financially viable over the 10-year period to 31 March 2035. The Committee reviewed papers (presented by management) on its assessment of the Company's going concern and longer-term financial viability — based on budgets, business plans, cash-flow forecasts and stress testing three downside scenarios — based on the Company's principal risks and the current macroeconomic environment, including the potential impacts of adverse weather and cyber events. The Committee considered the appropriateness of the scenarios modelled and the feasibility of management to deliver any required mitigations and was satisfied that the going concern basis of preparation is appropriate. The Committee approved additional disclosure proposed by management in relation to liquidity risk, in the context of the latest guidance published by the FRC and the requirements for external financing in the period.

The Company's business model requires the continual refinancing of debt and — given the strong credit rating — it maintains the Committee does not have any specific concerns in relation to refinancing of facilities as they fall due. The Committee believes a period of at least 12 months is therefore appropriate in assessing going concern and does not see the need to extend this for any specific refinancing requirements. The Committee carefully considered the assumptions underpinning the viability statement, particularly the decision to refer the Final Determination to the CMA. The Committee was satisfied that the Company is financially viable over the duration of its assessment period for the reasons set out in the long-term viability statement.

Annual Integrated Report

At the request of the Board, the Committee considers whether, in its opinion, the AIR (taken as a whole) is fair, balanced and understandable and whether it provides the information necessary for shareholders to assess the Company's position, performance, business model and strategy. During the 2024/25 financial year, the Board and its Committees considered many components of business performance to ensure they had a full understanding of the operations of the company. Key matters considered by the Committee, including elements presented at Board meetings comprise:

- Board approval and assurance of key strategic documents, such as the Strategic Direction Statement and the Long Term Delivery Strategy.
- Considerable Board engagement and subsequent approval of the of Business Plan for the period 2025-2030, prior to its submission to Ofwat.
- Approval of the five-year and annual business plans.
- Receipt of monthly reports from the Chief Executive Officer covering key areas of business performance.
- Regular reviews of operational performance, financial forecasts alongside financial performance.
- Understanding the Company's key risks and associated mitigations.
- Reviewing, understanding and challenging the key judgements taken and estimates made.
- Ensuring an appropriate balance of Generally Accepted Accounting Principles (GAAP) and non-GAAP financial measures, reconciliations and rationale for using Alternative Performance Measures.
- Recognising the internal coordination and extensive review process of the Annual Integrated Report, which runs alongside the formal audit process run by Deloitte.

Through all of the above, alongside its monitoring of the effectiveness of the Company's controls, internal audit and risk management, the Committee maintains a good understanding of business performance, key areas of judgement and decision-making processes within the company. As a result, the Committee advised the Board that it considers the Annual Integrated Report to be fair, balanced and understandable.

Risk management, material internal control and internal audit

Risk management

Detailed disclosures regarding the Company's approach to maintaining a resilient business, risk management methodology, risk appetite and principal risks are included in the Strategic report, followed by an assessment of the future viability of the business. During the year, the Committee's terms of reference were updated to clarify the separate roles and responsibilities of the Board and the Committee, with regards to risk management. The Board has overall responsibility for setting the Company's risk appetite, approving the risk management policy, ensuring that there is an effective risk management framework in place and regularly reviewing the Company's principal risks.
The Committee will focus on ensuring that frameworks, processes and controls are working as intended by:

- Commissioning internal audit reviews, on both risks and controls, to ensure that the Board has a sufficient basis on which to make its annual declaration on the effectiveness of risk management and material controls.
- Overseeing the framework for assessing the effectiveness of internal control systems, in relation to material controls (including, but not limited to, approving the scope and prioritisation of the internal audit programme).
- Following approval by the Board of the Risk Management Policy, reviewing the effectiveness of the risk management framework and associated policies.
- Oversight of the management of the effectiveness of material controls in relation to a specific set of 'non-operational' risks (including undertaking deep dives as needed) including:
  a. financial risks (including fraud/bribery etc.);
  b. legal risks (including data protection and litigation); and
  c. IT risks (including cyber).
- Recommending actions that might be needed to improve the effectiveness of material controls, in relation to the above risks.
- Reporting to the Board on its discussions/conclusions.

The Committee reviews the effectiveness of the Company's risk management and internal control systems throughout the year, to ensure their effectiveness. This is achieved through a number of activities, as follows:

- During the year a Risk Committee was established as a sub-committee of the Executive Committee's Risk, Assurance and Disclosures Committee and is chaired by the AWS Finance Director. The Risk Committee meets monthly and oversees the identification, evaluation, managing, monitoring and reporting of risks.

- This year, leadership of risk management has undergone substantial change under the leadership of the AWS Finance Director, who has commissioned a detailed review of best practice, to ensure that risk management has strong foundations and is aligned to AMP8 — which will see significant growth in delivery and spend.
- Risks are managed using a comprehensive system of risk registers, which operate at a number of levels across the business.
- The Company's principal risks are regularly reviewed by the Board, Audit and Risk Committee and the Executive Committee. Throughout the year, the Board and Audit and Risk Committee receive presentations or papers from management, regarding the management of key risks.
- The Committee reviews and approves the risk-based internal audit plan each year, with regular meetings to assess progress and reprioritise audits (if necessary), to review the Head of Internal Audit's recommendations and to monitor progress in implementing those recommendations.
- The external auditor reports annually on the findings of its review of the internal control environment to the Committee.
- All control improvement recommendations are followed up by audits, the reports on which enable monitoring by the Committee.
- Each member of the Executive Committee is required to review and self-certify the adequacy of the internal control for their area of the business on an annual basis. The results of this review are presented to the Committee.
- An internal control system can provide reasonable, but not absolute, assurance against material misstatement or loss, as it is designed to manage rather than eliminate the risk of failure to achieve business objectives. The Committee is pleased to confirm that it was able to provide the Board with assurance that the Group's internal control systems and risk management processes are effective and operating as required.

Internal audit

The Internal Audit function is an integral and independent part of the Company's internal control framework. Since 2021, the provision of internal audit services has been undertaken by an internal audit team, with support provided by external specialists, as necessary. The work undertaken by the Internal Audit function provides key insights into the practices, processes, systems and controls of the Company. As such, the Internal Audit plan is approved, on an annual basis, at the March Committee meeting. The Head of Internal Audit then provides a detailed update on progress against the plan to the Committee, at least four times a year. This update provides insight into the results of the audits, including management plans in place to address any actions.

Each audit is rated, by reference to the materiality of any weaknesses in governance, risk management or internal control that have been identified in the process or system that is the subject of the audit. Specific actions are agreed with management, to address any weaknesses, together with a timetable for completion of actions. The Committee receives a summary of all completed audits. However, if an audit receives a classification other than 'satisfactory' or 'satisfactory with exceptions', the Committee receives the full audit report, reviews the associated actions, tracks progress and requests management to attend Committee meetings and address audit actions, where necessary. Over the 2024/25 financial year there were 27 individual internal audits carried out. The Committee considers the control environment to be effective, by virtue of the active contribution of the Committee to the development of the annual Internal Audit plan, the regular monitoring of progress against the plan and the implementation of recommendations for improvement and continued discussions with the Internal Audit function and comparison to best practice.

The Internal Audit plan for 2025/26 is aimed at providing depth and quality assurance, taking into account the principal risk and business areas; discussions with management; organisational objectives and priorities. Prior to approval by the Committee, the 2025/26 Internal Audit Plan was approved by the Risk, Assurance and Disclosure Committee (a sub-Committee of the Executive Committee). The 2025/26 Internal Audit plan includes 26 audits and can be flexed to take account of the transformation work currently underway in the business. A review will take place halfway through the financial year, to ensure it remains current and fit for purpose. Included in the plan are areas where significant expenditure occurs, as well as operational compliance work.

The 2024/25 Internal Audit plan consisted of internal audits that covered 10 out of 13 of Anglian Waters principal risk areas. The largest number of audits (41%) were rated as 'Satisfactory,' with 'Needs Improvement' ratings for 35% of the audit work.

The contrast in outcomes demonstrates the inconsistency of the strength of the control environment, as well as the Internal Audit plan being focused in the right areas with a clear variety of outcomes. The largest number of audits were undertaken in the environmental, legal and compliance risk areas.

A follow up piece of work on Health and Safety is planned for 2025/26 to ensure the prior recommendations have been fully embedded, to confirm progress in making a step change in our Health and Safety performance as part of Safer Every Day.

Audit work across both the 2024/25 and 2025/26 Internal Audit plans can grouped into the following focus areas:

- Operational performance, compliance and reporting;
- Compliance with laws and regulations;
- Key financial controls, including fraud effectiveness;
- Human Resource risks; and
- Technology and data.

This year, ahead of the next External Quality Assessment of Internal Audit, the Committee considered conformance with the new Global Internal Audit Standards and the UK Internal Audit Code of Practice and was pleased to note that we are broadly in line. We have an action plan to improve some areas, such as methodology, audit qualifications and team training and development, all of which will be in place this year.

Whistleblowing, anti-fraud and anti-bribery processes

Whistleblowing

The Company's Whistleblowing Policy and procedures were approved by the Board in January 2024. The Board has delegated responsibility to the Committee for reviewing the adequacy of the arrangements that are in place, to enable the Company's employees, alliance partners and contractors to raise concerns – in confidence – about possible wrongdoing.

The Committee is also responsible for ensuring that these arrangements support appropriate and independent investigation of such matters and that follow-up actions are undertaken, where necessary. The Group has a whistleblowing process, whereby an individual can, in confidence, raise a concern relating to any wrongdoing or malpractice which may have an impact on Anglian Water's business, such as: a criminal offence (e.g. fraud or bribery); a failure to comply with any legal obligations; a miscarriage of justice; danger to the health and safety of an individual or the public; and damage to the environment. Under the policy, individuals are encouraged to raise their concerns with line management or, if this is inappropriate, to raise them with the externally facilitated helpline or confidential email address, which are managed by an independent provider, SeeHearSpeakUp.

The independent provider maintains a register of all allegations made to the helpline and – following receipt of an allegation – will notify the Group Legal Director, Group People Director, Group Financial Controller, Head of Employee Relations and Head of Internal Audit (or other nominated persons, where those representatives are inappropriate) to decide whether there are grounds for further investigation.

If further investigation is warranted, allegations are then escalated to an appropriate designated person for investigation. Under the policy, the whistleblower must be notified within 10 days of the decision to carry out an investigation, or not. An official written record will be kept regarding each stage of the procedure. Wherever possible, the individual's identity will remain confidential. However, it is inevitable that in certain circumstances, to investigate the matter properly and effectively, the source of the information may have to be revealed. Should this be the case, the individual will be told prior to their name being released and will be offered advice and support.

Employees are regularly reminded about how they can raise a whistleblowing concern. All whistleblowing allegations and the subsequent investigation and conclusion are reported to the Committee.

Anti-fraud and anti-bribery

The Company has policies in place to address the risk of bribery and failure to prevent criminal facilitation of tax evasion. It sets out mandatory standards of conduct in relation to the acceptance of gifts and corporate hospitality.

All employees must comply with these policies and the Bribery Act 2010. Employees are required to complete training on these policies. An annual review of compliance against these policies and processes is undertaken. Any allegation of fraud or bribery that was raised through the whistleblowing system, would be investigated and reported to the Committee, via the process described above.

Ahead of the introduction of the Economic Crime and Corporate Transparency Act 2023, an internal audit was undertaken to assess how the Company was managing fraud risk and a new Anti-Fraud Policy was approved by the Board. Following the audit, PwC's specialist fraud team supported the completion of a fraud risk assessment. Following this assessment, controls were captured in the Company's risk and control monitoring system, with controls coverage being in place for all high risks. In advance of the 1 September 2025 effective date, the Company is developing a fraud prevention plan and will undertake an annual review, with the relevant control owners, to ensure all risks are still being appropriately mitigated.

External auditor quality and independence

The Committee has primary responsibility for overseeing the relationship with Deloitte LLP, the external auditor — including assessing its performance and audit quality, independence and effectiveness and making a recommendation to the Board in respect of the auditor's appointment or removal. Deloitte was awarded the contract for external audit services in September 2016, following a competitive tender process. Following a tender process during 2021/22, the Committee recommended to the Board that Deloitte be reappointed as external auditor, on a four-year contract, to commence from September 2023, with the option for four, successive one-year extensions.

The Committee considered the quality, effectiveness and objectivity of the external auditors through the review of all reports provided, regular contact and dialogue — both during Committee meetings and separately without management. The Committee also considered the firm's Audit Quality Indicators such as the experience of the audit team and their sector and listed company experience, reviewing FRC's Audit Quality Inspections, ICAEW reviews and firm-wide quality management systems. The Committee was satisfied that, taken together, Deloitte had performed their audit effectively, efficiently and to a high quality.

There are two main ways in which the Committee assesses the independence of the external auditor. Firstly, the Committee takes into account the information provided by Deloitte (as part of the statutory audit process), that the audit engagement team and others in the firm (as appropriate) are independent of the Company. In addition, Deloitte confirmed that it had not identified any relationships with the Company, directors, senior management and affiliates that Deloitte considers may be reasonably thought to bear on its objectivity and independence. The audit engagement partner also rotates every five years. Kate Hadley has held the position of audit engagement partner since 2021 and will serve for a maximum of five audit cycles. Ms Hadley has extensive water and wider-sector experience. Secondly, the Committee recognises that a key factor that may impair the external auditor's independence and objectivity, is a lack of control over the volume/value of non-audit services. The fees paid during the year, in respect of non-audit services, largely related to non-audit-related assurance services. However, if the external auditor were to provide other non-audit services, they would need to comply with the policy for fees on non-audit work carried out by the external auditor, as approved by the Committee. Any request to use the external auditor to carry out non-audit work must be authorised by both the Chief Financial Officer and the Committee Chair. In addition, there is a limit on the level of fee that could be paid to the external auditor for non-audit work. Under the policy on fees for non-audit services, only work permitted by the FRC's 'whitelist' may be undertaken by the external auditors. And the level of non-audit fees is restricted to 70%, or less, of the average of the previous three years' audit fees.

The fees paid to the external auditor during the year are set out in Note 5 to the Financial statements. Audit-related assurance services predominantly relate to regulatory reporting to Ofwat, review of the Group's half-year results and other agreed-upon procedures throughout the year.

Taking into account the findings, in relation to the effectiveness of the audit process and in relation to the independence of Deloitte, the Committee was satisfied that Deloitte continues to be independent and free from any conflicting interest with the Company.

The Committee confirms that for the year ended 31 March 2025, it has complied with the Audit and Risk Committees and the External Audit Minimum Standard (the Standard). The Committee, in conducting its recent audit tender in 2023, disclosed the criteria in the 2023 Committee Chair's report. Elsewhere in this report, we have explained how significant issues and accounting policies are considered, how independence and objectivity is assessed and how audit quality is actively monitored.

The FRC carried out an Audit Quality Review of Deloitte's audit of the Company for the year ended 31 March 2024 and discussed the detailed findings with the Committee Chair. Deloitte received a compliant Grade 2 result, with no key findings identified and the findings and the resultant impact on the 2025/26 audit plan was discussed at the March 2025 Committee meeting.

Forward agenda

We have an annual plan for the Audit and Risk Committee agenda, with elements relating to deeper reviews on certain risk areas carried out on a two-year cadence. The Committee will continue to build on what we did over the 2024/25 financial year and to carry out our responsibilities as set out in the terms of reference.

The Committee will continue to monitor emerging and maturing risks, in particular risks in delivering the infrastructure investment in the Business Plan, asset health, health and safety, compliance with regulations, laws and permits, global supply chain and resource availability, cyber security and data privacy.

The Committee will continue to develop our internal controls framework and monitor progress of the internal controls project ahead of our compliance date of March 2027. The Committee will ensure that the Company develops its audit and assurance policy, which provides a framework as to how the Company is obtaining assurance on reporting, beyond that required by the statutory external audit.

We will continue to monitor and build our fraud policy and conduct an annual fraud-effectiveness review across the business.

The Committee will continue to review the progress and delivery of major projects, including the roll out of SAP 4/HANA, the Strategic Pipeline Alliance and the reservoirs. We are refreshing our ongoing embedded assurance within major strategic projects to report back to the Board and Committee on key risk themes.

The Committee will continue to review the development of the data protection framework and data compliance programme across the business and carry out a regular review of the responsible AI governance framework, ensuring it remains appropriate, as our understanding of AI continues to evolve.

The Committee will continue to review and assess the internal audit plan – to ensure it is aligned to the principal risks of the business – and will undertake an External Quality Assessment in December 2025.

Role of the Committee

The Committee's roles and responsibilities are covered in its terms of reference, which are available at anglianwater.co.uk/governance. During the year, the Board and Committee undertook a review of the Committee's Terms of Reference to ensure alignment with the upcoming changes to the Corporate Governance Code. The Board approved the updated terms of reference in August 2024. The principal role of the Committee is to examine matters relating to the financial affairs of the Company and to provide effective oversight and governance of the Company's internal control and risk management processes, which exist to identify, assess, mitigate and manage risk. Internal audit supports the Committee in evaluating the design and effectiveness of internal controls and risk mitigation strategies, implemented by management.

The Committee's primary functions are to:

- Monitor the integrity of the financial statements, including significant financial reporting issues and the significant accounting judgements and estimates they contain.
- Review the annual and interim results and (where requested by the Board) review the content of the Annual Integrated Report as a whole, including the mandatory disclosures on the Taskforce for Climate-related Financial Disclosures (TCFD).
- Consider the appropriateness of the going concern assumption.
- Review the Annual Performance Report, to ensure it is fair, balanced and understandable, as well as reviewing significant financial returns to regulators and associated covenant certificates.
- Review and approve the statement concerning internal control and viability, to be included in the Annual Integrated Report.
- Oversee the framework for assessing the effectiveness of internal control systems, in relation to material controls.
- Review both the Company's procedures for detecting fraud and the Company's systems and controls for the prevention of bribery. And receive reports arising from the whistleblowing process.
- Following approval by the Board of the Risk Management Policy, review the effectiveness of the risk management framework and associated policies.
- Oversee the effectiveness of material controls, including financial risks, legal risks, IT risks, reporting and reputational risks.
- Develop and keep under review the Audit and Assurance Policy.
- Monitor and review the effectiveness of the Internal Audit function and review the actions taken by management to implement the recommendations made by the Internal Audit function.
- Oversee the relationship with the external auditor, monitor the independence and objectivity of the external auditor and consider the effectiveness and quality of the audit process.
- Review and approve the annual internal and external audit plan.
- Work with the AWG Audit and Risk Committee to consider and make recommendations in relation to the appointment, re-appointment or removal of the Company's external auditor.
- Monitor the provision of non-audit services by the external auditor.

Committee performance and effectiveness

An external Board and Committee effectiveness evaluation was undertaken during the year. The review considered that the Committee was operating effectively, considering the extensive size of its remit. Consideration will be given to increasing the time available for the Committee's work. More information on the evaluation can be found on page 146 of the Nomination Committee report.

This report was approved by the Board of Directors on 12 June 2025.

Zarin Patel
Audit and Risk Committee Chair
12 June 2025

Nomination Committee report

Committee members

Chair
Dr Ros Rivaz

Members
John Barry
Kath Durrant
Ian Funnell
Alex Nassuphis
Batiste Ogier
Zarin Patel
Alistair Phillips-Davies
Albena Vassileva

Meetings
6

Meetings also regularly attended by:

Chief Executive Officer, Group People Director and the Company Secretary

Chair's letter

Once again, the Committee has had a busy year, overseeing several Board changes as we move into a new AMP, including both executive and non-executive director appointments.

Executive directors

Following the announcement by Peter Simpson of his intention to retire, the Committee commenced the search for a new Chief Executive. After a thorough search and selection process, we announced the appointment of Mark Thurston in May 2024 and Mark was appointed as Chief Executive on 5 August, following a through handover from Peter. Following Mark's appointment, the Committee turned its attention to finding an equally high-calibre Chief Financial Officer (following Tony Donnelly's decision to retire in November 2025) and I was delighted when Michael Bradley joined the Board in November 2025. I am thoroughly enjoying working with both Mark and Michael and support the change they are bringing to the organisation.

Independent non-executive directors

During the year, the Committee continued its search for two additional independent non-executive directors. In August 2024, Ian Funnell joined the Board and he is already providing invaluable input to Board discussions. In June 2025, Tony Bickerstaff was appointed and he will replace Zarin Patel as Chair of the Audit and Risk Committee in due course. Zarin's wise counsel will be missed, but she is already working closely with Tony to ensure a seamless transition.

Two of our long-serving independent non-executive directors – Natalie Ceeney and Dame Polly Courtice – stepped down during the year. My deepest thanks goes to both of them. Natalie was instrumental in helping to improve the rigour around our remuneration decisions, particularly in the light of Ofwat's guidance regarding executive remuneration. Dame Polly provided first-class sustainability leadership throughout her time on the Board.

Workforce

As a Committee, we continue to take a close interest in succession for both the Board and Executive Committee and are pleased to note the extensive career and personal development opportunities that are offered across the organisation. I have personally enjoyed meeting many people across the business over the last year at multiple site and office visits and I was particularly inspired to meet employees at the launch of Safer Every Day in March.

Board evaluation

I consider Board evaluation to be an essential part of good corporate governance and this year we undertook an external evaluation, with invaluable input from both current and previous directors.

Dr Ros Rivaz
Nomination Committee Chair

Changes to the Committee

24 April 2024
Kath Durrant was appointed as a member of the Committee.

12 June 2024
Natalie Ceeney resigned as a member of the Committee.

2 August 2024
Polly Courtice resigned and Ian Funnell was appointed as a member of the Committee.

Available to view on our website:

- Nomination Committee terms of reference
- Board Diversity Policy
- Gender and Ethnicity Pay Gap Report

Role of the Committee

The Committee's primary function is to advise the Board, in relation to the appointment of executive and non-executive directors.

The duties of the Committee include:

- Reviewing the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board and making recommendations to the Board, with regard to any changes.
- Giving full consideration to succession planning for directors and other senior executives, taking into account the challenges and opportunities facing the company, how to support the development of a diverse pipeline of talent and the skills and expertise needed on the Board in future.
- Keeping under review the leadership needs of the organisation, both executive and non-executive, with a view to ensuring its continued ability to operate effectively in the marketplace.
- Taking responsibility for identifying and nominating, for the approval of the Board, candidates to fill Board vacancies, as and when they arise.
- Before any appointment is made, evaluating the balance of skills, knowledge, experience and diversity on the Board and (in light of this evaluation) preparing a description of the role and capabilities required for a particular appointment.
- Reviewing the results of the Board performance evaluation process that relate to the composition of the Board.
- Making recommendations to the Board concerning succession plans for both executive and independent non-executive directors.

Only members of the Committee have the right to attend Committee meetings.

Main activities in the year

Board and Committee changes

During the year (and up to the date of this report), the Committee considered a number of changes to the membership of the Board and committees. The Committee recommended to the Board that the following appointments should be made:

- Kath Durrant should be appointed as a member of the Nomination Committee, with effect from 24 April 2024 and as Chair of the Remuneration Committee with effect from 11 June 2024;
- Ian Funnell should be appointed as an independent non-executive director and as a member of the Audit and Risk, Nomination and Remuneration Committees with effect from 2 August 2024;
- Alistair Phillips-Davies should be appointed as a member of the Audit and Risk Committee, with effect from 2 August 2024;
- Mark Thurston should be appointed as Chief Executive Officer, with effect from 5 August 2024, to replace Peter Simpson;
- Michael Bradley should be appointed as Chief Financial Officer, with effect from 28 November 2024, to replace Tony Donnelly; and
- Tony Bickerstaff should be appointed as an independent non-executive director with effect from 3 June 2025.

Independent non-executive director search and selection

As reported in last year's report, given the tenure of the longer-serving directors and recent Board changes, during the 2023/24 financial year the Committee commenced a search and selection process to find three additional independent non-executive directors. Kath Durrant was appointed to the Board as an independent non-executive director, with effect from 26 March 2024.

On Ms Durrant's appointment, the Committee reviewed the Board skills matrix prior to continuing the search. The Committee identified that, ideally, one of the candidates would have capital programme and asset management experience, with the final candidate ideally having the capability to replace Ms Patel as Chair of the Audit and Risk Committee. After a formal process, Korn Ferry — a global organisational consulting firm — was appointed to support the Committee with the search and selection process for both independent non-executive directors. (Korn Ferry does not have any other connection with the Company, or individual directors, other than supporting the recruitment of Board directors and senior management appointments.) A sub-committee interviewed a number of potential candidates and on completion of these interviews, the sub-committee reported back to the Committee. Following the Committee's recommendation, the Board approved the appointment of Ian Funnell as an independent non-executive director to the Board, with effect from 2 August 2024. Ian Funnell brings extensive experience in both executive and non-executive roles with a strong background in the delivery of major infrastructure projects. On Mr Funnell's appointment, the Committee paused the search for a third Independent Non-Executive Director in order to conclude the appointment of a new Chief Financial Officer (see below).

On Mr Bradley's appointment, the Committee re-visited the role specification, which set out the essential and desirable areas of experience for the role. In particular, it was considered essential that the candidate must have current or former experience as a Chief Financial Officer. The Committee considered a long list of candidates before narrowing this to a short list of candidates, who were interviewed by members of the Committee. On completion of the interview process, the Committee unanimously recommended that Tony Bickerstaff be appointed as an independent non-executive director, with effect from 3 June 2025. Tony Bickerstaff was, until recently, the Chief Financial Officer of Cadent Gas Limited, with a strong background in infrastructure and the broader utilities sector. It is expected that Tony Bickerstaff will replace Zarin Patel as Chair of the Audit and Risk Committee later in 2025 and a thorough handover process is already underway.

All independent non-executive directors are appointed for a fixed term of three years. The fixed term can be renewed and (consistent with best practice) would not be extended beyond nine years, save in exceptional circumstances.

Executive director search and selection

On 31 October 2023, the Company announced that Peter Simpson, Chief Executive, intended to retire. The Committee commenced the process for the recruitment of Peter Simpson's successor, by developing key selection criteria. The Committee appointed Korn Ferry to support the recruitment process. A sub-committee, consisting of the Chair, Senior Independent Non-Executive Director and two non-executive directors interviewed potential candidates. The sub-committee regularly reported to the Committee and to the Board. On conclusion of the selection process, the Committee recommended to the Board that Mark Thurston be appointed as Peter Simpson's successor. The Committee considered that Mark Thurston's substantial experience across major infrastructure, with a focus on health and safety, made him well placed to lead the Company into AMP8. The Board supported the view of the Committee and on 20 May 2024, announced Mark Thurston's appointment.

Mr Thurston joined the Company on 1 July 2024 and was appointed to the Board on 5 August 2024, at which point he succeeded Peter Simpson as Chief Executive Officer.

On 3 August 2023, the Company announced that Steve Buck – Chief Financial Officer – had resigned. After completing a handover, Steve Buck left the business on 23 November 2023 and he was replaced in the interim by Tony Donnelly, who had been Managing Director of Anglian Venture Holdings for over a decade. While the search process was ongoing for the new Chief Executive Officer, the Committee paused the search for a new Chief Financial Officer in order to ensure that the appointments offered complementary skills. Following the decision to appoint Mark Thurston as Chief Executive, the Committee re-commenced the search for a Chief Financial Officer, supported by Egon Zehnder. Initially, the Committee reviewed and inputted into the job specification and the long list of candidates. Members of the Committee then conducted interviews with the potential candidates, along with the Mr Thurston. On conclusion of the process, the Committee recommended to the Board that Michael Bradley be appointed as Chief Financial Officer. Mr Bradley joined the Board and was appointed as Chief Financial Officer on 28 November 2024.

Inclusion

The Committee recognises that inclusion is vital to Anglian Water's success and as such, takes a keen interest in the Company's approach on this matter. The Company's inclusion approach aims to ensure that Anglian Water is an inclusive place to work, where everyone feels valued. The Committee considered updates on inclusion at its meetings in both April 2024 and March 2025. This provided an opportunity for the Committee to understand the diversity across the upcoming graduate and apprentice intake. In addition, in 2026, there are plans to offer a proactive and structured work experience programme — linked to the Company's strength-in-diversity approach — to target talent in socially deprived areas. This programme will also support the Company's Purpose, to create social prosperity in region. The Committee also considered the AMP8 Inclusion Strategy, which has the objective "To drive high performance, by creating an environment where everyone is welcomed, valued for who they are and supported to do their best at work". This strategy aims to continue our AMP7 progress by:

- improving our data, so we can understand how best to support our people and track our progress;
- building the diversity of our workforce, to attract talent and reflect the region we serve; and
- supporting and celebrating our people, through our values-led culture.

There is a Board Diversity Policy, which is available at anglianwater.co.uk/governance.

This policy sets out Anglian Water's approach to diversity, which will inform the composition and recruitment of members of the Board. The Board will strive as a minimum to have a Board, which:

- Comprises at least 40% women.
- At least one of the Chair, Chief Executive, Chief Financial Officer or Senior Independent Director will be a woman.
- At least one member of the Board will be from an ethnic minority background.

Pursuant to this policy, the Company makes the following disclosures. As at 31 March 2025:

- 36% of the directors were female. Of the independent non-executive directors appointed by the Company, 60% were female. Four of the directors were appointed by the Company's ultimate investors, one of whom is female;
- Both the Chair and the Senior Independent Non-Executive Director are female; and
- One director is from a minority ethnic background.

Since 31 March 2025, the Board has appointed Tony Bickerstaff as an additional independent non-executive director. This means that as at the date of this report:

- 33% of the directors were female. Of the independent non-executive directors appointed by the Company, 50% are female.

All the remaining data detailed above remains unchanged at the date of signing this report.

As at 31 March 2025, the gender balance of the Executive Committee and those employees who directly reported into executive members is detailed below:

Executive Committee

Male: 62%

Female: 38%

Senior Management

Male: 46%

Female: 54%

Succession planning

An important role of the Committee is to review the development, succession planning and talent pool for the Board, Executive Committee and other senior roles, to identify both talent strengths and gaps.

During the year, the Committee undertook a review of the succession plans for each of the Executive Committee members, including the recently appointed Chief Executive and Chief Financial Officer. The Committee also considered the Company's approach to the retention of talented individuals, through its different development opportunities and talent programmes.

The Committee has opportunities to engage with those individuals who are part of the succession plan at Board meetings, information sessions and site visits.

Board and committee evaluation

The Board considers the annual review of the Board, its committees and directors, to be an essential part of good corporate governance. Under the terms of the 2020 Code, an external evaluation would normally have taken place during the 2023/24 financial year. However, in the light of the considerable Board changes that had taken place in that period, the Board decided to postpone the external Board and committee evaluation to the 2024/25 financial year. By delaying the external evaluation, the Board believed it would achieve valuable insight from new Board members, as they would have more opportunity to learn about the organisation and the Board. The Company Secretary wrote to Ofwat, advising the regulator of the proposal to delay the external evaluation and no objections were raised.

In advance of the external evaluation taking place, a thorough tender process was undertaken. Proposals were sought from a number of different external evaluation providers. After a review of the proposals, the Board resolved to appoint Christopher Saul from Christopher Saul Associates to facilitate the external evaluation. Christopher Saul Associates has no other connection to Anglian Water.

Initially, Mr Saul, on behalf of Christopher Saul Associates, conducted one-to-one interviews with a number of recently departed directors, including former independent non-executive directors, directors who had represented the Company's ultimate investors and the former Chief Executive and Chief Financial Officer. Then, in Autumn 2024, he interviewed each current director as well as attending Board and committee meetings as an observer. The review covered the organisation's preparedness for the business planning process for the period 2025-2030, operational challenges, reputation, risk management, board meeting structure, succession planning and the committee processes. Mr Saul collated and analysed the results of his interviews and prepared a report, which he presented to the Board in January 2025 for consideration.

Overall, Mr Saul concluded that the Board was operating effectively, being well led and professional in operation. Equally, each of the Board committees were also working effectively and were appropriately integrated into overall Board processes. At the same time Mr Saul encouraged the Board to reflect on some areas, where changes could be made to enhance further the performance of the Board and its committees.

These included:

- considering the scope for making structural changes, including potentially constituting new Board committees;
- to review whether there is the scope to incorporate additional skills into Board and Committee discussions; and
- reviewing the structure of Board agendas and the length and shape of papers.

Separately, the non-executive directors – under the leadership of the Senior Independent Non-Executive Director and with input from the executive directors – conducted an evaluation of the performance of the Chair, which gave valuable insight to the Chair, to help her in the effective running of the Board to deliver the Group's strategic objectives.

All business discussed by the Committee during the course of the year was reported to the Board.

This report was approved by the Board of Directors and signed on their behalf by

Dr Ros Rivaz
Chair of the Nomination Committee
12 June 2025

Remuneration Committee report: Chair's statement

Section contents

Committee members

Chair
Kath Durrant

Members

Albena Vassileva, Alex Nassuphis, Alistair Phillips-Davies, Batiste Ogier, Ian Funnell, John Barry, Zarin Patel.

Meetings
7

Meetings also regularly attended by:

Peter Simpson (until August 2024), Chief Executive Officer; Mark Thurston (from August 2024), Chief Executive Officer; Tony Donnelly (until November 2024), Interim Chief Financial Officer; Michael Bradley (from November 2024), Chief Financial Officer; Amanda Bridger, People Director; Claire Russell, Company Secretary; David Williamson (from August 2024), Group Remuneration and Governance Manager, and John Lee, FIT Remuneration Consultant.

Neither members nor attendees join meetings when their own remuneration is being discussed.

During the year the Board appointed Mark Thurston as Chief Executive and Michael Bradley as Chief Financial Officer following the retirements of Peter Simpson and Tony Donnelly. We thank them both for their service over many years. It is clear that the coming AMPs will require both improvements in operational service delivery and the design and execution of significant infrastructure projects. That's why this year we have developed a new remuneration framework. We consider it unfortunate and disappointing that new regulations make it all the more difficult for us to recognise the scale of improvements to be achieved when rewarding the performance of our directors.

Kath Durrant

I welcome the opportunity to share the Remuneration Committee report for 2024/25. This is my first year as Remuneration Committee Chair, having been appointed as a member of the Committee in March 2024. On behalf of the Committee, I thank my predecessor, Natalie Ceeney, for her work and for support during my handover. I am pleased to provide an overview of both Executive Director and wider workforce remuneration for the financial year ended 31 March 2025.

I will highlight and detail how our performance as a company in 2024/25 has affected remuneration outcomes, and how we are actively addressing regulator and wider stakeholder expectations in our approach to executive pay. This approach must ultimately be for the benefit of our customers, colleagues, communities, shareholders and the environment alike, and the data throughout will explain how the targets used for variable pay measures are stretching.

Executive pay remains firmly in the spotlight across the water sector, with pollution incidents continuing to dominate media headlines. This in turn has kept the question of 'why are bonuses paid at all?' at the forefront of stories, on what seems a weekly basis. This report demonstrates that we are listening. However, it is imperative that we remain competitive in our offering(s), to be able to retain and attract the best talent at all levels of the organisation – and not least in the leadership of our business. A competent and motivated team is required to solve the problems we have today and develop the infrastructure future generations will rely on as climate change and population growth continue to affect both capacity and service stability.

We consider it unfortunate and disappointing that new legislation makes it all the more difficult for us to recognise the scale of improvements to be achieved when considering the performance of our directors. While sympathetic to the objectives of The Water (Special Measures) Act and associated regulations proposed by Ofwat, we believe it would have been more effective if they had further enabled a focus on rewarding improvement in the performance of companies on key matters such as pollutions. It is clear that, even with maximum focus, dedicated leadership, and additional funding, the infrastructure improvements we (and other companies in the sector) will make over the next AMP will not enable zero pollutions to be achieved in the near-term, and consequently the company will remain exposed to the risk of prosecution. Nonetheless, we shall clearly comply with all the regulations.

During the year we welcomed both a new Chief Executive, Mark Thurston, and new Chief Financial Officer, Michael Bradley.

Mark joined us on 1 July 2024, becoming Chief Executive on 5 August 2024, replacing Peter Simpson who stepped down from the Board at that time. In his previous roles, Mark has delivered major engineering and infrastructure projects, most recently as Chief Executive of the HS2 high speed rail programme. Before that, he led programmes including London's Crossrail and much of the infrastructure for the highly successful London Olympics. He has a passion for the environment and customers that is perfectly aligned with our Purpose. The scale of the work Mark has delivered over his career makes him ideal to lead Anglian Water through the largest infrastructure programme in our history, securing safe, clean water for our customers and enhancing the environment for generations to come.

Appropriately, for an organisation that invests so much in developing our people, Mark began his career as a technician apprentice on the London Underground and progressed through hands on technical delivery roles whilst developing strong professional accreditations.

Michael joined us on 18 November 2024, being appointed to the Board on 26 November as Chief Financial Officer succeeding Tony Donnelly who had been our Interim Chief Financial Officer. Michael joined us from EG Group where he led the Finance team, supporting a global business with over 50,000 employees and successfully navigated EG Group through a complex financial restructuring. He has previously worked at HS2, Defence Equipment and Support (DE&S), Enterprise and Alstom Transport. Michael has many years of experience operating at Board level, supporting companies in both the public and private sectors, where he has led Finance, IT and business-wide transformation in large, complex organisations.

I would like to thank both Peter Simpson and Tony Donnelly for their significant contributions of service to Anglian Water's customers, people and the environment which it serves.

Peter served the company for 35 years, having joined in September 1989 as a Graduate Trainee and working his way to the very top of the organisation. Tony has also been with the group for over 20 years and before his tenure as Interim Chief Financial Officer was instrumental in growing our commercial and non-appointed businesses. Speaking on behalf of all colleagues in the business and the Board, we wish them well in their respective retirements.

Our year in retrospect

This has been another challenging year for Anglian Water, and the industry as a whole.

Wetter months and intense storms have increased across the AMP and now appear to be the norm rather than the exception. These factors undoubtedly impacted our operational resources. Our ageing infrastructure struggles to cope with flooding, which can subsequently lead to storm overflow spills and, in the worst cases, pollutions. Our region is prone to both drought and flooding. Our topography is largely flat, with 28% of land low lying, and with a highly dispersed customer and agricultural base. Because of this, we rely on significantly more pipes and pumps than the standard water company to both distribute water and sewage and create the necessary pressure in the system. The region has a shrink and swell soil characteristic that adversely affects underground infrastructure, fracturing pipes and impacting pumps. As that infrastructure has aged and as asset maintenance allowances have been insufficient, the last five years (AMP7) have seen our performance fall from that of an industry leading company to a lagging company. Our submission to the Competition and Markets Authority (CMA) regarding AMP8 reflects our absolute determination to return to an industry-leading performance and deliver for our growing region.

A reduction in pollution incidents remains a key target, and are rightly a focus of significant ongoing public attention. We want to achieve a sizeable reduction in these events. For 2024/25, we recorded seven Category 1 and 2 pollution events compared with 12 in the previous year – a 36% decrease. Read more in our Pollutions Incident Reduction Plan (PIRP). During the year the whole Board has spent significant time on the issue of pollutions, and I have had opportunities to visit both sewage treatment works and pollutions sites to understand the causes and see our improvement plan in action. Both education and enforcement action has also increased over the course of the last year, ensuring both domestic and commercial customers understand the important role they play in preventing blockages and incidents. In the last year, shareholders provided an additional £100 million of funding to our pollutions team to kick start the PIRP and enable our dedicated team to start AMP8 on the front foot in the fight against pollutions and spills.

How we respond to incidents and, more importantly, to our customers is fundamental to our success as we move along this path. Our people continue to show their unwavering commitment to our customers, and our Customer Measure of Experience (CMeX) results have reflected this. Our final ranking was 7th, on the cusp of the upper quartile in the industry. During the year, I had the privilege to spend time with our customer services team in Lincoln listening to customer issues and with the team assisting those who need additional support. In the last year, 405,425 customers have been supported through reduced bills and we are proud to have outperformed the measures relating to our positive impact on customers.

Our bonus awards are measured through our "Anglian Water Services Limited (AWS) Performance Contract" (Performance Contract), detailed in '2024/25 bonus outcomes' and on page 151. Over the last AMP, and particularly for this year, the awards have reduced and settled at a significantly lower level than historical payments. Whilst this may be disappointing for colleagues, it reassures the Committee that the Performance Contract is focused on the correct measures and is ultimately aligned to the customer experience, impacts to the environment, and Ofwat guidance that overall performance is considered when making variable pay decisions. The formulaic outturn of the Performance Contract was 39.2%.

Neither our retiring Executive Directors, or incoming Chief Executive, Mark Thurston, received a bonus from the Company in respect of the 2024/25 Performance Year, as a result of the Ofwat determination.

As is the Company's usual practice, Michael Bradley's performance will be assessed in July with the Board referencing his first six months in post. As a result, reporting of any outturn for 2024/25 (if any) will take place in next year's annual report.

Executive Pay

Mark Thurston and Michael Bradley, have contracts with both the Company (AWS) and with the parent entity (AWG) (with their AWS contracts providing for payment of 70% and 60% of their target remuneration respectively, consistent with long standing practice). With regards to AWS, Mark receives a basic salary of £504,000, with Michael receiving £270,000. They are both entitled to variable pay opportunity of 200%, compared to 300% (Chief Executive) and 220% (Chief Financial Officer) for their predecessors.

The Committee has reviewed the variable pay arrangements to take effect from April 2025, with a potential opportunity of 200% of their AWS salaries, which is summarised below on page 163. Following the conclusion of AMP7, AWS will operate an Annual Bonus Plan, replacing the existing Deferred Bonus Plan. For the Chief Executive and Chief Financial Officer, 90% of maximum variable remuneration will be measured against the Performance Contract of AWS, with the remaining 10% measured against Personal Objectives linked to AWS.

Deferred Bonus Plan outcomes from previous years

Awards made pursuant to the Deferred Bonus Plan typically vest in three tranches with half of the bonus payable after 12 months and the remaining 50% deferred and payable in two equal portions, two and three years after the initial payment. This Plan has been operating since 2019 and deferred payments in respect of award made in 2021/22 and 2022/23 are scheduled for payment in July 2025.

Peter Simpson waived all rights to payments due in relation to the deferred elements of the 2021/22 and 2022/23 Deferred Bonus Plans and will receive no payments.

Tony Donnelly is not due any payments in relation to the 2021/22 and 2022/23 Deferred Bonus Plans for AWS. However, he will receive deferred payments for the schemes for his previous employment with Anglian Venture Holdings (AVH).

Looking ahead to 2025/26

As we enter AMP8, we face unprecedented challenges. We plan to deliver our largest-ever capital investment programme, with our Business Plan totalling £11 billion* across the next five years, created in collaboration with our customers and other stakeholders. They all understand the need for greater investment both in this five-year period and also in the decades following, recognising a shift towards capital investment in critical infrastructure and the changing landscape of our business. Further, through the PR24 Price Review, we have worked to build a plan that addresses the current and future needs of our region.

* Correct at time of publication, however subject to change following CMA referral

The Government has made clear its priority to drive growth to stimulate the economy, and has already highlighted the critical role water plays in this.

The Government and Ofwat have recognised the need for investment across the sector. However, in our present Final Determination, it was felt the overall risks were not balanced – particularly underfunding asset maintenance. Considering this, and after reviewing the Final Determination in great detail, our Board has asked Ofwat to refer our Final Determination to the CMA.

This has been a factor in driving a change in our thinking on our executive remuneration, in particular, how we are able to reward our Executive Directors. It is essential that they remain engaged with our business and the undoubted challenges across the next AMP. Against this backdrop, we have redesigned the AWS bonus plan to provide a distinct annual bonus. It focuses primarily on non-financial factors, linked to the ambition to undertake significant infrastructure spend and reduce pollution levels. This involves the use of a new scorecard assessing performance in the round and with suitable discretion to meet Ofwat's requirements. However, it should be noted that, while we shall clearly comply with all regulatory requirements, we do not regard the absolute nature of performance related pay prohibitions (as opposed to reductions) when there is an overall improvement in pollution performance to be a helpful mechanism. It is important to retain and motivate our new highly regarded Executive Directors, who are tasked with bringing a step change in the service to our customers and region. We would ask Ofwat to reconsider these constraints, as they can only lead to either the need for us to increase fixed pay or to the demotivation and loss of key talent.

We will continue to monitor the remuneration market for water, utilities and other infrastructure organisations to ensure we remain competitive for Executive pay. We anticipate that, for other organisations, the reaction to Ofwat's prohibition of bonuses may be to increase base pay. Whilst we have chosen not to make significant movements at this point, we will keep the matter under active consideration. As an industry we have significant challenges to address, and we need to ensure that we have the best possible people engaged and motivated. We have carefully chosen our Executive Directors and a leadership team to address and achieve solutions to long standing problems, all of whom have employment choices elsewhere.

This was my first full year as Remuneration Committee Chair and I would again like to offer my personal thanks to the previous Chair, Natalie Ceeney, for her stewardship of the role and guidance of the Committee over the previous six years and wish her continued success for the future.

I am comforted that AWS has a very strong leadership team, with an ambitious but achievable agenda for the future. We all recognise that there is significant work ahead of us in the next AMP to meet the needs and expectations of customers, regulators and the environment. But I am confident, that with Mark and Michael at the helm, and with their significant experience in delivering capital projects, we have a successful future ahead of us.

Kath Durrant
12 June 2025

Performance Contract 2024/25

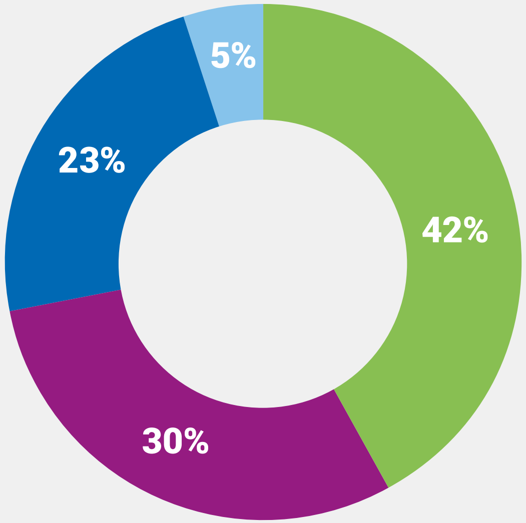
2024/25 Outcomes for the Deferred Bonus Plan

60% of the 2024/25 DBP award for the Chief Executive and Chief Financial Officer is directly linked to Company performance. This is referred to as the Performance Contract. The contract consolidates the various performance commitments required by our stakeholders, covering aspects of delivery for customers, the environment and business efficiency. This Performance Contract forms part of the bonus schemes for most Anglian Water employees, aligning the goals of our people to delivering for customers.

In summary, while several initiatives were achieved this year, such reaching our smart meter installation target ahead of time and delivering against our WINEP, we nderperformed on other initiatives, such as pollutions. This underperformance is recognised in the outturn of the Performance Contract for 2024/25, resulting in only 44.2% of the AWS Performance Contract being awarded.

In the light of the provisions regarding executive remuneration set out in the Water (Special Measure) Act 2025 and the draft guidance from Ofwat, and considering our performance on pollutions, three of the individuals who held Executive Director posts throughout the performance year will not receive a bonus. As referenced earlier, Michael Bradley's bonus decision is yet to be made.

2024/25 Deferred Bonus Plan elements



42% Delivery for the environment

23% Delivery for customers

30% Customer efficiency

5% Responsible business evaluation

Determining Performance Contract Outturns

In 2024 the Remuneration Committee introduced a discretionary framework to support the decision making of performance contract outturns for different populations of AWS employees. As an input to this review an independent risk report is presented to the Committee to guide the discussion and actively consider whether any overrides are appropriate and/ or the operation of malus or clawback. The framework enables the Remuneration Committee to apply both upwards and downwards discretion to the formulaic outturn of the bonus contract. For the 2024/25 year the Committee decided to apply a 5% upwards discretion for populations below Executive Director level to recognise the improvement in financial performance achieved over the last six months of the year. This was considered appropriate as it ensured that participants were rewarded for the efficient deployment of capital and achievement of savings.

The table below sets out the measures in the Performance Contract and outturn for 2024/25 which is significantly below the on target level.

	% of Performance Contract	Threshold	Stretch	Outturn	Outturn %
Customer efficiency					
Total expenditure	15.00%	1,884	1,855	1,894	5.00%[1]
Pre-financing cashflow	15.00%	-402	-374	-457	0.00%
Delivery for the environment					
CSO spills	10.00%	20	16	30.6	0.00%
Category 1 pollutions	5.00%	0	0	1	0.00%
Category 2 pollutions	5.00%	4	0	7	0.00%
Treatment Works Compliance	3.00%	99.00%	100.00%	99.28%	1.30%
Internal sewer flooding	2.00%	2.20	2.00	1.41	2.00%
External sewer flooding	2.00%	6,000	5,789	5,232	2.00%
Leakage	3.00%	181.9	173.4	186.5	0.00%
Biodiversity net gain	2.00%	10% improved	12% improved	107.4%	2.00%
Operational carbon	2.00%	10.00%	10.00%	26.6%	2.00%
Capital carbon	2.00%	64.00%	64.00%	66.1%[2]	2.00%
WINEP delivery	6.00%	<2% of obligations missed	Zero obligations missed	0.40%	5.20%
Delivery for customers					
CMeX position	7.00%	Median	Top 4	5th	4.20%
DMeX position	2.00%	Median	5th	7th	0.00%
Helping those struggling to pay	2.00%	310,161	325,669	405,425	2.00%
PSR Participation	2.00%	381,163	400,000	444,387	2.00%
CRI	10.00%	Above WASC mean	2.0	Not published yet	9.50%
Delivery of our Purpose					
BITC Responsible Business Tracker ®	5.00%	80%	83%	87.2%	5.00%
Total	**100.00%**				**44.2%[3]**

Measures: Environmental, Social, Governance

Met, Partially met, Not met

1 Increased to 5% utilising our discretion framework to reflect the proactive steps taken to mitigate this overrun and deliver additional maintenance spending.

2 At the time of reporting, these figures are subject to audit.

3 Adjusted to 42.4% for employees below Executive Directors.

Remuneration at a glance

External Advisors

To ensure that Anglian Water's remuneration practices are in line with best practice, the Committee undertook a review of its independent external remuneration advisors. FIT Remuneration Consultants (FIT) were, and remain, engaged to undertake additional independent benchmarking and insight on executive pay. FIT, which has no further connection to the Company or wider Group, have supported with our review of the variable remuneration arrangements ahead of AMP8, and structuring our Executive Director remuneration packages for the appointments made throughout 2024/25.

Support for the Committee

In addition to the external consultants, the Chief Executive, Chief Financial Officer, People Director, Group Remuneration and Governance Manager and Company Secretary also attend meetings, by invitation, to provide advice and respond to specific questions. Such attendance specifically excludes any matter concerning their own remuneration. The Company Secretary acts as secretary to the Committee.

Committee performance and effectiveness

An external Board and Committee effectiveness evaluation was undertaken during the year. The review considered that the Committee was operating effectively considering the extensive size of its remit. More information on the evaluation can be found in the 'Nomination Committee report', pages 143-146.

Key areas of Remuneration Committee focus in 2024/25

A summary of the matters reviewed throughout the year by the Committee is set out below:

Executive and senior remuneration

- Approved the outturn of the Performance Contract for 2024/25.
- Approved the outturn of the 2023 DBP, with recommendation confirmed by the Board.
- Approved the introduction of a new Annual Bonus Plan for 2025/26
- Commissioned a report from external advisors to deliver the remuneration for the new Executive Directors.
- Reviewed and approved remuneration for outgoing and incoming Executive Directors.
- Reviewed and approved personal objectives for Executive Directors.
- Reviewed Executive Directors' performance and remuneration.
- Reviewed the equal pay audit and Gender and Ethnicity Pay Gap Report.
- Responded to the Ofwat communication on the Executive Bonus consultation in collaboration with Water UK.
- Considered the draft outturn of the secondary performance conditions for the second tranche of the 2022/23 DBP and third tranche of the 2021/22 DBP. Final sign off by the Remuneration Committee Chair was ratified following completion of Audit review and year-end numbers being made available in May 2025.

Our workforce

- Supported management in reviewing employee benefits, ensuring we're providing a diverse and inclusive portfolio of benefits.
- Championed investment in our apprentice and technician workforce.

Commitee governance

- Upheld the new discretionary framework.
- Reviewed and approved the 2024/25 Directors' Remuneration report and agreed the framework for 2025/26 Report.
- Considered the performance conditions for the Annual Bonus Plan to be operated in 2025/26, including the amendment of weightings, to ensure the effects of environmental, customer and infrastructure performance were adequately reflected.

Remuneration in 2024/25

£290 million
paid to employees
(2023/24: £261 million)

6%
Salary increase.
(2023/24: 7.7%)

98%
Employees are eligible for bonus. Those not eligible may, for example, be on an early-career pathway, such as an apprenticeship.
(2023/24: 98%)

Alignment to Purpose and strategy

1 Our Purpose

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

Delivered through our values.

Together we

Do the right thing

Build trust

Are always exploring

2 Our long-term strategy

To help us deliver on our Purpose, our Strategic Direction Statement contains four, long-term ambitions:

1. Make the East of England resilient to the risks of drought and flooding
2. A carbon neutral business
3. Enable sustainable economic and housing growth
4. Work with others to achieve significant improvement in ecological quality across our catchments

3 Environmental and social impact

Our ambitions are underpinned by Environmental, Social and Governance (ESG) principles.

The ESG framework is aligned to our Purpose and has been implemented company-wide. It is closely tied to all our remuneration policies, which centre on customer delivery and environmental performance when awarding performance-related pay.

Environmental

Social

Governance

4 Pay for performance

Our approach is to reward our employees (including our Executive Directors) when the Company performs well — meeting or exceeding the targets set by our regulators, or in some cases tougher internal targets. When the targets are missed, our bonus plan does not award payment.

Delivering our Purpose

We were the first water company in the UK to change our Articles of Association in 2019 to include our Purpose. This move reflects our commitment to deliver long-term value to our customers, the region and the communities we serve, seeking positive outcomes for the environment and society. Put simply, this means the Committee must take account of the wider impact Anglian Water has had on all its stakeholders – including the environment – when awarding performance-related bonuses to Executive Directors, and when setting targets and incentivising future performance.

Anglian Water Payments

For AWS, the current Chief Executive receives a basic annual salary of £504,000, with a maximum variable opportunity of 200%. The current Chief Financial Officer receives a basic annual salary of £270,000, with a maximum variable opportunity of 200%.

We summarise the Executive Directors' key objectives and achievements against them for AWS.

Relating to AWS, the previous Chief Executive received a basic annual salary of £459,742 with a maximum variable opportunity of 300% and the previous Interim Chief Financial Officer received a basic annual salary of £230,232 with a maximum variable opportunity of 220%, plus an interim allowance of £150,000 per annum.

Remuneration linked to Anglian Water Group Limited is reflected in the Group Accounts.

AWS personal objectives and outcomes for Executive Directors

Mark Thurston

Mark was appointed as an Executive Director on 5th August 2024. He has started to develop effective open working relationships with Board members, supply chain partners, regulators, local community representatives and others across the sector. He has been visible and clear in his early leadership of the organisation. He is now sufficiently knowledgeable about the business financially and operationally to start to represent the Company externally. With his senior team he put particular focus on improving performance in the final period of the AMP, reducing forecast ODI penalties, and putting even more focus on our Pollutions Incident Reduction Plan. He has personally driven the detailed planning to ensure AMP8 deliverables are addressed with pace and sufficient resources from April 2025, in spite of the uncertainty created by a referral to the CMA. He has reviewed capital delivery requirements, processes and governance – improving clarity in each of these and engaging with regulators and third parties to help develop thinking at an industry level regarding major capital programmes.

Peter Simpson

Peter served as an Executive Director until 4th August 2024 and remained available to the incoming Chief Executive until 1st April 2025. With a wealth of experience and expertise, Peter actively supported the accelerated induction of the new Chief Executive. His knowledge of the Business Plan supporting the Company's AMP8 submission and the operational and financial impact of previous final determinations were key in enabling the new CEO to understand the areas of strong and poor operational performance. Early planning for major reservoir and desalination infrastructure was effective. His personal leadership of the National Bioresources Project was key to mitigating the risk to the land bank.

Michael Bradley

Michael became an Executive Director on 26th November 2024. As is the Company's usual practice, Michael's performance will be assessed in July with the Board referencing his first six months in post. As a result, reporting will take place in next year's annual report.

Tony Donnelly

Acting in an interim Chief Financial Officer capacity until 25th November 2024, Tony returned to his substantive role of Commercial Director AWG before his retirement in March 2025. Tony was instrumental in leading the PR24 process to deliver the best possible outcomes. He led the finance organisation with skill and ensured the groundwork for a CMA referral was conducted in the event that an appropriate final determination was not achieved. Financing advice to the Board for AWS was delivered effectively throughout, as was complete and accurate financial reporting. Support to the incoming Chief Financial Officer was provided to allow for an accelerated induction during a very intense period of time.

Single total remuneration figure (audited)

The table below outlines the remuneration for the Executive Directors relating to AWS. Remuneration relating to the wider Group is reflected and reported in the AWG accounts, which are published on the AWG website. The Board agreed that the 2023/24 first DBP payment, illustrated below, was not to be paid for out of income from customer bills.

	Base pay		Taxable benefits		Pension, including cash in lieu	
	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25
Peter Simpson[1]	433,718	156,730	10,837	3,555	45,748	16,532
Mark Thurston[2]		332,182		6,872		35,039
Tony Donnelly[3]	78,981	151,661	2,783	103,990	7,433	15,997
Michael Bradley[4]		92,143		2,684		9,719
Total Executive Directors	512,699	732,716	13,620	117,101	53,181	77,286

	Deferred bonus from 2023[5]	First DBP payment		Second and third DBP payment		Total remuneration	
	2023/24	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25
Peter Simpson	108,000			347,100		945,403	176,817
Mark Thurston							374,093
Tony Donnelly		95,000				184,197	271,648
Michael Bradley							104,546
Total Executive Directors	108,000	95,000		347,100		1,129,600	927,103

1 Peter Simpson stepped down as an Executive Director on 4 August 2024 with remaining deferred bonus payments waived.

2 Mark Thurston joined the Board as an Executive Director on 5 August 2024.

3 Tony Donnelly stepped down as an Executive Director on 27 November 2024. During his tenure as interim Chief Financial Officer, to compensate for potential loss of variable earnings in his previous role, Tony Donnelly was paid an allowance equivalent to £150,000 per annum, effective 1 April 2024.

4 Michael Bradley joined the Board as an Executive Director on 28 November 2024.

5 This deferred bonus from 2023 was not paid for out of customer bills.

Steve Buck also served as Chief Financial Officer for a period of the 2023/24 year. His total remuneration was £205,110 with an overall total remuneration for all Executive Directors of £1,334,710 for the 2023/34 year.

Bonus overview 2024/25

No Executive Directors received a bonus in relation to the 2024/25 Performance Year for AWS.

Payments for loss of office

No payments for loss of office were made by AWS to outgoing Executive Directors.

When stepping down from the Board, Peter Simpson was retained as a Strategic Advisor for a further period until his retirement on 1 April 2025.

Tony Donnelly returned to his previous role as Commercial Director for AWG when he stepped down from the Board and retired on 31 March 2025.

Wider Workforce

Gender pay gap

As outlined in the report, our workforce composition – as of April 2024 – was 33.8% female, 65.8% male and 0.4% other. In comparison to 2023, our median gender pay gap has dropped by 2.4% to 11.6% and our mean gender pay gap has fallen by 1.6% to 4.9%.

We are pleased to note this improvement, however we are mindful that significant sustained change will only be possible through a substantial shift in gender balance at all levels of the business. Factors that continue to affect our pay gap include:

- A higher percentage of males than females in senior positions (57.7% verses 42.3% of the reporting population).
- High retention rates reducing opportunities for change through recruitment.
- Most operational roles (80.4%) are held by males. These roles attract additional pay in the form of allowances and standby rates compared to non-operational roles at a similar level, which has an impact on the pay gap results.

Gender pay gap 2024

4.9% Mean gender pay gap (2023: 6.5%)

11.6% Median gender pay gap (2023: 14%)

Gender split across Anglian Water employees:

33.8%	65.8%	0.4%
Women	Men	other

Ethnicity pay gap

Ethnicity pay gap reporting is completed on a voluntary basis and the number of employees who self-reported their identity remains at 73%.

We have seen a slight increase in our reported pay gap figures, calculated using the same principles that are applied to statutory gender pay gap reporting. The ethnicity pay gap shows the difference in the average pay between people from Ethnically Diverse Communities (EDC), which includes people who are Black, Asian and mixed race, compared to white employees (including those that identify as white other).

Ethnicity pay gap 2024

8.4% Mean ethnicity pay gap (2023: 6.7%)

6.2% Median ethnicity pay gap (2023: 5.9%)

Overall ethnicity split across Anglian Water employees (excluding blanks):

6.3%	93.7%
EDC	White

Overall ethnicity in our region according to the 2021 Census:

12%	88%
EDC	White

Addressing our pay gaps

Changing the way we attract and recruit candidates

Working extensively with our operational Diversity and Inclusion groups.

Engaging with more than 32,000 primary and secondary students across our region.

Further embedding inclusion activities across Anglian Water

Enhancing our family friendly benefits: doubling our paid time off for maternity, paternity and adoption leave and introducing a Baby Loss policy to support bereaved parents.

Embedding our reverse mentoring programme from its initial pilot, which continues to receive exceptional feedback from both mentors and mentees.

Employee-led community groups

We now have seven employee-led support groups creating connections and driving change. This includes completing accessibility audits on our sites, improving communications and process, supporting workplace adjustments and influencing policy.

Retaining and promoting our people

Over the last year we have deepened our analysis of exit feedback and introduced a monthly survey of people new in role, to help us retain key skills and support our drive for increased diversity in the workforce.

Our business has again been recognised externally this year for our focus and initiatives to improve our gender and ethnicity balance, with Anglian Water being ranked first in the Utilities sector in the FTSE Women Leaders Review 2025, and reaching the final of the 'Best Employer for Women' category at the inaugural Women in Utilities Awards 2024. For more information please see our Gender and Ethnicity Pay Gap Report 2024.

ESG framework

The reward framework for our workforce reflects our wider business. This is mirrored in reward elements such as the Performance Contract, alongside standard reward policies and benefits, for instance private healthcare for all employees, double-matched contributions into our company pension scheme, and the Payroll Giving charity scheme available to our people.

Wider workforce pay

We remain committed to our approach to remuneration, ensuring that all our people are rewarded and incentivised to deliver what matters for our customers, our communities, our stakeholders and the environment.

For our wider colleague population, the majority are eligible to participate in our Company Purpose Award, with the outturn being 3% for the 2024/25 year.

All of our managers and leaders must deliver against the Performance Contract as detailed above, focusing everyone on common goals. Similarly, we incentivise most of our people on a simpler set of metrics; pollutions, customer service ratings (CMeX) and living within our budget, with a maximum award of up to 5% of pay.

The annual salary increase for 2025/26 is consistent across the organisation, including Executive Directors, with a standard percentage. This was agreed following meetings between Anglian Water and the Trade Unions early in 2024, and following extensive negotiations, an agreement was reached for a two-year pay deal, equating to a 4.5% increase (1% above November 2024 CPIH) for 2025/26. This compares to a 6% uplift for 2024/25.

We make further discretionary salary increases, outside of the annual pay review, where there is a genuine business justification. This year we have reviewed the salary levels of our technicians and apprentices, both key to the future success of the organisation. This is anticipated to incur an increase in costs of around £11 million over the next AMP.

Workforce engagement

While undertaking its role in setting and applying the remuneration policy for Executives, the Committee considers broader remuneration across the wider workforce. The Committee receives regular updates and feedback from various employee consultation and engagement channels, alongside summaries of activities across the wider workforce throughout the year. It takes this information into account, to ensure the approach to setting pay and bonus levels for Executives is consistent with that applied to the wider workforce.

Senior management meets regularly with lead representatives from the trade unions, to discuss and review relevant policies, in addition to formal consultation and negotiations, where applicable. In addition to the trade unions, Anglian Water operates a number of communities as well as workforce engagement events such as Town Halls, Values events and inviting early careers individuals to the start of every Executive leadership meeting to give feedback and share stories.

These communities meet frequently, with invitations sent to all employees. This approach allows us to discover and build new ways of working, alongside the development of policies, created with engagement from across the workforce.

Chief Executive Officer total remuneration in comparison to the 25th, 50th (median) and 75th percentile full-time equivalent remuneration of AWS employees, effective from 31 March each year[1]

	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2020/21	65 to 1	50 to 1	40 to 1
2021/22	44 to 1	33 to 1	26 to 1
2022/23	46 to 1	34 to 1	27 to 1
2023/24	26 to 1	19 to 1	14 to 1
2024/25	14 to 1	11 to 1	8 to 1

Percentile comparison for Chief Executive Officer and the wider workforce

	CEO	25th percentile employee	Median employee	75th percentile employee
Salary[2]	488,912	32,818	42,604	52,637
Total pay and benefits	550,909	39,594	52,412	65,132

1 2023/24 onwards is a representation of Anglian Water only and not representative of Anglian Water Group, in contrast to prior years. This reduction(s) are also partly as a result of Peter Simpson's decision to waive his Anglian Water Bonus for 2023 and the expectation that no CEO bonuses will be paid for 2024/25.

2 The Chief Executive Officer remuneration figures are a sum of both serving Chief Executive Officers in the year.

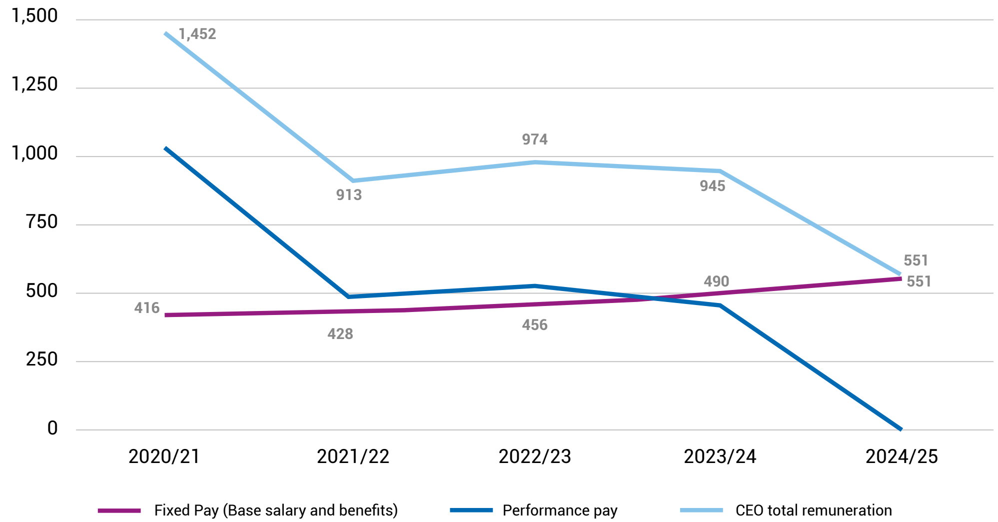
The methodology used was option A under the Companies Act, as it was deemed to be the most robust, transparent and accurate method available. The figures in the table above rely on estimated figures for the employee annual bonus figures at the time of writing. All pay elements have been used to calculate the total compensation for employees and have been adjusted to a full-time equivalent for those who work part-time or have joined part-way through the year. An adjustment has also been made for the hourly-working employees, to represent full-time working.

The Company believes that the median pay ratio is consistent with its overall policies relating to remuneration and how these apply to the Chief Executive and Anglian Water employees. In general, the pay and bonus policies applied across the group show that, as employees progress into more senior roles, they become eligible for an increase in overall remuneration, through eligibility for bonus schemes.

Change in Chief Executive Officer total remuneration over AMP7 (2020–2025) compared to other employees

As outlined earlier in this report, executive remuneration throughout AMP7 has been set to link closely with what matters for our customers, with a high percentage of total remuneration linked to performance-related outcomes. When performance has been achieved, bonuses have been paid; where performance targets have not been achieved, payments have been reduced, in some cases to zero. The table below shows the remuneration for the Chief Executive, including fixed and performance pay relating to Anglian Water company performance over five years, including the AMP to date.

Change in Chief Executive Officer remuneration over five years for Anglian Water company performance (2020-25)



Chief Executive Officer total remuneration includes salary, benefits and bonus.
Fixed pay includes pay and benefits. Further breakdown can be found on page 155.

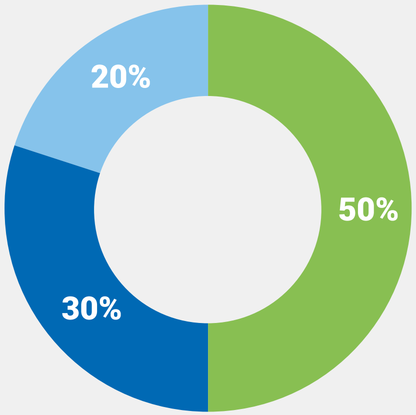
Looking forward to 2025/26

2025/26 Annual Bonus Plan

During AMP8 we have decided to simplify our remuneration arrangements by introducing an Annual Bonus Plan. No further awards will be made under the DBP. Bonus payments will be made following the conclusion of the performance year, with strong malus and clawback provisions in place.

The Performance Contract for 2025/26 is listed below. Metrics and targets will change in quantum dependent of how our regulator changes their metrics and definitions. For the two Executive Directors, the Performance Contract relates to 90% of their AWS bonus opportunity with the other 10% relating to personal objectives.

2025/26 Deferred Bonus Plan elements



50% Delivery for the environment

30% Delivery for customers

20% Infrastructure

Performance Contract 2025/26

Delivery for the environment	
Category	**Measure**
	Pollutions / 10,000km Sewer* Number of category 1-3 pollution incidents normalised per 10,000km of sewer. A pollution incident is defined as a discharge or escape of a contaminant from our sewerage assets which affects the water environment in a calendar year
	Leakage (three-year average) This measure is the percentage reduction of three year average leakage in megalitres per day (Ml/d) (currently from the 2019-20 baseline)
	Serious pollutions Category 1* Total number of Category 1 pollutions in calendar year
	Serious pollutions Category 2* Total number of Category 2 pollutions in calendar year
	Self reporting of pollutions* Total number of Categories 1-3 as a percentage of total incidents self-reported by the water company in a calendar year
	WINEP Delivery (EA) Percentage of relevant WINEP obligations cumulatively delivered AMP-to-date
	Abstraction Compliance
	Satisfactory Sludge use / disposal
	Treatment Works Compliance (TWC)* The percentage of Water Recycling works that are compliant.
	Average spills from storm overflows* Number of average spills recorded in a calendar year

Measures Environmental Social Governance

* Calendar year metrics

Delivery for customers	
	Elements
	CMeX The rank is the relative position in the water industry based on CMeX satisfaction score (domestic customers)
	Per Capita Consumption (PCC) (three-year average) PCC (three-year average) is the average of the per capita consumption figure for the current and prior two years
	Smart metering delivery PCD The cumulative number of smart meters installed at household and non-household properties
	Business Retailer Measure of Experience – BRMeX (new for AMP8) The rank is the relative position in the water industry based on BRMeX score
	Supporting our customers The number of customers we provide additional personalised support to either based on their financial or individual circumstances (extra care and priority services)
	Water quality compliance (CRI)* A CRI score is calculated for every individual compliance failure designed to illustrate the risk arising from treated water compliance failure
	Interruption to Supply The average number of minutes lost per customer for the whole customer base for interruptions that lasted three hours or more

Intrastructure	
	Elements
	SPI – Schedule Performance Index (capital delivery efficiency on schedules/time) A score of 1 indicates hitting the schedule within the Business Plan
	CPI – Cost Performance Index (capital delivery efficiency on cost/earned value) A score of 1 indicates hitting the efficiency level in the Business Plan
	SPA Pipeline progress On plan and on track
	Reservoir Progress On plan and on track
	% regulated CAPEX actual vs plan spent Calculated from £m of the actual spend vs. planned spend
	% regulated OPEX actual vs plan spent Calculated from £m of the actual spend vs. planned spend
	Price Control Deliverable (PCD) Position PCDs are intended to offer customer protection to recover funding from companies for non-delivery
	Asset Management Maturity Assessment Capabilities, performance and ongoing assurance of assets checking they are fit for purpose to meet the current and future needs

Directors' remuneration policy

In anticipation of AMP8, the previous policy has been updated to reflect the introduction of a new Annual Bonus Plan with a broader scorecard to assess performance to replace the previous Deferred Bonus Scheme. This remuneration policy for AWS will apply for the year ending 31 March 2026.

Element and link to strategy	Operation and performance metrics	Maximum potential for 2025/26	Changes for 2025/26
A Base salary			
To attract and retain executive directors with appropriate experience, skills and competencies, relative to the role.	Reflects individual experience and role. Usually reviewed annually and fixed for 12 months, from 1 April. Decision influenced by: • Role, experience and performance. • Average change in broader workforce salary. • Total organisational salary budgets. • Salaries are independently benchmarked against the FTSE 250 and other comparable utility companies.	Annual increases will not exceed the general level of increases for the Company's employees, except where an individual changes roles, or where benchmarking indicates that an individual's salary requires realignment to remain competitive.	**Mark Thurston** £526,680 (4.5% increase) **Michael Bradley** £282,150 (4.5% increase)
B Benefits			
To increase the economic security of employees and recruit and retain employees.	Directors are entitled to private medical insurance, car allowance and life assurance. Directors are also entitled the same benefits received by the wider workforce.	Uncapped	No changes envisaged
C Pension			
To attract and retain high-calibre individuals, by providing good-quality pension arrangements.	AWS operates a defined contribution pension arrangement, consistent across the wider workforce. Following the introduction of the annual and lifetime allowances, where the level of pension saving would exceed the allowances, a cash payment in lieu of company contribution to pension may be made. Only base salaries are pensionable.	In line with corporate governance best-practice, both Executive Directors' pension arrangements align to the wider workforce, currently 12% of base pay but subject to periodic review. This amount may be paid into a registered pension or paid in cash.	No changes, envisaged to the current 12% paid as a cash allowance.
D Annual Bonus Plan			
To reward achievement of annual financial and strategic business targets and delivery of personal objectives aligned to AWG Group targets, outside Anglian Water.	Payment determined by the Committee following the year end. Performance is assessed by reference to a scorecard looking at a broad range of financial and non-financial indicators with the majority linked to non-financial indicators (with a key focus on pollution, environmental factors and water quality). Any targets are set and reviewed annually. Consistent with regulatory guidance, the Committee has the discretion to reduce (including to zero) the out-turn for any year/to recover bonus payouts (clawback) in the three years following such payout in the event of a material misstatement, individual misconduct, serious reputation damage, a material corporate failure, such as other exceptional circumstances which the Company was not aware of at the time of payment which the Committee considers to warrant clawback. In addition, clawback may be invoked where required under Ofwat rules. These provisions are included in both the relevant plan rules and in the Executive Directors' service contracts.	200% of salary	Both Executive Directors have a bonus opportunity of 200% of their AWS base salary.

Strategic report
Governance
Statutory accounts

Company remuneration at Anglian Water

Policy summary

The primary objective of the remuneration policy is to ensure competitive reward packages are offered that will attract, retain and motivate talented and experienced senior executives to run the business effectively in the best long-term interest of all stakeholders and to promote the success of the Company. Within these arrangements, a significant proportion of reward is based on performance against demanding targets, aligned to customer outcomes and only paid when targets are met.

Our remuneration elements

Base salary	Pension	Benefits	Performance bonus
Salaries are set to attract and retain employees at all levels, considering appropriate experience, skills and competencies relative to the role. All permanent employees are paid at levels which are at least in line with those recommended by the Living Wage Foundation, with the exception of apprentices, where other arrangements are in place to ensure they are paid in line with government apprentice rates, as a minimum. The apprentice rates of pay increase every year as their skills and experience develop.	The company operates a generous matched Defined Contribution scheme for all employees. Employee contributions are double-matched to a maximum of 6% of salary, meaning that if an employee contributes 6%, Anglian Water contributes 12%. Employees are invited to understand more about their pension arrangement throughout the year as part of our focus on financial wellbeing. This also includes information on how they can choose where their funds are invested, including opportunities for investments in sustainable companies. Where employees wish to withdraw from the scheme, to protect pension allowances, a cash contribution is paid as an alternative arrangement, which is reduced compared to pension contributions to reflect National Insurance due.	All employees are eligible to select a flexible benefits package to meet their needs. Following the introduction of our role framework in 2019, the majority of our benefits offering is consistent throughout the workforce. We have a significant focus on wellbeing benefits, including but not limited to: private healthcare for all employees, with the option to purchase additional cover for family members; salary-sacrifice pension; cycle-to-work scheme and the opportunity to buy and sell annual leave. 61% of employees reviewed their benefits during the annual window alone. The further option exists to change some benefits every month, as circumstances require.	Senior management are invited to participate in the Annual Bonus Plan. Payments under this plan are linked to a basket of measures which form the basis of a Performance Contract. Unlike the Deferred Bonus plan, this scheme does not have deferred elements. However, the rules of the plan contain malus and clawback provisions. All our permanent employees who are not executive directors or senior management have the opportunity to earn a Company Performance Award, typically up to a maximum of 5% of their salary. Our Performance Contract underpins the outturn applicable, however for 2024/25, there is a guaranteed 3% minimum outturn, while we transition away from personal bonus payments. A small number of employees, typically apprentices on a formal training scheme, are not eligible for a bonus and instead receive regular increases to their salary.

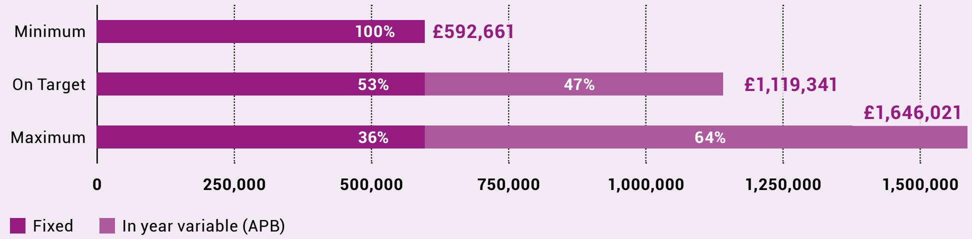
Total maximum Anglian Water remuneration for 2025/26

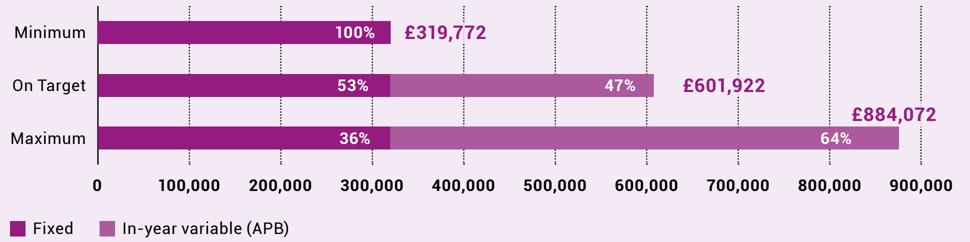
The charts opposite show the weighting, as a percentage of base pay, for the total potential remuneration which could be payable by Anglian Water to the Executive Directors in various performance scenarios, under the remuneration policy in 2025/26. These numbers represent the maximum pay of the Executive Directors for Anglian Water.

In these charts:

- Fixed remuneration is the minimum payable and is made up of base pay for 2025/26, plus the value of cash in lieu of pension and benefits.
- Payments due in relation to the Annual Bonus Plan (ABP) are reflected in the 'In-year'.
- The 'On Target' bar in the charts shows the percentage of fixed remuneration that could be earned for achieving threshold levels of performance, plus the on-target performance for the APB 50%.
- Maximum performance would result in the maximum ABP payment.

Total maximum remuneration for 2025/26 funded by AWS





Note: The table shows the amount of total remuneration costs that will be paid in 2025/26 by AWS.

The disclosure of fixed remuneration is inclusive of salary, pension and benefits.

Component	Policy on recruitment	Policy on exit
General	The Committee expects any new executive director to be engaged on terms consistent with the policy described in this report. The Committee also recognises that, where it is in the interests of the Company to secure the services of a particular individual, it may be necessary to take account of that individual's existing employment and/or their personal circumstances, including potentially compensating them for in-flight awards at their previous employer (buy-outs). When doing so, the Committee will seek to ensure that payment is not made on more favourable terms overall than the awards forfeited. In making any decision on the remuneration package for a new recruit, the Committee would seek to balance Company interests with the requirements of the new recruit and would strive to not pay more than is necessary to achieve the recruitment.	No executive director has any contractual rights to compensation for loss of office, apart from payment of salary and benefits in lieu of notice, where appropriate. The Committee's policy is that, in the event of a director's contract being terminated, poor performance will not be rewarded. When calculating any termination payment, the Committee takes into account a range of factors, including the executive director's obligation to mitigate their own loss.
Base salary, pension and benefits	Salary is paid from date of joining, along with some benefits. Employees are automatically enrolled into our pension scheme, following two, full-calendar months of service. Employees can select to join the pension scheme from the date of joining if they wish.	Salary, pension and benefits will be paid over the notice period. The Committee has discretion to make a payment of salary in lieu of notice.
Deferred Bonus Plan	Typically, where an eligible employee starts with the company, they will receive a reduced award based on their start date.	The rules of the ABP (and legacy DBP awards) apply and contain provisions that allow for payment of a portion of the award, where the director is a 'Good Leaver' to reflect the director's actual period of service in that financial year. The Committee has agreed that, where the reason for leaving is retirement, no pro-ration should apply.

Service contracts

All executive directors appointed to the Board are currently employed on service contracts of no fixed term, with a notice period of 12 months by the Company and six months by the individual. Each executive director is entitled to pension provision and certain contractual benefits, details of which are summarised in the policy. Each executive director also participates in bonus or incentive arrangements, at the sole discretion of the Committee. Currently, each executive director participates in the ABP, which is described further in the relevant sections of this report.

	Appointed as an Executive Director	Resigned from the Board
Peter Simpson	18 November 2004	4 August 2024
Tony Donnelly	23 November 2023	27 November 2024
Mark Thurston	5 August 2024	
Michael Bradley	28 November 2024	

External appointments

Executive directors are not permitted to hold external non-executive directorships, unless specifically approved by the Committee. Directors are permitted to retain the remuneration they receive in connection with any approved non-executive appointments. None of the executive directors who served throughout the year held external non-executive directorships.

At 31 March 2025, John Barry, Albena Vassileva, Alex Nassuphis and Batiste Ogier were non-executive directors of AWS representing the ultimate owners of the Company. Consequently, they do not have letters of appointment or service contracts, nor do they receive a fee from the Company for their services.

Independent Chair and independent non-executive directors' terms of appointment

The Chair and the independent non-executive directors have letters of appointment, rather than service contracts. Copies of these letters of appointment are available on the Anglian Water website at anglianwater.co.uk/governance.

Appointment and expiry of current terms for the Independent Chair and independent non-executive directors

	Date of first appointment	Date of expiry of current terms	Date of expired terms
Dr Ros Rivaz	21 November 2023	20 November 2026	
Tony Bickerstaff	3 June 2025	2 June 2028	
Natalie Ceeney	25 April 2018		12 June 2024
Polly Courtice	1 April 2015		2 August 2024
Kath Durrant	26 March 2024	25 March 2027	
Ian Funnell	2 August 2024	1 August 2027	
Zarin Patel	31 October 2018	30 October 2025	
Alistair Phillips-Davies	23 November 2022	22 November 2025	

These appointments may be terminated with six months' notice, by either party. No compensation is payable to the Chair or non-executive directors if the appointment is terminated before the end of their three-year term. Dame Polly Courtice reached her nine-year term in office on 31 March 2024. The Board resolved to extend Dame Polly Courtice's term of appointment for a short period, to facilitate the recruitment of at least one additional Independent Non-Executive Director. Dame Polly continued to be regarded as independent, notwithstanding her nine-year term in office. Dame Polly stepped down from the Board on 2 August 2024, following the appointment of Ian Funnell. In April 2024, Natalie Ceeney completed her second three-year term in office. The Board resolved to extend Natalie Ceeney's appointment until 12 June 2024 at which point she stepped down from the Board.

Policy for determination of fees

The fees for the independent non-executive directors are reviewed by the Chair and any changes are approved by the Board. Under the Articles of Association of the Company, increases to the fees of the non-executive directors require a resolution by the shareholders of the Company. Non-executive directors do not vote on their own remuneration.

The Chair's fee is set by the Board, based on a recommendation from the Remuneration Committee. The Chair is not involved in setting their own remuneration.

Element and link to strategy	Operation	Maximum potential for 2025/26	Changes for 2025/26
A Fees **To attract high-calibre individuals to these roles and reflect the level of responsibility and time commitment involved.**	For the Chair and non-executive directors, the Board's policy is to pay fees in line with those paid by other UK companies of a comparable size. Fees may include additional payments to non-executive directors who act as Senior Independent non-executive director (SID) or chair Board Committees, to reflect the significant additional responsibilities attached to these duties. The Chair and the non-executive directors do not participate in any of the Company's incentive or pension schemes.	N/A	It was agreed that the base fee for Chair and Non-Executive Directors should be increased by 4.5%. This is in line with the standard increase received by all employees.
B Benefits	The company covers the cost of travel between the directors' homes and the office, when carrying out duties. This includes payment of any tax due. Normal place of work is deemed to be the Company's head office in Huntingdon. Travel to any other location is reimbursed as normal business travel expenses.	N/A	No change.

Single total remuneration figure for Independent Non-Executive Directors (audited)

	Total fees all AWG £		
	2024/25		
	Fees	Mileage and expenses	Total
Dr Ros Rivaz[1]	320,000	6,542	326,542
Natalie Ceeney[2]	15,400	566	15,966
Kath Durrant	74,000	1,985	75,985
Polly Courtice[3]	21,136	-	21,136
Zarin Patel	92,000	466	92,466
Alistair Phillips-Davies	62,000	-	62,000
Ian Funnell[4]	41,098	1,061	42,160
Total Non-Executive Directors	625,634	10,623	636,258

1 60% of Dr Ros Rivaz's remuneration is met by Anglian Water, with the remainder paid by Anglian Water Group.
2 Natalie Ceeney resigned from the Board on 12 June 2024.
3 Polly Courtice resigned from the Board on 2 August 2024.
4 Ian Funnell was appointed as an Independent non-executive Director on 2 August 2024.

This report was approved by the Board of Directors on 12 June 2025.

Kath Durrant
Chair of the Remuneration Committee

12 June 2025

Directors' report for the year ended 31 March 2025

The directors present their report and the audited financial statements of Anglian Water Services Limited (the Company) for the year ended 31 March 2025.

Certain information, required for disclosure in this Directors' report, is provided for in other appropriate sections of this Annual Integrated Report and the financial statements can be located as follows:

Information	Location in this Annual Report/further information
Business model and strategy	Our business model, page 8 Strategic Direction Statement, page 9
Directors and Board changes in the year	Board of Directors, pages 123-126 Chair's welcome, pages 4-5
Emissions, including carbon emissions	Climate-related financial disclosure, pages 75-101
Employees	
• Our people	Our people, pages 56-66
• Employees with disabilities	Directors' report, page 166 Our people, pages 56-66
• Engagement with employees	Section 172 statement, pages 70-72
Events occurring after the reporting period	Note 28 of the financial statements
Financial instruments disclosure	Note 17 of the financial statements
Health and safety	Our people, pages 57-59 Section 172 statement, pages 70-72 Risk management, page 110
Likely future developments	Strategic report, pages 3-120
Long-term viability statement	Long-term viability statement, pages 117-120
Ownership and structure	Ownership and structure, pages 18-19
Performance Commitment Levels	Ofwat-related Performance Commitments, pages 30-36
Political donations and expenditure	None made in the year (2024: Nil)
Principal activities	Strategic report, pages 3-120
Related party transactions	Note 26 of the financial statements
Results and dividends	Group income statement, page 170 Sustainable finance, page 22 Dividends, notes 9 of the financial statements
Risk management — including principal risks and uncertainties — and financial risks	Risk management, pages 102-116
Section 172 statement	Section 172 statement, pages 70-72
Share capital	Corporate governance report, page 127
Stakeholder engagement	Our stakeholders, pages 37-69 Section 172 statement, pages 70-72

Corporate governance statement

During the year, the Company has applied the Anglian Water Services Corporate Governance Code 2020 (2020 Code). Information on the requirements of the 2020 Code and how it was applied during the year can be found in the Corporate Governance report on pages 127-135. The 2020 Code – and the previous corporate governance codes applied by Anglian Water – can be found here. In March 2025, the Board approved the Anglian Water Services Corporate Governance Code 2025 (the 2025 Code), which applied from 1 April 2025. Compliance against the 2025 Code will be reported for the first time in the 2026 Annual Integrated Report.

Details of the corporate governance arrangements, resulting from the securitisation of the Company in 2002, can be found on page 128 of the Corporate Governance report, together with the disclosures that satisfy the requirements of paragraph 13 (2) (c) (d) (f) (h) and (i) of Schedule 7 of the Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008, resulting from the EU Takeover Directive (DTR 7.2.6R).

Directors' indemnities

During the financial year and up until the date of the signing of the financial statements, the Company has maintained directors' and officers' liability insurance, which gives appropriate cover for legal action brought against its directors. The Company has also provided an indemnity for its directors, which is a qualifying third-party indemnity provision for the purpose of section 234 ((2)–(6)) of the Companies Act 2006.

Research and development

In 2024, the Company maintained its commitment to innovation through collaborative academic and market-focused research and development. Its research and development projects have significantly supported the Company's 'Always Exploring' value, by creating tools and spaces that foster an innovation climate and leadership culture. Our advanced portfolio of research and development includes projects in key areas, such as: biosolids and the circular economy; process emissions; water treatment resilience; green hydrogen; and climate change adaptation or pollutions reduction through nature-based solutions. Through our collaborations with top universities, industry memberships and other water sector partners, we have strengthened our research capabilities and delivered outcomes that advance our Company, broader water industry knowledge and that provide cross-sector pollination opportunities.

Employees with disabilities

In November 2022, we achieved level two status with Disability Confident, a three-level government scheme that encourages employers to recruit and retain people with disabilities and health conditions. Becoming a Disability Confident Employer has helped give us direction and guidance in ensuring we are inclusive to candidates, customers and colleagues with disabilities. Our use of the Disability Confident scheme has been reflected in Company policies; our Supporting Attendance Policy and Procedure covers disability, reasonable adjustments, return to work and sickness and absence. This policy is briefed to all managers and the Employee Relations and Occupational Health teams, to support employees and managers where needed.

Internally, we have a disability working group for people with disabilities or physical or mental health conditions. This is a work focused group, which brings together key stakeholders and representatives from the business to support with the creation and implementation of new services within Anglian Water, as well as piloting new innovations and giving feedback. In addition, we have an Employee Resource Group – Ability Network, for colleagues with disabilities, neurodiversities and medical conditions, as well as colleagues who are parents and carers to these groups. This group provides a supportive space for sharing experiences, offering advice and providing support.

More information can be found in 'Our people', pages 56-66.

Significant agreements

During the year, the Company did not enter into any significant agreements that would materially impact its operations or financial position.

Share activity

During the year, the Company did not undertake any share buybacks, experience any share forfeitures, or acquire or purchase any of its own shares.

Branches

The Company does not operate any branches.

Registered office

Anglian Water Services Limited
Lancaster House
Lancaster Way
Ermine Business Park
Huntingdon
Cambridgeshire PE29 6XU
Registered in England and Wales
No 2366656

Going concern

The directors believe, after due and careful enquiry, that the Company has sufficient resources to continue in operational existence for the foreseeable future and therefore, consider it appropriate to adopt the going concern basis in preparing the 2024/25 financial statements. Further details of this review can be found on page 177.

Directors' disclosures to auditors

Each of the persons, who is a director at the date of approval of this report, confirms that:

a) so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and

b) the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Auditor

The auditor, Deloitte LLP, has indicated its willingness to stay in office and is deemed to be reappointed.

Approved by the Board.

Claire Russell
Company Secretary
12 June 2025

The directors are responsible for preparing the Annual Integrated Report, the Directors' Remuneration report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year.

Under that law, the directors have prepared the Group financial statements (in accordance with section 474(1) of the Companies Act 2006) under international accounting standards, which are adopted for use within the United Kingdom, by virtue of Chapter 2 or 3 of Part 2 of the International Accounting Standards (IAS) and European Public Limited-Liability Company (Amendment etc.) (EU Exit) Regulations 2019. The financial statements have also been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). The financial statements also comply with IFRSs, as issued by the IASB. Under company law, the directors must not approve the financial statements, unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period. In preparing these financial statements, International Accounting Standard 1 requires that the directors:

- select suitable accounting policies and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures, when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records — that are sufficient to show and explain the Company's transactions — and disclose, with reasonable accuracy, at any time, the financial position of the Company and the Group and enable them to ensure that the financial statements and the Directors' Remuneration report comply with the Companies Act 2006 and (as regards the Group financial statements) Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom, governing the preparation and dissemination of financial statements, may differ from legislation in other jurisdictions.

Each of the directors, whose names and functions are listed in the Board of Directors section, confirm that, to the best of their knowledge:

- the Group financial statements, which have been prepared in accordance with IFRSs, as adopted for use within the United Kingdom, give a true and fair view of the assets, liabilities, financial position and profit of the Group; and
- the Directors' report and Strategic report contained in the Annual Integrated Report include a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces.

The directors consider that the Annual Integrated Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the company's performance, business model and strategy.

Claire Russell
Company Secretary
12 June 2025

The directors consider that the Annual Integrated Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

Contents at a glance

Statutory accounts

Group income statement for the year ended 31 March 2025

Consolidated financial statements for the year ended 31 March 2025

Notes		Year ended 31 March 2025 £m	Year ended 31 March 2024 £m
4	**Revenue**	1,749.3	1,626.6
	Other operating income	16.8	15.8
5	Operating costs		
5	Operating costs before depreciation, amortisation and loss allowance for expected credit losses	(809.8)	(784.2)
	Depreciation and amortisation	(423.5)	(388.6)
	Loss allowance for expected credit losses	(36.3)	(38.7)
	Total operating costs	(1,269.6)	(1,211.5)
	Operating profit	496.5	430.9
	Finance costs	(418.6)	(547.5)
	Finance income, including fair value gains on derivative financial instruments	111.1	249.8
6	Net finance costs	(307.5)	(297.7)
	Profit before tax from continuing operations		
	Gains/(losses) before fair value gains on derivative financial instruments[1]	126.1	(71.7)
	Fair value gain on derivative financial instruments	62.9	204.9
	Profit before tax from continuing operations	189.0	133.2
7	Tax charge	(52.6)	(31.2)
	Profit for the year from continuing operations	136.4	102.0

[1] As defined in note 27.

Notes 1 to 28 are an integral part of these financial statements.

Group statement of comprehensive income for the year ended 31 March 2025

Notes		Year ended 31 March 2025 £m	Year ended 31 March 2024 £m
	Profit for the year	136.4	102.0
	Other comprehensive expense		
	Items that will not be reclassified to income statement		
19	Actuarial gains/(losses) on retirement benefit	29.1	(25.8)
7	Income tax on items that will not be reclassified	(7.3)	6.5
		21.8	(19.3)
	Items that may be reclassified subsequently to income statement		
21	Gains/(losses) on cash flow hedges recognised in equity	23.3	(36.5)
21	Losses on cost of hedging recognised in equity	(3.9)	(2.7)
21	Gains on cash flow hedges transferred to income statement	18.2	32.3
7	Income tax on items that may be reclassified	(9.4)	1.9
		28.2	(5.0)
	Other comprehensive income/(expense) for the year, net of tax	50.0	(24.3)
	Total comprehensive income for the year	186.4	77.7

Group balance sheet as at 31 March 2025

Company number: 02366656

Notes		At 31 March 2025 £m	At 31 March 2024 £m
	Non-current assets		
10	Intangible assets	317.3	256.6
11	Property, plant and equipment	12,114.2	11,414.7
17	Derivative financial instruments	168.3	233.1
19	Retirement benefit surplus	115.9	61.5
		12,715.7	11,965.9
	Current assets		
	Inventories	20.9	17.9
13	Trade and other receivables	658.2	621.4
14	Investments – cash deposits	430.0	530.0
14	Cash and cash equivalents	589.0	474.4
17	Derivative financial instruments	0.9	0.9
		1,699.0	1,644.6
	Total assets	14,414.7	13,610.5
	Current liabilities		
15	Trade and other payables	(701.4)	(717.2)
	Current tax liabilities	(54.0)	(76.2)
16	Borrowings	(704.5)	(453.8)
17	Derivative financial instruments	(8.3)	(92.8)
	Provisions	(4.4)	(4.4)
		(1,472.6)	(1,344.4)
	Net current assets	226.4	300.2

Notes		At 31 March 2025 £m	At 31 March 2024 £m
	Non-current liabilities		
16	Borrowings	(8,035.6)	(7,527.5)
17	Derivative financial instruments	(781.6)	(796.5)
18	Deferred tax liabilities	(1,693.3)	(1,601.8)
19	Retirement benefit deficit	(26.6)	(30.8)
	Provisions	(3.2)	(5.5)
		(10,540.3)	(9,962.1)
	Total liabilities	(12,017.3)	(11,306.5)
	Net assets	2,401.8	2,304.0
	Capital and reserves		
20	Share capital	32.0	32.0
	Share premium	1,165.0	1,165.0
	Retained earnings	1,162.1	1,092.5
21	Hedging reserve	46.0	14.9
21	Cost of hedging reserve	(3.3)	(0.4)
	Total equity	2,401.8	2,304.0

Notes 1 to 28 are an integral part of these financial statements. The financial statements were approved by the Board of Directors on 12 June 2025 and signed on its behalf by:

Mark Thurston
Chief Executive

Michael Bradley
Chief Financial Officer

Company balance sheet as at 31 March 2025

Company number: 02366656

Notes		At 31 March 2025 £m	At 31 March 2024 £m
	Non-current assets		
10	Intangible assets	317.3	256.6
11	Property, plant and equipment	12,114.2	11,414.7
17	Derivative financial instruments	168.3	233.1
19	Retirement benefit surplus	115.9	61.5
		12,715.7	11,965.9
	Current assets		
	Inventories	20.9	17.9
13	Trade and other receivables	658.2	621.4
14	Investments – cash deposits	430.0	530.0
14	Cash and cash equivalents	550.7	472.1
17	Derivative financial instruments	0.9	0.9
		1,660.7	1,642.3
	Total assets	14,376.4	13,608.2
	Current liabilities		
15	Trade and other payables	(717.0)	(766.8)
	Current tax liabilities	(54.0)	(76.2)
16	Borrowings	(704.5)	(453.8)
17	Derivative financial instruments	(8.3)	(92.8)
	Provisions	(4.4)	(4.4)
		(1,488.2)	(1,394.0)
	Net current assets	172.5	248.3

Notes		At 31 March 2025 £m	At 31 March 2024 £m
	Non-current liabilities		
16	Borrowings	(8,035.6)	(7,527.5)
17	Derivative financial instruments	(781.6)	(796.5)
18	Deferred tax liabilities	(1,693.3)	(1,601.8)
19	Retirement benefit deficit	(26.6)	(30.8)
	Provisions	(3.2)	(5.5)
		(10,540.3)	(9,962.1)
	Total liabilities	(12,032.9)	(11,356.1)
	Net assets	2,347.9	2,252.1
	Capital and reserves		
20	Share capital	32.0	32.0
	Share premium	1,165.0	1,165.0
	Retained earnings	1,108.2	1,040.6
21	Hedging reserve	46.0	14.9
21	Cost of hedging reserve	(3.3)	(0.4)
	Total equity	2,347.9	2,252.1

The Company has not presented its own income statement as permitted by section 408 of the Companies Act 2006. The Company's profit for the year, was £134.4 million (2024: profit of £100.2 million).

Notes 1 to 28 are an integral part of these financial statements.

The financial statements were approved by the Board of Directors on 12 June 2025 and signed on its behalf by:

Mark Thurston
Chief Executive

Michael Bradley
Chief Financial Officer

Group statement of changes in equity for the year ended 31 March 2025

Notes		Stated Capital £m	Share Premium £m	Retained earnings £m	Hedging reserve £m	Cost of hedging reserve £m	Total equity £m
	At 1 April 2023	32.0	1,165.0	1,089.7	17.8	1.7	2,306.2
	Profit for the year	-	-	102.0	-	-	102.0
	Other comprehensive income/(expense)						
19	Actuarial losses on retirement benefit obligations	-	-	(25.8)	-	-	(25.8)
7	Income tax charge on items that will not be reclassified	-	-	6.5	-	-	6.5
21	Losses on cash flow hedges	-	-	-	(36.5)	-	(36.5)
21	Losses on cost of hedging relationships	-	-	-	-	(2.7)	(2.7)
21	Amounts on cash flow hedges transferred to income statement	-	-	-	32.3	-	32.3
7	Deferred tax movement on hedging reserves	-	-	-	1.3	0.6	1.9
		-	-	(19.3)	(2.9)	(2.1)	(24.3)
	Total comprehensive income/(expense)	-	-	82.7	(2.9)	(2.1)	77.7
	Dividends	-	-	(79.9)	-	-	(79.9)
	At 31 March 2024	32.0	1,165.0	1,092.5	14.9	(0.4)	2,304.0

Notes		Stated Capital £m	Share Premium £m	Retained earnings £m	Hedging reserve £m	Cost of hedging reserve £m	Total equity £m
	Profit for the year	-	-	136.4	-	-	136.4
	Other comprehensive income/(expense)						
19	Actuarial losses on retirement benefit obligations	-	-	29.1	-	-	29.1
7	Income tax charge on items that will not be reclassified	-	-	(7.3)	-	-	(7.3)
21	Losses on cash flow hedges	-	-	-	23.3	-	23.3
21	Losses on cost of hedging relationships	-	-	-	-	(3.9)	(3.9)
21	Amounts on cash flow hedges transferred to income statement	-	-	-	18.2	-	18.2
7	Deferred tax movement on hedging reserves	-	-	-	(10.4)	1.0	(9.4)
		-	-	21.8	31.1	(2.9)	50.0
	Total comprehensive income/(expense)	-	-	158.2	31.1	(2.9)	186.4
	Dividends	-	-	(88.6)	-	-	(88.6)
	At 31 March 2025	32.0	1,165.0	1,162.1	46.0	(3.3)	2,401.8

Company statement of changes in equity for the year ended 31 March 2025

Notes		Share Capital £m	Share Premium £m	Retained earnings £m	Hedging reserve £m	Cost of hedging reserve £m	Total equity £m
	At 1 April 2023	32.0	1,165.0	1,039.6	17.8	1.7	2,256.1
	Profit for the year	-	-	100.2	-	-	100.2
	Other comprehensive income/(expense)						
19	Actuarial losses on retirement benefit obligations	-	-	(25.8)	-	-	(25.8)
7	Income tax charge on items that will not be reclassified	-	-	6.5	-	-	6.5
21	Losses on cash flow hedges	-	-	-	(36.5)	-	(36.5)
21	Losses on cost of hedging relationships	-	-	-	-	(2.7)	(2.7)
21	Amounts on cash flow hedges transferred to income statement	-	-	-	32.3	-	32.3
7	Deferred tax movement on hedging reserves	-	-	-	1.3	0.6	1.9
		-	-	(19.3)	(2.9)	(2.1)	(24.3)
	Total comprehensive income/(expense)	-	-	80.9	(2.9)	(2.1)	75.9
	Dividends	-	-	(79.9)	-	-	(79.9)
	At 31 March 2024	32.0	1,165.0	1,040.6	14.9	(0.4)	2,252.1

Notes		Share Capital £m	Share Premium £m	Retained earnings £m	Hedging reserve £m	Cost of hedging reserve £m	Total equity £m
	Profit for the year	-	-	134.4	-	-	134.4
	Other comprehensive income/(expense)						
19	Actuarial gains on retirement benefit obligations	-	-	29.1	-	-	29.1
7	Income tax charge on items that will not be reclassified	-	-	(7.3)	-	-	(7.3)
21	Losses on cash flow hedges	-	-	-	23.3	-	23.3
21	Losses on cost of hedging relationships	-	-	-	-	(3.9)	(3.9)
21	Amounts on cash flow hedges transferred to income statement	-	-	-	18.2	-	18.2
7	Deferred tax movement on hedging reserves	-	-	-	(10.4)	1.0	(9.4)
		-	-	21.8	31.1	(2.9)	50.0
	Total comprehensive income/(expense)	-	-	156.2	31.1	(2.9)	184.4
	Dividends	-	-	(88.6)	-	-	(88.6)
	At 31 March 2025	32.0	1,165.0	1,108.2	46.0	(3.3)	2,347.9

Cash flow statement for the year ended 31 March 2025

	Notes	Group Year ended 31 March 2025 £m	Group Year ended 31 March 2024 £m	Company Year ended 31 March 2025 £m	Company Year ended 31 March 2024 £m
Operating activities					
Operating profit		496.5	430.9	496.5	430.9
Adjustments for:					
Depreciation and amortisation		423.5	388.6	423.5	388.6
Assets adopted for £nil consideration		(34.0)	(48.2)	(34.0)	(48.2)
Profit on disposal of property, plant and equipment		-	(1.5)	-	(1.5)
Difference between pension charge and cash contributions		(27.3)	(3.2)	(27.3)	(3.2)
Net movement in provisions		(2.4)	(1.6)	(2.4)	(1.6)
Working capital:					
Decrease/(increase) in inventories		(3.0)	2.7	(3.0)	2.7
Increase in trade and other receivables		(39.6)	(62.8)	(35.2)	(62.8)
Increase/(decrease) in trade and other payables[1]		(2.4)	62.2	(40.8)	68.4
Net cash flows from operating activities		811.3	767.1	777.3	773.3
Investing activities					
Purchase of property, plant and equipment		(960.1)	(942.9)	(960.1)	(942.9)
Purchase of intangible assets		(109.6)	(51.4)	(109.6)	(51.4)
Proceeds from disposal of property, plant and equipment		1.5	2.0	1.5	2.0
Interest received		46.1	42.5	44.1	40.7
(Increase)/decrease in investments – cash deposits		100.0	(232.0)	100.0	(232.0)
Net cash used in investing activities		(922.1)	(1,181.8)	(924.1)	(1,183.6)
Financing activities					
Interest paid		(235.8)	(224.3)	(235.8)	(224.3)
Debt issue costs paid		(25.6)	(15.2)	(25.6)	(15.2)
Interest paid on leases		(1.0)	(1.1)	(1.0)	(1.1)
Proceeds from amounts borrowed		950.0	1,379.5	950.0	1,379.5
Repayment of amounts borrowed		(349.3)	(487.1)	(349.3)	(487.1)
Repayment of principal on derivatives		(85.0)	(11.5)	(85.0)	(11.5)
Receipt of principal on derivatives		67.1	-	67.1	-
Repayment of principal on leases		(6.4)	(6.4)	(6.4)	(6.4)
Dividends paid		(88.6)	(79.9)	(88.6)	(79.9)
Net cash from financing activities		225.4	554.0	225.4	554.0
Net increase in cash and cash equivalents		114.6	139.3	78.6	143.7
Cash and cash equivalents at 1 April		474.4	335.1	472.1	328.4
Cash and cash equivalents at 31 March		589.0	474.4	550.7	472.1

[1] Excluding movement in capital creditors which is presented in investing activities.

1. Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. Unless otherwise stated, these policies have been consistently applied to all of the years presented and are applicable to both Group and Company.

a) Basis of accounting

The Group and Company financial statements have been prepared (in accordance with section 474(1) of the Companies Act 2006) under international accounting standards which are adopted for use within the United Kingdom by virtue of Chapter 2 or 3 of Part 2 of the International Accounting Standards.

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain financial assets and liabilities (including derivative instruments) at fair value. The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses for the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may ultimately differ from those estimates.

Adjusted profit before tax excludes the fair value gains and losses arising on derivative financial instruments and energy derivatives that the Group holds as economic hedges. These introduce volatility into the accounts due to the present value of future cash flows, which management believes is not representative of the underlying operational performance of the business. Alternative performance measures are defined in note 27.

b) Basis of preparation

The Anglian Water Services Group (the "Group") financial statements comprise a consolidation of the financial statements of Anglian Water Services Limited (the "Company") and its subsidiary, Anglian Water Services Financing Plc, at 31 March. Inter-company sales and profit are eliminated fully on consolidation.

Going concern

The Directors have undertaken a detailed review to assess the liquidity requirements of the Group compared against the cash and facilities available to the Group, as detailed below.

The Directors have considered the potential impacts of the current market volatility and uncertainties within the sector in relation to the PR24 referral to the Competition and Markets Authority (CMA), and ongoing regulatory investigations.

The base forecast, which has been updated for the latest internal and external information and is aligned to the Final Determination from Ofwat has been subjected to a range of severe but plausible downside scenarios as noted below.

As set out in the Financing Structure section, the business generates operating cash flows to finance the day-to-day operations of the Group. In order to fund the capital programme the business requires external investment in the form of both debt and equity and both a depreciation charge and fair return on investment are included in the allowed revenues that the Company charges to customers.

In February the business requested that Ofwat refer its PR24 Final Determination to the CMA on the basis that the Company does not believe the Final Determination strikes an appropriate balance of risk and return for the notional company capable of attracting the level of investment needed to deliver the growth set out in the plan. Given Ofwat's statutory duty to ensure that an efficient notional company is financeable we believe that the CMA will ensure that the redetermination is set such that investors will continue to invest in the sector. As Anglian maintains an efficient structure which benefits from our Whole Business Securitisation, our actual gearing structure and covenants see more headroom than for the notional structure.

Management note that the outcome of the CMA appeal will fall substantially outside of the going concern assessment period.

In assessing Going Concern the Directors have considered a number of perspectives, including liquidity and debt covenants and tested these against both the base scenario and the three downside scenarios.

- Liquidity – AWS holds sufficient liquidity to cover the going concern period even under the most severe downside scenario.
- Debt covenants – The business has significant headroom against Default Events (where class A interest cover ratio is less than 1.6:1) under its securitised covenants with no plausible scenario identified that would cause an Event of Default.

Assessment period

Management have considered the appropriate assessment period taking into account all available information. Whilst there is an ongoing requirement to raise debt over the longer term to fund our growing investment programme, this is part of our business model and management are confident in our ability to raise debt given our proven track record and strong credit ratings. Therefore, management do not believe there to be a need to extend the period any further than 12 months.

Liquidity

Included within the £1,382.5 million of facilities at 31 March 2025 are facilities totalling £375.0 million due for renewal in March 2026 and £575.0 million due for renewal in June 2026 which is within the 12-month period assessed for going concern purposes. On 11 June 2025 the Group received formal commitment from lenders for a new three-year facility totalling £900 million. The Group has sufficient liquidity within the assessment period.

1. Accounting policies continued

b) Basis of preparation continued

Going concern continued

Debt covenants

Anglian Water Services Limited has a single debt platform (sometimes known as a "common terms" or "CTA" debt platform) that has been structured so as to align with, and enhance, the regulatory protections contained in the Water Industry Act 1991 and Anglian Water's Licence (an "Aligned Debt Programme"). Aligned Debt Programmes operate on a single covenant package and shared security and intercreditor arrangement that binds all debt providers.

The CTA introduces two terms, a Trigger Event and an Event of Default. The intention of a Trigger Event is that it is an early warning event designed to reinforce credit worthiness and to protect the Company and its finance creditors from an Event of Default occurring and consequently it is not considered to be a going concern event. It does not enable creditors to destabilise the Company through enforcing their security.

Sensitivity

We have identified three stretching scenarios to stress test our base forecast. These scenarios, low, medium and severe focus on the impact of the cost-of-living crisis and higher unemployment, the impacts of lower inflation and higher interest rates due to market uncertainty particularly within the sector, as well as specific risks to the business, such as cyber-attacks , the planned migration to our new ERP system, uncertainty associated with our price determination for AMP8 and increased costs/ reduced revenue due to adverse weather events.

Given our ability to access capital markets, management do not believe the downside testing, whilst causing additional cash outflows, would have significant liquidity impacts. If Debt markets were to be closed for a time the business would utilise facilities which are currently in place.

While medium and worst-case scenarios indicate the potential for a Trigger Event in relation to interest cover ratio covenants, the Directors do not consider this possibility to constitute a material uncertainty related to going concern. As noted, a Trigger Event is not considered a going concern event and whilst it would result in dividend lock-up and prevent the business from raising new debt we have sufficient liquidity during the going concern period in this event even when including planned debt repayments as a trigger event does not prohibit the renewal of bank facilities that expire in the going concern period.

For these reasons, the Directors believe it appropriate to continue to adopt the going concern basis in preparing the financial statement.

Standards, amendments and interpretations effective or adopted

The following standards and amendments have been effective during the reporting period and did not have any significant impact in the Group's consolidated financial statements:

- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures titled Supplier Finance Arrangements;
- Amendments to IAS 1 Presentation of Financial Statements – Classification of Liabilities as Current or Non-Current;
- Amendments to IAS 1 Presentation of Financial Statements – Non-current Liabilities with Covenants;
- Amendments to IFRS 16 Leases – Lease Liability in a Sale and Leaseback; and
- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates.

Standards, amendments and interpretations not yet effective and not early adopted

The following new standards and amendments have not been adopted in the Group's consolidated financial statements as they are not yet effective. These will be adopted at the beginning of the period they become mandatory:

- IFRS 18: Presentation and Disclosures in Financial statements (effective from 1 January 2027);
- IFRS 19: Subsidiaries without Public Accountability: Disclosures (effective from 1 January 2027);
- Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures (effective from 1 January 2026);
- Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Venture (effective date has been removed temporarily by the IASB); and
- Annual Improvements to IFRS Accounting Standards (Volume 11) (effective 1 January 2026).

The Directors do not expect the adoption of the new standards and amendments to the existing standards listed above will have a material impact on the consolidation financial statements of the Group in future periods, except if indicated below.

- IFRS 18: Presentation and Disclosures in Financial statements (effective for annual periods beginning on or after 1 January 2027 with earlier application permitted);

IFRS 18 replaces IAS 1 Presentation of Financial Statements, carrying forward many of the requirements in IAS 1 unchanged and complementing them with new requirements. In addition, some IAS 1 paragraphs have been moved to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and IFRS 7 Financial Instruments: Disclosures. Furthermore, the IASB has made minor amendments to IAS 7 Statement of Cash Flows and IAS 33 Earnings Per Share.

1. Accounting policies continued

b) Basis of preparation continued

IFRS 18 introduces new requirements to:

- present specified categories and defined subtotals in the statement of profit or loss;
- provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements;
- improve aggregation and disaggregation. The amendments to IAS 7 and IAS 33, as well as the revised IAS 8 and IFRS 7, become effective when an entity applies IFRS 18. IFRS 18 requires retrospective application with specific transition provisions.

The Directors anticipate that the application of the new standard may have an impact on the Group's consolidated financial statements in future periods.

c) Foreign currencies

The Group's consolidated financial statements are presented in British pound sterling, which is also the parent company's functional currency individual transactions denominated in foreign currencies are translated into local currency at the actual exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into local currency at the rates ruling at the balance sheet date. Profits and losses on both individual foreign currency transactions during the period and monetary assets and liabilities are dealt with in the income statement except for transactions where hedge accounting has been applied in accordance with IFRS 9 'Financial instruments'.

d) Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

e) Revenue recognition

Revenue is recognised to reflect the transfer of goods or services to customers at an amount that reflects the consideration to which the Group expects to be entitled to in exchange for those goods or services.

Principal source of income

The Group's principal source of income is from customers in respect of the provision of water and water recycling services within Anglian Water, the Group's regulated water and sewerage company, at a price determined annually by its regulatory tariffs.

The majority of Anglian Water's household customers have meters, but there are a significant number who are not metered. This is relevant to how the Group recognises the income over the year, since the unmeasured customers are billed at a flat rate based on the rateable value of the property, which reflects their right to an ongoing supply of water, while measured customers are billed in line with their usage, which tends to be seasonal.

e) Revenue recognition continued

Under IFRS 15, the performance obligation for measured customers has been assessed as the provision of water and sewerage services, and the performance obligation is met as water is supplied to the property. Accordingly, for the variable element, revenue is recognised as water is supplied, based on volumes supplied at the relevant reporting date.

Related non-volumetric, or standing, charges reflect our obligation to stand-ready to deliver water, as is the case with unmeasured supply (see below), and is accounted for accordingly.

In respect of unmeasured customers, the performance obligation has been assessed as standing ready to provide water and sewerage services when required by our customers, and accordingly revenue is recognised under IFRS 15 as the stand-ready obligation is fulfilled over time. Accordingly, revenue from unmeasured customers is recognised on an overtime basis under IFRS 15.

Non-household revenue is charged and recognised on the basis of volumes supplied, based on data submitted by the market operator.

Secondary source of income

A secondary source of income for Anglian Water is from grants and contributions in respect of new connections for water and/or sewerage services. Judgement is required when applying IFRS 15 'Revenue from contracts with customers' in determining the customer and the performance obligations to that customer. Specifically, judgement is required as to whether the income is in relation to the provision of the connection to the Group's infrastructure, allowing the completion of the construction of the property and it to be approved for sale, or to facilitate the ongoing provision of water and wastewater services to the properties in question. Please see note 2 for further details.

The significant components of grants and contributions, and their treatment, are as follows:

i New connection charges

The Group considers the performance obligation to be satisfied on making the connection. Income for new connection charges is therefore recognised as the connection is completed;

ii Self-lay, requisitions and adoption fees

Revenue recognition is consistent with new connection charges (see (i) above);

iii Fair value of assets adopted for £nil consideration

These are principally sewers and pumping stations that a developer has constructed and then contributed to the Group, on a £nil consideration basis, in exchange for being relieved of any future liability. Income is recognised on adoption based on the fair value of the asset adopted;

iv Infrastructure charges

Infrastructure charges are a developer's contribution to fund network reinforcement by the Group. While these charges are a contribution to reinforcement of the network, they have to be paid by the developer as a condition of obtaining connection to the network and, as such, the Group's performance obligation is satisfied by making the connection. As such, the income is recognised as the connection is made;

1. Accounting policies continued

e) Revenue recognition continued

v Diversions

Diversions arise where a highways agency, or other authority, reimburses the Group for the majority of the costs incurred in diverting assets that represent an obstruction to the construction or upgrade of roads and railway lines. There is no performance obligation to the agency/authority beyond completing the diversion, therefore income is recognised immediately on completion.

Non-appointed activities

The Group also provides additional services which are not categorised as a regulatory appointed activity. These relate to non-water / wastewater services and for use of land for water supply beyond duties imposed by regulation. Activities largely relate to the provision of property searches, referrals for connecting customers to insurance providers, processing of septic tank waste from households not connected to main sewers and from the use of our reservoirs for recreational activity. Revenue is recognised in line with the delivery of each performance obligation which is at a point in time as there is no ongoing obligation past the transaction date.

Other sources of revenue

i Other operating income

The principal sources of other operating income are from the generation of power, the sale of biosolids to farms, rents received and other minor income associated with operating activities.

f) Research and development

Research expenditure is charged to profit and loss in the period in which it is incurred. Expenditure relating to development projects is capitalised as equipment or intangible assets and is written off over the expected useful life of the asset.

g) Exceptional items

Exceptional items are one-off items that individually or, if of a similar type, in aggregate need to be disclosed by virtue of their size or nature to enable a reader of the financial statements to understand the results for a particular period.

h) Operating profit

Operating profit is stated after charging operational expenses but before finance income and finance costs.

i) Taxation

Current income tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. The deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates enacted or substantially enacted by the balance sheet date and that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

j) Dividends

Dividends are recognised as a liability in the period in which they are approved or committed. A corresponding amount is recognised directly in equity.

k) Intangible assets

Other intangible assets represent computer software and internally generated assets which mainly comprise capitalised development expenditure.

Other intangible assets are shown at cost less subsequent amortisation and any impairment. Amortisation of intangible assets is calculated on a straight-line basis over their estimated useful lives, which are primarily three to 10 years.

Software-as-a-service (SaaS) arrangements

SaaS arrangements are service contracts providing the Group with the right to access the cloud provider's application software over the contract period. Costs incurred to configure or customise, and the ongoing fees to obtain access to the cloud provider's application software, are recognised as operating expenses when the services are received.

Some of the costs incurred relate to the development of software code that enhances or modifies, or creates additional capability to, existing on-premise systems and meets the definition of, and the recognition criteria for, an intangible asset. These costs are recognised as intangible software assets and amortised over the useful life of the software on a straight-line basis. The useful lives of these assets are reviewed at least at the end of each financial year, and any change accounted for prospectively as a change in accounting estimate.

1. Accounting policies continued

l) Property, plant and equipment

Property, plant and equipment comprises:

- Land and buildings – comprising land and non-operational buildings;
- Infrastructure assets – comprising a network of systems consisting of mains and sewers, impounding and pumped raw water storage reservoirs, sludge pipelines and sea outfall;
- Operational assets – comprising structures at sites used for water and wastewater treatment, pumping or storage, where not classed as infrastructure, along with associated fixed plant;
- Vehicles, mobile plant and equipment;
- Assets under construction.

All property, plant and equipment is shown at cost less subsequent depreciation and any impairment. Cost includes expenditure directly attributable to the acquisition or construction of the items.

Borrowing costs incurred for the construction of qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the income statement as incurred.

Freehold land is not depreciated, nor are assets in the course of construction until commissioned. Depreciation of other assets is calculated at rates expected to write off the cost less the estimated residual value of the relevant assets on a straight-line basis over their estimated useful lives, which are primarily as follows:

Non-operational buildings	15–80 years
Infrastructure assets – water	50–120 years
Infrastructure assets – water recycling	50–160 years
Operational assets	30–80 years
Fixed plant, including meters	12–40 years
Vehicles, mobile plant and equipment	3–10 years

Items of property, plant and equipment that have no further operational use are treated as having been decommissioned and are written off immediately to profit or loss. In addition, property, plant and equipment is assessed for impairment, in accordance with IAS 36 'Impairment of Assets', if events or changes in circumstances indicate that the carrying value may not be recoverable.

m) Leased assets

The Group assesses whether a contract is, or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (defined as leases for individual assets with a value of less than £5,000). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease, unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of the probability in exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate, or a change in expected payment under a guaranteed residual value, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used);
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

n) Investments – cash deposits

After initial recognition at fair value, financial investments are held at amortised cost. This is based on the business' practice of acquiring financial assets to collect their contractual cash flows and the simple nature of the investments made, which consist solely of principle payments and interest on the principle outstanding.

1. Accounting policies continued

o) Inventories

Raw materials are stated at cost less any provision necessary to recognise damage and obsolescence. Work in progress is valued at the lower of cost and net realisable value. Cost is calculated using the weighted average cost method. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

p) Financial assets and liabilities

Financial assets and liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument. Financial assets are classified as at fair value through profit and loss; fair value through other comprehensive income or amortised cost depending on the Group's intention in regard to the collection of contractual cash flows (or sale) and whether the financial assets cash flows relate solely to the payment of principal and interest on principal outstanding.

The Expected Credit Loss ('ECL') model requires the Group to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets, therefore this is no longer dependent on the Group first identifying a credit loss event. This requires consideration of a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- where credit risk is low or has not increased significantly since recognition (Stage 1);
- has increased significantly since initial recognition (Stage 2); and
- where the financial asset is credit impaired (Stage 3).

'12-month expected credit losses' are recognised for Stage 1 while 'lifetime expected credit losses' are recognised for Stage 2.

Expected credit losses are defined as the weighted average of credit losses with the respective risk of default occurring as the weights.

A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL.

The Group manages credit risk exposures through a comprehensive counterparty credit risk policy. See the financial instruments disclosures for further details.

q) Trade receivables

Trade receivables are initially recognised at their transaction price.

The Group makes use of a simplified approach in accounting for trade and other receivables and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the trade receivable.

In calculating the expected loss, the Group applies expected recovery rates, based on actual historical cash performance and forward-looking information.

The Group assesses impairment of trade receivables on a collective basis and where they possess shared credit risk characteristics they have been Grouped; these Groups are residential measured, residential unmeasured, non-household measured and developer services, and other customers.

In particular, existing or forecast adverse changes in financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations is taken into account when assessing whether credit risk has increased significantly since initial recognition.

Debt is only written off after all available economic options for collecting the debt have been exhausted and the debt has been deemed to be uncollectable or is subject to a settlement agreement or forgiveness scheme. This may be because it is, unrealistic, impractical, inefficient or uneconomic to collect the debt.

Situations where this may arise and where debt may be written off are as follows:

- Where the customer has absconded and attempts to trace the customers whereabouts prove unsuccessful;
- Where the customer has died without leaving an estate or has left an insufficient estate on which to levy execution;
- Where the debt is subject to insolvency proceedings and there are insufficient funds to settle the debt;
- Where the value and/or age of debt make it uneconomic to pursue; and
- Where debt becomes statute barred.

We also write off debts following a settlement arrangement on an outstanding balance and for eligible customers on our debt forgiveness scheme (Back on Track) as part of payment matching.

Debt that is still subject to enforcement activity is not written off unless it becomes uneconomic to pursue.

1. Accounting policies continued

r) Cash and cash equivalents

In the cash flow statement, cash and cash equivalents comprise cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturity dates of three months or less, and outstanding bank overdrafts.

Other short-term deposits with a tenor of more than three months are classified as investments – cash deposits.

s) Trade and other payables

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. Trade payables are non-interest bearing and are normally settled at the end of the following month. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

t) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

u) Derivative financial instruments

Derivative instruments are used for hedging purposes in line with the Group's risk management policy and no speculative trading in financial instruments is undertaken.

Derivatives are initially recognised at fair value and subsequently re-measured at fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the financial statements unless the Group has both a legally enforceable right and intention to offset. The impact of the Master Netting Agreements on the Group's financial position is disclosed in note 17. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

The Group designates certain derivatives as either a fair value or cash flow hedge in accordance with IFRS 9 'Financial Instruments'. At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with how the hedge aligns with the Group's risk management strategy. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is effective in offsetting changes in the fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

u) Derivative financial instruments continued

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

The Group rebalances a hedging relationship in order to comply with the hedge ratio requirements when necessary. In such cases discontinuation may apply to only part of the hedging relationship. For example, the hedge ratio might be adjusted in such a way that some of the volume of the hedged item is no longer part of a hedging relationship, hence hedge accounting is discontinued only for the volume of the hedged item that is no longer part of the hedging relationship.

In some hedge relationships the Group excludes, from the designation, the currency basis spread of cross currency hedging instruments. In such cases the fair value change of the currency basis element of the cross currency interest rate swap is recognised in other comprehensive income and accumulated in the cost of hedging reserve and reclassified from equity to profit or loss on a straight-line basis over the term of the hedging relationship. The treatment for the currency basis element is optional and the option is applied on an individual hedge basis.

Embedded derivatives

An embedded derivative is a component of a hybrid contract that also includes a non-derivative host with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative.

Derivatives embedded in hybrid contracts with a financial asset host within the scope of IFRS 9 are not separated. The entire hybrid contract is classified and subsequently measured as either amortised cost or fair value as appropriate.

Derivatives embedded in hybrid contracts with hosts that are not financial assets within the scope of IFRS 9 (e.g. financial liabilities) are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value through profit or loss ('FVTPL').

If the hybrid contract is a quoted financial liability, instead of separating the embedded derivative, the Group generally designates the whole hybrid contract at FVTPL.

An embedded derivative is presented as a non-current asset or non-current liability if the remaining maturity of the hybrid instrument to which the embedded derivative relates is more than 12 months and is not expected to be realised or settled within 12 months.

1. Accounting policies continued

u) Derivative financial instruments continued

i Fair value hedge

Changes in the fair value of derivatives designated and qualifying as fair value hedges are recorded in the income statement within 'fair value gains/(losses) on derivative financial instruments', together with changes in the fair value of the hedged asset or liability attributable to the hedged risk.

If a fair value hedge is discontinued, the hedged item is not adjusted for any subsequent movements in the hedged risk. The cumulative amount of fair value adjustment on the hedge item at the point of discontinuation is then amortised to profit or loss over the remaining life of the original hedge based on a recalculated effective interest rate.

If the hedged item is derecognised, the unamortised fair value is recognised immediately in profit or loss.

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in profit or loss.

ii Cash flow hedge

The effective portion of changes in the fair value of derivatives designated and qualifying as cash flow hedges is recognised in other comprehensive income and accumulated in the cash flow hedge reserve. The gain or loss relating to the ineffective portion is recognised immediately in the income statement within 'fair value gains/(losses) on derivative financial instruments'.

Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item will affect profit or loss (for example, in the periods when interest income or expense is recognised, or when the forecast hedged cost takes place).

When a cash flow hedge is discontinued, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively.

iii Derivatives that do not qualify for hedge accounting

Certain derivative instruments, principally index-linked swaps, do not qualify for hedge accounting. Such derivatives are classified at fair value through profit and loss, and changes in fair value are recognised immediately in the income statement.

v) Provisions

A provision is recognised when the Group has a present legal or constructive obligation as a result of a past event for which it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. If the effect of time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

w) Retirement benefit obligations

i Defined benefit schemes

For defined benefit schemes, pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and are discounted at the current rate of return on a high-quality corporate bond of equivalent term and currency to the liabilities. The current service cost, which is the increase in the present value of the liabilities of the Group's defined benefit pension schemes expected to arise from employee service in the period, is charged to operating costs. The net interest on the schemes' net assets/(liabilities) is included in other finance charges. Actuarial gains and losses are recognised in the statement of comprehensive income.

Pension schemes' surpluses, to the extent that they are considered recoverable, or deficits, are recognised in full and presented on the face of the balance sheet.

ii Defined contribution schemes

The cost of defined contribution schemes is charged to the income statement in the period in which the contributions become payable.

2. Key sources of estimation uncertainty and critical accounting judgements

In preparing these consolidated financial statements, the Directors have made judgements, estimates and assumptions that affect the application of the Group's accounting policies, which are described in note 1, and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised in the period in which the estimate is revised if the revision only affects that period, or in the period of the revision and future periods if the revision affects both the current and future periods.

Climate change

The Group is continually assessing and responding to the impact that climate change has on its assets and liabilities. In assessing the impact of climate change we have considered not just the impact on our asset base as a result of no action but the impact of our 2030 net zero route map has also been incorporated into our normal assessment of asset UEL. Nothing has been identified within our net zero plan which has the potential to impact on our existing asset base or their net book values.

Infrastructure assets within property plant and equipment, specifically in relation to the water mains network have a net book value of £3,188.9 million and an associated annual depreciation charge of £34.4 million (£3,126.9 million, £33.9 million 31 March 2024). The impact of climate change on these assets is dependent on several factors, including but not limited to, the geology of the region these assets go through and the material they are made from. As part of our PR24 submission we have put forward an investment to renew 668km of climate vulnerable mains in AMP8 as part of a multi-AMP programme of removing 75% of our 8,241km of climate vulnerable main by 2060. The Group's intention is to replace these assets which would lead to an acceleration of depreciation on these assets, however that judgement cannot be made until there is certainty over funding following the CMA appeal. Therefore, no adjustment has been made in the current year financial statements as our current funding arrangements would be to repair rather than replace the assets, recording such costs within the income statement as incurred. This will be kept continuously under review to ensure appropriate treatment of network assets.

As weather events become more severe there is a risk of impairment to our assets. There have been no such impairments in the current financial year.

We have also set out the risks posed by climate change and how we will address them in our latest Climate Change Adaptation Report.

a) Critical accounting judgements

The areas where the most critical judgements have been applied are as follows:

i Capitalised expenditure

Additions to intangible assets, and to property, plant and equipment, include £186.7 million (2024: £158.6 million) of own work capitalised. Judgement is made to ensure these costs relate to relevant assets and that future economic benefit will flow to the Group.

ii Asset lives

The property, plant and equipment used in the Group is primarily the infrastructure and operational assets of the regulated water business. Infrastructure and operational assets have estimated useful lives of between 30 and 160 years and the depreciation charge is clearly sensitive to the lives allocated to the various types of asset. Asset lives are reviewed regularly and changed where necessary to reflect the current view on their remaining lives in light of technological change, prospective economic utilisation and the physical condition of the assets.

iii Recognition of grants and contributions

a) Income from connections to the water and wastewater network

The Group receives income from developers for new connections to the water and wastewater networks either in the form of cash or infrastructure assets. The significant components are as follows:

1) New connection charges £14.9 million (2024: £13.4 million) – developer request for the provision of new connections to the network.
2) Infrastructure charges £12.6 million (2024: £11.4 million) – developers' contribution to offsite network reinforcement as permitted by the Water Industry Act.
3) Self-lay, requisitions and adoption fees £12.7 million (2024: £10.9 million) – providing the developer with assistance in the construction of assets which enable the development to be connected to the network.
4) Adopted assets at £nil consideration £34.0 million (2024: £48.2 million) – developer contributes assets on a £nil consideration basis that have been installed on a new development.

Judgement is required when applying IFRS 15 'Revenue from contracts with customers' in determining the customer and the performance obligations to that customer. Specifically, judgement is required as to whether the income is in relation to the provision of the connection to the Group's infrastructure, allowing the completion of the construction of the property and it to be approved for sale, or to facilitate the ongoing provision of water and wastewater services to the properties in question.

2. Key sources of estimation uncertainty and critical accounting judgements continued

a) Critical accounting judgements continued

For 1 and 2 above, all communication is between ourselves and the developer/site owner and the agreement is signed by said developer/site owner. The agreements set out components of the charge and what is to be delivered. Our conclusion is therefore that the developer is the customer and our obligation to the developer is met when properties are connected to the network, and therefore this is considered the relevant trigger for income recognition. We believe the ongoing obligation to maintain the connection to the property is a separate contract with the property owner (in most cases the household customer) and separate from the contract with the developer.

For 3 and 4, it is the developer who constructs and transfers the asset, and therefore similar to the above, the agreement is between ourselves and the developer. The occupants of the properties served are unaware of the transaction and indifferent to who is maintaining the asset, they receive no benefit from the transaction.

Our obligation is to inspect and adopt the assets. As such, the Group considers that the ongoing obligation to maintain the assets is a separate contract with the property owner (in most cases the household customer) and separate from the contract with the developer. Therefore, revenue from these streams should be recognised at a point in time when the contract with the developer is fulfilled; on connection, completion, or adoption.

Our obligations to maintain and reinforce our infrastructure do not constitute performance obligations as these are imposed on us by the regulator. A performance obligation involves a transfer of control of benefit from the seller to the customer; however, maintenance and reinforcement of the infrastructure does not transfer any benefit outside of Anglian Water, because the assets being maintained or reinforced are Anglian Water's own assets. The promise to the customer is to provide water/sewerage services, the promise to the developer is to provide a connection and there is no performance obligation in respect of upkeep of the assets.

b) Diversions

The Group also receives income from various authorities which is reimbursing the cost of diverting assets due to them presenting an obstruction to the construction or upgrade of infrastructure such as roads or rail. Diversion income within the year amounted to £15.0 million (2024: £13.9 million).

A similar revenue recognition approach is taken with diversions. The obligation here is that we divert the sewer or water main at the request of the relevant authority or agency, and our obligation is fully met once the diversion is completed, and therefore the contribution is fully recognised as revenue at that point in time.

b) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

The key areas involving estimation are discussed below:

i Retirement benefit actuarial assumptions

The Company operates one defined benefit scheme (which is closed to new members and future accrual), a defined contribution scheme and an unfunded arrangement for former employees. Under IAS 19 ‘Employee Benefits’ the Company has recognised an actuarial gains of £29.1 million (2024: loss of £25.8 million) in respect of the defined benefit scheme which affects other comprehensive income and net assets. The actuarial valuation of the scheme liabilities is reliant on key assumptions which include: the discount rate, salary inflation and life expectancy. The main assumptions and associated sensitivities are set out in note 19 of the financial statements.

ii Level 3 derivative financial instruments

The company enters into a variety of derivative financial instruments to manage its exposure to inflation and interest rate risk in line with the company's risk management policy. Level 3 derivative financial instruments comprise CPI-linked inflation swaps and RPI-CPI basis swaps which are traded based on a spread to liquid RPI inflation markets often referred to as ‘the wedge’. As the market for CPI swaps is still developing, the wedge is not currently observable in a liquid market and as such these swaps have been classified as level 3 instruments. The impact (on a post-tax basis) on the income statement of reasonably possible changes in the CPI inflation rate assumptions used in valuing instruments classified as level 3 can be found in note 17.

iii Depreciation backlog

IAS 16 requires depreciation of an asset to begin when it is available for use, where there are delays between this and the asset being commissioned in the system management have to record an overlay adjustment to depreciation. Management have estimated the depreciation adjustment using a methodology based on historic average time before commissioning and depreciation charge calculated average life per actual commissioning in prior years. At 31 March 2025, the cumulative adjustment required to depreciation (excluding capitalised interest) amounts to £10.6 million (31 March 2024: £10.8 million). The average period schemes are assessed as being overdue has remained broadly consistent through the year (2025: 1.09 years, 2024: 0.97 years).

2. Key sources of estimation uncertainty and critical accounting judgements continued

c) Other area involving estimation

i Expected credit loss on trade receivables

IFRS 9 requires that historical loss rates are adjusted as appropriate to reflect current conditions and estimates of future economic conditions.

The actual level of receivables collected may differ from the estimated levels of recovery, which could impact operating results positively or negatively.

Management apply judgement when determining impact of the wider economy on future cash collection (macro-economic).

The extent to which future cash collections will be impacted by macro-economic trends is uncertain. Management have estimated the potential impact through scenario analysis considering the correlation between cash collection rates against a combination of unemployment rates and real household disposable income (RHDI). Office for Budget Responsibility, Office of National Statistics and Bank of England forecasts for these measures have then been utilised to forecast changes in future cash collection rates.

The Bank of England forecast at February 2025 now predicts unemployment to peak at 4.8%, and The Office for Budget Responsibility forecast for RHDI predicts a peak of £24,700 per person- in the medium term. Based on management's calculations, this is consistent with predictions at March 2024 and the additional provision required against bills raised to the balance sheet date has remained broadly the same, at £3.1 million.

Sensitivity of +/- 1% for employment and £1,000 per person for RHDI has been modelled to assess the impact on the figure. +/- 1 has been used as this reflects a reasonable market movement based on historical and forecast data. Unemployment shows a range of +/-11.5 million and RHDI shows a range of -£8.8 million to +£9.4 million when applying the sensitivity. This therefore gives a range from a low of -£11.5 million to a high of £11.5 million.

ii Measured income accrual

For Anglian Water the measured income accrual is an estimation of the amount of water and wastewater main charges unbilled at the year end. The accrual is estimated using a defined methodology based upon weighted average water consumption by tariff, which is calculated based upon smart meter usage data and historical billing information. The calculation is sensitive to estimated consumption for measured domestic customers. For 2024/25 the average consumption for measured household customers was 99 cubic meters. A fall or rise of two cubic metres (2%) in average annual consumption will reduce or increase revenue by approximately £15.6 million respectively.

3. Segmental information

The Directors believe that the whole of the Group's activities constitute a single class of business.

The Group's revenue is wholly generated from within the United Kingdom.

4. Revenue

	Year ended 31 March 2025 £m	Year ended 31 March 2024 £m
Water and water recycling services:		
Anglian Water		
Household – measured	1,046.7	961.0
Household – unmeasured	248.8	239.8
Non-household – measured	315.0	290.8
Grants and contributions	89.2	97.8
Other	49.6	37.2
	1,749.3	1,626.6

Included in Grants and contributions are adopted assets of £34.0 million (2024: £48.2 million) which are non-cash.

Other includes £28.2 million (2024: £25.6 million) of revenue related to non-appointed business activities.

The above analysis excludes other operating income and finance income (note 6).

The Group derives its revenue from contracts with customers for the transfer of goods and services at a point in time in the above revenue categories, with the exception of Household – unmeasured which is recorded on a straight-line basis throughout the year, see our accounting policy in note 1 for further details.

Revenue recognised which exceeds the amounts billed is recorded as a contract asset while payments received prior to delivering the service is recorded as a contract liability. Refer below for the movement in contract assets and liabilities:

	Group and Company	
	2025 £m	2024 £m
Contract liability		
At 1 April	(330.3)	(345.5)
Revenue recognised	1,295.5	1,200.8
Cash received in advance	(1,296.7)	(1,185.6)
At 31 March	(331.5)	(330.3)
Contract asset		
At 1 April	406.5	331.5
Revenue recognised	1,361.7	1,2751.8
Amounts billed	(1,346.9)	(1,176.8)
At 31 March	421.3	406.5

Notes to the financial statements continued

5. Operating costs

	Year ended 31 March 2025 £m	Year ended 31 March 2024 £m
Raw materials and consumables	43.2	37.0
Staff costs	345.9	310.3
Research and development	8.7	7.5
Contribution to Anglian Water Assistance Fund	0.7	0.8
Short-term lease costs	5.7	2.9
Hired and contracted services	289.3	279.2
Rates	76.4	69.5
Power	144.6	165.4
Regulatory fees	34.4	29.7
Insurance	15.8	10.8
Vehicles and fuel	21.5	17.7
Other expenses	10.3	13.5
Own work capitalised	(186.7)	(158.6)
Profit on disposal of property, plant and equipment[1]	-	(1.5)
Operating costs before depreciation, amortisation and loss allowance for expected credit losses	809.8	784.2
Depreciation of property, plant and equipment	366.9	333.1
Amortisation of intangible assets	56.6	55.5
Depreciation and amortisation	423.5	388.6
Loss allowance for expected credit losses	36.3	38.7
Operating costs	1,269.6	1,211.5

[1] The profit on disposal of property, plant and equipment relates to various sales of surplus land and assets.

During the year the Group obtained the following services from the Company's Auditor:

	Year ended 31 March 2025 £m	Year ended 31 March 2024 £m
Fees payable to the Company's Auditor for the audit of the consolidated financial statements	0.6	0.4
Fees payable to the Company's Auditor for the audit of the subsidiaries	0.1	0.1
Fees payable to the Company's Auditor for other services		
Non-audit services	0.2	0.4
	0.9	0.9

The Company's Auditor for the year ended 31 March 2024 and 31 March 2025 was Deloitte LLP. Audit related assurance services predominantly relate to regulatory reporting to Ofwat, review of the Group's half-year results, and other agreed upon procedures throughout the year.

6. Net finance costs

	Year ended 31 March 2025 £m	Year ended 31 March 2024 £m
Finance costs		
Interest expense on bank loans and overdrafts	(12.8)	(12.8)
Interest expense on other loans including financing expenses	(287.2)	(241.8)
Indexation[1]	(197.1)	(359.9)
Amortisation of debt issue costs	(4.5)	(2.9)
Interest on leases	(1.0)	(1.1)
Unwinding of discount on provision	(0.1)	(0.1)
Total finance costs	(502.7)	(618.6)
Less: amounts capitalised on qualifying assets	84.1	71.1
	(418.6)	(547.5)
Finance income		
Interest income on short-term bank deposits	46.1	42.5
Defined benefit pension scheme interest	2.1	2.4
	48.2	44.9
Fair value gains/(losses) on derivative financial instruments		
Hedge ineffectiveness on cash flow hedges[2]	1.2	1.9
Derivative financial instruments not designated as hedges	64.2	207.8
Recycling of de-designated cash flow hedge relationship[3]	(2.5)	(4.8)
	62.9	204.9
Finance income, including fair value gains on derivative financial instruments	111.1	249.8
Net finance costs	(307.5)	(297.7)

[1] Indexation comprise of £123.9 million in borrowings (2024: £229.9 million) and £73.2 million in derivatives (2024: £130.0 million).

[2] Hedge ineffectiveness on fair value hedges comprises fair value gains on hedging instruments of £14.0 million (2024: loss of £22.5 million), offset by fair value losses of £12.8 million on hedged risks (2024: gains of £24.4 million).

[3] Please refer to note 21 for breakdown of hedging reserve.

7. Taxation

	Year ended 31 March 2025 £m	Year ended 31 March 2024 £m
Current tax:		
In respect of the current period	(47.8)	(47.3)
Adjustments in respect of prior periods	25.6	(0.4)
Total current tax credit	(22.2)	(47.7)
Deferred tax:		
Origination and reversal of temporary differences	96.7	82.8
Adjustments in respect of previous periods	(21.9)	(3.9)
Total deferred tax charge	74.8	78.9
Total tax charge on loss on continuing operations	52.6	31.2

The current tax credit for both years reflects receipts from other Group companies for losses surrendered to those Group companies. The tax losses arise mainly because capital allowances exceed the depreciation charged in the accounts, as well as some income not being taxable and the availability of tax relief on pension contributions paid in the year. This is offset by disallowable costs and interest.

The deferred tax charge for this year mainly reflects capital allowances claimed in excess of the depreciation charge, a charge on the fair value gains on derivatives, offset by a credit on losses carried forward to future years.

The current and deferred tax adjustments in respect of previous periods for both years relate mainly to the agreement of prior year tax computations. In the current year, a decision was made for the year ended 31 March 2023, not to surrender losses from this company to another Group company under the Group relief provisions of part 5 of the Corporation Taxes Act 2010. This gave rise to a current tax charge and a deferred tax credit, although the amounts were different due to the different rates for current tax and deferred tax in that year.

The amounts included for tax liabilities in the financial statements include estimates and judgements. If the computations subsequently submitted to HMRC include different amounts then these differences are reflected as an adjustment in respect of prior years in the subsequent financial statements.

To address concerns about uneven profit distribution and tax contributions of large multinational corporations, various agreements have been reached at the global level, including an agreement by over 135 jurisdictions to introduce a global minimum tax rate of 15%. In December 2021, the Organisation for Economic Co-operation and Development (OECD) released a legislative framework, followed by detailed guidance sets, that is expected to be used by individual jurisdictions that signed the agreement to amend their local tax laws. The United Kingdom enacted the tax legislation related to the top-up tax in July 2023 in the Finance Act and the legislation is effective in the UK for periods commencing on or after 1 January 2024. In addition, amendments to IAS 12 'International Tax Reform – Pillar Two Model Rules' were endorsed by the UK Endorsement Board on July 2023 and the exception from recognition and disclosures of deferred taxes in this regard as required by IAS 12.4A has been taken. The legislation is not expected to have a significant impact on the financial statements.

The tax charge on the Group's profit before tax differs from the notional amount calculated by applying the rate of UK corporation tax of 25% (2024: 25%) to the profit before tax from continuing operations as follows:

	Year ended 31 March 2025 £m	Year ended 31 March 2024 £m
Profit before tax from continuing operations	189.0	133.2
Profit before tax from continuing operations at the standard rate of corporation tax in the UK of 25% (2024:25%)	47.3	33.3
Effects of recurring items:		
Depreciation and losses on assets not eligible for tax relief	1.1	1.2
Disallowable expenditure	0.5	1.0
	48.9	35.5
Effects of non-recurring items:		
Adjustments in respect of prior periods	3.7	(4.3)
Tax charge for the year	52.6	31.2

7. Taxation continued

In addition to the tax charged to the income statement, the following amounts of tax relating to components of other comprehensive income were recognised:

	Year ended 31 March 2025 £m	Year ended 31 March 2024 £m
Deferred tax:		
Defined benefit pension schemes	7.3	(6.5)
Cash flow hedges	9.4	(1.9)
Total deferred tax charge/(credit)	16.7	(8.4)
Total tax charge/(credit) recognised in other comprehensive income	16.7	(8.4)

8. Employee information and Directors' emoluments

a) Employee information

	Year ended 31 March 2025 £m	Year ended 31 March 2024 £m
Wages and salaries	289.5	260.8
Social security costs	30.1	26.2
Pension costs – defined contribution	26.4	23.2
Pension costs – defined benefit	-	0.1
	345.9	310.3

Staff costs for the year ended 31 March 2025 in the table above are shown inclusive of £110.7 million (2024: £75.9 million) of costs that have been capitalised, as shown within 'own work capitalised' in note 5.

Average monthly number of full-time equivalent persons (including Executive Directors) employed by the Group:

	Year ended 31 March 2025	Year ended 31 March 2024
Water Services	1,254	1,395
Water Recycling Services	1,760	1,598
Customer Services	666	539
Asset Management and Other	2,194	1,999
	5,874	5,531

Group employees are employed by the Company thus has the same number of employees as the Group.

b) Directors' emoluments

	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
Aggregate emoluments	927	1,335

Aggregate emoluments of the Directors comprise salaries, taxable benefits, cash payments in lieu of company pension contributions and amounts payable under annual bonus schemes. No retirement benefits are accrued for Directors (2024: no Directors) under a defined benefit pension scheme.

Retirement benefits are accruing to two Directors (2024: two Directors) under a defined contribution pension scheme. In addition to the aggregate emoluments above, certain Directors receive emoluments from other Anglian Water Group Limited Group undertakings.

c) Highest paid Director

More detailed disclosures of the Directors' remuneration can be found in the Remuneration report on pages 147-165.

	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
Aggregate emoluments	374	945

9. Dividends

	Year ended 31 March 2025 £m	Year ended 31 March 2024 £m
Paid by the Group:		
Previous year final dividend	88.6	79.9
	88.6	79.9

The Directors have recommended that no final dividend in relation to 2024/25 be paid. During the year ended 31 March 2025, dividends of £88.6 million (£2.77 per share) were paid by the Company to its immediate parent undertaking, Anglian Water Services UK Parent Co Limited (2024: £79.9 million at £2.50 per share). See note 28 for details of dividends declared after the year end.

10. Intangible assets

	Group and Company			
	Computer Software £m	Other intangibles £m	Intangible assets under construction £m	Total £m
Cost				
At 1 April 2024	436.6	53.0	138.4	628.0
Additions	-	-	117.5	117.5
Transfers on Commissioning	41.2	42.5	(83.7)	-
Disposals	(0.6)	(16.4)	-	(17.0)
At 31 March 2025	477.2	79.1	172.2	728.5
At 1 April 2023	417.4	146.0	121.6	685.0
Additions	-	-	58.2	58.2
Transfers on Commissioning	19.2	22.2	(41.4)	-
Disposals	-	(115.2)	-	(115.2)
At 31 March 2024	436.6	53.0	138.4	628.0
Accumulated amortisation				
At 1 April 2024	(345.3)	(26.1)	-	(371.4)
Charge for the year	(36.5)	(20.1)	-	(56.6)
Disposals	0.6	16.2	-	16.8
At 31 March 2025	(381.2)	(30.0)	-	(411.2)
At 1 April 2023	(300.6)	(130.5)	-	(431.1)
Charge for the year	(44.7)	(10.8)	-	(55.5)
Disposals	-	115.2	-	115.2
At 31 March 2024	(345.3)	(26.1)	-	(371.4)
Net book amount				
At 31 March 2025	96.0	49.1	172.2	317.3
At 31 March 2024	91.3	26.9	138.4	256.6

Of those intangible assets under construction, £111.2 million (2024: £98.7 million) relates to software systems under development and £60.9 million (2024: £39.7 million) to internally generated assets.

Included in this intangible asset under construction balance is £95.0 million (2024: £74.0 million) in relation to our SAP replacement project which is now expected to go live in 2025.

Other intangible assets mainly comprise capitalised development expenditure.

Included within additions above is £8.7 million (2024: £6.8 million) of interest that has been capitalised on qualifying assets, at an average rate of 6.6% (2024: 9.5%).

Intangible assets with a cost of £16.0 million and a net book value of £0.2 million were disposed during the year (2024: £115.2 million, £nil net book value). The 2025 retirement mostly represented a house-keeping exercise, where fully depreciated data-models and other similar assets were retired from our fixed asset register.

The other intangible assets mainly comprise capitalised development expenditure.

11. Property, plant and equipment

	Group and Company					
	Land and buildings £m	Infrastructure assets £m	Operational assets £m	Vehicles, mobile plant and equipment £m	Assets under construction £m	Total £m
Cost						
At 1 April 2024	96.5	7,701.8	6,969.3	1,232.7	1,225.7	17,226.0
Additions	-	-	-	-	1,067.5	1,067.5
Transfers on commissioning	9.0	158.2	203.2	231.1	(601.5)	-
Disposals	(1.7)	(0.3)	(46.7)	(65.8)	-	(114.5)
At 31 March 2025	103.8	7,859.7	7,125.8	1,398.0	1,691.7	18,179.0
At 1 April 2023	95.3	7,446.5	6,728.2	1,126.8	854.8	16,251.6
Additions	-	-	-	-	1,044.0	1,044.0
Transfers on commissioning	1.5	255.3	275.6	140.7	(673.1)	-
Disposals	(0.3)	-	(34.5)	(34.8)	-	(69.6)
At 31 March 2024	96.5	7,701.8	6,969.3	1,232.7	1,225.7	17,226.0
Accumulated depreciation						
At 1 April 2024	(25.0)	(1,025.6)	(4,031.4)	(729.3)	-	(5,811.3)
Charge for the year	(4.5)	(62.9)	(209.2)	(90.3)	-	(366.9)
Disposals	1.7	0.3	46.2	65.2	-	113.4
At 31 March 2025	(27.8)	(1,088.2)	(4,194.4)	(754.4)	-	(6,064.8)
At 1 April 2023	(21.3)	(963.0)	(3,865.0)	(698.0)	-	(5,547.3)
Charge for the year	(4.0)	(62.6)	(200.8)	(65.7)	-	(333.1)
Disposals	0.3	-	34.4	34.4	-	69.1
At 31 March 2024	(25.0)	(1,025.6)	(4,031.4)	(729.3)	-	(5,811.3)
Net book amount						
At 31 March 2025	76.0	6,771.5	2,931.4	643.6	1,691.7	12,114.2
At 31 March 2024	71.5	6,676.2	2,937.9	503.4	1,225.7	11,414.7

Property, plant and equipment at 31 March 2025 includes land of £31.4 million (2024: £31.4 million) which is not subject to depreciation. Included within additions above is £76.3 million (2024: £64.3 million) of interest that has been capitalised on qualifying assets, at an average rate of 6.6% (2024: 9.5%).

11. Property, plant and equipment continued

Right-of-use assets held under leases

Included within the amounts shown above are the following amounts in relation to right-of-use assets held under leases:

	Group and Company				
	Land and buildings £m	Infra-structure assets £m	Operational assets £m	Vehicles, mobile plant and equipment £m	Total £m
At 31 March 2025					
Opening net book value	21.9	4.8	34.4	9.6	70.7
Additions	6.3	0.1	-	0.2	6.6
Disposals	(1.7)	-	-	(0.4)	(2.1)
Depreciation charge	(3.6)	-	(1.2)	(2.9)	(7.7)
Depreciation on disposals	1.6	-	-	0.4	2.0
Net book value	24.5	4.9	33.2	6.9	69.5
At 31 March 2024					
Opening net book value	25.0	4.9	35.6	9.1	74.6
Additions	-	-	-	3.6	3.6
Disposals	(0.1)	-	-	(3.7)	(3.8)
Depreciation charge	(3.1)	(0.1)	(1.2)	(3.1)	(7.5)
Depreciation on disposals	0.1	-	-	3.7	3.8
Net book value	21.9	4.8	34.4	9.6	70.7

12. Investments

Investments in subsidiaries are held at cost less, where appropriate, provisions for impairment, if there are any indications that the carrying value may not be recoverable.

The sole subsidiary undertaking is Anglian Water Services Financing Plc, whose principal activity is that of a financing company. The value of the investment is £12,502. It is 100% owned, all in ordinary shares, and is registered, incorporated and operating in the UK at 31 March 2025. The address of its registered office is Lancaster House, Lancaster Way, Ermine Business Park, Huntingdon, Cambridgeshire, PE29 6XU.

The Directors are of the opinion that the value of the investments is supported by the underlying assets.

13. Trade and other receivables

	Group		Company	
	2025 £m	2024 £m	2025 £m	2024 £m
Trade receivables	427.4	383.8	427.4	383.8
Loss allowance for expected credit losses	(238.9)	(212.1)	(238.9)	(212.1)
Net trade receivables	188.5	171.7	188.5	171.7
Amounts receivable from group undertakings	2.1	0.9	2.1	0.9
Other amounts receivable	32.8	30.1	32.8	30.1
Prepayments	13.5	12.2	13.5	12.2
Accrued income	421.3	406.5	421.3	406.5
	658.2	621.4	658.2	621.4

Other amounts receivable includes £21.0 million VAT debtor (2024: £20.5 million) and various other sundry debtors.

Accrued income as at 31 March 2025 includes water and water recycling income not yet billed of £421.3 million (2024: £405.0 million).

Of the trade receivables, £416.4 million (2024: £376.2 million) relates to residential customers, £2.7 million (2024: £1.4 million) relates to non-household retailer balances, and the remaining balance of £8.3 million (2024: £6.2 million) relates to developer services and other receivables. The majority of non-household customers are billed in arrears and are therefore included within accrued income above.

There is no fixed payment date for amounts owed by Group undertakings and no interest is applied. Amounts are payable on demand.

The Group manages its risk from trading through the effective management of customer relationships. Concentrations of credit risk with respect to household trade receivables are limited due to the Anglian Water customer base consisting of a large number of unrelated households. The Water Industry Act 1991 (as amended by the Water Industry Act 1999) prohibits the disconnection of a water supply and the limiting of supply with the intention of enforcing payment for certain premises including domestic dwellings. However, allowance is made by the water regulator in the price limits at each price review for a proportion of debt deemed to be irrecoverable. The Directors believe there is no further credit risk provision required in excess of the allowance for doubtful receivables.

Following the introduction of market reform on 1 April 2017, the provision of water and wastewater services to non-household customers was transferred to a relatively small number of licenced retailers. Anglian Water bills the retailers on a monthly basis, and they are contractually obliged to pay in full within one month and therefore the credit risk is limited to one month's revenue relating to non-household customers.

13. Trade and other receivables continued

The principal retailer that Anglian Water transacts with is Wave Ltd, with £nil receivables (2024: £nil) and £14.9 million of income accrued at 31 March 2025 (2024: £13.4 million).

The movement on the expected credit loss provision, all of which relates to trade receivables, was as follows:

	Group and Company	
	2025 £m	2024 £m
At 1 April	212.1	258.1
Loss allowance for expected credit losses	36.3	38.7
Amounts written off during the year	(9.5)	(84.9)
Amounts recovered during the year	-	0.2
At 31 March	238.9	212.1

The following table details the risk profile of trade receivables and accrued income based on the Group's provision matrix. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Group's different customer segments. The majority of non-household customers are billed in arrears and are therefore included within accrued income.

	Group and company			
	Expected loss rate %	Gross carrying amount £m	Loss allowance	Net carrying amount £m
At 31 March 2025				
Not past due	1.5%	457.2	(6.9)	450.3
Up to 1 year past due	34.2%	117.1	(40.1)	77.0
Up to 2 years past due	53.2%	62.4	(33.2)	29.2
Up to 3 years past due	63.9%	47.6	(30.4)	17.2
Up to 4 years past due	66.2%	41.4	(27.4)	14.0
Up to 5 years past due	79.4%	36.0	(28.6)	7.4
Up to 6 years past due	77.7%	31.0	(24.1)	6.9
More than 7 years past due	100.0%	56.0	(56.0)	-
Miscellaneous loss allowance adjustments	-	-	7.8	7.8
		848.7	(238.9)	609.8

	Group and company			
	Expected loss rate %	Gross carrying amount £m	Loss allowance	Net carrying amount £m
At 31 March 2024				
Not past due	1.4%	444.5	(6.2)	438.3
Up to 1 year past due	34.8%	99.9	(34.8)	65.1
Up to 2 years past due	53.9%	57.0	(30.7)	26.3
Up to 3 years past due	58.9%	47.5	(28.0)	19.5
Up to 4 years past due	72.8%	39.7	(28.9)	10.8
Up to 5 years past due	71.5%	35.8	(25.6)	10.2
Up to 6 years past due	81.8%	30.2	(24.7)	5.5
More than 7 years past due	100.0%	35.7	(35.7)	-
Miscellaneous loss allowance adjustments	-	-	2.5	2.5
		790.3	(212.1)	578.2

14. Analysis of net debt

Group

	Current assets		Liabilities from financing activities			
	Cash and cash equivalents[1] £m	Investments – cash deposits £m	Borrowings £m	Derivative financial instruments[2] £m	Total liabilities from financing activities £m	Net debt Total £m
At 1 April 2024	474.4	530.0	(7,981.3)	(634.0)	(8,615.3)	(7,610.9)
Cash flows						
Interest paid	(235.8)	-	-	-	-	(235.8)
Issue costs paid	(25.6)	-	24.7	-	24.7	(0.9)
Interest on leases	(1.0)	-	-	-	-	(1.0)
Increase in amounts borrowed	950.0	-	(950.0)	-	(950.0)	-
Repayment of amounts borrowed	(349.3)	-	349.3	-	349.3	-
Repayment of principal on derivatives	(85.0)	-	-	85.0	85.0	-
Receipt of principal on derivatives	67.1	-	-	(67.1)	(67.1)	-
Repayment of principal on leases	(6.4)	-	6.4	-	6.4	-
Non-financing cash flows[3]	(199.4)	(100.0)	-	-	-	(299.4)
	114.6	(100.0)	(569.6)	17.9	(551.7)	(537.1)
Movement in interest accrual on debt	-	-	(59.6)	-	(59.6)	(59.6)
New lease agreements	-	-	(6.6)	-	(6.6)	(6.6)
Amortisation of issue costs	-	-	(4.5)	-	(4.5)	(4.5)
Indexation of borrowings and Inflation swaps	-	-	(123.9)	(73.2)	(197.1)	(197.1)
Foreign exchange gains and losses	-	-	22.4	(22.4)	-	-
Fair value gains and losses	-	-	(17.0)	91.7	74.7	74.7
At 31 March 2025	589.0	430.0	(8,740.1)	(620.0)	(9,360.1)	(8,341.1)
Net debt at 31 March 2025 comprises:						
Non-current assets	-	-	-	167.0	167.0	167.0
Current assets	589.0	430.0	-	-	-	1,019.0
Current liabilities	-	-	(704.5)	(7.5)	(712.0)	(712.0)
Non-current liabilities	-	-	(8,035.6)	(779.5)	(8,815.1)	(8,815.1)
	589.0	430.0	(8,740.1)	(620.0)	(9,360.1)	(8,341.1)

Group

	Current assets		Liabilities from financing activities			
	Cash and cash equivalents[1] £m	Investments – cash deposits £m	Borrowings £m	Derivative financial instruments[2] £m	Total liabilities from financing activities £m	Net debt Total £m
At 1 April 2023	335.1	298.0	(6,881.0)	(697.7)	(7,578.7)	(6,945.6)
Cash flows						
Interest paid	(224.3)	-	-	-	-	(224.3)
Issue costs paid	(15.2)	-	15.8	-	15.8	0.6
Interest on leases	(1.1)	-	-	-	-	(1.1)
Increase in amounts borrowed	1,379.5	-	(1,379.5)	-	(1,379.5)	-
Repayment of amounts borrowed	(487.1)	-	487.1	-	487.1	-
Repayment of principal on derivatives	(11.5)	-	-	11.5	11.5	-
Repayment of principal on leases	(6.4)	-	6.4	-	6.4	-
Non-financing cash flows[3]	(494.6)	232.0	-	-	-	(262.6)
	139.3	232.0	(870.2)	11.5	(858.7)	(487.4)
Movement in interest accrual on debt	-	-	(31.2)	-	(31.2)	(31.2)
New lease agreements	-	-	(4.0)	-	(4.0)	(4.0)
Amortisation of issue costs	-	-	(2.9)	-	(2.9)	(2.9)
Indexation of borrowings and RPI swaps	-	-	(229.9)	(130.0)	(359.9)	(359.9)
Foreign exchange gains and losses	-	-	49.0	(49.0)	-	-
Fair value gains and losses	-	-	(11.1)	231.2	220.1	220.1
At 31 March 2024	474.4	530.0	(7,981.3)	(634.0)	(8,615.3)	(7,610.9)

1 Included within cash and cash equivalents is £7.3 million (2024: £6.5 million) of cash which is ring-fenced to be used to fund projects awarded by Ofwat in relation to their innovation fund.

2 Derivative financial instruments exclude the liability of £0.7 million (2024: liability of £21.4 million) in respect of the fair value of energy hedges, as these are not classified as part of net debt.

3 Non-financing cash flows comprise: net cash flows from operating activities of £811.3 million (2024: £767.1 million), less net cash used in investing activities of £922.1 million (2024: £1,181.8 million) and dividends paid of £88.6 million (2024: £79.9 million).

14. Analysis of net debt continued

Energy hedges, excluded from net debt, are included within derivative financial instruments as follows:

	Group and Company 2025 £m	Group and Company 2024 £m
Non-current assets	1.3	1.5
Current assets	0.9	0.9
Current liabilities	(0.8)	(13.2)
Non-current liabilities	(2.1)	(10.6)
	(0.7)	(21.4)

Company

	Current assets		Liabilities from financing activities			
	Cash and cash equivalents[1] £m	Investments – cash deposits £m	Borrowings £m	Derivative financial instruments[2] £m	Total liabilities from financing activities £m	Net debt Total £m
At 1 April 2024	472.1	530.0	(7,981.3)	(634.0)	(8,615.3)	(7,613.1)
Cash flows						
Interest paid	(235.8)	-	-	-	-	(235.8)
Issue costs paid	(25.6)	-	24.7	-	24.7	(0.9)
Interest on leases	(1.0)	-	-	-	-	(1.0)
Increase in amounts borrowed	950.0	-	(950.0)	-	(950.0)	-
Repayment of amounts borrowed	(349.3)	-	349.3	-	349.3	-
Repayment of principal on derivatives	(85.0)	-	-	85.0	85.0	-
Receipt of principal on derivatives	67.1	-	-	(67.1)	(67.1)	-
Repayment of principal on leases	(6.4)	-	6.4	-	6.4	-
Non-financing cash flows[3]	(235.4)	(100.0)	-	-	-	(335.4)
	78.6	(100.0)	(569.6)	17.9	(551.7)	(573.1)
Movement in interest accrual on debt	-	-	(59.6)	-	(59.6)	(59.6)
New lease agreements	-	-	(6.6)	-	(6.6)	(6.6)
Amortisation of issue costs	-	-	(4.5)	-	(4.5)	(4.5)
Indexation of borrowings and RPI swaps	-	-	(123.9)	(73.3)	(197.2)	(197.2)
Foreign exchange gains and losses	-	-	22.4	(22.4)	-	-
Fair value gains and losses	-	-	(17.0)	91.7	74.7	74.7
At 31 March 2025	550.7	430.0	(8,740.1)	(620.0)	(9,360.1)	(8,379.4)
Net debt at 31 March 2025 comprises:						
Non-current assets	-	-	-	167.0	167.0	167.0
Current assets	550.7	430.0	-	-	-	980.7
Current liabilities	-	-	(704.5)	(7.5)	(712.0)	(712.0)
Non-current liabilities	-	-	(8,035.6)	(779.5)	(8,815.1)	(8,815.1)
	550.7	430.0	(8,740.1)	(620.0)	(9,360.1)	(8,379.4)

14. Analysis of net debt continued

	Company					
	Current assets		Liabilities from financing activities			
	Cash and cash equivalents[1] £m	Investments – cash deposits £m	Borrowings £m	Derivative financial instruments[2] £m	Total liabilities from financing activities £m	Net debt Total £m
At 1 April 2023	328.4	298.0	(6,880.9)	(697.7)	(7,578.6)	(6,952.2)
Cash flows						
Interest paid	(224.3)	-	-	-	-	(224.3)
Issue costs paid	(15.2)	-	15.8	-	15.8	0.6
Interest on leases	(1.1)	-	-	-	-	(1.1)
Increase in amounts borrowed	1,379.5	-	(1,379.5)	-	(1,379.5)	-
Repayment of amounts borrowed	(487.1)	-	487.1	-	487.1	-
Repayment of principal on derivatives	(11.5)	-	-	11.5	11.5	-
Repayment of principal on leases	(6.4)	-	6.4	-	6.4	-
Non-financing cash flows[3]	(490.2)	232.0	-	-	-	(258.2)
	143.7	232.0	(870.2)	11.5	(858.7)	(483.0)
Movement in interest accrual on debt	-	-	(31.3)	-	(31.3)	(31.3)
New lease agreements	-	-	(4.0)	-	(4.0)	(4.0)
Amortisation of issue costs	-	-	(2.9)	-	(2.9)	(2.9)
Indexation of borrowings and RPI swaps	-	-	(229.9)	(130.0)	(359.9)	(359.9)
Foreign exchange gains and losses			49.0	(49.0)	-	-
Fair value gains and losses	-	-	(11.1)	231.3	220.2	220.2
At 31 March 2024	472.1	530.0	(7,981.3)	(633.9)	(8,615.2)	(7,613.1)

1 Included within cash and cash equivalents is £7.3 million (2024: £6.5 million) of cash which is ring-fenced to be used to fund projects awarded by Ofwat in relation to their innovation fund.;

2 Derivative financial instruments exclude the liability of £0.7 million (2024: liability of £21.4 million) in respect of the fair value of energy hedges, as these are not classified as part of net debt

3 Non-financing cash flows comprise: net cash flows from operating activities of £777.3 million (2024: £773.3 million), less net cash used in investing activities of £924.1 million (2024: £1,183.6 million) and dividends paid of £88.6 million (2024: £79.9 million).

15. Trade and other payables

	Group		Company	
	2025 £m	2024 £m	2025 £m	2024 £m
Trade payables	52.5	45.6	52.5	45.6
Capital creditors	145.0	157.1	145.0	157.1
Receipts in advance	375.7	371.0	375.7	371.0
Amounts owed to group undertakings	0.9	0.7	16.5	50.4
Other taxes and social security	7.4	-	7.4	-
Accruals and deferred income	112.0	126.7	112.0	126.7
Other payables	7.9	16.1	7.9	16.0
	701.4	717.2	717.0	766.8

Receipts in advance includes £331.5 million (2024: £330.3 million) relating to amounts received from customers for water and sewerage charges in respect of bills that fall due in the following year.

Accruals and deferred income is made up of £106.4 million accruals (2024: £119.7 million) with the remainder attributable to the deferred income.

Amounts relating to capital creditors and accruals have been separately presented in the above table to aid consistency with the presentation required by Ofwat in the Annual Performance Report of Anglian Water Services Limited.

The Directors consider that the carrying values of trade and other payables are not materially different from their fair values.

There is no fixed payment date for amounts owed to Group undertakings and no interest is applied. Amounts are payable on demand.

16. Loans and other borrowings

	Group 2025 £m	Group 2024 £m	Company 2025 £m	Company 2024 £m
£75 million 3.666% RPI index-linked 2024	-	163.4	-	163.4
£100 million 1.588% fixed rate 2024	-	100.4	-	100.4
£250 million 1.625% fixed rate 2025	249.4	240.2	249.4	240.2
£200 million 4.5% fixed rate 2026	198.9	196.3	198.9	196.3
£55 million 2.93% fixed rate fixed rate 2026	55.6	55.5	55.6	55.5
US$150 million 3.29% fixed rate 2026	115.7	115.6	115.7	115.6
£20 million 2.93% fixed rate 2026	20.2	20.1	20.2	20.1
US$35 million 1.16% fixed rate 2026	25.9	25.3	25.9	25.3
£75 million EIB amortising 0.53% RPI index-linked 2027	24.8	35.8	24.8	35.8
£75 million EIB amortising 0.79% RPI index-linked 2027	24.8	35.8	24.8	35.8
£200 million 2.6225% fixed rate 2027	196.0	193.5	196.0	193.5
£250 million 4.5% fixed rate 2027	254.3	253.9	254.3	253.9
£150 million EIB amortising 0% RPI index-linked 2028	72.3	92.8	72.3	92.8
£73.3 million 4.394% fixed rate 2028	69.0	67.4	69.0	67.4
£200 million 6.625% fixed rate 2029	202.8	202.8	202.8	202.8
£85 million 2.88% fixed rate 2029	85.1	85.0	85.1	85.0
US$53 million 4.27% fixed rate 2029	41.1	42.1	41.1	42.1
£65 million EIB amortising 0.41% RPI index-linked 2029	40.5	48.8	40.5	48.8
£65 million 2.87% fixed rate 2029	65.6	65.6	65.6	65.6
£125 million EIB amortising 0.1% RPI index-linked 2029	86.6	102.0	86.6	102.0
£300 million 2.75% fixed rate 2029	301.6	301.2	301.6	301.2
£75 million floating rate 2029	76.0	76.1	76.0	76.1
£60 million EIB amortising 0.01% RPI index-linked 2030	46.0	53.2	46.0	53.2
£246 million 6.293% fixed rate 2030	253.0	251.4	253.0	251.4
£25 million 3.0% fixed rate 2031	25.0	25.0	25.0	25.0
£35 million floating rate fixed rate 2031	34.8	34.8	34.8	34.8
£300 million 5.875% fixed rate 2031	311.7	311.4	311.7	311.4
£200 million wrapped 3.07% RPI index-linked 2032	447.5	433.5	447.5	433.5
£60 million wrapped 3.07% RPI index-linked 2032	121.2	116.9	121.2	116.9
C$ 350 million 4.525% fixed rate 2032	187.7	204.1	187.7	204.1
£75 million floating rate 2032	75.7	75.8	75.7	75.8
£50 million 2.05% RPI index-linked 2033	81.6	78.4	81.6	78.4
£25 million 6.875% fixed rate 2034	25.1	25.1	25.1	25.1
JPY 8.5 billion 1.917% fixed rate 2034	43.6	44.2	43.6	44.2
Sub-total carried forward	3,859.1	4,173.4	3,859.1	4,173.4

	Group 2025 £m	Group 2024 £m	Company 2025 £m	Company 2024 £m
Sub-total brought forward	3,859.1	4,173.4	3,859.1	4,173.4
£402 million 2.4% RPI index-linked 2035	569.0	541.1	569.0	541.1
£50 million 1.76% fixed rate 2035	50.0	50.0	50.0	50.0
£26.1 million 0.01% CPI index-linked 2035 - 1	35.4	34.7	35.4	34.7
£26.1 million 0.01% CPI index-linked 2035 - 2	35.2	34.5	35.2	34.5
£35 million 2.14% fixed rate 2036	25.0	25.8	25.0	25.8
£40 million 2.14% fixed rate 2036	28.6	29.5	28.6	29.5
£242 million 6.07% fixed rate 2037	247.8	247.8	247.8	247.8
£24 million 6.07% fixed rate 2037	24.6	24.6	24.6	24.6
JPY 7 billion 0.855% fixed rate 2039	36.1	36.6	36.1	36.6
£560 million 6.0% fixed rate 2039	578.9	578.6	578.9	578.6
£50 million 6.05% fixed rate 2039	50.8	-	50.8	-
£65 million amortising 0.835% CPI index-linked 2040	81.0	78.9	81.0	78.9
£100 million 2.427% CPI index-linked 2040	105.0	99.6	105.0	99.6
£100 million amortising 3.017% CPIH index-linked 2040	111.2	107.3	111.2	107.3
JPY 7 billion 0.85% fixed rate 2040	23.9	25.8	23.9	25.8
£35 million 1.141% RPI index-linked 2042	55.8	53.7	55.8	53.7
£110 million floating rate 2043	110.4	110.5	110.4	110.5
£575 million 5.75% fixed rate 2043	592.9	372.6	592.9	372.6
£700 million 6.25% fixed rate 2044	714.3	-	714.3	-
£130 million 2.262% RPI index-linked 2045	232.6	223.7	232.6	223.7
£50 million 1.7% RPI index-linked 2046 - 1	100.2	97.1	100.2	97.1
£50 million 1.7% RPI index-linked 2046 - 2	100.0	96.0	100.0	96.0
£60 million 1.7903% RPI index-linked 2049	120.8	117.0	120.8	117.0
£50 million 1.52% RPI index-linked 2055	94.8	90.4	94.8	90.4
£40 million 1.7164% RPI index-linked 2056	80.6	78.0	80.6	78.0
£50 million 1.6777% RPI index-linked 2056	100.7	97.5	100.7	97.5
£50 million 1.3825% RPI index-linked 2056	100.1	96.2	100.1	96.2
£100 million wrapped floating rate 2057	100.7	100.9	100.7	100.9
£100 million 1.3784% RPI index-linked 2057	200.3	192.5	200.3	192.5
£75 million 1.449% RPI index-linked 2062	142.2	135.5	142.2	135.5
IFRS 16 leases	33.9	33.6	33.9	33.6
Liquidity & Emergency facilities	(1.8)	(2.1)	(1.8)	(2.1)
Total loans and other borrowings	8,740.1	7,981.3	8,740.1	7,981.3

16. Loans and other borrowings continued

	Group 2025 £m	Group 2024 £m	Company 2025 £m	Company 2024 £m
Included in:				
Current liabilities	704.5	453.8	704.5	453.8
Non-current liabilities	8,035.6	7,527.5	8,035.6	7,527.5
Of which are leases:				
Current liabilities	7.2	5.4	7.2	5.4
Non-current liabilities	26.7	28.2	26.7	28.2

The value of the capital and interest elements of the index-linked loans is linked to movements in inflation. The increase in the capital value of index-linked loans during the year of £123.9 million (2024: £229.9 million) has been taken to the income statement as part of interest payable.

These loans are shown net of issue costs, discount and premium on issue of loans of £47.2 million (2024: £26.9 million). The issue costs, discount and premium are amortised at the effective interest rate based on the carrying amount of debt over the life of the underlying instruments.

A security agreement dated 30 July 2002 between Anglian Water Services Financing Plc, Anglian Water Services Limited, Anglian Water Services Overseas Holdings Limited, Anglian Water Services Holdings Limited and Deutsche Trustee Company Limited (as Agent and Trustee for itself and each of the Finance Parties to the Global Secured Medium Term Note Programme) created a fixed and floating charge over the assets of Anglian Water Services Limited to the extent permissible under the Water Industry Act 1991. In addition, there is a fixed charge over the issued share capital of Anglian Water Services Financing Plc, Anglian Water Services Limited and Anglian Water Services UK Parent Limited. At 31 March 2025, this charge applies to £8,740.1 million (2024: £7,947.7 million) of the debt listed above. With the exception of issue costs capitalised and leases, all of the company's borrowings are payable to Anglian Water Services Financing Plc, but on terms set out above.

Loans and other borrowing liabilities disclosed within borrowings on the balance sheet are the only instruments designated as fair value hedge items by the Group. The table below details the impact of fair value hedge adjustments on the instruments subject to fair value hedge accounting:

	Group and Company			
	Carrying value £m	Proportion hedged %	Accumulated hedge adjustment[1] £m	Discounted hedge adjustment £m
At 31 March 2025				
£250 million 1.625% fixed rate 2025	249.4	100	3.0	-
£200 million 4.5% fixed rate 2026	198.9	50	1.8	-
US$150 million 3.29% fixed rate 2026	115.7	76	1.9	-
US$35 million 1.16% fixed rate 2026	25.9	100	1.2	-
£200 million 2.6225% fixed rate 2027	196.0	41	5.1	-
£73.3 million 4.394% fixed rate 2028	69.0	100	5.8	-
£246 million 6.293% fixed rate 2030	253.0	20	2.4	-
£35 million 2.14% fixed rate 2036	25.0	100	10.1	-
£40 million 2.14% fixed rate 2036	28.6	100	11.6	-
JPY 7 billion 0.85% fixed rate 2040	25.8	100	12.0	-
	1,187.3		54.9	-
At 31 March 2024				
£250 million 1.625% fixed rate 2025	240.2	100	11.8	-
£200 million 4.5% fixed rate 2026	196.3	50	4.1	-
US$150 million 3.29% fixed rate 2026	115.6	76	4.5	-
US$35 million 1.16% fixed rate 2026	25.3	100	2.3	-
£200 million 2.6225% fixed rate 2027	193.5	41	7.3	-
£73.3 million 4.394% fixed rate 2028	67.4	100	7.4	-
£246 million 6.293% fixed rate 2030	251.4	20	3.9	-
£35 million 2.14% fixed rate 2036	25.8	100	9.3	-
£40 million 2.14% fixed rate 2036	29.5	100	10.6	-
JPY 7 billion 0.85% fixed rate 2040	25.8	100	10.6	-
	1,170.8		71.8	-

[1] The accumulated hedge adjustment noted above is included within the carrying value of each instrument. The movement in the accumulated hedge adjustment is shown within fair value losses on derivative financial instruments in the income statement.

17. Financial instruments

Financial assets by category

	Group				
	Assets at fair value through profit and loss £m	Derivatives used for hedging £m	Assets at amortised cost and cash equivalents £m	Investments at amortised cost £m	Total £m
At 31 March 2025					
Investments					
Current – cash deposits	-	-	-	430.0	430.0
Cash and cash equivalents					
Current	-	-	589.0	-	589.0
Trade and other receivables					
Current	-	-	623.7	-	623.7
Derivative financial instruments					
Current	-	0.9	-	-	0.9
Non-current	152.2	16.1	-	-	168.3
	152.2	17.0	1,212.7	430.0	1,811.9
At 31 March 2024					
Investments					
Current – cash deposits	-	-	-	530.0	530.0
Cash and cash equivalents					
Current	-	-	474.4	-	474.4
Trade and other receivables					
Current	-	-	588.7	-	588.7
Derivative financial instruments					
Current	-	0.9	-	-	0.9
Non-current	216.9	16.2	-	-	233.1
	216.9	17.1	1,063.1	530.0	1,827.1

Trade and other receivables above exclude prepayments and VAT.

	Company				
	Assets at fair value through profit and loss £m	Derivatives used for hedging £m	Assets at amortised cost and cash equivalents £m	Investments at amortised cost £m	Total £m
At 31 March 2025					
Investments					
Current – cash deposits	-	-	-	430.0	430.0
Cash and cash equivalents					
Current	-	-	550.7	-	550.7
Trade and other receivables					
Current	-	-	623.7	-	623.7
Derivative financial instruments					
Current	-	0.9	-	-	0.9
Non-current	152.2	16.1	-	-	168.3
	152.2	17.0	1,174.4	430.0	1,773.6
At 31 March 2024					
Investments					
Current – cash deposits	-	-	-	530.0	530.0
Cash and cash equivalents					
Current	-	-	472.1	-	472.1
Trade and other receivables					
Current	-	-	588.7	-	588.7
Derivative financial instruments					
Current	-	0.9	-	-	0.9
Non-current	216.9	16.2	-	-	233.1
	216.9	17.1	1,060.8	530.0	1,824.8

Trade and other receivables above exclude prepayments and VAT.

17. Financial instruments continued

Financial liabilities by category continued

	Group			
	Liabilities at fair value through profit and loss £m	Derivatives used for hedging £m	Other liabilities held at amortised cost £m	Total £m
At 31 March 2025				
Borrowings				
Current	-	-	704.5	704.5
Non-current	-	-	8,035.6	8,035.6
Trade and other payables				
Current	-	-	312.6	312.6
Derivative financial instruments				
Current	2.4	5.9	-	8.3
Non-current	697.1	84.5	-	781.6
	699.5	90.4	9,052.7	9,842.6
At 31 March 2024				
Borrowings				
Current	-	-	453.8	453.8
Non-current	-	-	7,527.5	7,527.5
Trade and other payables				
Current	-	-	339.1	339.1
Derivative financial instruments				
Current	79.6	13.2	-	92.8
Non-current	689.9	106.6	-	796.5
	769.5	119.8	8,320.4	9,209.7

Trade and other payables above exclude receipts in advance, other taxes and deferred income.

	Company			
	Liabilities at fair value through profit and loss £m	Derivatives used for hedging £m	Other liabilities held at amortised cost £m	Total £m
At 31 March 2025				
Borrowings				
Current	-	-	704.5	704.5
Non-current	-	-	8,035.6	8,035.6
Trade and other payables				
Current	-	-	328.2	328.2
Derivative financial instruments				
Current	2.4	5.9	-	8.3
Non-current	697.0	84.6	-	781.6
	699.4	90.5	9,068.3	9,858.2
At 31 March 2024				
Borrowings				
Current	-	-	453.8	453.8
Non-current	-	-	7,527.5	7,527.5
Trade and other payables				
Current	-	-	388.8	388.8
Derivative financial instruments				
Current	79.6	13.2	-	92.8
Non-current	689.9	106.6	-	796.5
	769.5	119.8	8,370.1	9,259.4

Trade and other payables above exclude receipts in advance, other taxes and deferred income.

17. Financial instruments continued

Derivative financial instruments

	Group and Company			
	2025		2024	
	Assets £m	Liabilities £m	Assets £m	Liabilities £m
Designated as cash flow hedges				
Interest rate swaps	-	(0.4)	-	(0.2)
Cross currency interest rate swaps	6.2	(24.7)	7.1	(19.4)
Energy swaps	2.2	(2.9)	2.4	(23.8)
	8.4	(28.0)	9.5	(43.4)
Designated as fair value hedges				
Interest rate swaps	-	(39.2)	-	(54.8)
Cross currency interest rate swaps	8.6	(23.2)	7.6	(21.6)
	8.6	(62.4)	7.6	(76.4)
Derivative financial instruments designated as hedges	17.0	(90.4)	17.1	(119.8)
Derivative financial instruments not designated as hedges				
Interest rate swaps	51.1	(91.0)	69.1	(80.2)
RPI swaps	69.8	(390.7)	129.3	(484.3)
CPI swaps	31.3	(202.9)	18.5	(205.0)
Basis swaps	-	(14.9)		
Total derivative financial instruments	169.2	(789.9)	234.0	(889.3)
Derivative financial instruments can be analysed as follows:				
Current	0.9	(8.3)	0.9	(92.8)
Non-current	168.3	(781.6)	233.1	(796.5)
	169.2	(789.9)	234.0	(889.3)

At 31 March 2025, the fixed interest rates vary from 1.70% to 5.88%, floating rates vary from SONIA plus 11.20 bps to SONIA plus 326.36 bps, RPI-linked interest rates vary from 1.27% to 2.12% plus RPI and CPI-linked interest rates vary from negative 1.21% plus CPI to 3.35% plus CPI. Gains and losses recognised in other comprehensive income and accumulated in the cash flow hedge reserve on interest rate and cross-currency interest rate swap contracts will be continuously released to the income statement within finance costs in line with the repayment of the related borrowings. Gains and losses recognised in other comprehensive income and accumulated in the cash flow hedge reserve on energy hedges will be released to the income statement within operating costs in line with the expiry of the power season to which the gains and losses relate.

In accordance with IFRS 9, the Group has reviewed all contracts for embedded derivatives that are required to be separately accounted for if they do not meet certain requirements set out in the standard. There were no amounts recorded in the income statement for gains or losses on embedded derivatives for the year ended 31 March 2025 (2024: £nil)

Leases

The minimum lease payments in respect of all leases fall due as follows:

	Group and Company	
	2025 £m	2024 £m
Within one year	7.3	6.4
Between two and five years	17.9	20.0
After five years	16.2	14.9
	41.4	41.3
Future finance charges on leases	(7.5)	(7.7)
Present value of lease liabilities	33.9	33.6

Fair value of financial assets and liabilities

	Group			
	2025		2024	
	Carrying value £m	Fair value £m	Carrying value £m	Fair value £m
Cash and cash equivalents	589.0	589.0	474.4	474.4
Current asset investments – cash deposits	430.0	430.0	530.0	530.0
Borrowings				
Current	(704.5)	(707.2)	(453.8)	(451.9)
Non-current	(8,035.6)	(7,473.3)	(7,527.5)	(7,545.5)
Interest and cross currency interest rate swaps – assets				
Current	-	-	-	-
Non-current	65.9	65.9	83.8	83.8

17. Financial instruments continued

Fair value of financial assets and liabilities continued

	Group 2025 Carrying value £m	Group 2025 Fair value £m	Group 2024 Carrying value £m	Group 2024 Fair value £m
Interest and cross currency interest rate swaps – liabilities				
Current	(7.5)	(7.5)	(1.1)	(1.1)
Non-current	(171.0)	(171.0)	(175.1)	(175.1)
RPI swaps – assets				
Current	-	-	-	-
Non-current	69.8	69.8	129.3	129.3
RPI swaps – liabilities				
Current	-	-	(78.5)	(78.5)
Non-current	(390.7)	(390.7)	(405.8)	(405.8)
CPI swaps – assets				
Current	-	-	-	-
Non-current	31.3	31.3	18.5	18.5
CPI swaps – liabilities				
Current	-	-	-	-
Non-current	(202.9)	(202.9)	(205.0)	(205.0)
Basis swaps – liabilities				
Current	-	-	-	-
Non-current	(14.9)	(14.9)	-	-
Net debt	(8,341.1)	(7,781.5)	(7,610.8)	(7,626.9)
Energy derivatives – assets				
Current	0.9	0.9	0.9	0.9
Non-current	1.3	1.3	1.5	1.5
Energy derivatives – liabilities				
Current	(0.8)	(0.8)	(13.2)	(13.2)
Non-current	(2.1)	(2.1)	(10.6)	(10.6)
	(8,341.8)	(7,782.2)	(7,632.2)	(7,648.3)

	Company 2025 Carrying value £m	Company 2025 Fair value £m	Company 2024 Carrying value £m	Company 2024 Fair value £m
Cash and cash equivalents	550.7	550.7	472.1	472.1
Current asset investments – cash deposits	430.0	430.0	530.0	530.0
Borrowings				
Current	(704.5)	(707.2)	(453.8)	(451.9)
Non-current	(8,035.6)	(7,473.3)	(7,527.5)	(7,545.5)
Interest and cross currency interest rate swaps – assets				
Current	-	-	-	-
Non-current	65.9	65.9	83.8	83.8
Interest and cross currency interest rate swaps – liabilities				
Current	(7.5)	(7.5)	(1.1)	(1.1)
Non-current	(171.0)	(171.0)	(175.1)	(175.1)
RPI swaps – assets				
Current	-	-	-	-
Non-current	69.8	69.8	129.3	129.3
RPI swaps – liabilities				
Current	-	-	(78.5)	(78.5)
Non-current	(390.7)	(390.7)	(405.8)	(405.8)
CPI swaps – assets				
Current	-	-	-	-
Non-current	31.3	31.3	18.5	18.5
CPI swaps – liabilities				
Current	-	-	-	-
Non-current	(202.9)	(202.9)	(205.0)	(205.0)
Basis swaps – liabilities				
Current	-	-	-	-
Non-current	(14.9)	(14.9)	-	-
Net debt	(8,379.4)	(7,819.8)	(7,613.1)	(7,629.2)
Energy derivatives – assets				
Current	0.9	0.9	0.9	0.9
Non-current	1.3	1.3	1.5	1.5
Energy derivatives – liabilities				
Current	(0.8)	(0.8)	(13.2)	(13.2)
Non-current	(2.1)	(2.1)	(10.6)	(10.6)
	(8,380.1)	(7,820.5)	(7,634.5)	(7,650.6)

17. Financial instruments continued

Fair value of financial assets and liabilities continued

The fair value of loans and other borrowings represents the market value of publicly traded debt instruments or, if in respect of debt not publicly traded, the cost which the Group would incur if it elected to transfer these borrowings, calculated by discounting future cash flows at prevailing rates including credit spreads experienced on publicly traded debt instruments.

The fair value of interest rate derivative financial instruments is determined using discounted cash flow methodology with reference to discounted estimated future cash flows using observable yield curves. The fair value of cross-currency interest rate derivatives is determined using discounted cash flow methodology, with the foreign currency legs calculated with reference to observable foreign interest rate yield curves and the foreign exchange rate as at 31 March. The fair value of the Group's energy derivatives is calculated using discounted cash flow analysis, with reference to observable market energy prices at 31 March.

Fair values of other non-current investments, non-current trade and other receivables and non-current trade and other payables have been estimated as being materially equal to carrying value.

Derivative transactions expose the Group to credit risk against the counterparties concerned. The Group has credit protection measures in place within agreements which provide protection in the event of counterparty rating downgrade or default. The Group only enters into derivative transactions with banks of high credit standing (as measured by reputable rating agencies) and also seeks to diversify exposure such that concentration with individual banks is avoided.

In accordance with IFRS 13 'Fair Value Measurement', the financial instruments carried at fair value on the balance sheet have been classified as either level 2 or level 3 for fair valuation purposes. Both classifications are valued by reference to valuation techniques using observable inputs other than quoted prices in active markets. Level 2 instruments are all instruments not linked to CPI and were valued using discounted cash flow method based on observable inputs. The fair value is then adjusted for credit risk. The level 3 instrument valuation relates to CPI-linked transactions where inputs are obtained from a less liquid market. In both cases, valuations have been obtained by discounting the estimated future cash flows at a rate that reflects credit risk.

There have been no transfers between level 1, level 2 and level 3 fair value measurements in the year. The Group's policy is to recognise transfers into and out of the different fair value hierarchy levels at the date of the event or change in circumstances that caused the transfer occurred.

Level 3 derivative financial instruments

Level 3 derivative financial instruments comprise CPI-linked inflation swaps and RPI-CPI basis swaps which are traded based on a spread to liquid RPI inflation markets often referred to as 'the wedge'. As the market for CPI swaps is still developing, the wedge is not currently observable in a liquid market and as such these swaps have been classified as level 3 instruments.

Movements in the year to 31 March for assets and liabilities measured at fair value using level 3 valuation inputs are presented below:

	Group and Company	
	2025 £m	2024 £m
At 1 April	(186.6)	(207.7)
Net (losses)/gains for the period	19.9	45.7
Settlements	(19.8)	(24.6)
At 31 March	(186.5)	(186.6)

Gains and losses in the period are recognised in the income statement.

The impact (on a post-tax basis) on the income statement of reasonably possible changes in the CPI inflation rate assumptions used in valuing instruments classified as level 3 within the fair value hierarchy are as follows:

	Group and Company	
	2025 £m	2024 £m
Gain/(loss)		
1% increase in inflation rates	(116.9)	(124.9)
1% decrease in inflation rates	103.2	108.7

Given the long-term maturity of the financial instruments that make up the portfolio, despite high levels of inflation in the current environment, 1% has been used for sensitivity analysis as this represents a reasonable alternative market movement, as well as a useful benchmark change in the long term.

Control of treasury

The treasury team, which reports directly to the Chief Financial Officer, substantially manages the financing, including debt, interest costs and foreign exchange for the Group. Treasury policy continues to be focused on the efficient and effective management of cash and financial resources within the Group. The activities of the treasury function include the following:

- ensure that lenders' covenants are met;
- secure funds through a balanced approach to financial markets and maturities;
- manage interest rates to minimise financial exposures and minimise interest costs;
- invest temporary surplus cash to best advantage at minimal financial risk;
- maintain an excellent reputation with providers of finance and rating agencies;
- enhance control of financial resources;
- monitor counterparty credit exposure.
- enhance control of financial resources;
- monitor counterparty credit exposure.

17. Financial instruments continued

Financing structure

Every five years the Company, along with all other Water and Sewage Companies, submits its Business Plan to the regulator Ofwat setting out what it believes it needs to run the business for the next five-year period, known as an AMP. Ofwat then assesses these plans in order to determine the revenue it will allow companies to charge customers.

In setting the allowed revenue Ofwat determines the efficient operating costs of the business. In order to fund the significant capital investment of the business it would be unfair to expect the current customers to fund the costs of assets that will deliver services for many years, especially as these costs can fluctuate year on year. Therefore, alongside increased cashflows from higher bills, companies raise money from both debt and equity investors to fund this investment. The investment set out in the Business Plan forms what is known as the Regulatory Capital Value (RCV) of the Company, Ofwat allows companies to recover the value of RCV through revenues via a depreciation charge. To enable long-term investment, Ofwat also allows a fair return on the investment to be included in those revenues.

In determining that fair return Ofwat has a duty under the Water Industry Act to ensure that the sector is financeable in the long term and is able to attract that investment. In order to do that Ofwat uses a “notional” company concept to determine a weighted average cost of capital (WACC) which is then applied across the sector. Actual companies have an opportunity to outperform our underperform against the determination, actual companies also have differing capital structures.

Through this regulatory regime the Group generates operating cash flow to service the day to day operations of the business, including capital maintenance and servicing of debt and equity. The Group seeks external investment from both debt and equity markets to fund growth (capital enhancement) and refinance existing debt in order to maintain a desired net debt to capital value ratio. Given the structure of the funding arrangement and relatively stable customer base, which includes a level of inflation protection, the business generates stable operating cash flows.

The Group’s regulated water and water recycling business, Anglian Water Services Limited, is funded predominately by debt in the form of long-term bonds and other debt instruments through its financing subsidiary Anglian Water Services Financing Plc. Raising large amounts of debt in advance is not cost efficient and would not enable the company to operate within the notional cost of capital included in the Business Plan. The Group therefore raises debt multiple times a year in the form of new debt or the refinancing of maturing debt. Given this financing structure it is not unusual to have net current liabilities as this debt becomes due and the company uses bank facilities to manage this position. Details of our existing bank facilities can be found on page 211.

The weighted average length to maturity of the Company’s debt is 12.3 years (31 March 2024: 11.8 years). At 31 March 2025, Anglian Water’s net debt to capital value ratio (net debt as defined in the Common Terms Agreement expressed as a percentage of Anglian Water’s regulated capital value) was 71.2% (2024: 68.8%).

Borrowing covenants

The Group’s borrowings are raised by Anglian Water Services Financing Plc. The Treasury function monitors compliance against all financial obligations and it is the Group’s policy to manage the balance sheet so as to ensure operation within covenant restrictions. There were no covenant breaches in the year. Please refer to compliance certificate sent to security trustee and uploaded on our website[1] for detailed covenants.

Management of financial risk

Financial risks faced by the Group include funding, interest rate, contractual, currency, liquidity and credit risks. The Group regularly reviews these risks and has approved written policies covering treasury strategy and the use of financial instruments to manage risks.

A Finance, Treasury and Energy Policy Group, including the Chief Financial Officer and the Group Treasurer, meets regularly with the specific remit of reviewing treasury matters. Relevant treasury matters are reported to the board.

The Group aims to meet its funding requirements primarily through accessing a range of financial markets such as public bond markets, private placements, bank loans and finance leases. Surplus cash is invested in short-term bank deposits, commercial paper, certificates of deposit, treasury bills and AAA rated money funds.

The Group also enters into derivative transactions (comprising currency, index-linked, interest rate and energy swaps) to economically manage the interest, currency and commodity risks to which the Group is exposed.

AWS operates with debt/RCV gearing around the low 70%’s, with a shareholder supported plan to deleverage AWS to a level of c.65% by the end of AMP8, with the balance from equity. This reflects the focus on seeking to maintain strong investment grade credit ratings at AWS, and the shareholders’ long-term strategy was most recently evidenced through an unconditional commitment to an equity investment of £500 million in the companies which own AWS.

a) Market risk

i) Foreign currency

The Group has currency exposures resulting from debt raised in currencies other than sterling and very small purchases in foreign currencies. The Group’s foreign exchange policy allows for a range of hedge instruments, including forward foreign exchange, swaps and options, to hedge such exposures. All hedges are undertaken for commercial reasons with the objective of minimising the impact of exchange rate fluctuations on net assets and profits. The Group has no material unhedged monetary assets and liabilities denominated in a currency different from the local currency of the particular operation, and has no material net exposure to movements in currency rates.

1 Our reports (awg.com)

17. Financial instruments continued

a) Market risk continued

Where exposures arise out of debt issuances in currencies other than sterling, this risk is hedged using cross currency interest rate swaps on the date the debt issuance is contracted. The Group assesses the economic relationship by comparing the currency cash flows on the underlying debt item with the currency cash flows on the hedge instrument to ensure an exact offset of the specific foreign currency flows of the debt is achieved. This results in a notional hedge ratio of one for all foreign currency hedge relationships. Both cash flow hedge accounting and fair value hedge accounting are applied to manage foreign currency risks as appropriate and detailed below.

	Group and Company			
	Within one year m	Between one and five years m	Between five and 25 years m	Total m
At 31 March 2025				
Foreign currency borrowings – hedged item				
JPY	-	-	22,500.0	22,500.0
USD	-	238.0	-	238.0
CAD	-	-	350.0	350.0
Cross currency interest rate swap – cashflow hedge				
JPY	-	-	(15,500.0)	(15,500.0)
USD	-	(89.0)	-	(89.0)
CAD	-	-	(350.0)	(350.0)
Cross currency interest rate swap – fair value hedge				
JPY	-	-	(7,000.0)	(7,000.0)
USD	-	(149.0)	-	(149.0)
Net currency exposure	-	-	-	-
Weighted average spot rate				
JPY	-	-	154.4	-
USD	-	1.4	-	-
CAD	-	-	1.6	-

	Group and Company			
	Within one year m	Between one and five years m	Between five and 25 years m	Total m
At 31 March 2024				
Foreign currency borrowings – hedged item				
JPY	-	-	22,500.0	22,500.0
USD	-	238.0	-	238.0
CAD	-	-	350.0	350.0
Cross currency interest rate swap – cashflow hedge				
JPY	-	-	(15,500.0)	(15,500.0)
USD	-	(89.0)	-	(89.0)
CAD	-	-	(350.0)	(350.0)
Cross currency interest rate swap – fair value hedge				
JPY	-	-	(7,000.0)	(7,000.0)
USD	-	(149.0)	-	(149.0)
Net currency exposure	-	-	-	-
Weighted average spot rate				
JPY	-	-	154.4	-
USD	-	1.4	-	-
CAD	-	-	1.6	-

Hedge ineffectiveness on currency hedging primarily results from situations where we have taken the economic decision (in line with Treasury policy) to change our fixed and floating portfolio mix. Where this has required existing hedged positions to be changed, the existing hedge is de-designated and the replacement hedge will generate effectiveness. This ineffectiveness represents the difference between the amortisation of the effective balance of the hedge on the date of de-designation (released on a straight line basis) and the dynamic change in the value of the derivative as it trends to zero. In addition, ineffectiveness can result from counterparty credit risk (which is present in the derivative but cannot be modelled as part of the hedged risk).

Fair valuation movements related to foreign currency basis which forms part of the pricing of cross currency interest rate swaps are treated as a cost of hedging for all foreign currency hedge designations within the Group. As such, it is excluded from hedge relationships and is only a source of ineffectiveness where hedge accounting has been interrupted.

The changes in fair value of foreign currency basis spread accumulated in the cash flow hedge reserve, are amortised to profit or loss on a rational basis over the term of the hedging relationship.

17. Financial instruments continued

a) Market risk continued

ii) Interest rate and inflation rate risk

The Group's policy for the management of interest rate risk is to achieve a balanced mix of funding at indexed (to RPI or CPI), fixed and floating rates of interest. To guard against the adverse movements in interest rates having a detrimental impact on the business and to enable covenanted obligations and credit ratings to be met, the overall underlying debt portfolio is maintained at between 43% and 55% of RCV for index-linked debt and between 5% and 15% for floating rate debt, with the remaining being fixed rate. Within these hedging levels, the Group endeavours to obtain the finest rates (lowest borrowing and finest depositing rates) consistent with ensuring that the relevant treasury objectives are met in full, i.e. the provision of adequate finance for Anglian Water Services Group at all times and maintaining security of principal on investments.

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk, which is partially offset by cash held at variable rates. Borrowings issued at fixed rate expose the Group to fair value interest rate risk. Treasury manages its interest rate risk by monitoring market rates in relation to the debt (and investment) portfolios, analysing the effect of likely movements in interest rates and taking action as deemed appropriate, within the hedging limits outlined above.

The table below summarises the impact of derivatives on interest rate and inflation risks within the debt portfolio:

	Group and Company			
	Debt position £m	Swap impact £m	Post swap position £m	Effective interest rate %
At 31 March 2025				
Fixed	(5,110.7)	2,246.5	(2,864.2)	6.1
Floating	(395.0)	(711.8)	(1,106.8)	6.4
Index-linked	(3,193.9)	(1,834.9)	(5,028.8)	5.5
Leases	(33.9)	-	(33.9)	3.0
	(8,733.5)	(300.2)	(9,033.7)	
At 31 March 2024				
Fixed	(4,270.4)	1,921.6	(2,348.8)	5.9
Floating	(395.0)	(539.3)	(934.3)	6.3
Index-linked	(3,319.3)	(1,735.9)	(5,055.2)	8.8
Leases	(24.1)	-	(24.1)	2.7
	(8,008.8)	(353.6)	(8,362.4)	

Where exposures arising out of debt issuances are swapped this risk is hedged using cross currency interest rate swaps, interest rate swaps or inflation swaps. The Group assesses the economic relationship by comparing the cash flows on the underlying debt instrument with the offsetting cash flows on the hedge to ensure an exact offset of the specified notional value of the debt is achieved. This results in a notional hedge ratio of one for all interest rate hedge relationships. Both cash flow hedge accounting and fair value hedge accounting are applied as appropriate. Derivatives that do not qualify for hedge accounting primarily consist of those relationships which swap debt into inflation. The table below outlines the Group's exposures to interest rates from derivative swaps in isolation (excluding offsetting debt instrument cashflows).

	Group and Company					Interest rate (weighted average)	
	Within one year £m	Between one and five years £m	Between five and 25 years £m	After 25 years £m	Mark to market £m	payable	receivable
At 31 March 2025							
Interest rate swaps							
Floating to fixed	25.0	-	350.0	-	(6.5)	5.2	5.7
Floating from fixed	525.0	204.5	845.0	-	(83.0)	6.1	3.8
Fixed to fixed	-	581.3	250.0	-	10.0	3.0	2.5
Inflation swaps							
Fixed to CPI	-	315.0	550.9	-	(167.7)	4.2	4.6
Floating to CPI	-	-	250.4	-	(3.9)	2.6	5.3
Fixed to RPI	-	-	100.0	-	3.0	5.4	6.0
Floating to RPI	-	-	225.0	190.9	(306.5)	4.9	5.4
RPI to Floating	-	-	97.4	-	(18.6)	6.4	5.0
RPI to CPI	-	-	1,750.0	-	(14.9)	3.5	3.3
Floating to fixed	74.0	-	-	-	1.2	1.5	5.0
Cross currency swaps							
JPY	-	-	145.8	-	(36.5)	4.9	1.3
USD	-	169.8	-	-	14.8	5.0	3.2
CAD	-	-	224.8	-	(11.4)	3.8	4.5
Total	624.0	1,270.6	4,789.3	190.9	(620.0)		

17. Financial instruments continued

a) Market risk continued

ii) Interest rate and inflation rate risk

	Group and Company						
	Within one year £m	Between one and five years £m	Between five and 25 years £m	After 25 years £m	Mark to market £m	Interest rate (weighted average) payable	receivable
At 31 March 2024							
Interest rate swaps							
Floating to fixed	-	99.0	250.0	-	(22.3)	4.2	5.3
Floating from fixed	75.0	729.5	645.0	-	(46.5)	6.0	3.4
Fixed to fixed	-	316.2	515.1	-	6.2	3.0	2.5
Inflation swaps							
Floating to RPI	150.0	-	225.0	190.9	(358.4)	3.2	5.7
Fixed to CPI	-	-	565.9	100.0	(157.5)	1.0	3.6
Floating to CPI	-	-	150.4	-	(29.1)	1.0	5.5
Cross currency swaps							
JPY	-	-	145.8	-	(30.4)	4.9	1.3
USD	-	169.8	-	-	14.3	5.0	3.2
CAD	-	-	224.8	-	(10.1)	3.8	4.5
Total	225.0	1,314.5	2,722.0	290.9	(633.8)		

We follow critical terms match approach for assessing hedge effectiveness. Hedge ineffectiveness can result from counterparty credit risk (which is present in the derivative but not in the hedged risk).

The maturity profile of Interest rate swaps in a cash flow hedge or fair value hedge relationship are given below.

	Group and Company						
	Within one year £m	Between one and five years £m	Between five and 25 years £m	After 25 years £m	Mark to market £m	Interest rate (weighted average) payable	receivable
At 31 March 2025							
Interest rate swaps							
Floating to fixed – Cash flow hedge	25.0	-	-	-	(0.4)	4.1	5.2
Fixed to flating – Fair Value hedge	350.0	204.5	75.0	-	(39.2)	5.5	1.8
At 31 March 2024							
Interest rate swaps							
Floating to fixed – Cash flow hedge	-	25.0	-	-	(0.2)	4.1	5.2
Fixed to flating – Fair Value hedge	-	554.5	75.0	-	(54.8)	5.6	1.8
						payable	receivable

The Group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging derivatives. Based on these scenarios, the Group calculates the impact on profit and loss of a defined interest rate shift.

The sensitivity of the Group's profits and equity, including the impact on derivative financial instruments, to potential changes in interest rates at 31 March is as follows:

	Group and Company	
	2025 £m	2024 £m
Increase/(decrease) in equity		
1% increase in interest rates	0.2	0.3
1% decrease in interest rates	(0.1)	(0.2)
Increase/(decrease) in profit before tax		
1% increase in interest rates	37.3	71.8
1% decrease in interest rates	(39.5)	(90.3)

Given the long-term maturity of the financial instruments that make up the portfolio, despite high levels of inflation in the current environment, 1% has been used for sensitivity analysis as this represents a reasonable alternative market movement, as well as a useful benchmark change.

17. Financial instruments continued

a) Market risk continued

ii) Interest rate and inflation rate risk continued

The following assumptions were made in calculating the interest rate sensitivity analysis:

- cash flow and fair value hedge relationships remain effective;
- the main fair value sensitivity to interest rates is in relation to inflation-linked derivatives;
- cash flow sensitivity is calculated on floating interest rate net debt; and
- all other factors are held constant.

Debt instruments

The following analysis shows the impact of a 1% change in RPI and a 1% change in CPI over the 12-month period to the reporting date on index-linked debt instruments.

The finance cost of the Group's index-linked debt instruments and derivatives varies with changes in inflation rather than interest rates. These instruments form an economic hedge with the Group's revenues and regulatory assets, which are linked to RPI and CPI-H inflation.

Inflation risk is reported monthly to the Finance, Treasury and Energy Policy Group, which manages inflation risk by identifying opportunities to amend the economic hedge currently in place where deemed necessary.

The sensitivity at 31 March of the Group's profit before tax to changes in RPI and CPI on debt and derivative instruments is set out in the following tables:

	Group and Company	
	2025 £m	2024 £m
Increase/(decrease) in profit before tax		
1% increase in inflation	(28.4)	(28.1)
1% decrease in inflation	28.3	28.1

Given the long-term maturity of the financial instruments that make up the portfolio, despite high levels of inflation in the current environment, 1% has been used for sensitivity analysis as this represents a reasonable alternative market movement, as well as a useful benchmark change in the long term.

RPI-linked derivatives

The fair values of the Group's RPI-linked derivatives are based on estimated future cash flows, discounted to the reporting date, and these will be impacted by an increase or decrease in RPI rates as shown in the following table. The sensitivity to CPI rates has been included in the level 3 disclosure and as such has not been repeated.

	Group and Company	
	2025 £m	2024 £m
Increase/(decrease) in profit before tax		
1% increase in RPI	(96.2)	(137.1)
1% decrease in RPI	89.9	112.5

Given the long-term maturity of the financial instruments that make up the portfolio, despite high levels of inflation in the current environment, 1% has been used for sensitivity analysis as this represents a reasonable alternative market movement, as well as a useful benchmark change in the long term.

iii) Commodity price risk

The Group recovers its electricity costs through revenue, set in real terms by Ofwat, to cover costs for each five-year regulatory pricing period. To the extent that electricity prices remain floating over this period, this exposes the Group to volatility in its operating cash flow. The Group's policy is to manage this risk either through forward purchases to fix the cost of future blocks of electricity with the contracted energy supplier, through the purchase of wholesale electricity swaps with financial counterparties, or through direct generation. Where swap contracts are utilised, the Group designates all the swaps in cash flow hedge relationships.

	Group and Company			
	Within one year MW	Between one and five years MW	Between five and 25 years MW	Mark to market £m
At 31 March 2025				
Electricity swap	105.5	78.0	-	(0.7)
At 31 March 2024				
Electricity swap	77.2	51.0	-	(21.4)

Hedge ineffectiveness primarily results from counterparty credit risk (which is present in the derivative but cannot be modelled as part of the hedged risk). There is no hedge ineffectiveness on any of our swap contracts. Assuming all energy hedges were in effective hedging relationships, a 10% increase/decrease in commodity prices would have the following impact:

	Group and Company	
	2025 £m	2024 £m
Increase/(decrease) in equity		
10% increase in original prices	6.1	3.7
10% decrease in original prices	(6.1)	(3.7)

10% has been used for sensitivity analysis as this represents a reasonable alternative market movement, as well as a useful benchmark change.

17. Financial instruments continued

b) Credit risk

Credit risk arises principally from trading and treasury activities. From a trading perspective, the Group has no significant concentrations of credit risk due to minimising the risk through the effective management of customer relationships and through the collateralisation inherent in the licensing of business retail activities. The Group's largest trade receivable balance is in Anglian Water Services Limited, whose operating licence prevents the disconnection of water supply to domestic customers even where bills are unpaid. Irrecoverable debt is taken into consideration as part of the price review process by Ofwat, and therefore no additional provision is considered necessary in excess of the provision for expected credit loss allowance included in note 13.

Placements of cash on deposit expose the Group to credit risk against the counterparties concerned. The Group has credit protection measures in place within agreements that provide protection in the event of counterparty rating downgrade or default. The Group only places cash deposits with banks of upper investment grade (as measured by reputable rating agencies) and also seeks to diversify exposure such that concentration with individual banks is avoided. The credit rating applied to all counterparties is reviewed monthly and on an ongoing basis.

The Group's financial metrics are at a level to maintain an investment grade credit rating and be able to raise debt to fund its investment programme. There have been a recent downgrades across the sector reflecting the regulatory landscape, but these are not company specific.

All cash and cash deposits are held with institutions with a minimum of two short-term ratings of P1/A1/F1 or higher, or in the case of money market funds with a minimum of two ratings of Aaam MR1+/AAAm/AAAmmf or higher.

In the case of derivatives, the following table sets out the Group's financial assets and liabilities and the impact of any enforceable master netting arrangements.

Financial assets and liabilities on different transactions are only reported net if the transactions are with the same counterparty, a legal right of offset exists and the cash flows are intended to be settled on a net basis. Amounts that do not meet the criteria for offsetting on the balance sheet but could be settled net in the event of default of either party have been reflected in the offsetting column below.

Group policy requires that transactions are only executed with counterparties which are both (a) from the lending Group and (b) rated at least A- (long-term) or A1 (short-term) by Standard & Poor's, Moody's or Fitch.

	Group and Company		
	Gross carrying amounts £m	Offsetting not presented in the balance sheet £m	Net amount £m
At 31 March 2025			
Derivative financial assets	169.2	17.8	187.0
Derivative financial liabilities	(789.9)	(17.8)	(807.7)
At 31 March 2024			
Derivative financial assets	234.0	(12.4)	221.6
Derivative financial liabilities	(889.3)	12.4	(876.9)

Gross amounts offset represent equal and opposite transactions with the same counterparties and same terms on which no settlements are paid. Offsetting not presented in the balance sheet reflects the extent to which derivative assets and liabilities could be offset with the same counterparty in the event of counterparty default.

At 31 March, the maximum exposure to credit risk for the Group is represented by the carrying amount of each financial asset in the Group balance sheet:

	Group	
	2025 £m	2024 £m
Cash and cash equivalents	589.0	474.4
Trade and other receivables	662.6	617.4
Investments – cash deposits	430.0	530.0
Derivative financial assets	169.2	234.0

	Company	
	2025 £m	2024 £m
Cash and cash equivalents	550.7	472.1
Trade and other receivables	662.6	617.4
Investments – cash deposits	430.0	530.0
Derivative financial assets	169.2	234.0

17. Financial instruments continued

b) Credit risk continued

Note 2c details the assessment made for the expected credit losses for trade and other receivables.

None of the other financial assets are credit impaired.

The Company, as part of the Anglian Water Services Financing Group, guarantees unconditionally and irrevocably all the borrowings and derivatives of Anglian Water Services Financing Plc, which at 31 March 2025 amounted to £9,595.3 million (2024: 8,911.9 million). The borrowings of Anglian Water Services Holdings Limited and Anglian Water Services UK Parent Co Limited are also guaranteed unconditionally and irrevocably by the Company. Anglian Water Services Holdings Limited and Anglian Water Services UK Parent Co Limited had no outstanding indebtedness at 31 March 2025 (2024: £nil).

During the period to 31 March 2025, there has been no change to the Group's position from that disclosed in the 31 March 2024 consolidated financial statements.

c) Capital risk management

The prime responsibility of the Group's treasury function is the efficient and effective management of financial resources within the Group, i.e. the provision of adequate finance and liquidity at all times while maintaining security of principal. The treasury function will actively seek opportunities to raise debt, to reduce the cost of funding and the cost of hedging interest rate and foreign exchange risk while maintaining a risk-averse position in its liquidity management and in its control of currency and interest rate exposures. The Group does not have externally imposed capital requirements.

It is the Group's policy to maintain sufficient cash and/or borrowing facilities to meet short-term commitments and to provide working capital support/flexibility in treasury operations in the event of short-term difficulties in the capital markets. The treasury team actively maintain a good financial reputation with rating agencies, investors, lenders and other creditors, and aims to maintain the relevant key financial ratios used by the credit rating agencies to determine the respective credit ratings.

Anglian Water's financial metrics are at a level to maintain an investment grade credit rating and be able to raise debt to fund its investment programme.

d) Liquidity risk

The Group's objective is to maintain flexibility, diversification and continuity of funding through access to different markets and debt instruments. Daily cash management is undertaken to calculate cash position and dealing requirements, and weekly and monthly cash forecasts are prepared to demonstrate short/medium-term liquidity, covenant compliance and to inform investment strategy. Regular meetings are held with cash forecasters to understand cash variances and challenge latest forecasts. Consolidated cash forecasts are presented to the Finance, Treasury and Energy Policy Group on a regular basis.

As noted in the Financing Structure section above, the business generates operating cash flows to finance the day-to-day operations of the Group, liquidity risk therefore relates to the ability to attract debt and equity investment to fund the enhancement programme set out in Business Plan and refinance existing debt. Both the allowed return on investment and the recovery of RCV included within revenues give management comfort as to the long term viability of the Group (see our Long term viability statement, page 117). In addition, management note Ofwat's statutory duty to ensure that the notional company is financeable. Management believe that to meet this duty the return for the notional company needs to be sufficient to enable it to be able to access the necessary debt and equity to deliver its Business Plan both over the current five-year regulatory period but also into the future taking consideration the long-term planning cycle, as well as to be able to maintain a strong investment grade credit rating throughout. This is in part why we have asked Ofwat to refer the PR24 Final Determination to the CMA as we do not believe this financeability requirement has been met for the notional company.

The Group's borrowing facilities of £1,382.5.0 million (2024: £1,450.0 million), as set out below. On 11 June 2025 the Group received formal commitment from lenders for the refinancing of £950 million of RCF's that were due to expire in March 2026 and June 2026 in the form of a new three-year facility totalling £900 million. Further details of our longer-term financing can be found in our long-term viability statement on page 117.

The Group has the following undrawn committed borrowing facilities available at 31 March in respect of which all conditions precedent had been met at that date:

	Group and Company	
	2025 £m	2024 £m
Expires:		
Within one year	557.5	600.0
Between one and two years	575.0	-
Between two and five years	250.0	850.0
	1,382.5	1,450.0

The Group's borrowing facilities of £1,382.5 million (2024: £1,450.0 million) comprise Class A debt service reserve facilities totalling £294.0 million provided by HSBC Bank Plc, Sumitomo Mitsui Banking Corporation and Assured Guaranty; a £138.5 million operating and capital maintenance expenditure reserve facility provided by Barclays Bank Plc, BNP Paribas Plc, Lloyds TSB Bank Plc and Bank of Nova Scotia; two syndicated loan facilities totalling £850.0 million for working capital and capital expenditure requirements managed by Barclays Bank Plc in the role of facility agent and syndicated to a pool of relationship banks; a bilateral facility of £50.0 million with MUFG Bank and a bilateral facility of £50.0 million with Bank of China Limited for general corporate purposes.

The table below analyses the Group's financial liabilities and derivative financial instruments into relevant maturity Groupings based on the remaining period at the balance sheet date. The amounts disclosed in the table are the contractual undiscounted cash flows, including interest payable:

17. Financial instruments continued

d) Liquidity risk continued

	Group				
	Within one year £m	Between one and five years £m	Between five and 25 years £m	After 25 years £m	Total £m
At 31 March 2025					
Trade and other payables	(312.6)	-	-	-	(312.6)
Borrowings	(868.0)	(2,926.5)	(9,540.1)	(2,279.3)	(15,613.9)
Derivative financial instruments (net settled)	(98.8)	(198.0)	(809.0)	(280.7)	(1,386.5)
Derivative financial instruments (gross settled outflow)	(26.1)	(237.1)	(452.3)	-	(715.5)
Derivative financial instruments (gross settled inflow)	15.9	231.5	335.4	-	582.8
Leases	(7.3)	(17.9)	(12.7)	(3.5)	(41.4)
	(1,296.9)	(3,148.0)	(10,478.7)	(2,563.5)	(17,487.1)
At 31 March 2024					
Trade and other payables	(339.1)	-	-	-	(339.1)
Borrowings	(583.6)	(2,836.9)	(8,240.2)	(2,665.8)	(14,326.5)
Derivative financial instruments (net settled)	(77.5)	(217.8)	(854.4)	(240.2)	(1,389.9)
Derivative financial instruments (gross settled outflow)	(22.0)	(250.2)	(472.3)	-	(744.5)
Derivative financial instruments (gross settled inflow)	16.8	245.0	366.3	-	628.1
Leases	(6.4)	(20.0)	(11.3)	(3.6)	(41.3)
	(1,011.8)	(3,079.9)	(9,211.9)	(2,909.6)	(16,213.2)

We have used spot FX rates and forward interest rates to calculate undiscounted cashflows.

	Company				
	Within one year £m	Between one and five years £m	Between five and 25 years £m	After 25 years £m	Total £m
At 31 March 2025					
Trade and other payables	(328.2)	-	-	-	(328.2)
Borrowings	(868.0)	(2,926.5)	(9,540.1)	(2,279.3)	(15,613.9)
Derivative financial instruments (net settled)	(98.8)	(198.0)	(809.0)	(280.7)	(1,386.5)
Derivative financial instruments (gross settled outflow)	(26.1)	(237.1)	(452.3)	-	(715.5)
Derivative financial instruments (gross settled inflow)	15.9	231.5	335.4	-	582.8
Leases	(7.3)	(17.9)	(12.7)	(3.5)	(41.4)
	(1,312.5)	(3,148.0)	(10,478.7)	(2,563.5)	(17,502.7)
At 31 March 2024					
Trade and other payables	(388.8)	-	-	-	(388.8)
Borrowings	(583.6)	(2,836.9)	(8,240.2)	(2,665.8)	(14,326.5)
Derivative financial instruments (net settled)	(77.5)	(217.8)	(854.4)	(240.2)	(1,389.9)
Derivative financial instruments (gross settled outflow)	(22.0)	(250.2)	(472.3)	-	(744.5)
Derivative financial instruments (gross settled inflow)	16.8	245.0	366.3	-	628.1
Leases	(6.4)	(20.0)	(11.3)	(3.6)	(41.3)
	(1,061.5)	(3,079.9)	(9,211.9)	(2,909.6)	(16,262.9)

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18. Deferred tax

Group and Company	Accelerated tax depreciation £m	Financial instruments £m	Retirement benefit obligation £m	Tax losses carried forward £m	Other £m	Total £m
At 1 April 2024	1,977.4	(18.7)	7.7	(356.5)	(8.1)	1,601.8
Charged/(credited) directly to income statement	124.9	15.8	7.3	(70.6)	(2.6)	74.8
Charged directly to other comprehensive income	-	9.4	7.3	-	-	16.7
At 31 March 2025	2,102.3	6.5	22.3	(427.1)	(10.7)	1,693.3
At 1 April 2023	1,838.2	(68.0)	12.8	(244.3)	(7.4)	1,531.3
Charged/(credited) directly to income statement	139.2	51.2	1.4	(112.2)	(0.7)	78.9
Charged directly to other comprehensive income	-	(1.9)	(6.5)	-	-	(8.4)
At 31 March 2024	1,977.4	(18.7)	7.7	(356.5)	(8.1)	1,601.8

Deferred tax assets and liabilities have been offset in accordance with IAS 12 'Income Taxes'.

19. Net retirement benefit surplus

Pension arrangements for the majority of the company's UK employees are of the funded defined benefit type through the AWG Pension Scheme ("AWGPS") Main section and Hartlepool section (a defined benefit scheme for the employees of the former Hartlepool Water Limited, where the pension scheme was transferred on 1 April 2000 which is now a section of the AWGPS). The defined benefit pension arrangements are closed to new pension accrual with effect from 31 March 2018.

The Company also manages an unfunded pension arrangement which has been valued by independent actuaries to take account of the requirements of IAS19 as at 31 March 2025. The provision for unfunded pension obligations relates to the cost of enhancements of former employees, over and above their entitlement in the Company's pension schemes. The majority of these employees ceased their employment following redundancy programmes principally between 10 and 20 years ago. These pension enhancements are payable until the death of these former employees (or their dependants) and payments are expected to be made over approximately 25 years.

The assets and liabilities relating to the defined benefit scheme for the employees of the former Hartlepool Water Limited are held in a segregated section of the AWGPS. Hartlepool Water Limited was acquired in July 1997, with trade and assets transferred to Anglian Water on 1 April 2000. However, as the Trustees assess the funding requirements of the Hartlepool section separately from the rest of AWGPS, the Hartlepool section has been separately disclosed in the tables below.

On 23 May 2022 a buyout of the Hartlepool section was completed resulting in a settlement of liabilities. However, we note there are still some residual assets in the section.

Within the scheme, employees are entitled to retirement benefits based on their final salary and length of service at the time of leaving, or closure of, the schemes, payable on attainment of retirement age (or earlier death).

On 31 March 2018, following a period of consultation with representatives of all employees, the defined benefit sections of the AWGPS (including the Hartlepool section) were closed for future accruals. From 1 April 2018 all employees now have the option to participate in a new high quality defined contribution scheme which offers an equitable scheme with more flexible benefits.

Full valuations as at 31 March 2023 have been completed for the AWGPS Main and Hartlepool sections, the results of which have been used as a basis for the IAS 19 'Employee Benefits' disclosures as at 31 March 2025.

The Group has a plan in place with the scheme's trustees to address the funding deficit for the Main Section of the AWGPS by 2026, through a series of annual deficit recovery contributions.

During the year, the Group contributed £24.5 million (2024: £nil) deficit reduction payments. There were no deficit reduction payments (2024: none) for the Hartlepool Section due to the buyout.

In the year to 31 March 2026 employers' contributions are expected to be £23.2 million. The approximate weighted average duration of all defined benefit obligations for AWGPS is 13 years.

There is one defined contribution scheme which operates predominantly in the UK, and contributions to this scheme amounted to £25.5 million (2024: £22.5 million). There is £nil outstanding balance on the defined contribution scheme at year end (2024: £nil).

The Virgin Media Ltd v NTL Pension Trustees II Court ruling

On 16 June 2023, the High Court handed down its decision in The Virgin Media Ltd v NTL Pension Trustees II which concerned the correct interpretation of section 37 of the Pension Schemes Act 1993. Subsequently Virgin Media Ltd filed an appeal, the hearing for which took place on 26 and 27 June 2024 and on 25 July 2024, it was announced that the Court of Appeal upheld the High Court ruling. The Court of Appeal's ruling confirms that a section 37 confirmation was required where an alteration to a scheme's rules affected pension benefits attributable to past or future service benefits related to section 9(2B) rights between 6 April 1997 until the end of contracting-out on 5 April 2016.

The Trustee with its advisors, and the Scheme Actuary are considering the possible implications for the Scheme. An initial review by the Trustee and scheme lawyers has been undertaken and a letter was sent by the Trustee to the Company in April 2025 setting out the work done and advice from the scheme lawyers. The advice is that it would be reasonable and proportionate, and in line with common market practice, for the Trustee to note the output of that review and then adopt a 'wait and see' approach, pending further developments and noting there is no suggestion that the Scheme was not being governed in accordance with relevant legal requirements at the time. Based on this the Company does not believe it appropriate to record a provision in the accounts.

Notes to the financial statements continued

a) Principal actuarial assumptions

The liabilities of the Group's pension schemes have been valued using the projected unit method and using the following assumptions:

	Group and Company	
	2025 % pa	2024 % pa
Discount rate	5.8	4.8
Inflation rate		
RPI	3.3	3.3
CPI	2.9	2.9
Increases to deferred benefits during deferment		
RPI	3.3	3.3
CPI	2.9	2.9
Increases to inflation related pensions in payment[1]		
RPI	3.2	3.2
CPI	2.8	2.9
	Years	Years
Longevity at age 65 for current pensioners		
Men	21.6[3]	21.5[3]
Women	24.2[3]	24.1[3]
Longevity at age 65 for future pensioners[2]		
Men	22.9[3]	22.8[3]
Women	25.6[3]	25.5[3]

[1] Life expectancies for 'AWGPS' and 'Unfunded pensioners' only

[2] For pension increases capped at 5% p.a.

[3] The life expectancy shown for future pensioners is for those reaching 65 in 2045

b) Sensitivity analysis

The following table sets out the sensitivity of the liabilities within the schemes to changes in the financial and demographic assumptions.

	Group and Company				
	Change in assumption	AWGPS £m	Hartlepool £m	Unfunded pensions £m	Total £m
At 31 March 2025					
Discount rate	+/- 0.5 % pa	-50/55	-	-1/1	-58/64
Rate of RPI inflation	+/- 0.5 % pa	49/-45	-	1/-1	53/-50
Life expectancy	+/- 1 year	27/-27	-	1/-1	33/-34
At 31 March 2024					
Discount rate	(0.5)	-62/69	-	-1/2	-63/71
Rate of RPI inflation	(0.5)	62/-57	-	2/-1	64/-58
Life expectancy	(1.0)	33/-29	-	1/-1	34/-30

Changes to market conditions that influence the assumptions above may also have an impact on the value of the schemes' investment holdings. The extent to which these are managed is discussed in section (c) below. The sensitivities in the table above have been calculated by changing the key assumption and leaving all others fixed, with the exception of the RPI inflation assumption, which has a corresponding impact on Consumer Prices Index ('CPI') inflation, pension increases and salary increases due to the way the assumptions are derived. These changes in assumptions represent a reasonable alternative range, as well as a useful benchmark change.

19. Net retirement benefit surplus continued

c) Risk and risk management

The Group's defined benefit pension schemes, in common with the majority of such schemes in the UK, have a number of areas of risk. These areas of risk, and the ways in which the Group manages them, are set out below.

The risks are considered below from both a funding perspective (which drives the cash commitments of the Group) and from an accounting perspective, i.e. the extent to which such risks affect the amounts recorded in the Group's financial statements.

Asset volatility

For the purpose of setting the contribution requirements, the calculation of the value of the liabilities uses a discount rate set with reference to government bond yields, with allowance for additional return to be generated from the investment portfolio. Under IAS 19, the defined benefit obligation is calculated using a discount rate set with reference to corporate bond yields.

The schemes hold a proportion of their assets in return-seeking funds. The return on these assets may be volatile and are not correlated to the value of the liabilities. This means that the deficit may be volatile in the shorter term, which may lead to an increase in the contribution requirements and an increase in the net defined benefit liability recorded on the balance sheet.

The Group believes that return-seeking assets offer an appropriate level of return over the long-term for the level of risk that is taken. The schemes' other assets are well diversified by investing in a range of asset classes including government bonds and corporate bonds. The allocation to growth assets is monitored to ensure it remains appropriate given the schemes' long-term objectives.

Change in bond yields

A fall in bond yields increases the value placed on the liabilities for reporting purposes and for setting the Group's contribution requirements. However, in this scenario the schemes' investment in corporate and government bonds and liability-driven investments is expected to increase and therefore offset some of the increase in the value placed on the liabilities.

Price inflation

The majority of the schemes' benefit obligations are linked to inflation and higher out-turn inflation will lead to a higher benefit obligation (although in most cases caps on the level of inflationary increases are in place to protect the plan against extreme inflation). A significant proportion of the schemes' assets do not provide a direct hedge against changes in inflation as they are either fixed-interest in nature (corporate bonds and government bonds), or have an indirect link to inflation (equities).

Life expectancy

The majority of the schemes' obligations are to provide benefits for the life of the member and, as such, the schemes' liabilities are sensitive to these assumptions. This is particularly significant where the longer duration and inflation-linked nature of the payments result in higher sensitivity to changes in life expectancy. The schemes do not contain a hedge against increases in future life expectancy.

d) Amounts recognised in comprehensive income

	Group and Company			
	AWGPS £m	Hartlepool £m	Unfunded pensions £m	Total £m
2025				
Amounts (charged)/credited to finance costs				
Interest income on scheme assets	47.7	-	-	47.7
Interest cost on scheme liabilities	(44.2)	-	(1.4)	(45.6)
Net interest income/(expense)	3.5	-	(1.4)	2.1
Amounts credited/(charged) to the income statement	3.5	-	(1.4)	2.1
Amounts (charged)/credited to other comprehensive income				
Return on plan assets (excluding amounts included in net interest)	(91.1)	-	-	(91.1)
Actuarial gains/(losses) arising from:				
Changes in financial assumptions	115.5	-	2.7	118.2
Experience adjustments	2.0	-	-	2.0
Net (charge)/credit to other comprehensive income	26.4	-	2.7	29.1
2024				
Amounts (charged)/credited to finance costs				
Interest income on scheme assets	48.7	-	-	48.7
Interest cost on scheme liabilities	(44.8)	-	(1.5)	(46.3)
Net interest income/(expense)	3.9	-	(1.5)	2.4
Amounts credited/(charged) to the income statement	3.9	-	(1.5)	2.4
Amounts (charged)/credited to other comprehensive income				
Return on plan assets (excluding amounts included in net interest)	(51.6)	0.5	-	(51.1)
Actuarial gains/(losses) arising from:				
Changes in financial assumptions	33.3	-	0.9	34.2
Experience adjustments	(8.7)	-	(0.2)	(8.9)
Net (charge)/credit to other comprehensive income	(27.0)	0.5	0.7	(25.8)

19. Net retirement benefit surplus continued

e) Amounts recognised in the balance sheet

	Group and Company			
	AWGPS £m	Hartlepool £m	Unfunded pensions £m	Total £m
2025				
Equities	-	-	-	-
Corporate bonds	421.2	-	-	421.2
Government bonds	464.3	-	-	464.3
Property	-	-	-	-
Alternatives	94.8	0.7	-	95.5
Pooled LDI investments (with def of LDI)	72.1	-	-	72.1
Derivatives	(10.7)	-	-	(10.7)
Repurchases	(249.4)	-	-	(249.4)
Cash and cash equivalents	142.2	0.4	-	142.6
Total assets	934.5	1.1	-	935.6
Present value of scheme liabilities	(819.7)	-	(26.6)	(846.3)
Net pension deficit	114.8	1.1	(26.6)	89.3
Comprising:				
Pension schemes with a net surplus, included in non-current assets	114.8	1.1	-	115.9
Pension schemes with a net deficit, included in non-current liabilities	-	-	(26.6)	(26.6)
	114.8	1.1	(26.6)	89.3

	Group and Company			
	AWGPS £m	Hartlepool £m	Unfunded pensions £m	Total £m
2024				
Equities	83.9	-	-	83.9
Corporate bonds	309.3	-	-	309.3
Government bonds	758.8	-	-	758.8
Property	31.6	-	-	31.6
Alternatives	69.4	0.7	-	70.1
Pooled LDI investments (with def of LDI)	71.4	-	-	71.4
Derivatives	(25.1)	-	-	(25.1)
Repurchases	(403.4)	-	-	(403.4)
Cash and cash equivalents	111.4	0.4	-	111.8
Total assets	1,007.3	1.1	-	1,008.4
Present value of scheme liabilities	(946.9)	-	(30.8)	(977.7)
Net pension deficit	60.4	1.1	(30.8)	30.7
Comprising:				
Pension schemes with a net surplus, included in non-current assets	60.4	1.1	-	61.5
Pension schemes with a net deficit, included in non-current liabilities	-	-	(30.8)	(30.8)
	60.4	1.1	(30.8)	30.7

The scheme assets do not include any of the Group's own financial instruments, nor any property occupied by, nor other assets used by, the Group. Most of the assets have quoted prices in active markets, but there are corporate bonds, alternative investments and insurance contracts, which are unquoted amounting to £8.3 million (2024: £98.8 million).

19. Net retirement benefit surplus continued

f) Reconciliation of fair value of scheme assets

	Group and Company			
	AWGPS £m	Hartlepool £m	Unfunded pensions £m	Total £m
At 1 April 2024	1,007.3	1.1	-	1,008.4
Interest income on scheme assets	47.7	-	-	47.7
Employers' contributions	24.4	-	2.8	27.2
Benefits paid	(53.8)	-	(2.8)	(56.6)
Return on plan assets (excluding interest income)	(91.1)	-	-	(91.1)
At 31 March 2025	934.5	1.1	-	935.6
At 1 April 2023	1,060.6	0.6	-	1,061.2
Interest income on scheme assets	48.7	-	-	48.7
Employers' contributions	-	-	2.9	2.9
Benefits paid	(50.4)	-	(2.9)	(53.3)
Bulk transfer	-	-	-	-
Return on plan assets (excluding interest income)	(51.6)	0.5	-	(51.1)
At 31 March 2024	1,007.3	1.1	-	1,008.4

g) Reconciliation of scheme liabilities

	Group and Company			
	AWGPS £m	Hartlepool £m	Unfunded pensions £m	Total £m
At 1 April 2024	(946.9)	-	(30.8)	(977.7)
Interest cost on scheme liabilities	(44.1)	-	(1.3)	(45.4)
Benefits paid	53.8	-	2.8	56.6
Actuarial losses	117.5	-	2.7	120.2
At 31 March 2025	(819.7)	-	(26.6)	(846.3)
At 1 April 2023	(977.1)	-	(33.0)	(1,010.1)
Interest cost on scheme liabilities	(44.8)	-	(1.4)	(46.2)
Benefits paid	50.4	-	2.9	53.3
Actuarial losses	24.6	-	0.7	25.3
At 31 March 2024	(946.9)	-	(30.8)	(977.7)

20. Share capital and premium

	Group and Company	
	2025 £m	2024 £m
Share capital		
Authorised, issued and fully paid		
32,000,002 ordinary shares of £1 each	32.0	32.0
Share premium	1,165.0	1,165.0

21. Hedging reserve

	Group	
	2025 £m	2024 £m
At 1 April	14.9	17.8
(Losses)/gains on cash flow energy hedges	6.5	(50.2)
Amounts transferred to the income statement relating to existing cash flows hedges	15.7	27.5
Losses on cash flow hedges	(2.4)	(0.9)
Amounts transferred to the income statement from discontinued cash flow hedges	2.5	4.8
Exchange movement on hedging instruments related to debt in cash flow hedges	19.2	14.6
Deferred tax movement on cash flow hedges	(10.4)	1.3
At 31 March	46.0	14.9

Cost of hedging reserve

	Group	
	2025 £m	2024 £m
At 1 April	(0.4)	1.7
(Losses)/gains on hedge relationships	(3.9)	(2.7)
Deferred tax movement on hedge relationships	1.0	0.6
At 31 March	(3.3)	(0.4)

The hedging reserve represents the cumulative effective portion of gains and losses arising on the change in fair value of hedging instruments, excluding those fair value movements identified as costs of hedging within the specific hedge relationship. The cost of hedging reserve captures the movement in the fair value of the cost of hedging component.

21. Hedging reserve continued

The table below provides additional information in relation to the annual movements and cumulative closing positions on the cash flow hedge reserves.

	Group					
	Annual movements		Cumulative reserves			
	Hedged item gain/(loss) £m	Hedge ineffectiveness gain/(loss) £m	Total hedge reserves continuing £m	Total hedge reserves discontinued £m	Deferred tax on hedge reserves £m	Total hedge reserves £m
At 31 March 2025						
Cash flow hedge of interest rate risk	14.3	-	38.0	18.9	(14.2)	42.7
At 31 March 2024						
Cash flow hedge of interest rate risk	(75.2)	-	3.1	16.0	(4.6)	14.5

22. Capital commitments

The Group has a substantial long-term investment programme within Anglian Water, which includes expenditure to meet regulatory requirements, shortfalls in performance and condition, and to provide for new demand and growth. The commitments shown below reflect the value outstanding of orders placed at 31 March.

	Group	
	2025 £m	2024 £m
Property, plant and equipment	354.8	305.8
Intangible assets	54.9	58.6
	409.7	364.4

23. Lease arrangements

The Group leases various items of property, plant and equipment. Right-of-use assets are included within property, plant and equipment on the balance sheet, further details can be found in note 11. Lease liabilities are included within borrowings on the balance sheet, further details can be found in note 16.

	Group	
	2025 £m	2024 £m
Additions to right-of-use assets	6.6	3.6
Depreciation charge for right-of-use assets	(7.7)	(7.5)
Carrying amount of right-of-use assets	69.5	70.7
Interest expense on lease liabilities	(1.0)	(1.1)
Expense relating to short-term leases	5.7	2.9
Total cash outflow for leases comprising interest and capital payments	(7.4)	(7.5)
Reconciliation of lease liability		
Contractual undiscounted cash flows	41.4	41.3
Effect of discounting	(7.5)	(7.7)
Lease liability	33.9	33.6

A maturity analysis of lease liabilities is included within note 17d.

The Group leases certain items of plant and equipment, as well as vehicles, under short-term leases. The Group does not typically lease low value assets and therefore no material costs were incurred individually or in aggregate in relation to such assets.

Leases recognised as debt under IFRS 16 can be analysed as follows:

	Group	
	Interest £m	IFRS debt £m
At 31 March 2025		
CTA leases	0.3	6.9
Non-CTA leases (Permitted indebtedness)	0.7	27.0
At 31 March 2024		
CTA leases	0.4	9.6
Non-CTA leases (Permitted indebtedness)	0.6	24.0

Permitted indebtedness is a category of debt within the Group which captures leases previously considered as operating leases which do not qualify as secured creditors. All interest has been paid/(received) in the year. There are no material lease payments with variable payment features.

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24. Contingencies

Flow to Full Treatment investigations

As previously disclosed, in November 2021 Ofwat and the Environment Agency ("EA") launched separate industry-wide investigations focusing on spills to the environment. Ofwat's focus is potential non-compliance with the Water Industry Act and the Urban Wastewater Treatment Regulations (referred to as the Flow to Full Treatment investigation) whilst the EA is focusing on permit compliance.

By June 2022 Ofwat opened enforcement cases against six water and wastewater companies ("WaSCs") including Anglian Water.

In July 2024, Ofwat announced the opening of enforcement cases into the remaining four WaSCs.

In August 2024, Ofwat issued draft enforcement notices following the conclusion of its investigation into three of the companies (Northumbrian Water, Thames Water and Yorkshire Water). In these draft enforcement notices Ofwat states that it has concluded that each company has failed to meet certain duties and obligations arising as a result of the Urban Wastewater Treatment (England and Wales) Regulations 1994, Section 94 of the Water Industry Act 1991 (WIA91) and Licence Condition P.

Ofwat is continuing to progress the enforcement cases in relation to the other seven WaSCs (including the case against Anglian Water).

Ofwat has the power to fine a Regulated Company up to 10%. (for each respective breach) of the relevant regulated turnover in the preceding 12 months if it fails to comply with certain of its statutory duties or the terms of its licence or fails to meet standards of performance. The proposed financial penalties announced in August range from 5% to 9% of turnover in respect of the Water Recycling Price controls. Assuming it were in line with those penalties issued to date any potential financial penalty issued to Anglian Water would be in the range: £43.6 million (assuming 5%.) to £78.5 million (assuming 9%.). There is no certainty that Ofwat would propose a financial penalty within this range.

In March 2025, Ofwat announced that it had concluded its investigation into Yorkshire water on the basis of binding undertakings. The undertakings include commitments to a proposed redress package valued at £40 million in lieu of the financial penalty that would otherwise have been imposed (£36.9 million or 5.5% of its relevant turnover) following consideration of the new evidence provided by Yorkshire Water. In the annex to its decision notice, Ofwat sets out factors which will lead it conclude that the scale and seriousness of the breaches is Minor (up to 3%), Serious (up to 6%) and Significant (up to 10%). However, Ofwat then goes on to say that, once allocated to one of these three categories it will re-consider the full set of case evidence in the round, to determine the appropriate penalty level. Under WIA s19, Ofwat can accept undertakings in lieu of a financial penalty. Based on the fact that Ofwat has accepted undertakings from Yorkshire it is considered likely that Ofwat would also accept appropriate undertakings from Anglian Water in lieu of a financial penalty. Such undertakings would most likely primarily take the form of a commitment to future capital works which would be accounted for under IAS 16.

The EA's separate investigation (referred to as Operation Standard) is also ongoing. The Company has provided comprehensive information to both regulators and continues to engage positively with them.

Competition Act

As previously disclosed, in December 2023, Professor Carolyn Roberts (acting as the Proposed Class Representative or "PCR") issued proceedings against Anglian Water alleging that the company had abused (and continues to abuse) its dominant position, in breach of section 18 of the Competition Act 1998. Parallel proceedings were issued against five other WASCs. Professor Roberts alleged that the WASCs had provided misleading information to the EA and to Ofwat with the result that Ofwat had allowed companies to charge customers higher prices for sewerage services than would otherwise have been permitted. As it proposed to progress the claim as a class action in the Competition Appeal Tribunal ("CAT") on behalf of all relevant customers, the claim needed to be certificated before it could proceed to a substantive trail. A certification hearing took place before the CAT in September 2024. In March 2025, the CAT confirmed that it did not propose to allow the claim to proceed on the basis that Section 18(8) of the Water Industry Act 1991 provides that the correct avenue for any remedy in respect of the matters alleged by way of a regulatory process. The PCR is now seeking leave to appeal the CAT's decision.

Whilst there is a reasonable prospect of leave to appeal being granted, the CAT's reasoning is considered to be robust and therefore the chances of a successful appeal by the PCR of the certification decision are not considered to be high. Even if the appeal in respect of certification decision is successful, the Directors consider that this application of the Competition Act is extremely novel and that there are a number of significant hurdles which must be overcome by the Claimant in connection with this litigation. There is also material overlap between this claim and Ofwat's and the EA's investigations (referred to above).

As is normal for a company of this size and nature, it is subject to a number of other claims, disputes and litigation, these will be recognised as a provision if the required thresholds for recognition are met. The directors consider an appropriate position has been taken in reflecting such items in these financial statements at this time.

25. Ultimate parent undertaking and controlling party

Anglian Water Services Limited is incorporated and domiciled in the UK.

The Company's immediate parent undertaking is Anglian Water Services UK Parent Co Limited, a company registered in England and Wales.

The Directors consider Anglian Water Group Limited, a company registered in Jersey, to be the ultimate parent undertaking. Anglian Water Group Limited is itself owned and ultimately controlled by a consortium of investors consisting of Canada Pension Plan Investment Board (CPP Investments™), IFM Global Infrastructure Fund, Camulodunum Investments, First Sentier Investors and Infinity Investments S.A.

Osprey Acquisitions Limited is the parent company of the smallest Group to consolidate the financial statements of the company, and Anglian Water Group Limited is the parent company of the largest Group to consolidate the financial statements of the company. Copies of the Anglian Water Group Limited financial statements and Osprey Acquisitions Limited's financial statements can be obtained from the Company Secretary at the registered address: Anglian Water Services Limited, Lancaster House, Lancaster Way, Ermine Business Park, Huntingdon, Cambridgeshire, PE29 6XU.

26. Related party transactions

a) Transactions with shareholders

The consortium of investors owning Anglian Water Group Limited are considered to be related parties of the company as they each have the ability to influence the financial and operating policies of both the company and the Group.

During the year to 31 March 2025, there were no transactions (2024: £nil) with the shareholders.

b) Remuneration of key management personnel

Key management personnel comprise all the Directors and members of the Executive Committee during the year. The remuneration of Directors is included within the amounts disclosed below. Further information about the Directors' Remuneration is provided in the Directors' Remuneration report on pages 147-165.

	Group	
	2025 £m	2024 £m
Short-term employee benefits	6.2	5.8
Post-employment benefits	0.5	0.3
	6.7	6.1

c) Parent company

The Company's related party transactions are summarised below:

	2025 £m	2024 £m
Sale of goods/services to		
Fellow subsidiaries of Anglian Water Group Limited	0.3	0.2
Purchase of goods/services from		
Fellow subsidiaries of Anglian Water Group Limited	11.6	9.7
Management fees paid to		
Subsidiaries	0.4	0.4
Interest charged by		
Subsidiaries	494.9	615.3
Dividends paid to		
Parent company	88.6	79.9

	Group	
	2025 £m	2024 £m
Trade and other receivables due from		
Fellow subsidiaries of Anglian Water Group Limited	2.1	0.9
Trade and other payables due to		
Subsidiaries	15.6	49.6
Fellow subsidiaries of Anglian Water Group Limited	0.9	0.7
Loans and other borrowings due to		
Subsidiaries	8,805.4	8,046.5

27. Alternative performance measures

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

a) EBITDA

Calculated as profit before net finance costs, tax, depreciation, and amortisation to give a measure of the company's overall financial performance. Each element of this APM is shown on the face of the income statement.

	Group	
	2025 £m	2024 £m
EBITDA	920.0	819.5
Net finance costs	(307.5)	(297.7)
Tax charge	(52.6)	(31.2)
Depreciation and amortisation	(423.5)	(388.6)
Profit for the period	136.4	102.0

b) Adjusted finance costs

Calculated as net finance costs excluding fair value gains on derivative financial instruments. These fair value gains are volatile, non-cash movements that distort the actual underlying economic performance.

	Group	
	2025 £m	2024 £m
Adjusted finance costs	(370.4)	(502.6)
Fair value gains on derivative financial instruments	62.9	204.9
Net Finance costs, including fair value gains on derivative financial instruments	(307.5)	(297.7)

c) Adjusted profit before tax/Profit before fair value gains

Calculated as profit before tax excluding fair value gains/(losses) on derivative financial instruments. The calculation is shown on the face of the income statement. These fair value gains/(losses) are volatile, non-cash movements that distort the actual underlying economic performance.

	Group	
	2025 £m	2024 £m
Adjusted profit before tax/Profit before fair value gains	126.1	(71.7)
Tax charge	(52.6)	(31.2)
Fair value gains on derivative financial instruments	62.9	204.9
Profit for the period	136.4	102.0

d) Adjusted net debt

Adjusted net debt comprises borrowings, net cash and cash equivalents, and derivative financial instruments (excluding those in respect of fair value energy hedges). This measure is used because it provides additional useful information in respect of the financing of the business.

See note 16 and below.

	Group	
	2025 £m	2024 £m
Net cash and cash equivalents	589.0	474.4
Current asset investments	430.0	530.0
Borrowings	(8,740.1)	(7,981.3)
Net debt excluding derivatives	(7,721.1)	(6,976.9)
Derivatives	(620.7)	(655.3)
Less: energy derivatives	0.7	21.3
Adjusted net debt	(8,341.1)	(7,610.9)

27. Alternative performance measures continued

e) Interest cover

Interest cover is the ability of the Company to pay interest of on its outstanding debt out of operating cash flows. The table below shows the operating cash value less RCV depreciation, compared to the net interest paid during the year to show the interest cover.

	Group	
	2025 £m	2024 £m
Operating cash	811.3	767.1
RCV run off	(501.5)	(475.2)
	309.8	291.9
Interest cash	(180.2)	(181.8)
Interest cover ratio	1.7	1.6

f) Capital investment

Capital investment is the total property, plant, and equipment, and intangibles additions less capitalised interest, adopted assets, and capital additions in the non-appointed business.
This is used as a measure to help us monitor how we are achieving our Business Plan commitments.

	Group	
	2025 £m	2024 £m
Property, plant and equipment additions	1,067.5	1,044.0
Intangible assets addition	117.5	58.2
Capitalised interest	(84.1)	(71.0)
Adopted assets	(34.0)	(48.2)
Non-appointed business	(1.0)	(1.3)
Items shown as stock	14.7	(18.3)
Capital investment	1,080.6	963.4

g) Free cash flow

Free cash flow is used in determining cash conversion and is calculated as cash from operating activities, less net interest of cash deposits, less capital maintenance.

	Group	
	2025 £m	2024 £m
Operating cash	811.3	767.1
Interest on cash	(180.2)	(181.8)
Less: Net interest income excluded under CTA	(13.5)	(17.6)
Capital maintenance	(424.0)	(341.0)
Free cash flow	193.6	226.7

28. Events after the balance sheet date

The Directors have recommended not to pay a final dividend in relation to 2024/25. Whilst there was capacity to pay a dividend after taking account commitments to customers and other stakeholders and ensuring that it is able to finance its Appointed Business, the Directors felt it appropriate to defer this capacity at this time.

On 23 May 2025, the ultimate shareholders of the Anglian Water Group provided unconditional and legally binding commitments to inject £500 million into the Anglian Water Group, pro-rata to their current shareholdings. £300 million will be provided by early September 2025 and paid down the group structure to Anglian Water (Osprey) Financing plc (the borrowing entity at Midco which also includes Osprey Acquisitions Limited), where it will be used to repay a £240 million bond which matures in March 2026, as well as repayment of drawn bank revolving credit facilities. The remaining £200 million balance of shareholder funding will be provided to the Group by early June 2026, when we plan to cycle the funds down the group structure to Aigrette Financing (Issuer) plc, the unrated Topco borrowing entity, where it will be used to repay £200 million of bank loans maturing in mid-June 2026.

On 11 June 2025 the Group received formal commitment from lenders for the refinancing of £950 million of RCF's that were due to expire in March 2026 and June 2026 in the form of a new three-year facility totalling £900 million.

Other than the above there have been no events between the balance sheet date, and the date on which the financial statements were approved by the Board, which would require adjustment to the financial statements or any additional disclosures.

Report on the audit of the financial statements

1. Opinion

In our opinion:

- the financial statements of Anglian Water Services Limited (the 'parent company') and its subsidiaries (the 'group') give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2025 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the group income statement;
- the group statement of comprehensive income;
- the group and parent company balance sheets;
- the group and parent company statements of changes in equity;
- the group and parent company cash flow statement; and
- the related notes 1 to 28.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom adopted international accounting standards and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

2. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services provided to the group and parent company for the year are disclosed in note 5 to the financial statements. We confirm that we have not provided any non-audit services prohibited by the FRC's Ethical Standard to the group or the parent company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Summary of our audit approach

Key audit matters	The key audit matters that we identified in the current year were: Bad debt provisioning; Capital expenditure accounting; and Going concern. Within this report, key audit matters are identified as follows: ! Newly identified Increased level of risk Similar level of risk Decreased level of risk
Materiality	The materiality that we used for the group financial statements was £27.5m (2024: £25.3m) which was determined on the basis of 3% of EBITDA (2024: 3% of EBITDA).
Scoping	The group comprises Anglian Water Services Limited (the regulated water and water recycling business) and its only subsidiary company Anglian Water Services Financing Plc (the group's financing entity). We audited all entities in aggregate at the group level, which accounted for 100% of the group's net assets and 100% of the group's EBITDA.
Significant changes in our approach	In the current year we have identified accounting for capital expenditure as a key audit matter. This aligns with the continued expansion of the parent company's capital programme and associated complexities which led to a significant allocation of resource to this area, there is also increased judgement involved in determining the appropriate accounting treatment for some of these items. We have also identified going concern as a key audit matter. We planned our audit mindful of the expiration of banking facilities within the going concern assessment period together with the decision by the group to refer the Final Determination to the CMA which led to an increased level of judgement made by the Directors and an increase in experienced and specialist resource within the audit team being allocated to this area. We previously identified derivative accounting as a key audit matter. As the control environment has stabilised and no new complex instruments were entered into in the period we assessed a lower level of risk in this area and there was a reduced level of audit effort relative to the prior year and compared to the audit strategy related to bad debt provisioning and capital expenditure accounting.

4. Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the group's and parent company's ability to continue to adopt the going concern basis of accounting is discussed in section 5.3.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5.1. Bad debt provisioning

Key audit matter description

As at 31 March 2025, the group and the parent company have an expected credit loss provision was £238.9 million (2024: £212.1 million) in respect of trade receivables.

A proportion of the group's customers do not or cannot pay their water bills, which results in the need for a provision to be made for the risk of non-payment of the customer balance. The bad debt provision is material, a key area of estimation uncertainty within the group and an area of scrutiny by Ofwat.

For the year ended 31 March 2025, the bad debt charge was £36.3 million (2024: £38.7 million). The movement in bad debt charge reflects a reduction in the macro-economic overlay driven by outlook improvements in the economic data used to predict future cash collection trends. Cash collection rates have remained consistent year-on-year and, overall, are comparable with the collection rates achieved in 2018-2022 which is the period used by the group to evaluate the expected credit loss.

Provisions are made against the group's trade receivables based on historical cash collection rates. A top-up to the provision is recorded to reflect expected deterioration in future cash collection compared to historical cash collection rates due to the anticipated impact of macro-economic uncertainties on customers' ability to pay bills, such as the cost-of-living crisis and reduction to real disposable household income. As at 31 March 2025, the forward looking macro-economic overlay provision is £3.1 million (2024: £5.7 million). The group determined this top-up provision considering a range of external data points, including the correlation between unemployment rates, real disposable household income and cash collections.

The key audit matter, which is also a potential fraud risk, is focused on the estimation of the household bad debt provision, including whether the experience of cash collection in historical periods provides an appropriate expectation of future credit losses under IFRS 9 'Financial Instruments'.

The Audit Committee have considered this as a key issue, and it is disclosed in the Audit Committee report on page 138. It is also included as an area involving estimation in note 2 to the financial statements, and the relevant accounting policy adopted is disclosed in note 1(q). The closing bad debt provision as at 31 March 2025 is disclosed in note 13 and the year-on-year bad debt charge is discussed in the Financial Performance report on page 25.

5.1. Bad debt provisioning

How the scope of our audit responded to the key audit matter

In response to this matter, we have performed the following procedures:

- obtained an understanding of relevant controls within the bad debt provision estimation process;
- utilised data analytics to perform a recalculation of debtor ageing to test the accuracy of information within the aged debt report in order to assess whether customers are accurately categorised based on information within the group's financial reporting system;
- challenged the base bad debt provision by agreeing the recoverability assumptions to cash collection rates and tested the mechanical accuracy of the calculation;
- assessed whether any discrepancies exist between the provision recognised and that supported by other macro-economic indicators that may impact the ability of customers to make payments;
- assessed whether the provision has been calculated in line with the policy of the group and with IFRS 9 'Financial Instruments'; and
- assessed the accuracy and completeness of the cash collection trends used in the provision rate calculation by reconciling billing and SAP data and tested a sample of cash collections both during the year and post period end.

Key observations

Based on the work performed above, we are satisfied that the bad debt provision is reasonable and in accordance with the requirements of IFRS 9.

5.2. Capital expenditure accounting

Key audit matter description

The group has a substantial capital programme which is agreed with the regulator ('Ofwat') at the beginning of each asset management plan ('AMP'), and therefore incurs significant expenditure in relation to the development and maintenance of its infrastructure network.

During the year, the group has invested £1,068 million (2024: £1,044 million) in capital expenditure on tangible assets, and £118 million (2024: £58 million) on intangible assets. Of this, £84 million (2024: £71 million) relates to capitalised borrowing costs on qualifying assets. Depreciation of £367 million (2024: £333 million) has been charged in the year on commissioned tangible assets, and amortisation of £57 million (2024: £56 million) has been charged in the year on commissioned intangible assets. Additions to property, plant and equipment ('PPE'), intangible assets, capitalised interest and depreciation or amortisation are disclosed in notes 10 and 11 of the financial statements.

As the determination of whether expenditure is capitalised or expensed in the period directly affects the group's reported financial performance, and due to the significant allocation of resource and audit effort in this area, we identified a key audit matter relating to the accounting for capital expenditure in accordance with the requirements of IAS 16 'Property, Plant and Equipment'. There is a high degree of judgement involved in determining whether a project is capital in nature and whether costs, including internal expenditure and overheads, meet the relevant criteria for capitalisation. As a result, we identified a potential risk of fraud relating to the classification of items as capital expenditure. Audit effort has also been allocated to other areas of accounting for capital expenditure, including the timeliness of asset commissioning and commencement of depreciation, value of work accrued at the balance sheet date and accuracy of the borrowing costs capitalised.

The Audit Committee also considered this as a critical accounting judgement as discussed in the Audit and Risk Committee report on page 138. Further details are included within the critical accounting judgements note in note 2 to the financial statements.

5.2. Capital expenditure accounting

How the scope of our audit responded to the key audit matter

In response to this matter, we have performed the following procedures:

- obtained an understanding of, and tested, the relevant controls over the classification of capital expenditure;
- reviewed the group's capitalisation policy to understand any changes in the current year and to determine compliance with the relevant accounting standards;
- tested a sample of costs capitalised in the year to confirm these meet the criteria for capitalisation by inspecting invoices or other supporting documents, making direct enquiries of project managers, and understanding the nature of the items selected to determine the appropriate accounting treatment including the level of estimation associated with accruals at the balance sheet date;
- recalculated the expected capitalised borrowing costs in the year, based on the value of qualifying assets and average cost of debt, to assess whether the group's figure was reasonable;
- tested the timeliness oof asset commissioning on completion of projects and the resulting manual adjustments arising from assets under construction which have been operationally commissioned but not yet been commissioned in the fixed asset register including estimates of the associated catch up depreciation, by obtaining supporting evidence for the inputs and reperforming calculations on a sample of items; and
- recalculated the expected depreciation charge in the year based on the value of each asset class and weighted average useful economic life, to assess whether the group's figure was reasonable.

Key observations

Based on the work performed, we are satisfied that capitalised expenditure in the year has been appropriately accounted for in accordance with the requirements of IAS 16.

5.3. Going concern

Key audit matter description

The Directors have considered the potential impacts of current market volatility and uncertainties within the sector in relation to the PR24 referral to the CMA and ongoing regulatory investigations as part of their assessment of the going concern assumption. At 31 March 2025 the group also has facilities due for renewal totalling £375 million in March 2026 and £575 million in June 2026. On 11 June 2025 the Group received formal commitment from lenders for new three-year facilities totalling £900 million.

We planned our audit anticipating an increased level of judgement would be made by the Directors in assessing the going concern basis in preparing the financial statements including the associated disclosures and increased the experience and specialist resource within the audit team allocated to this area. We have also identified a risk of management bias relating the key judgements with respect to the going concern assumption.

The Audit Committee also considered this judgement as discussed in the Audit and Risk Committee report on page 138. Further details are included within the critical accounting judgements note in note 2 to the financial statements.

Independent auditor's report to the members of Anglian Water Services Limited continued

5.3. Going concern

How the scope of our audit responded to the key audit matter

In response to this matter, we have performed the following procedures:

- obtained an understanding of the relevant controls over the cashflow forecasting and going concern assessment;
- understood the group's process to model the impact of going concern and agreed relevant data points in the model to supporting documentation;
- understood and challenged the sufficiency of the period the Directors' have assessed for the purposes of going concern and whether that was appropriate;
- assessed the sophistication of the model used to prepare the forecasts, testing of the clerical accuracy of those forecasts and assessing the historical accuracy of forecasts prepared by the group;
- tested the assumptions used in establishing the group's base case, including comparison of key assumptions to plans for Asset Management Period ("AMP") 8, including reconciling to the Final Determination and independent data sources where relevant;
- considered the impact of the referral of the Final Determination to the CMA on the Director's going concern conclusions by assessing the likely timing of any changes in cashflows arising from that referral and considering whether the referral provided contradictory evidence to any aspects of the group's cashflow forecasts or disclosures;
- evaluated liquidity, including the ability of the group to raise future financing and inspected the commitment to renew banking facilities which are required within the going concern period. In considering the ability of the group to raise debt we have considered a number of factors including the group's credit ratings, past history of debt raises by the group and others across the water sector, and challenged management to calculate the impact of sensitivities associated with debt being raised at higher costs;
- read the external financing agreements to establish and assess the covenant requirements attached to the borrowings;
- recalculated and assessed the amount of headroom in the forecasts (liquidity and covenants) and recalculated compliance with covenants during the year ended 31 March 2025 and throughout the going concern assessment period;
- challenged the sensitivity analysis including downside risks prepared by the group in the context of operational performance challenges, requirements to raise debt in the period, increased spend on capital projects, cyber risk and the broader socio-economic conditions; and
- assessed the appropriateness of the disclosures in the financial statements.

5.3. Going concern

Key observations

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in preparation of the financial statements and associated disclosure is appropriate.

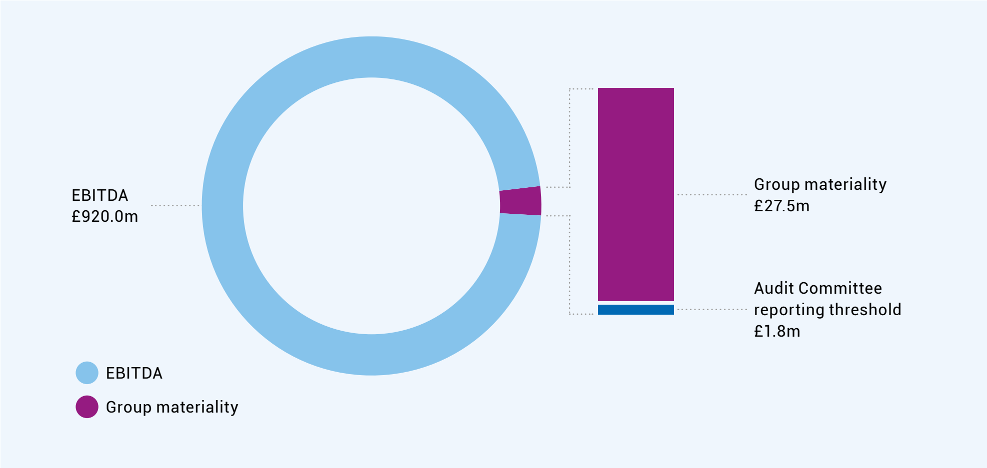
6. Our application of materiality

6.1. Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Parent company financial statements
Materiality	£27.5 million (2024: £25.3m)	£27.5 million (2024: £25.2m)
Basis for determining materiality	In both years, we considered 3% of EBITDA as a benchmark for determining materiality. As aggregation risk is mitigated by our auditing 100% of the group's net assets, revenue and profits, the parent company materiality was set at the same level as group.	
Rationale for the benchmark applied	We have used EBITDA as the benchmark for materiality as this is deemed a key driver of business value, is a critical component of the financial statements and is a focus for users of the financial statements. EBITDA is disclosed on page 24 in the Financial Performance Report, and reconciled to the statutory profit after tax in note 27a. The substantial majority of the group's operations are carried out by the parent company.	



6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

	Group financial statements	Parent company financial statements
Performance materiality	70% (2024: 65%) of group materiality	70% (2024: 65%) of parent company materiality
Basis and rationale for determining performance materiality	In the prior year we decreased performance materiality in response to the increased engagement risk arising from public scrutiny and increased risk associated with the water sector. In the current year we have determined there to be less uncertainty for the group and the engagement risk has returned to level consistent with FY23. In reaching this conclusion we considered the following factors: • the group's control environment which remains stable with the prior year; • the functioning of the key business operations and initial signs of performance improvements; • strong experience of new executive management team and consistency of key accounting personnel during the year; and • the low level of corrected and uncorrected misstatements identified in previous periods.	

6.3. Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £1.8 million (2024: £1.3 million), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

7.1. Identification and scoping of components

Our group audit was scoped by obtaining an understanding of the group and its environment, including group-wide controls, and assessing the risks of material misstatement at the group level.

Anglian Water Services Limited and Anglian Water Services Financing Plc were audited in aggregate at the group level and together account for 100% (2024: 100%) of the group's net assets and EBITDA. All procedures were carried out directly by the group audit team.

7.2. Our consideration of the control environment

Our work in relation to the group's internal control environment involved testing the group's key reporting system. With the involvement of our IT specialists, we tested relevant General Information Technology Controls (GITCs) within the group's key reporting system, including the access controls, change management controls and controls around segregation of duties. We identified control weaknesses in a specific element of the reporting system and performed substantive audit procedures which responded to the risks presented.

We also tested the relevant controls within capital expenditure and certain aspects of treasury business processes, which are not supported by the group's key reporting system.

7.3. Our consideration of climate-related risks

As a part of our audit procedures, we have obtained the group's climate-related risk assessment and held discussions with the group to understand the process of identifying climate-related risks and opportunities, the determination of mitigating actions and the impact on the group's financial statements.

The group embed climate related risks within each principal risk as described on page 107. The group considered climate change in their preparation of the Strategic Direction Statement and the Water Resources Management Plan as described on pages 9 and 42. The risks identified do not have an impact on our key audit matters in the current year. The group have determined that the impact of climate related risks on the financial statements for the year is not material, as described in note 2 to the financial statements.

We performed our own qualitative risk assessment of the potential impact of climate change on the group's account balances and classes of transaction. Our procedures included reading disclosures included in the Strategic report from page 75 to 101, as well considering whether they are materially consistent with the financial statements and our knowledge obtained in the audit. We involved climate change and sustainability specialists in assessing these disclosures.

8. Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

9. Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

10. Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

11. Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

11.1. Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the group's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management, the internal audit function, the directors and the audit committee about their own identification and assessment of the risks of irregularities, including those that are specific to the group's sector;
- any matters we identified having obtained and reviewed the group's documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance, particularly in relation to the matters disclosed in note 24, "Contingencies";
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team and relevant internal specialists, including tax, financial instruments, pensions, and IT specialists, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas: bad debt provisioning, going concern and capital expenditure accounting. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, Environment Agency regulations, pensions legislation and tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's / company's ability to operate or to avoid a material penalty. These included the license conditions imposed by The Water Services Regulation Authority (Ofwat).

11.2. Audit response to risks identified

As a result of performing the above, we identified bad debt provisioning, and capital expenditure accounting as key audit matters related to the potential risk of fraud. The key audit matters section of our report explains the matters in more detail and also describes the specific procedures we performed in response to those key audit matters.

In addition to the procedures addressing the key audit matters above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the audit committee and in-house legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC and Ofwat;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

12. Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

13. Opinion on other matter prescribed by our engagement letter

In our opinion, the part of the Director's Remuneration report to be audited has been properly prepared in accordance with the provisions of the Companies Act 2006 that would have applied were the company a quoted company.

14. Matters on which we are required to report by exception

14.1. Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

14.2. Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made or the part of the directors' remuneration report to be audited is not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

15. Other matters which we are required to address

15.1. Auditor tenure

Following the recommendation of the audit committee, we were appointed by Board of Directors on 1 September 2016 to audit the financial statements for the year ending 31 March 2017 and we were reappointed in subsequent financial periods, including following a formal tender in 2021. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is nine years, covering the years ending 31 March 2017 to 31 March 2025.

15.2. Consistency of the audit report with the additional report to the audit committee

Our audit opinion is consistent with the additional report to the audit committee we are required to provide in accordance with ISAs (UK).

16. Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Kate Hadley (Senior statutory auditor)
For and on behalf of Deloitte LLP

Statutory Auditor
Birmingham, United Kingdom

12 June 2025

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