

ESG is at the heart of our strategy



Phil Aspin
Chief Financial Officer

A purpose-led organisation

To provide great water and more for the North West



Supporting **communities** to be stronger



Protecting and enhancing the **environment**



Caring for **customers** through trusted relationships



Delivering a sustainable return to **investors**



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



Innovating in partnership with **suppliers**

Strong track record of delivering on ESG

Stakeholder approach links to ESG measures and investor value

| | Environmental | Social | Governance |
|-------------|-------------------------------|---|---|
| Communities | Catchment partnerships | Social mobility and youth programme (NEETs) | Partnership leverage averaging £7 for every £1 invested (2019/20) |
| Customers | Water efficiency trials | Affordability and vulnerability schemes and Priority Services | Fair Tax mark |
| Employees | Team volunteering | Diversity and inclusion | Gender pay reporting and Glasdoor recognition |
| Environment | Nature-based solutions | Access and recreation (9 million visits) | Natural capital ODI with penalty / reward |
| Investors | Sustainable finance framework | Strong CR indices performance | Compliance with Corporate Governance Code |
| Suppliers | United Supply Chain | Covid-19 response – accelerated payment terms | United Supply Chain; ethics, bribery and corruption, and modern slavery |

Agenda



Jo Harrison

Environment, Planning &
Innovation Director

Environmental performance



Chris Matthews

Head of Sustainability

Social and reporting



Phil Aspin

Chief Financial Officer

**Responsible financing and
governance**



Jo Harrison
Environment, Planning &
Innovation Director

Environmental
performance

Leader today, prepared for the future

- 1 Leading environmental performance
- 2 Catchment approach delivering efficiency and environmental improvements
- 3 Managing risk – climate change and population growth
- 4 Securing a low carbon future

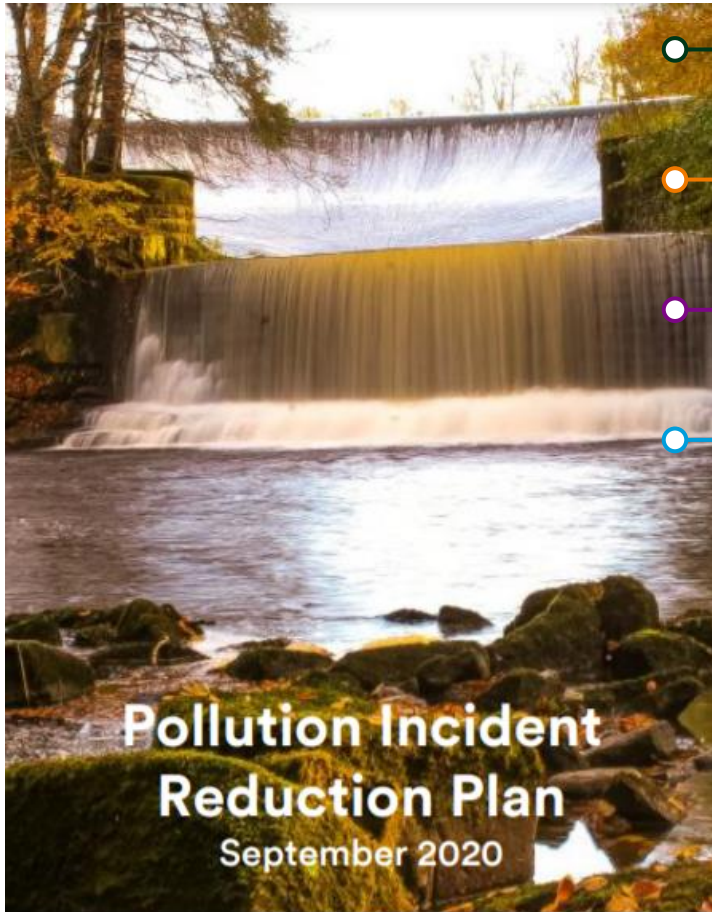
Leading on environmental performance

Green across all areas of the Environment Agency's assessment

| | Pollution incidents | Serious pollution incidents | Discharge permit compliance | Self-reporting of pollution incidents | Delivery of WINEP | Security of supply index | Performance rating |
|-------------------------|---------------------|-----------------------------|-----------------------------|---------------------------------------|-------------------|--------------------------|--------------------|
| Anglian | Yellow | Yellow | Green | Yellow | Green | Yellow | 3 star |
| Northumbrian | Green | Green | Green | Green | Green | Green | 4 star |
| Severn Trent | Green | Green | Green | Green | Yellow | Green | 4 star |
| Southern | Red | Yellow | Yellow | Green | Red | Green | 2 star |
| South West | Red | Red | Green | Yellow | Green | Yellow | 2 star |
| Thames | Yellow | Yellow | Green | Yellow | Yellow | Green | 3 star |
| United Utilities | Green | Green | Green | Green | Green | Green | 4 star |
| Wessex | Green | Yellow | Green | Green | Green | Green | 4 star |
| Yorkshire | Green | Yellow | Green | Green | Green | Green | 4 star |

Source: The Environment Agency – Environmental Performance Report for 2020

Frontier performance in managing pollution



27 actions to reduce pollution in a meaningful way

Operating through Systems Thinking technology

Embedding ongoing culture change

Long-term planning and maintenance

Zero

serious pollution
incidents for two
consecutive years

31%

reduction in
environmental
pollution
incidents

Delivering in AMP7, preparing for AMP8



£730m
environmental investment
programme



1,500km
of rivers improved or
protected



500 tonnes of
phosphorus removed
each year



Environmental
standards
continually tightened



Ongoing investment
to sustain leading
performance

Delivering through catchment approach

Working with partners to improve water quality in our rivers

Catchment Systems Thinking (CASt)



1

Widest ranging application of Systems Thinking

2

Managing catchments holistically

3

Working with partners

4

Delivering efficiencies

5

Better overall environmental outcome

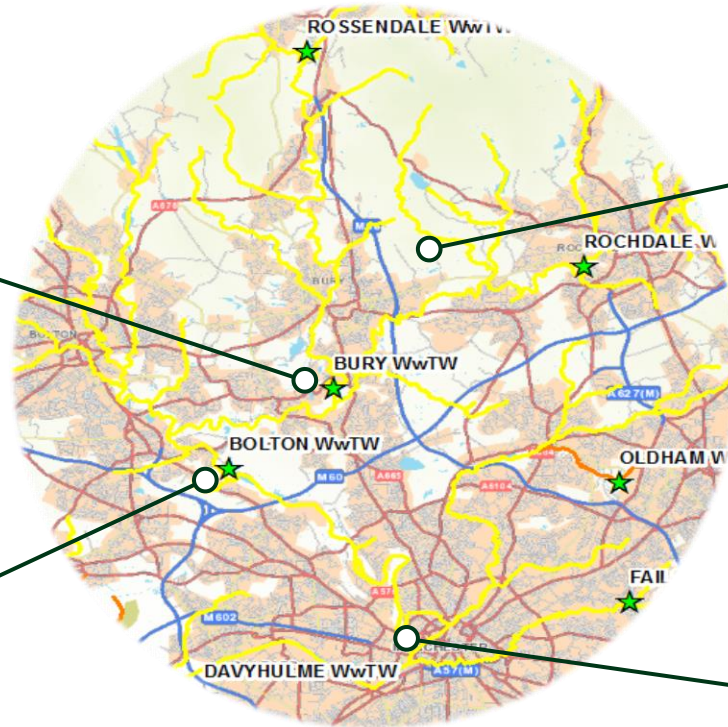
The sector's largest flexible permit

Balancing the performance of assets in a catchment

Manchester Ship Canal (MSC) catchment

£44m
Green Recovery investment at Bury Wastewater Treatment Works

£90m
confirmed investment at Bolton Wastewater Treatment Works



Sector's largest flexible permit offsetting performance across a range of assets

£100m efficiencies

Reduced carbon emissions

Reduced chemical usage

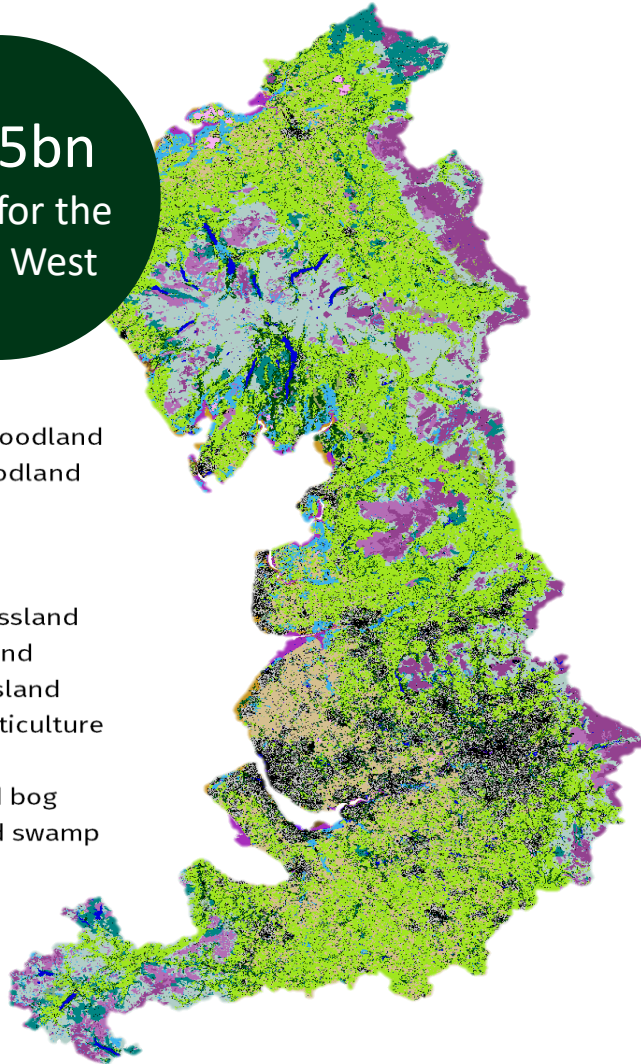
Phosphorus reduction

More than £500m
forecasted investment in AMP8 in this catchment alone

A Natural Capital Account for the North West

£135bn
value for the
North West

- Broadleaved woodland
- Coniferous woodland
- Scrubland
- Heathland
- Acid grassland
- Calcareous grassland
- Neutral grassland
- Improved grassland
- Arable and horticulture
- Blanket bog
- Lowland raised bog
- Fen, marsh and swamp
- Inland water
- Inland rock
- Urban
- Suburban
- Built



18 partners have built one of the most advanced natural capital accounts in the UK

Improving understanding of impact, value and dependencies to inform decisions and plans

Supporting collaboration to deliver environmental and social benefits more efficiently

Managing risk and resilience – Climate change and population growth

Resilience

Services have been resilient during extreme weather events

£250m additional investment in resilience in AMP6

Long-term planning

25-year Water Resources Management Plan (WRMP)

Updating with Drainage and Wastewater Management Plan (DWMP)

Investment

Investment required to enhance resilience further

We are to play a significant role in large-scale water transfers as part of the national response

Commitment to net zero by 2030

>70% reduction delivered already, ahead of 2020 target

AMP7 plans build on enhanced resilience delivered in AMP6

- 1** Commitment to meet science-based targets (scope 1&2) ○ Net zero by 2030 consistent with science-based targets of 42% reduction by 2030 and 100% by 2050
- 2** 100% renewable electricity by 2021 ○ From October 2021, 100% of electricity will be renewable
- 3** 100% Green Fleet by 2028 ○ 27 electric vehicles deployed at operational sites; trial of 44ton biogas HGV
- 4** 1,000 hectares of peat restoration by 2030 ○ 5 sites proposed for green recovery catchment peatland restoration
- 5** Planting 1m trees to create 550ha of woodland by 2030 ○ Established 2 tree nurseries and identified 100s of sites for new and 'replanted' woodlands
- 6** Commitment to set science-based scope 3 emissions target by 2021 ○ Ambitious scope 3 emissions targets endorsed by the Science Based Targets initiative (SBTi)

Commitment to net zero by 2030

The first UK water company to have **Science Based Targets** approved, including new supply chain (scope 3) emissions targets

66% of our construction services suppliers (by emissions) will set their own Science Based Targets by 2025

*Scope 3 emissions:
Beyond our control,
but not beyond our influence*

25% reduction by 2030 in absolute emissions for the remainder of scope 3 categories, from a 2020 baseline





Chris Matthews
Head of Sustainability

Social and reporting

Supporting society

- 1 Working at the heart of communities
- 2 Supporting customers
- 3 Investing in colleagues
- 4 Transparent and integrated reporting

Working at the heart of communities

Virtual
engagement
with greater success



£1 invested in a
partnership
leverages a further £7



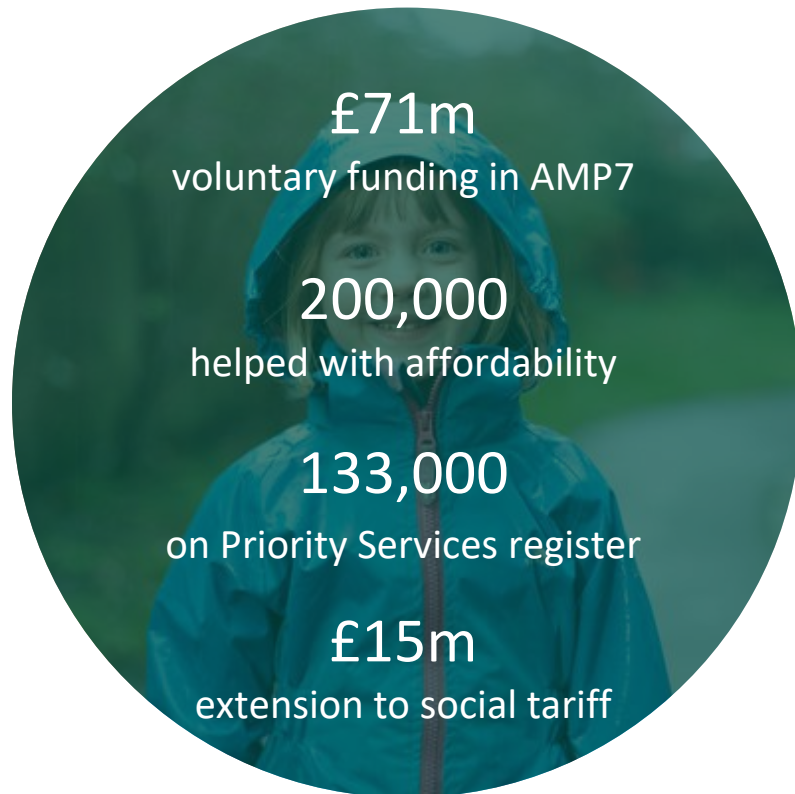
Enhancing
social mobility



- Hosted the region's first **social mobility summit**
- Supporting the Government's **KickStart** programme

Supporting customers

Debt affordability and vulnerability schemes
building social capital



Driving innovation to enhance
experience and reduce cost



Investing in colleagues

Building social capital
sending our people home safe and well

89% engagement;
5% above UK High Performance Norm

Evolving skills for a digital utility

Technical Training Academy
- only water company governed by Ofsted with a good rating

Embracing diversity & inclusion

5 employee diversity networks with 730 members

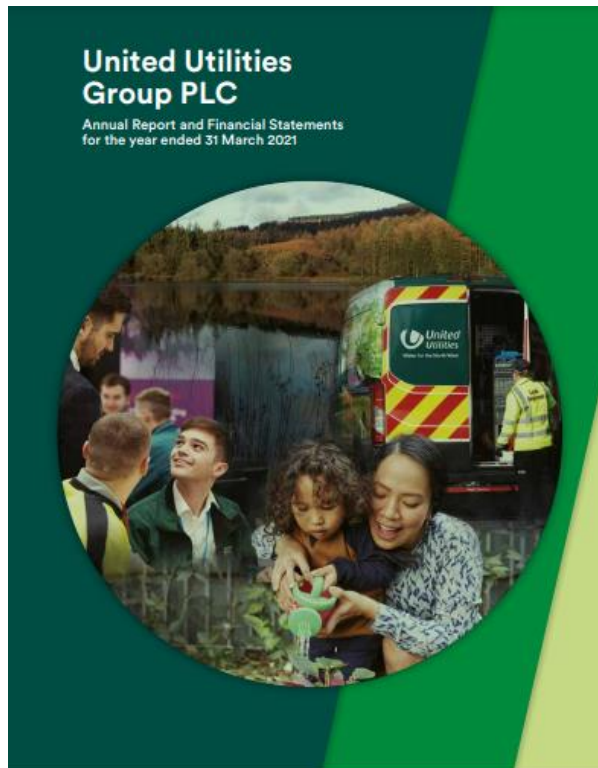
17% female apprentices, double the industry average



United Utilities Water for the North West

Transparent and integrated reporting

An integrated report themed around our purpose



Water for the North West

To provide great water...

Delivering service excellence

...and more...

Value for all stakeholders

...for the North West

Clear focus on the region we serve

Early adopters of comprehensive TCFD disclosure requirements in last two annual reports





Phil Aspin
Chief Financial Officer

Responsible financing &
governance

Responsible financing and governance

- 1 Overview of responsible approach to financial resilience and governance
- 2 How we secure attractive funding based on ESG credentials
- 3 How our responsible approach to pensions has delivered for all stakeholders
- 4 Early adopters of best practice governance

Leading financial resilience and governance

Financial resilience

55%-65% RCV gearing
(62% at Mar-21)

Financial resilience

Stable A3 credit rating with Moody's

Financial resilience

Raising environmental funding

Financial resilience

Fully funded pension

Governance

Highest levels of governance

Governance

Early adopters of best practice

Governance

Strong performance across ESG indices

Securing environmental funding

Pre Brexit



- Green funding raised with EIB
- EIB's largest green borrower in the UK
- EIB debt peaked at £2bn, 1/3rd of net debt

Post Brexit

- Sustainable Finance Framework published November 2020
- £300m sustainable bond issued in January 2021
- Proceeds financing eligible green or social projects
- Order book >3x oversubscribed, attracted new investors with >30% going to overseas investors
- Published allocation and impact report



Water for the North West

Allocation and impact report: https://www.unitedutilities.com/globalassets/z_corporate-site/investor-pdfs/sustainable-finance-framework-allocation-and-impact-report-2021_updated-15-july.pdf

The pensions ESG journey

2009

PR09 draws a line under future funding of pension deficits

2019

Final deficit repair contribution made – pension schemes now fully funded

2021

IFRS pension surplus of £689m; fully funded on a low dependency basis

AMP4

AMP5

AMP6

AMP7

2010

United Utilities has an IFRS pension deficit of £271m

2021

Pension Schemes Act 2021 gives greater powers to the Pensions Regulator

1

Increased deficit repair contributions for those still to reach low dependency

2

Retrospective scrutiny of historical dividend payments

3

Future dividends dependent upon pension position

TPR Defined benefit funding code of practice consultation: <https://www.thepensionsregulator.gov.uk/en/document-library/consultations/defined-benefit-funding-code-of-practice-consultation>

Pension Schemes Act 2021: <https://www.legislation.gov.uk/ukpga/2021/1/contents/enacted>

Recognised for best practice corporate governance

Consistently recognised as going above and beyond the minimum and early adopters of best practice



FTSE4Good



Recognised as a leader through indices

MEMBER OF
**Dow Jones
Sustainability Indices**
In collaboration with  a RobecoSAM brand

World Class
for 14 years

MSCI
ESG RATINGS



AA rated; a
sector leader

CCC | B | BB | BBB | A | **AA** | AAA



9th out of 604
global utilities

ecoact
an atos company

11th in FTSE100;
highest ranking
water company



A- recognising
leadership
level



Special recognition
for Covid
transparency

Driving sustainability in our supply chain

United Supply Chain – responsible sourcing

Ten responsible sourcing principles



Summary

Environment

Industry leading

4* status with the Environment Agency

Leading on carbon – first in sector with validated SBTi targets

Planning for PR24 – forecasting **significant investment** (£500m+) in Greater Manchester

Social

Deep understanding of customer base

- Supporting **200,000** customers with affordability
- Security of cash collection with only **£12m** debt aged >1yr

Tackling the issues that matter most to our **communities**

Engaged and diverse workforce

Governance

ESG credentials securing **environmental funding** and delivering outperformance

Pension Schemes Act 2021 unlikely to impact; already strong pensions position

Early adopter of **best practice corporate governance**; strong across broad range of ESG indices

A young child with curly hair is sitting at a table, holding a white cup to their mouth. The child is wearing a patterned shirt and a red bib. The table is covered with a purple and white checkered tablecloth. In the background, there is a pink teapot and a pink box. The text "Any questions?" is overlaid on the left side of the image.

Any questions?

Cautionary statement

This presentation contains certain forward-looking statements with respect to the operations, performance and financial condition of the group. By their nature, these statements involve uncertainty since future events and circumstances can cause results and developments to differ materially from those anticipated. The forward-looking statements reflect knowledge and information available at the date of preparation of this presentation and the company undertakes no obligation to update these forward-looking statements. Nothing in this presentation should be construed as a profit forecast.

Certain regulatory performance data contained in this presentation is subject to regulatory audit.

This announcement contains inside information, disclosed in accordance with the Market Abuse Regulation which came into effect on 3 July 2016 and for UK Regulatory purposes the person responsible for making the announcement is Simon Gardiner, Company Secretary.