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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

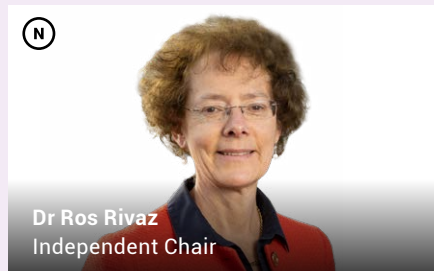
The Board considers the annual review of the Board, its committees and directors to be an essential part of good corporate governance. This year the Board undertook an external review, supported by Christopher Saul Associates. More information on the evaluation process and its results can be found in 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

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

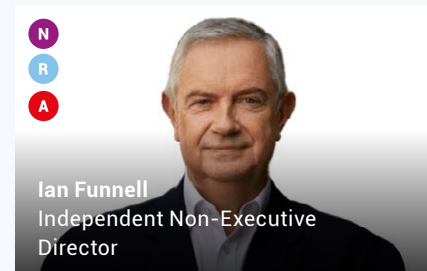
- Independent Non-Executive Director in March 2024
- Chair of the Remuneration Committee in June 2024

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 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).

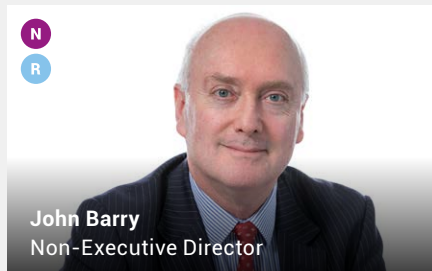
Other roles

Tony is currently a non-executive director of Pantheon Infrastructure Plc.



Langham wetland, Stiffkey restoration

Non-Executive Directors



John Barry
Non-Executive Director

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.



Alex Nassuphis
Non-Executive Director

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.



Batiste Ogier
Non-Executive Director

Appointed

- Non-Executive Director in November 2021

Skills, competencies and experience

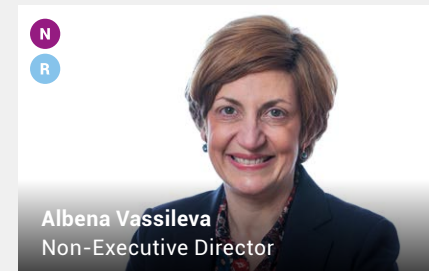
Batiste is a managing director at CPP Investments, where he heads up the European infrastructure investments team, with responsibility for total investments of over £7 billion. CPP Investments is one of the largest direct investors in infrastructure assets globally. Prior to joining CPP Investments in 2019, Batiste was an investment director at First State Investments' European infrastructure team. Over his 20-plus year career in infrastructure, 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.



Albena Vassileva
Non-Executive Director

Appointed

- Non-Executive Director in January 2024

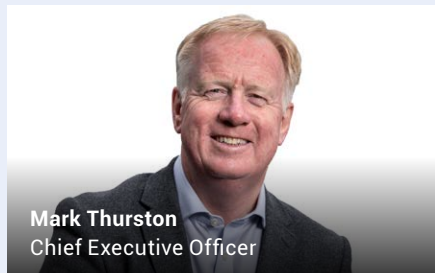
Skills, competencies and experience

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

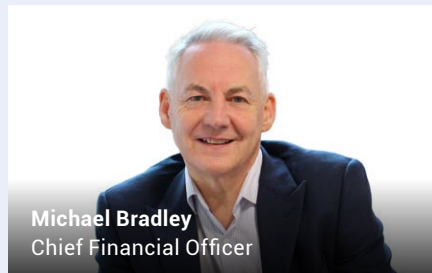
- Chief Executive Officer of Anglian Water Group in August 2024

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.

Corporate Governance report

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

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'.

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)

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 events 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.

Industry skills/knowledge in relation to Anglian Water – has direct experience of working in the following:	Independent Chair	Executive Directors		Independent Non-Executive Directors					Non-Executive Directors			
	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	External audit	Regulatory and legal disclosures	Risk and material control framework
<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> 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	Other		
<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> 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
<div> <div>Critical Accounting Judgements</div> <div>Key sources of estimation uncertainty</div> <div>Other sources of estimation uncertainty</div> <div>Specific consideration</div> </div>	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), 2a(ii), 2b(iii) and 11
	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
	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
	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 be 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.

Audit and Risk Committee report

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

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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.

Remuneration Committee report

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

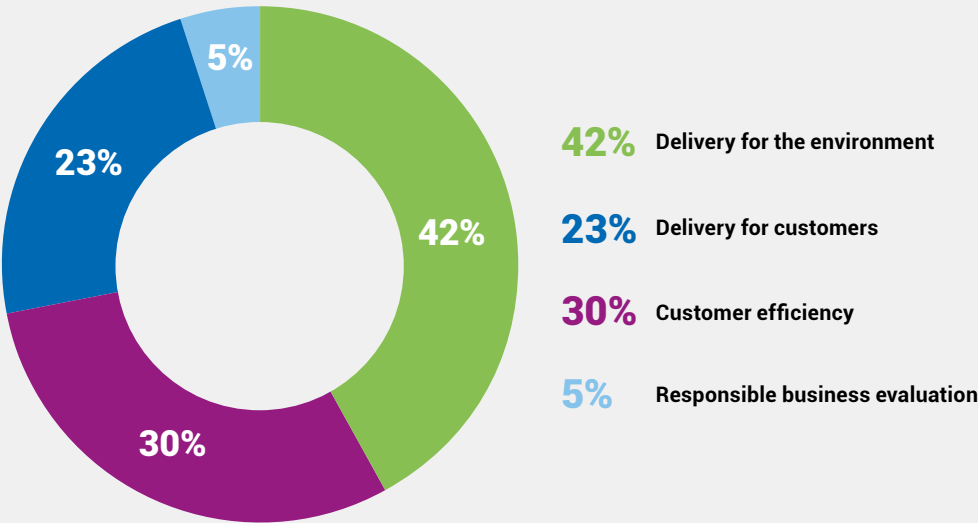
2024/25 Outcomes for the Deferred Bonus Plan

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 underperformed 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



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

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.

Measures



Environmental



Social



Governance

Met

Partially met

Not met

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:



Remuneration in 2024/25

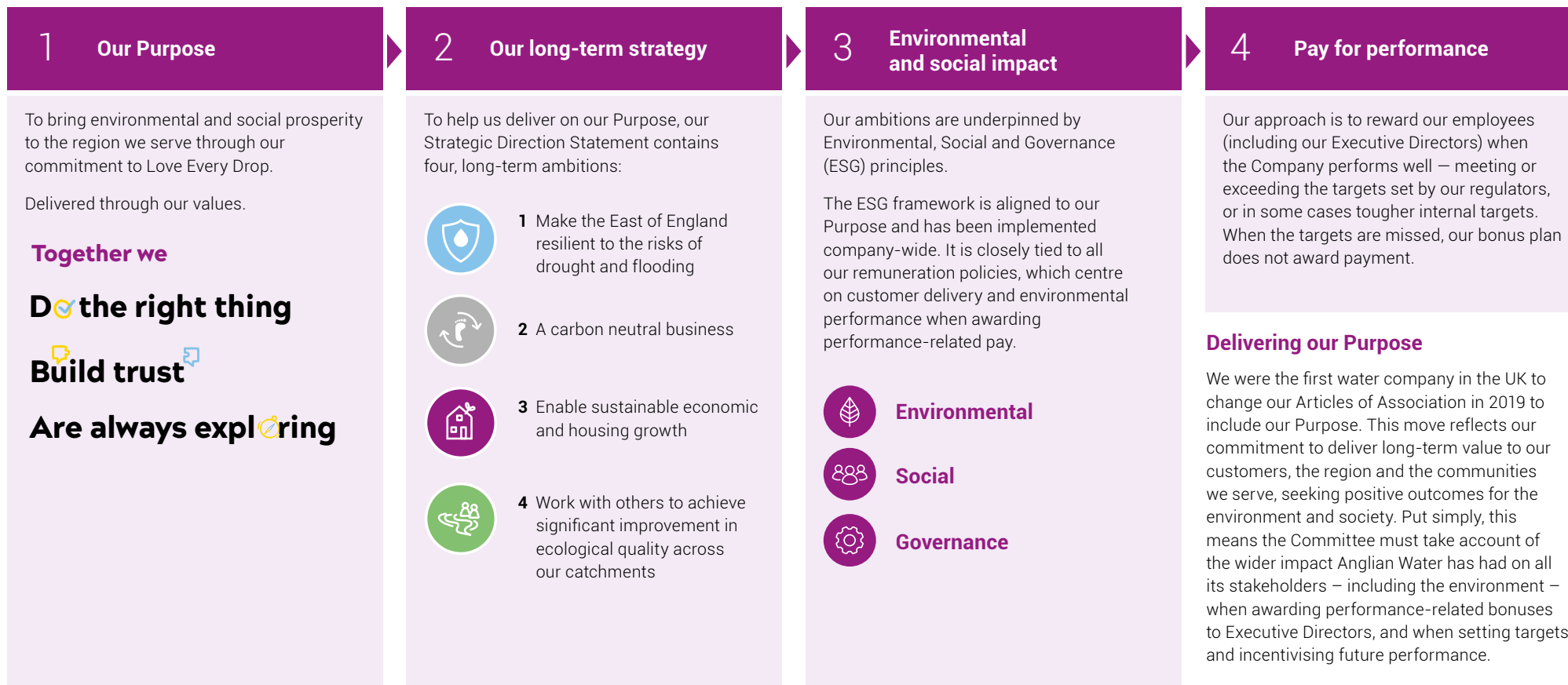
£290 million
paid to employees
(2023/24: £261 million)

6%
Salary increase.
(2023/24: 7.7%)



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



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 2023/24 year.

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.

Bonus overview 2024/25

No Executive Directors received a bonus in relation to the 2024/25 Performance Year for AWS.

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% Women **65.8%** Men **0.4%** 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% EDC **93.7%** White

Overall ethnicity in our region according to the 2021 Census:

12% EDC **88%** 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 year¹

	25 th percentile pay ratio	Median pay ratio	75 th 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	25 th percentile employee	Median employee	75 th 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.

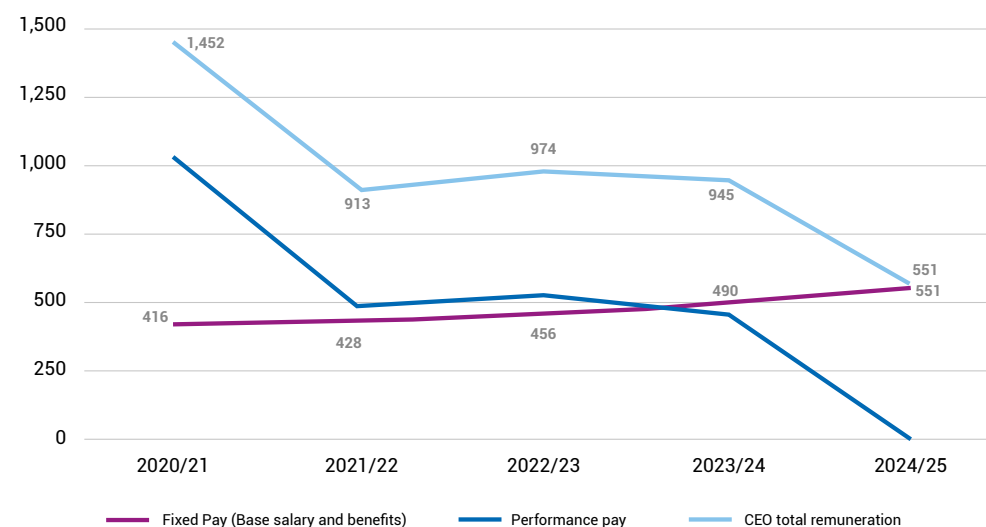
The methodology used was option A under the Companies Act, as it was deemed to be the most robust, transparent and accurate method available. The figures in the table above rely on estimated figures for the employee annual bonus figures at the time of writing. All pay elements have been used to calculate 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.

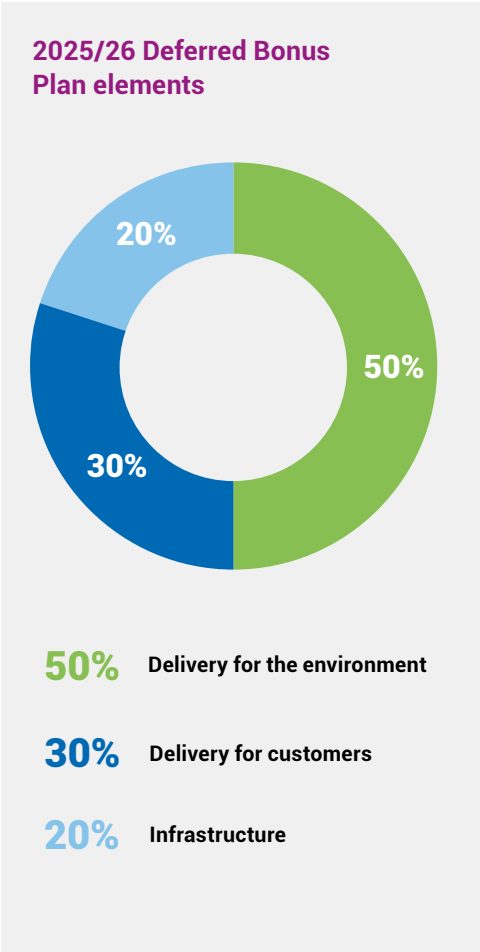
Fixed pay includes pay and benefits. Further breakdown can be found on page 155.

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.



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

Infrastructure

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.	<p>Reflects individual experience and role. Usually reviewed annually and fixed for 12 months, from 1 April. Decision influenced by:</p> <ul style="list-style-type: none"> • 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. 	<p>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.</p>	<p>Mark Thurston £526,680 (4.5% increase)</p> <p>Michael Bradley £282,150 (4.5% increase)</p>
B Benefits			
To increase the economic security of employees and recruit and retain employees.	<p>Directors are entitled to private medical insurance, car allowance and life assurance.</p> <p>Directors are also entitled the same benefits received by the wider workforce.</p>	Uncapped	No changes envisaged
C Pension			
To attract and retain high-calibre individuals, by providing good-quality pension arrangements.	<p>AWS operates a defined contribution pension arrangement, consistent across the wider workforce.</p> <p>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.</p> <p>Only base salaries are pensionable.</p>	<p>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.</p> <p>This amount may be paid into a registered pension or paid in cash.</p>	No changes, envisaged to the current 12% paid as a cash allowance.

Element and link to strategy	Operation and performance metrics	Maximum potential for 2025/26	Changes for 2025/26
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.	<p>Payment determined by the Committee following the year end.</p> <p>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).</p> <p>Any targets are set and reviewed annually.</p> <p>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.</p>	200% of salary	Both Executive Directors have a bonus opportunity of 200% of their AWS base salary.

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



Component	Policy on recruitment	Policy on exit
General	<p>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.</p> <p>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.</p>	<p>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.</p>
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-rata 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.