

Sustainable Finance Impact Report 2024

Anglian Water Group Limited

About Anglian Water

At Anglian Water, we cover the largest geographical area of any water company in **England and Wales**.

We supply water and water recycling services to almost seven million customers in the East of England. Our region stretches from the Humber estuary, north of Grimsby, to the Thames estuary, and from Buckinghamshire to Lowestoft on the east coast.

Our purpose

Our purpose is to bring environmental and social prosperity to the region we serve through our commitment to

love every drop

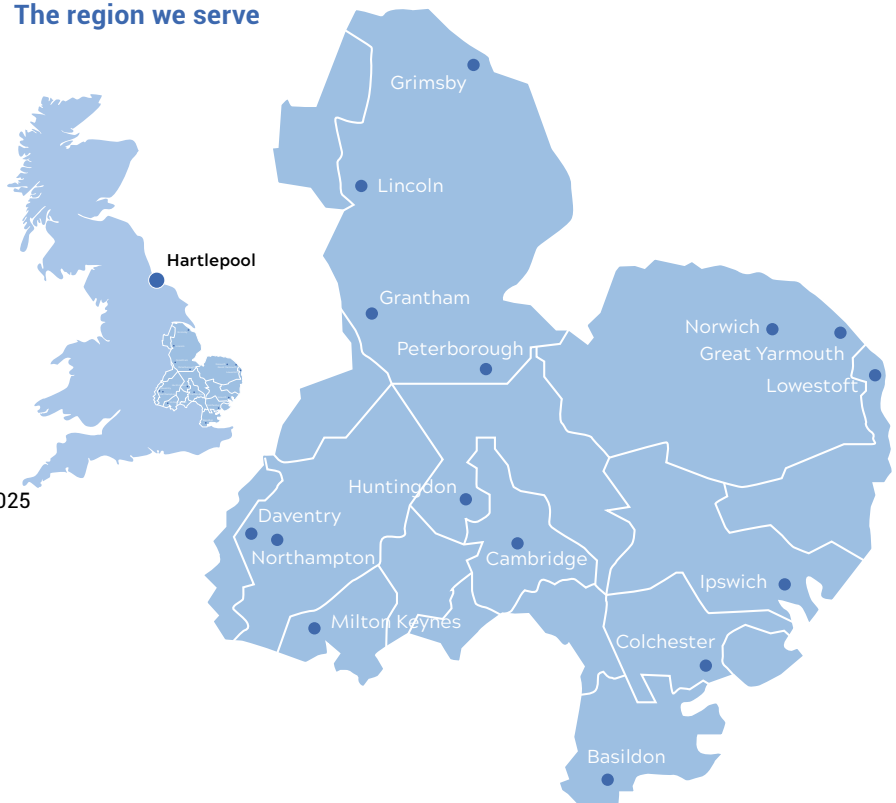


Our purpose guides us as one of the East of England's biggest investors in the environment. We make a significant contribution to the region's economy. We employ more than 6,000 people and support employment for thousands more colleagues through our long-standing capital delivery partners and contractors.

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The region we serve



Discover more online at awg.com

About Anglian Water continued

The challenges we face

At Anglian Water, we manage water resources in a region that is water scarce, vulnerable to climate change, has many precious environmental sites to protect, a growing population and a sizeable agricultural economy that relies on water to feed the nation.

In addition to supplying fresh clean drinking water and recycling wastewater, we must think about water in its widest context. Water underpins economies and businesses, it impacts the quality of green and blue spaces, and is a key enabler for housing growth, particularly in our fast-growing region.

The intrinsic relationship we have with nature and the environment means we address the challenge through various strategies.

Geographically, our region is the driest in the UK, whilst increasingly heavy and prolonged rainfall and rising sea levels increase risk of flooding among our large coastal areas. The flat landscape we operate in means we must use energy to pump water around the region – and with our population set to grow by 720,000 over the next two decades – there is a demand for low-carbon alternatives. Treating water also requires carbon and energy so, we must seek innovative ways to reduce the need for carbon-intensive, chemical processes, and instead opt for greener, nature-based solutions.

Extreme weather can also put stress on our infrastructure, impacting our day-to-day operations. Ensuring our assets are resilient to the changing weather is key.

Our region is also home to many Sites of Special Scientific Interest (SSSIs), including some of the country's most precious chalk streams and rivers. We own land across 49 SSSIs. Improving river health is a key focus area, and we are leading on a range of multi-sector projects that will benefit entire landscapes.

We know that we must go further and faster to meet the expectations our customers and stakeholders have of us.

Our commitment to delivering on our Purpose

Our commitment to delivering environmental and social prosperity to our region was enshrined into our Articles of Association in 2019.

Our purpose guides us to make sustainable decisions that positively impact the region and the communities we serve. We consider the varying needs of our stakeholders, balancing that with what makes financial sense for the business while ensuring shareholders make a fair return on their investment.

Investing sustainably for the future

We have one of the largest levels of private investment in the region. We have invested over £1.7 billion since 2020 as part of our five-year plan to 2025.

Our investments cover a wealth of areas, in line with our Strategic Direction Statement, where following consultation with customers, we co-created four

ambitions to deliver social and environmental prosperity in the region we serve. These ambitions are that by 2050 we will be: resilient to the risk of drought and flood, work with others to achieve significant improvements in ecological quality of catchments, be a carbon neutral business, and enable sustainable economic and housing growth.

Underpinning our environmental investments is our Water Industry National Environment Programme (WINEP), which will see us make improvements and enhancements worth £811 million in this region between 2020-2025.

Key to delivering on our long-term ambitions is our sustainable finance programme. In 2017 we were the first major utility to issue a GBP Green Bond. The investments financed through our Green Bonds contribute to five environmental objectives: climate change mitigation; climate change adaptation; biodiversity conservation; pollution prevention and control; and conservation of natural resources.

Over the last 12 months, we've raised £1.2 billion of funds across various debt transactions, while investors have financed a wide range of investments under different portfolios, all of which we detail in this report.

As we head into the near and long-term future, our sector faces unparalleled demand for investment. 2023 was a pivotal year as we submitted our business plan (2025-2030) to Ofwat¹. It contains a set of bold ambitions to do more for our region. It is a plan which is built upon the needs of the region and our customers. Our main priority is to continue investing in what matters most to our customers' – safe, clean water, now and in the future.

But we also know we need to do more to futureproof against climate change, enhance our environment and unlock regional growth opportunities. The result is a proposal, which is worth £9 billion between 2025-2030.

Sustainability ratings



GRESB

This year we achieved a 5* rating in GRESB Infrastructure Asset Benchmark.



MSCI

In 2024, we maintained our AA rating in the MSCI ESG Ratings assessment – the second-highest ranking, for the third year running.



CDP

This year, we received an A- rating in CDPs Climate Change disclosure, which is in the Leadership band.

¹ At the time of publication we are working through the feedback provided by Ofwat regarding our business plan for 2025-2030

Introduction from our Chief Executive and Chief Financial Officer



“

With the help of our people, partners and investors, we will continue to drive tangible change and deliver on our Purpose – to bring environmental and social prosperity to the region we serve through our commitment to love every drop.

Peter Simpson
Chief Executive | Anglian Water



“

Our robust financial platform along with our long-term vision, is driving the delivery of our largest ever capital investment programme, centred on building a resilient business, delivering environmental improvements across our region, and enabling sustainable economic growth.

Tony Donnelly
Chief Financial Officer | Anglian Water

Our challenges and opportunities

From the Broads of Norfolk to the hills of the Lincolnshire Wolds, fast-growing cities to the dramatic Suffolk coastlines, the East of England – the region Anglian Water predominantly serves, is unique and highly diverse.

The region will see considerable changes in the coming years, many of which are already being felt. Our increasingly volatile climate is placing pressure on homes and businesses, while our flat and low-lying region, with 28% of land below sea level, and historically lower than average rainfall, means we are prone to flooding and drought. Climate change also contributes to shrinking and swelling of the soils in this region, with research showing that has a significant impact on certain underground assets.

Meanwhile, a growing population, drawn by our expanding cities and proximity to London, is placing further pressure on housing and infrastructure. The East of England's total population is projected to rise by over 700,000 people by 2043.

In 2007 we published our Strategic Direction Statement where we set out what we saw to be the main challenges in the years to 2035, of which the most significant were climate change and population growth. This shows the challenges outlined above are not new and we have been working to prepare and tackle them, with sustainable finance playing an important part. Looking ahead to 2024/25 and beyond into AMP8, even AMP9, as we continue to identify ways to address these challenges, utilising sustainable finance options will remain a key source of capital investment.

The year in brief

This year, and indeed for much of AMP8, the East of England has been on the front line of climate change. The dual challenges of drought and extreme flooding have impacted the region we serve and our operations - particularly over the past two years. The second half of 2023/24 was the wettest six months on record. Parts of our region saw at least twice the average rainfall, with some areas of Norfolk seeing three times as much.

In light of these prolonged wet weather conditions, our water recycling side of the business felt the impact acutely, meaning we missed some of our performance commitments. 70% of our storm spills occurred during the last three months of the year. Yet, despite the record wet weather, we achieved the lowest average spills per overflow in the industry: with an average of 22 spills per Event Duration Monitor (EDM), compared to an industry average of 33.

In 2023 we contributed to 11 Category 2 pollutions in our region. As a business, we are committed to turning that performance around, and it is encouraging to see sustainable improvements across lead measures, many of which have been achievable through finance which we have raised sustainably.

Supporting customers when they need it most

While the wider macroeconomic environment is in a slightly more stable position than this time last year, we know that the cost of living impact remains challenging for many of our customers. In 2023/24 we provided a support package of £136.9 million for vulnerable customers, which means we can help even more people in a way that is tailored to their individual circumstances. This brings the total support package to around £246 million since 2020, and this is set to increase to over £300 million by the end of this AMP (2025).

Our customers and stakeholders rightly expect us to deliver an excellent service, and since the start of this AMP, expectations on our sector have evolved. We are challenging ourselves to go above and beyond our agreed commitments, to ensure we are delivering more for our environment and the communities we serve. This year, we funded £963 million in projects to deliver more for the region, part of our wider £3 billion investment plan which takes us to the end of 2025. Our robust financial platform, recognised in Ofwat's financial resilience report last year and underpinned by our Purpose and long-term vision, is supporting the delivery of our largest ever capital investment programme. This is driven by our aspirations to build a resilient business, providing environmental improvements across our region, and enabling sustainable economic growth. Now more than ever, we are at a pivotal point to lay the groundwork for future generations and the regional economy to thrive.

Sustainable Finance at Anglian Water

Our Sustainable Finance Impact Report for 2023/24 sets out projects and positive impacts we have progressed through our sustainable finance instruments, alongside a number of

the ambitious capital investments, which are ongoing as part of our 2020-2025 business plan.

In February 2024, we updated our Sustainable Finance Framework, and as part of this update, we introduced a new set of ambitious and bespoke Key Performance Indicators (KPIs), to align our Sustainable Finance Programme with our long-term ambitions. Going forward, Green Bonds financed in line with our latest framework will contribute to four new eligible sustainable categories: sustainable water and wastewater management; terrestrial and aquatic biodiversity; renewable energy; and affordable basic infrastructure.

We launched a £375 million Green Bond in March 2024, which is the first bond raised using our new Sustainable Financing Framework. That portfolio funds several eligible spending categories such as sustainable drainage and flood risk reduction, and water supply measures.

This year, we've raised £1.2 billion of funds across several debt transactions, and since 2020, we have issued a total of £2.8 billion of funds through green finance. Investors have financed a wide range of investments, under different portfolios. In August 2023, we closed out a £860 million dual-tranche bond, which will be used to fund both our WINEP and our Strategic Interconnector Grid. You can read more about these below and on page 25.

Our WINEP for 2020 - 2025, one of the biggest in our industry, is set to deliver £811 million worth of environmental benefits during this period. In 2023/24, we invested over £100 million through our WINEP, the majority of which has funded water recycling obligations and enhancements.

In addition to the Sustainable Finance Framework, our Six Capitals Framework is used to consider the broadest value we can create through investment decisions. Our Board has committed to using Six Capitals thinking to inform decision-making as we deliver our AMP7 business plan. This approach will continue as we go into AMP8 (2025-2030). Our plan for AMP8 plan was shared with Ofwat in October 2023 and sees a considerable step up in investment. It is valued at more than £9 billion overall and will double our investment in the environment to £4 billion to support nature recovery. The plan is designed to mitigate impacts of climate change, enhance the environment, further bolster water resilience, and support social and economic growth in our region – while keeping bill rises to a minimum.

As part of Anglian Water's commitment to sustainability and delivering environmental prosperity within the region, the majority of funds we have received from investors as Green Bonds are invested in sustainable investments, until they are allocated to project spend and withdrawn from the account. The sustainable investment programme at Anglian Water is rapidly expanding in line with the uptick in our capital programme, and we are always seeking new opportunities to ensure as many of our investments as possible are sustainable investments.

Our Business Model

1

What drives us

Our purpose is to bring environmental and social prosperity to the region we serve through our commitment to **love every drop.**

2

We deliver value for our stakeholders



3

Our long-term ambitions

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



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



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



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



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

→ Read more in our [Net Zero Strategy](#)

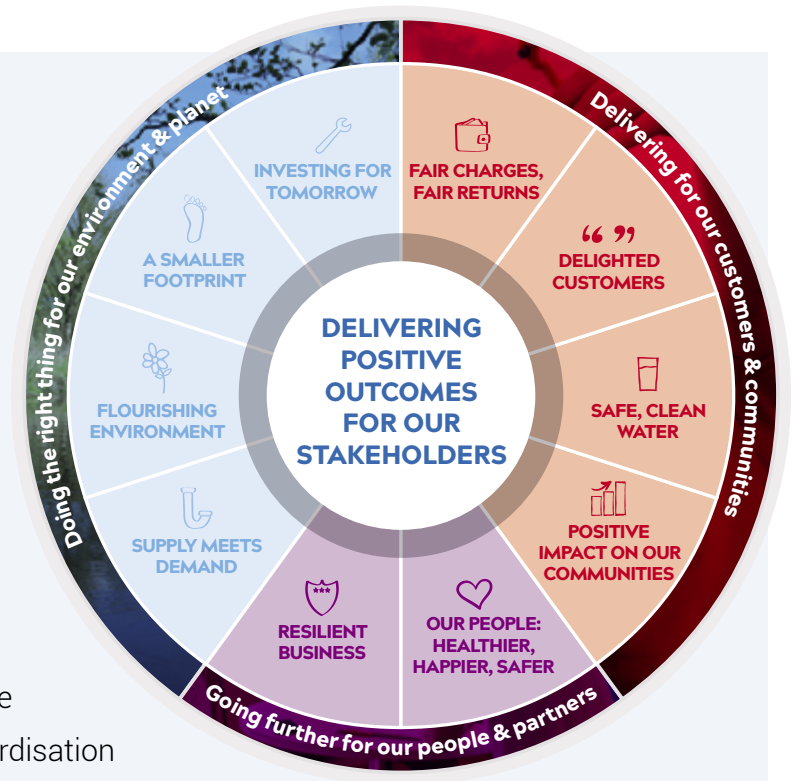
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Our goals for 2020–2025

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

What will help us get there?

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



5

How we make decisions

We balance our six capitals to shape investment decisions



→ Read more about how six capitals are embedded within our purpose framework on pages 10-11.

6

SUSTAINABLE DEVELOPMENT GOALS

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

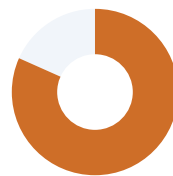
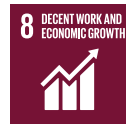


→ Find out more at anglianwater.co.uk/UN-SDGs

Aligning our ambitions with the United Nations' Sustainable Development Goals

By aligning our activities and the outcomes we deliver with the UN Sustainable Development Goals (SDGs), we can demonstrate how we are contributing to wider global goals. We are working in the spirit of all 17 UN SDGs, but have mapped our work to the 10 where we have the most material impact. We will continue to review these in line with our business plan.

Relevance of SDG to our business (proportion of targets that we can directly contribute to)



Example target of material interest

3.9 By 2030, substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination

6.5 By 2030, implement integrated water resources management at all levels

7.2 Increase global percentage of renewable energy

8.4 Improve progressively, through to 2030, global resource efficiency in consumption and production and endeavour to decouple economic growth from environmental degradation

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

Underlying potential for negative impact

Our operations can cause pollutions if we get things wrong, or if the wrong things go down into our network

Available water is reducing due to climate change, the need for greater environmental protection, and the increasing population. Uncoordinated water management could lead to deficits and environmental harm

Treating and moving water around our flat region is an energy intensive operation

We build and operate a large network of assets and infrastructure that use energy and resources

Available water is reducing due to climate change, the need for greater environmental protection, and the increasing population. Without strategic planning, a lack of water can be a barrier to growth

Examples of current activities that positively support the target

- [Get River Positive Plan](#)
- [Keep it Clear](#)
- [Catchment Management](#)
- [Pollution Incident Reduction Plan](#)

- [Future Fens: Integrated Adaptation](#)
- [Catchment Management](#)
- [New Reservoirs](#)
- [Water resources management plan](#)

- [Renewable energy](#)
- [Green hydrogen production](#)

- [Leakage](#)
- [Investing to protect the environment](#)

- [Sustainable financing framework](#)
- [New water pipelines](#)
- [Innovation](#)

How the SDG target aligns to our outcomes

Safe, clean water

Supply meets demand

A smaller footprint

A smaller footprint

Investing for tomorrow

“ The SDGs are a fantastic way of showing how our business plan for supporting sustainable growth in the East of England can directly contribute to a global movement.”

Peter Simpson, Chief Executive, Anglian Water

Relevance of SDG to our business (proportion of targets that we can directly contribute to)



Example target of material interest

11.7 By 2030, provide universal access to safe, inclusive and accessible, green and public spaces, in particular for women and children, older persons and persons with disabilities

12.8 By 2030, ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature

13.2 Integrate climate change measures into national policies, strategies and planning

14.1 By 2025, prevent and significantly reduce marine pollution of all kinds, in particular from land-based activities, including marine debris and nutrient pollution

15.5 Take urgent and significant action to reduce the degradation of natural habitats, halt the loss of biodiversity and, by 2020, protect and prevent the extinction of threatened species

Underlying potential for negative impact

We manage large areas of open space to deliver our service

Without knowledge our customers are unable to act sustainably

We are one of the biggest energy users in the East of England and operate in a region that is particularly vulnerable to climate change

Our operations can cause pollutions if we get things wrong, or if the wrong things go down into our network

Our operations have a large footprint within the natural environment

Examples of current activities that positively support the target

- [Water Parks](#)

- [Save water](#)
- [Smart meter upgrades](#)

- [Climate change](#)
- [Carbon management and our journey to net zero](#)

- [Caring for our coastline](#)
- [RiverCare and BeachCare](#)
- [Keep it Clear](#)
- [Pollution Incident Reduction Plan](#)

- [Biodiversity](#)
- [RiverCare and BeachCare](#)
- [Get River Positive](#)

How the SDG target aligns to our outcomes

Positive impact on communities

Positive impact on communities

Investing for tomorrow

Flourishing environment

Flourishing environment

Measuring our Purpose performance

Our position, as a supplier of an essential public service, presents us with both the opportunity and the responsibility to do more for the region and communities we serve. It's essential that we run our business in a responsible and transparent way, in line with our Purpose.

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

We are committed to:

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

These principles are woven through our business, through our defined purpose, which is underpinned by our company values and our six capitals model for decision making. Our Group Chief Sustainability Officer works with and challenges our Board, ensuring decisions are guided by our Purpose framework. Purpose-related criteria are embedded across all of our bonus structures.

Externally validating our Purpose and ESG work

Along with the British Standards Institution (BSI), we led the development of a new Publicly Available Specification (PAS) in 2022, for embedding purpose in organisations (PAS 808:2022 Purpose-Driven Organisations, Worldviews, Principles and Behaviours). The new PAS has been sponsored by the UK Government.

One year on, we were the first company to be assessed against PAS 808 by BSI. As part of the initial pilot, BSI are taking forward our assessment and using it to develop a framework that can be used by other companies.

In 2023, BSI ran a nine-day (non-certified), organisational-wide assessment of Anglian Water to the PAS. The assessment explored the extent to which the worldviews, principles and behaviours on purpose are embedded in the organisation. The full results of this assessment will be published on our website.

Matt Page, Managing Director UK & Ireland, Assurance at BSI said: "Achieving verification to this standard and embedding organisational purpose driven strategies has the potential to bring wide-ranging benefits to Anglian Water, including having a discernible impact on the internal culture and bottom line, as well as the ability to attract the best talent. Anglian Water should be proud of their work to achieve verification and of the action they have taken to put purpose at the heart of everything they do."



Measuring our Purpose performance continued

Business In The Community's Responsible Business Tracker®

When we embedded our Purpose into our Articles of Association in 2019, we committed to assessing ourselves against a set of responsible business principles, including Business in the Community's (BITC) Responsible Business Tracker®. The Tracker assesses our work against principles, underpinned by the UN's Sustainable Development Goals. We use the feedback from the Tracker to agree future areas of focus. Following our annual feedback last year, we continued to make progress on

our sustainable procurement approach and diversity and inclusion work – both of which saw improvements in this year's results.

"Anglian Water continues to be one of the highest-scoring participants and demonstrates best practice across most of the issue areas." Kay Supra, Relationship Manager, BITC

We were pleased to receive a score of 100% for purpose and values.

87%
Anglian Water's score



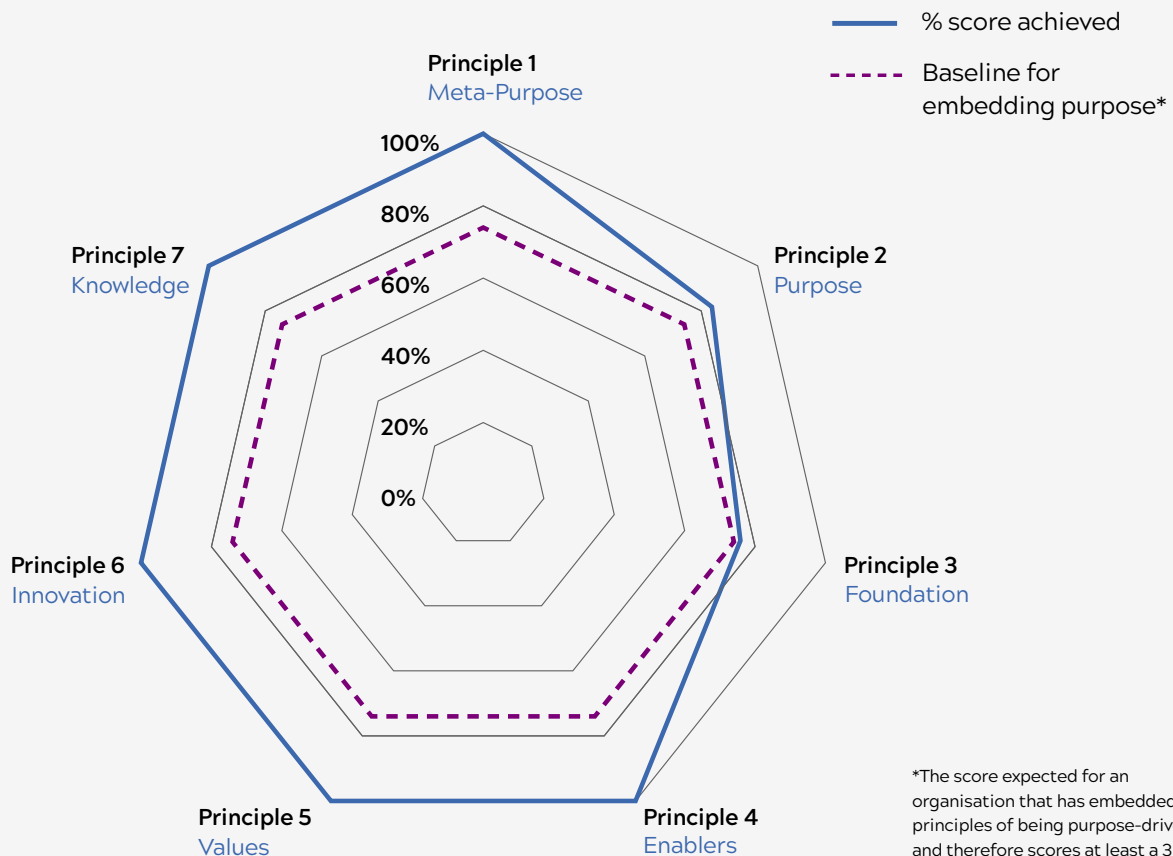
48%
Cohort average



91%
Cohort maximum



BSI's assessment of how Anglian Water is performing against each principle, as a percentage of the maximum possible score



*The score expected for an organisation that has embedded the principles of being purpose-driven and therefore scores at least a 3 against each behaviour.

Measuring our Purpose performance continued

Welcoming scrutiny

In 2023, we experienced a number of external headwinds and our performance didn't meet our expectations in some areas. As a responsible business, it's important to use these events as opportunities to learn and improve.

Customers can find out more about our progress against key topics through our up-to-date reporting suite. As a further act of transparency, we are currently exploring new ways to report our absolute impact in delivering environmental and social prosperity for our region.

We regularly communicate with our customers and key stakeholders, to ensure we are delivering against their expectations. Anglian Water's Independent Challenge Group (ICG) is a group of independent experts and regulators, with an independent Chair, Craig Bennett, Chief Executive of the Wildlife Trust. The ICG challenges us, to ensure we are delivering on customer priorities. Over the past year, the ICG has provided scrutiny on the quality of our engagement with customers and our wider communities and on whether our actions reflect their priorities, alongside contributing to the development of our AMP8 business plan.

In 2022, we re-established our Customer Board, where we facilitate an open, two-way discussion between customers and our Management Board. Recent discussions have included deep dives into our long-term delivery strategy, which looks at our key focus areas to 2050. In 2022, our river health panel – made up of a broad spectrum of academic and river experts – was established. We have regular meetings with this expert panel.

Double materiality

In 2023, with Corporate Citizenship (now SLR Consulting), we ran a formal double materiality assessment, which examines the ESG topics most relevant to Anglian Water. Our materiality assessment involved a process of identifying and prioritising material sustainability topics that are critical to Anglian Water's long-term success. This built on other materiality exercises completed by the business.

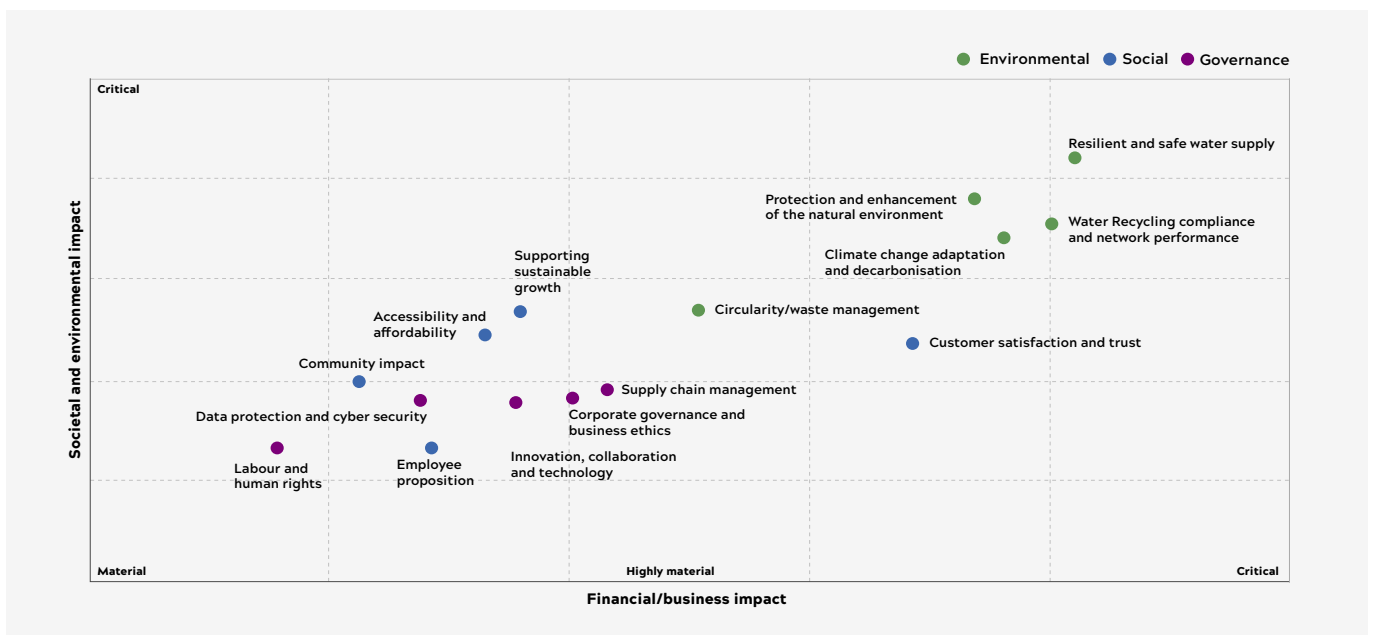
The assessment identified key opportunities, risks and challenges. We will continue to focus on areas where we can make improvements. For example, innovation, collaboration and technology were identified as key areas of opportunity, to help us face into the complex challenges experienced by the industry, such as the impact of climate change, service affordability and managing the risk of environmental pollution.

Sustainability Centre of Excellence

We have steering groups throughout the business that discuss emerging trends and opportunities and consider new ways of working to address our key risks – for example those outlined in our Taskforce for Climate-related Financial Disclosures (TCFD) report, a summary of which is included on pages 18-19 - our full disclosure can be found on pages 91-103 in the [Annual Integrated Report](#).

These groups include our Sustainability Centre of Excellence, which acts as a consultative and collaborative forum for those leading on sustainability and purpose throughout the organisation, to maximise impact and increase transparency.

Anglian Water's Double Materiality Matrix (2023)



Six capitals framework

Six capitals is a framework which ensures we are making investment decisions in line with our Purpose.

Using six capitals thinking helps us keep our responsibility to customers, communities and the environment at the front of our minds when making business decisions. Our aim is always to do the right thing, build trust and explore new ways of doing things that offer the broadest value to the region we serve.

We have worked through a cross-business steering group to develop a set of six capital metrics: natural, social, financial, manufactured, people and intellectual. The six capitals are then applied as a framework, which we use to consider the broadest value we can create through investment decisions. Our approach has been externally validated by sustainability consultants, Route 2.

These metrics have been incorporated into our value framework – which attributes a notional financial value to elements such as biodiversity and amenity value – and

into our risk, opportunity and value tools and processes. The notional financial value is included in a wider Purpose dashboard, which is reported to the Board regularly.

The integration of six capitals into our value framework won the inaugural Copperleaf excellence in ESG award 2023.




Natural

The health of the natural systems and resources that we rely on and impact in our region and beyond; the availability and quality of water in our rivers and aquifers; the protection of our soil and biodiversity; and our impact on carbon emissions.




Social

The value of our relationships with stakeholders, including customers, communities and other organisations; the impacts we have on people and society (both positive and negative); and the trust they place in us as a result.




People

The knowledge, skills and wellbeing of our people; the health, happiness and safety of our working environment; and our organisational culture and ways of working.




Financial

The financial health and resilience of the organisation and our access to and use of sustainable finance.



Intellectual

The knowledge, systems, processes, data and information we hold, create and share within our business and with our alliance partners.



Manufactured

The ability of our infrastructure to provide resilient services to meet the current and future expectations of our customers.

Our transition to Net Zero by 2030

Our region is the driest and lowest lying in the UK, **making it particularly vulnerable to the impacts of climate change**, giving us hotter, drier summers and warmer, wetter winters, and causing sea level rise.

We are playing our part in the global effort to limit further climate change by aiming to be a net zero carbon business by 2030 – ahead of the UK national commitment of by 2050. This will see us cut our operational carbon emissions to net zero, and reduce our capital carbon by 70%, by 2030, against our 2010 baseline.

Operational carbon is the carbon emitted as a consequence of the day-to-day operations of our business – energy use, process emissions from the water recycling process, emissions from our vehicle fleet, etc. Capital carbon is the carbon emitted as consequence of the manufacture and installation of assets we construct, for example, our new strategic pipeline or a new treatment facility.

Our strategy is set out in our Net Zero Carbon Routemap 2030. It is expressed through a three-step hierarchy of reducing emissions, decarbonising our electricity supply and removing/offsetting our residual emissions. Our work to reduce carbon emissions focuses on for example, the consumption of renewable electricity, transitioning away from fossil fuel vehicles and reducing our energy consumption. In 2030 we will likely have some residual emissions, for example from process emissions from waste water treatment and Heavy Goods Vehicles (HGVs), which will be offset through carbon offsetting mechanisms.

The figures on page 15 show how our emissions will reduce from more than 350,000 tonnes to 91,000 tonnes of residual emissions by 2030. Figure 2 shows our total emissions split by emission cluster at our 2018/19 baseline, in 2024/25 and in 2029/30.

To reach our 2030 goal, we have set an interim 2025 target to reduce operational carbon emissions by 30% (106,905 tCO₂e) against a benchmark set in 2018/19, and capital carbon by 65% against our original 2010 baseline.

We have been decreasing our carbon emissions for over a decade and have reached our target to cut capital carbon to 64% against a 2010 baseline. Our 2025 target is to reduce operational carbon by 10% against a 2019/20 baseline.

Reaching our aspirations will require the support of our whole supply chain, our peers, government and regulators. Projects underway include cutting process and fugitive emissions, anaerobic wastewater treatment, nature-based solutions, hydrogen production and use, sludge pyrolysis and gasification, and digitalisation.



For more detail on how we will achieve our carbon goals, please see our net zero routemap: anglianwater.co.uk/net-zero-2030-strategy



Our transition to Net Zero by 2030 continued

Figure 1: Our target pathway to net zero by 2030

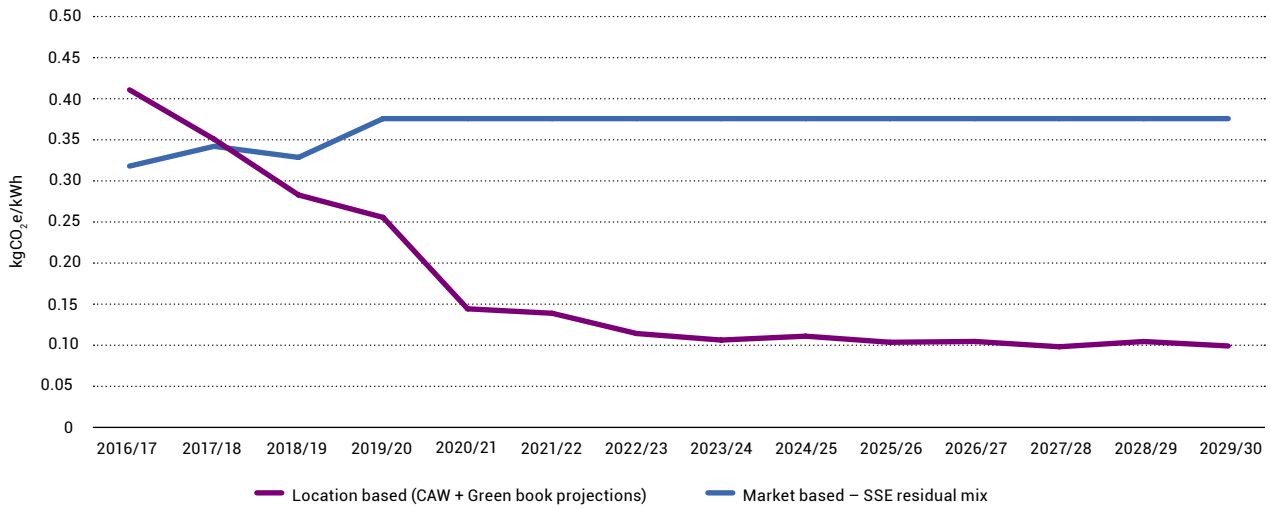
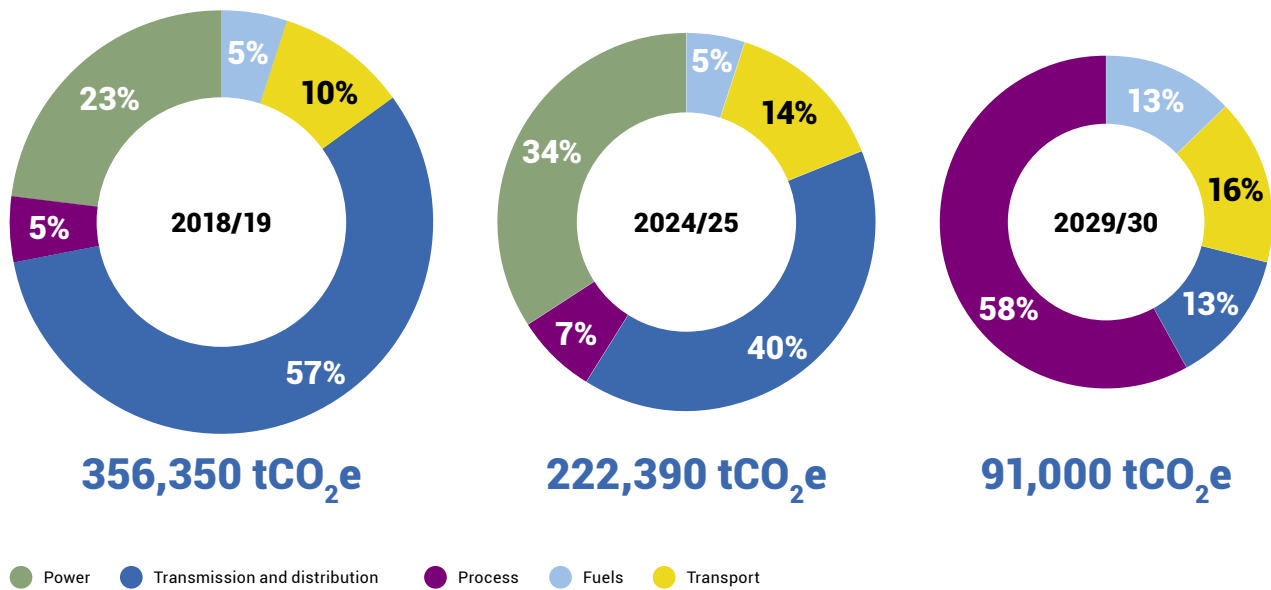


Figure 2: Market-based target pathway – emission clusters



Our 2029/30 residual emissions will consist of:


- 83,000 tCO₂e of direct process and fugitive emissions from wastewater, sludge and water treatment services
- 23,500 tCO₂e of transport-related emissions from HGVs and vans
- 18,300 tCO₂e of emissions arising from electricity transmission and distribution loss, associated with green power purchased from the grid
- 18,600 tCO₂e of emissions associated with fossil fuels used for process heat and emergency standby generation

Our transition to Net Zero by 2030 continued

Our net zero strategy is based on:

-  1 Maximising energy efficiency and renewable energy generation and storage
-  3 Decarbonising our vehicle fleet
-  5 Managing our process emissions
-  7 Developing our offsetting strategies

-  2 Procuring green electricity
-  4 Maximising the value of our biogas
-  6 Opting for alternative fuels

 The information below relates to our interim 2025 commitments. See pages 12 and 13 for more on our net zero routemap, and check out our full net zero strategy at anglianwater.co.uk/net-zero-2030-strategy

Maximising energy efficiency and renewable energy generation and storage



By 2025, we will:

- implement energy efficiency measures to reduce our power demand by 26 GWh/y in 2025, saving a total of 9,700 tCO₂e of emissions;
- install up to 238 MWp of solar generation capacity on and around our sites, through power purchase agreements (PPAs) including the 17.6 MWp of capacity already delivered. This will yield up to 230 GWh/y. We will consume 80 GWh/y and export the balance to the grid;
- continue to generate over 115 GWh/y of renewable power through our biogas CHP engines, of which we will export 34 GWh/y. This will avoid 45,000 tCO₂e/y of emissions by 2024/25;
- continue to generate over 12.1 GWh/y from our existing wind turbines. We are consuming 2 GWh/y and exporting the rest to the grid. This will avoid 4,560 tCO₂e/y of emissions by 2024/25; and
- continue to explore energy storage opportunities in our sites to give us further flexibility.



We've deployed wind turbines, including this one at Tetney in Lincolnshire.

Procuring green electricity



By 2025, we will:

- meet up to half of our overall grid electricity requirements through a combination of behind the meter renewables generation, by sleeving renewable energy to our sites through corporate power purchase agreements, or by buying REGO-backed green tariffs.

Decarbonising our vehicle fleet



By 2025, we will:

- replace small vehicles at the end of their service life with electric equivalents (25% of our small vehicle fleet); and
- switch 10% of our diesel HGVs to run on liquified natural gas (LNG).

Maximising the value of our biogas



By 2025, we will:

- have a plan to upgrade the biogas we produce to biomethane that can be exported to the grid, used as transport fuel or supplied to industry, helping to reduce emissions in more challenging sectors of the economy; and
- develop a hydrogen strategy that will see us playing a greater role in the UK energy economy post-2030.

Our transition to Net Zero by 2030 continued

Managing our process emissions

By 2025, we will:

- install monitoring equipment at four of our large sites to improve our understanding of the scale and location of process emissions. This will be shared and reviewed alongside evidence from comparable studies in the UK and elsewhere when possible;
- review the three-tier methodology suggested by the Intergovernmental Panel on Climate Change (IPCC) in establishing an accurate baseline position;
- target conversations, together with other water companies, with the Department for Business, Energy and Industrial Strategy (BEIS), Defra (the Department for the Environment, Farming and Rural Affairs) and Ofwat, to secure a wider scale of investment for monitoring and measurement;
- continue to work with the rest of the industry, through UKWIR, Water UK and the wider scientific community, to better understand the scale of the N₂O emissions factor and CH₄ emissions from water recycling and sludge treatment;
- seek to reduce CH₄ process emissions and minimise fugitive losses where possible; and
- continue to investigate alternative processes such as Membrane Aerated Biofilm Reactor (MABR) for implementation post 2025, to help avoid N₂O emissions.



Opting for alternative fuels

By 2025, we will:

- replace 30% of our gas oil for non-transport uses with hydrotreated vegetable oil (HVO) while reducing consumption through efficiency gains to save 7,000 tCO₂e; and
- continue our assessment of hydrogen production and use.



25 percent of our small vehicle fleet will be electric by 2025.

Developing our offsetting strategy

By 2030 and then beyond, we will still have some residual emissions which we will need to manage in order to achieve net zero. We currently expect our residual emissions to be around 26% of our 2018/19 baseline, with the majority stemming from process emissions. Our ambition is to maximise opportunities to remove carbon in our own land (insets) and adopt a leading position in offsetting by supporting new markets across our region that bring maximum co-benefits (offsets).



We commit to:

- implement forestry schemes on 50 hectares of our own land (insets), following best practice on biodiversity and the Woodland Carbon Code;
- improve our scientific knowledge on potential removal opportunities such as in soils, wetlands, marshes and grasslands, and seagrass restoration, by engaging with key stakeholders and assessing their removal potential;
- set up a framework on offsets to engage the best suppliers in the market to help us make the right investment decisions for both insets and offsets; and
- strengthen relationships in our region with key landowners and farm entrepreneurs to support the development of land management schemes that avoid and remove carbon emissions.



Solar energy forms a key part of our 2030 net zero plan. Our carbon targets are linked to our Net Zero Bond. See more on page 38.

Climate-related Financial Disclosures

Making information about climate-related risks and opportunities available to our stakeholders.

Since 2017, we've made disclosures under the recommendations of the Task Force for Climate-related Financial Disclosures (TCFD), adopting them well ahead of their mandatory introduction in 2022. We continue to improve our climate-related disclosures year-on-year and our approach is consistent with all 11 TCFD recommendations.

As a water company, we have an intrinsic relationship with the environment – the health of the environment both influences and is impacted by our operations. And our environment is changing, as a result of rising global temperatures. This relationship has driven a range of climate-related commitments and targets. Our [Annual Integrated Report](#) complies with the requirement of LR 9.8.6R, by including climate-related financial disclosures.

Governance

The Anglian Water Services (AWS) Board retains overall oversight of climate-related risks and opportunities. Anglian Water's Management Board meets three times a month to discuss issues, many of which relate to climate change. The Management Board consists of our Chief Executive, along with key decision makers, who chair many related groups including; Climate and Carbon Steering Group, The Resilience Steering Group, Finance, Treasury and Energy Policy Group, Six Capitals Steering Group and the Sustainability Community and Sustainability Centre of Excellence.

Strategy

As stated in our Climate Change Adaptation Report (published in 2020, with an updated version due by the end of 2024) – and more recently confirmed in our [Thriving East](#) research – climate change in our region will lead to less rainfall in summer and wetter weather in winter. We have been focused on building resilience for years and expect the more extreme weather conditions we've witnessed in recent years to continue. Anglian Water's overall resilience to climate-related risk is addressed through various strategies and plans.

Risk management

Our governance structure enables us to identify climate-related opportunities across the organisation. These opportunities are centralised and reviewed within the Climate and Carbon Steering Group. We outline our 13 principal risks in our Annual Integrated report. The assessment and management of climate-related risks is consistent with the approach used to manage risk throughout the business. Our process utilises expert judgement, historical data, external data and forward-looking analysis. We use scenarios to inform our future direction.

Metrics and targets

We've developed a process to assess and manage the climate resilience of our investments. We frequently monitor and forecast our position towards our net zero commitment. The below targets are in addition to our Performance Commitments:

- Be a net zero carbon business by 2030 (emissions where we have operational control);
- Deliver a 65% reduction in capital carbon by 2025, and deliver a 70% reduction in capital carbon by 2030, against our 2010 baseline;
- Deliver a 10% reduction in operational carbon by 2025, against a 2020 baseline and between 2020 and 2025, ensure that a climate change resilience assessment is completed for all relevant investments.

We have several strategies and plans to build resilience against climate change:

- [Drainage and Wastewater Management Plan \(DWMP\)](#)
- [Water Resources Management Plan \(WRMP\)](#)
- [Drought plan](#)
- [Net Zero 2030 strategy](#)
- [Long-term Direction Statement](#)
- [Pollution incident reduction plan \(PIRP\)](#)
- [Asset System Resilience Appraisal \(ASRAP\)](#)
- [Our 2020 climate change adaptation report](#)

Climate-related Financial Disclosures continued

Scope 1, Scope 2 and relevant Scope 3 Greenhouse Gas Emissions (GHG)

Metrics and targets

This table meets the requirements of the Streamlined Energy and Carbon Reporting (SECR) regulations.

	Units	2022/23	2023/24	Inclusions
Energy consumption used to calculate emissions kWh	kWh	1,073,538,749	1,069,978,529	Electricity, gas, fuels combusted on site (fossil fuels and biogas), transport (company cars, fleet vehicles, personal and hire cars on business use) plus liquid fuels consumed on site
SCOPE 1 – Gas and fuel oil consumption	Tonnes CO ₂ e	10,541	10,945	Fossil fuel combusted, natural gas and biogas
SCOPE 1 – Process and fugitive emissions	Tonnes CO ₂ e	85,859	84,780	Water and waste water treatment, biogas
SCOPE 1 – Owned transport	Tonnes CO ₂ e	21,904	21,759	Fleet vehicles and company cars
SCOPE 1 – Total	Tonnes CO ₂ e	118,304	117,483	
SCOPE 2 – Purchased electricity	Tonnes CO ₂ e	121,994	134,597	Grid electricity – location-based electric for vehicles
SCOPE 2 – Total	Tonnes CO ₂ e	121,994	134,597	
SCOPE 3 – Business travel	Tonnes CO ₂ e	621	740	Private cars, public transport
SCOPE 3 – Outsourced transport	Tonnes CO ₂ e	13,144	18,434	Outsourced tankers
SCOPE 3 – Purchased electricity	Tonnes CO ₂ e	11,154	11,632	Transmission and distribution
SCOPE 3 – Total significant	Tonnes CO ₂ e	24,920	30,806	We have not included commuting, capital carbon and emissions from use of water in customers' homes
TOTAL ANNUAL GROSS EMISSIONS	Tonnes CO ₂ e	265,219	282,886	
Exported renewables	Tonnes CO ₂ e	-6,334	-6,549	Exported renewables REGO certified
Green tariff	Tonnes CO ₂ e	0		
TOTAL ANNUAL NET EMISSIONS	Tonnes CO ₂ e	258,884	276,337	
INTENSITY RATIO – water treated	Kg CO ₂ e per Ml	192.48	191.99	
INTENSITY RATIO – recycled water	Kg CO ₂ e per Ml	409.54	454.7	
INTENSITY RATIO – recycled water	Kg CO ₂ e per Ml	227.79	236.1	Full flow to treatment

Methodology: Emissions have been calculated using Carbon Accounting Workbook v18 (2024), an industry standard reporting tool. We have followed the 2020 UK Government environmental reporting guidance. We have used the GHG Protocol Corporate Accounting and Reporting standard (revised edition) and emission factors from the UK Government's GHG Conversion Factors for Company Reporting 2023 to calculate the above disclosures.

There have been no methodological changes in the way emissions have been calculated for the financial year 2023/24 against 2022/23.

The reporting boundary covers the emissions within the regulated activity of Anglian Water Services Ltd, where we have operational control, i.e. all Scope 1 emissions, all Scope 2 emissions and Scope 3 emissions of outsourced transport, business travel and transmission and distribution losses. The numbers reported have been verified by Achilles Carbon Reduce (powered by Toitū) Scheme (formerly CEMARS) as being measured, managed and reduced in accordance with ISO 14064-1.

This verification process has been followed since 2011. We aim to be a net zero carbon business by 2030. This is defined as net zero emissions where we have operational control as set out in our Net Zero Carbon Routemap 2030.

Sustainable Finance Programme

The new Anglian Water Sustainability Finance Framework for AMP7 and AMP8, published in February 2024, **supports the financing of water and water recycling projects that demonstrate our environmentally sustainable management of natural resources and land use, as well as adapting to climate change.**

The Framework aligns with the ICMA Green Bond Principles 2021, including the updated appendix I of June 2022, the Social Bond Principles 2023 and the Sustainability Bond Guidelines 2021, as published by the International Capital Market Association (ICMA). It also aligns with the Loan Market Association's (LMA) Green Loan Principles 2023. It allows for both social and green projects and recognises that some social projects may also have environmental co-benefits, while certain green projects may have additional social benefits. Our current framework can be found [here](#).

The new Framework is in alignment with Anglian Water's broader approach to sustainability and will enable us to issue Green, Social and Sustainability financing as well as Sustainability Linked finance instruments.

Where possible we intend to best market practice and consider, in due course the technical screening criteria of the UK Taxonomy. Therefore, the Sustainable Finance Framework may be amended and/or updated to reflect the requirements of the UK and EU Taxonomy and in particular that related to the sustainable use and protection of water and marine resources, and/or changes in market practice.

Glossary

Name	Definition
Green Bond	Green Bonds are any type of bond instrument where the proceeds will be exclusively applied to finance or refinance, in part or in full, new and/or existing eligible green projects and which are aligned with the four core components of the Green Bond Principles. Different types of Green Bonds exist in the market. ²
Social Bond	Social Bonds are any type of bond instrument where the proceeds will be exclusively applied to finance or refinance, in part or in full, new and/or existing eligible social projects and which are aligned with the four core components of the Social Bond Principles. Different types of Social Bonds exist in the market. ²
Sustainability Bond	Sustainability Bonds are any type of bond instrument where the proceeds or an equivalent amount will be exclusively applied to finance or refinance a combination of both green and social projects. ²
Sustainability-Linked Bond (SLB)	Sustainability-Linked Bonds (SLBs) are any type of bond instrument for which the financial and/or structural characteristics can vary, depending on whether the issuer achieves predefined sustainability and ESG objectives. ²
AMP	Asset Management Period – the five-yearly cycle over which water companies are regulated by water regulator Ofwat.
AWSF	Anglian Water Services Financing Limited – the financing entity that legally issues debt.
AWOF	Anglian Water (Osprey) Financing Limited – the financing entity that legally issues debt.
AFIP	Aigrette Financing (Issuer) Plc – the financing entity that legally issues debt.

² Source: ICMA website: [icmagroup.org/sustainable-finance/](https://www.icmagroup.org/sustainable-finance/)

Sustainable Finance Programme continued

Many of our reported metrics, as well as the process we use to calculate them, are verified by third parties. Below is a summary of the third-party reviews that reinforce the robustness of our report.

Data collected	Auditors	Scope of audit	Link to audit reports
Allocation of proceeds	DNV	All spend reported as allocated; project categories	Click here for report
Capital carbon	DNV	tCO ₂ e	Click here for report
	BSI PAS 2080	Carbon management in Infrastructure	Click here for report
Operational carbon	Achilles	tCO ₂ e	Click here for report
Water leakage	Jacobs	Megalitres per day of water lost through leakage	Click here for report
Priority Service Register	DNV	Number of customers signed up to Priority Service Register (PSR)	Click here for report
Climate resilience score	DNV	Score 1-3	Click here for report
Sustainability-Linked Bond Framework	DNV	Documented framework	Click here for report
Anglian Water Green Bond Sustainability Framework	DNV	Documented framework	Click here for report
Water Abstraction	Jacobs	Average daily water abstracted per capita (l/h/d)	Click here for report



Sustainable Finance Programme continued

All capital expenditure follows Anglian Water's AMP7 (2020–2025) Governance Framework. All capital expenditure we undertake is capable of being an eligible green project for inclusion in a green project category, outlined in the Green Bond Principles. We have used the following green project categories from the ICMA and mapped them to our own categories. As of 31 March 2024 we still have funds unallocated on several of the bonds issued using our old Framework. Consequently, we have listed the sustainability categories from both the previous and current Frameworks.

Sustainability Categories aligned with our previous Framework

ICMA Category	AWG Green/Social Project Category	AWG Definition
Sustainable water and wastewater management	Sustainable service (water recycling)	Capital maintenance of water recycling infrastructure to prevent deterioration of services to customers and the environment
Sustainable water and wastewater management	Sustainable service (water)	Capital maintenance of water infrastructure to prevent deterioration of services to customers and the environment
Sustainable water and wastewater management	Providing safe clean water	Water quality initiatives such as replacement of lead pipes and treatment of raw water that contains agricultural pollutants such as nitrates
Environmentally sustainable management of living natural resources and land use	Improving our environment	WINEP obligations to improve ecological status of water bodies, both river and coastal areas
Environmentally sustainable management of living natural resources and land use	Super green	Natural capital solutions for phosphorous removal, water framework directive measures and eels programme
Climate change adaptation	Community improvements	Flood risk reduction, removing persistent low pressure, connecting villages on the network
Climate change adaptation	Resilient services	Improvements to single points of failure and security to outside threats
Climate change adaptation	Resilient Water supplies – supply capacity measures	Supply-side measures set out in Anglian Water's Water Resources Management Plan (WRMP) – securing supplies from climate change and growth in the region
Climate change adaptation	Resilient Water supplies – demand reduction measures	Demand-side measures set out in the WRMP, including smart metering and leakage – securing supplies from climate change and growth in the region
Affordable basic Infrastructure	Sustainable growth	Accommodating new housing in our region including community surface water removal measures



DNV's full assurance report, including their conclusions and summary of work, can be found on our website: www.awg.com/reports/

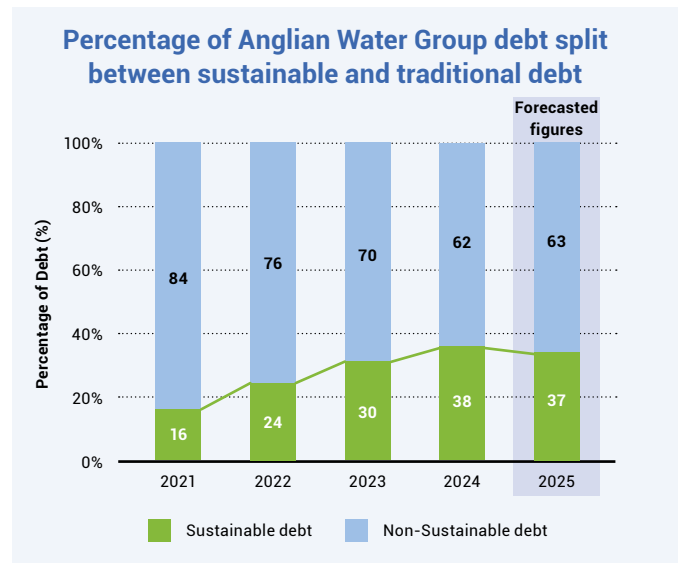
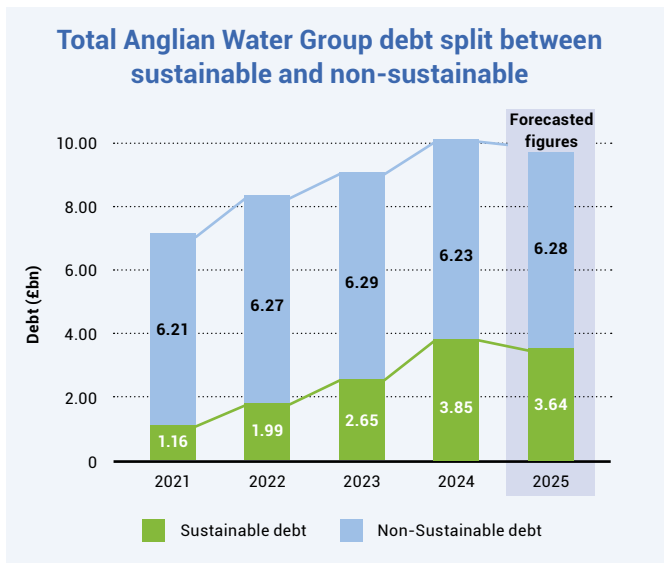
Sustainable Finance Programme continued

Sustainability Categories aligned with our updated (February 2024) Framework

The primary change in the new Framework compared to the previous one is the adoption of a portfolio approach to allocation to better align with market best practice. Under this new Framework, fund issuances will be allocated to a portfolio of eligible spend categories. This represents a shift from the previous Framework, which utilised a bond-by-bond allocation approach.

ICMA Category	AWG Green/Social Project Category	AWG Definition
Sustainable water and wastewater management	Wastewater Treatment, adapting to a changing climate	Construction, extension, operation, and renewal of water collection, treatment and supply systems intended for human consumption based on the abstraction of natural resources of water from surface or ground water sources
Sustainable water and wastewater management	Wastewater Treatment, adapting to a changing climate	Construction, extension, upgrade, operation and renewal of urban wastewater infrastructure including treatment plants, sewer networks, stormwater management structures, connections to the waste water infrastructure, on-site sanitation facilities, and outflows
Sustainable water and wastewater management	Sustainable drainage systems, adapting to a changing climate	Construction, extension, operation and renewal of urban drainage systems facilities that mitigate pollution and flood hazards due to discharges of runoff, and improve the water quality and quantity
Sustainable water and wastewater management	Reducing demand for clean water, adapting to a changing climate	Installation and associated services for leakage control, technologies that enable leakage reduction and prevention
Sustainable water and wastewater management	Energy efficiency	Efficiency programmes in energy use and Pump/air blowers replacement programme
Terrestrial and aquatic biodiversity	Expenditures related to: <ul style="list-style-type: none"> Water Industry National Environment Programme (WINEP) obligations to improve ecological status of water bodies, both rivers and coastal Natural capital solutions Restoration, remediation and the conservation of habitats and ecosystems to enhance biodiversity in our region. 	
Renewable energy	Expenditures related to: <ul style="list-style-type: none"> Wind power: onshore and offshore wind energy generation facilities and related infrastructure Solar power: photovoltaics (PV), concentrated solar power (CSP) and related infrastructure 	
Affordable basic infrastructure	Expenditures related to: <ul style="list-style-type: none"> Accommodating new housing in our region including community surface water removal measures Projects enabling all customers/households to have access to water New wastewater connections to replace septic tank 	

Sustainable Finance Programme continued



Despite a volatile and challenging environment, we have still managed to keep our sustainable and non-sustainable debt split at the forefront of debt raising decisions as we have explored new markets and financing options within the fiscal year.

The majority of the newly-issued debt across the Group will be sustainable finance, including but not limited to Green, Social and Sustainability Use of Proceeds Debt and Sustainability-Linked Debt. They can be issued across several legal entities within the Anglian Water Group corporate structure. (See page 26 of our [Annual Integrated Report](#)).

We have bold ambitions through the rest of AMP7 and beyond into AMP8 to continue funding some of our biggest environmental improvement programmes yet. For example our WINEP, one of the biggest in our industry, is set to deliver £811 million worth of environmental benefits during this period.

Our track record of sustainable finance

In 2017 we became the first European utility company to issue a sterling Green Bond. The £250 million, eight-year bond will mature in August 2025 with a return to investors of 1.625%. Following the successful launch of that debt transaction, we raised a further £627 million of Green Bonds from investors in the UK and US in accordance with the Green Bond Principles 2018 under our AMP6 Framework, raising a total of £876 million in AMP6 via Green Bonds.

All funds under the AMP6 Framework have been deployed and the investments financed through this debt are likely to save or avoid 162,073 tonnes of carbon now these projects have been delivered.

As our current capital investment period of AMP7 is now coming to an end, all future proceeds will be under our updated AMP7 and AMP8 Framework set out on pages 22-23, and no further reporting will be made on AMP6 expenditure, subject to the conditions set out in the AMP6 Framework.

Sustainable investing

The funds we've received from investors as Green Bonds are predominantly invested in sustainable investments until they are allocated to project spend and withdrawn from the account. The landscape for sustainable investments is rapidly expanding and we will continue to engage with banks and investment managers to develop our Treasury Policy and Investment Strategy.

Our Capital Delivery Programmes 2020–2025

Our ambitious plan for AMP7 will see us make £3 billion of capital investment in the East of England to protect and enhance the environment, deliver resilience to climate change and accommodate rapid population growth. These projects will be funded by future sustainable finance issuances.

Look out for the following icons explaining two types of information:



Retrospective



Looking ahead

Case study:

New infrastructure to meet growing demand



We have a growing population to serve and demand for water will increase as summers get hotter. To build resilience against climate change and the pressures within our region, we're investing in vital infrastructure to keep supplies flowing. This includes our Strategic Interconnector Grid, which will bring in water from more sustainable sources.

Together with our Strategic Pipeline Alliance (SPA) partners: Costain, Farrans, Jacobs and Mott MacDonald Bentley, we're delivering the biggest infrastructure programme in Anglian Water's history. The pipeline will be key to moving water more freely around the region. As one of Europe's biggest environmental projects, the grid will allow 265 million litres of water to be moved from 'wetter' to 'drier' areas of the region, helping to combat the risk of shortages, boosting resilience and securing water supplies. Starting at Elsham in North Lincolnshire, the pipeline will end near Colchester in Essex, and Ipswich in Suffolk – making it as long as the M1 motorway.

Once complete, the pipeline will also protect vulnerable habitats as we reduce abstraction in sensitive environments. We have made one of the industry's biggest commitments to reducing abstraction. By 2025, we are committed to capping abstraction to historic peak levels, and going even further by 2030, reducing levels by an additional 174 megalitres a day.

This year, we were able to stop abstracting at a site in the Norfolk Broads, following the earlier than expected completion of our Norwich supply pipeline into the Broads. In 2020, the Environment Agency and Natural England concluded that our abstraction at Ludham could adversely impact Catfield Fen – an SSSI and Special Area of Conservation. In March 2021, we completed work on a £9 million scheme, to maintain water supplies to 3,000 homes by connecting Ludham to sources in Norwich. This enabled us to close the borehole at Ludham.

Since we stopped abstracting at this site, water levels have increased, allowing more alkaline, nutrient-rich water into the Fen. We have also closed two further

abstraction sources at East Ruston and Witton, following the completion of a major infrastructure scheme, which will provide an alternative source of supply to the 6,000 customers in the local area. Discussions are ongoing with the Environment Agency to determine what further assessments are needed in the Broads.

In September 2023, we began construction of the Bexwell Pumping Station, which is being built to support the new network. Once operational, this will distribute water down the pipeline towards the southern part of the region, where the water is needed most. This new pumping station will be crucial, housing eight pumps overall, as well as incorporating an existing reservoir.

Timescales for the delivery of our Strategic Interconnector Grid are being rephased. A number of external factors have worked against us: COVID-19, the war in Ukraine, inflation and, more recently, some of the wettest weather on record. It will now be completed during AMP8, rather than by the end of 2025, as originally planned. Delivery by the end of 2025 was a hugely ambitious timeframe for such a complex and important infrastructure programme.



Phase 1 of Construction at East Ruston

United Nations' Sustainable Development Goals



Use of proceeds debt

Aligning to the Green Bond Principles laid out by the ICMA, Anglian Water manages the proceeds of its Green Bonds with a robust governance structure. For increased transparency, all spending is allocated from the point of debt issuance to when proceeds are spent, and in reporting on the ultimate impact of those projects over time. Funds are accessed from our ring-fenced account based off of the spending on the relevant eligible sustainable categories. All spending is allocated to specific bonds for bonds raised using the old framework and using a portfolio approach for bonds raised using the new framework. Our approach focuses on a few main principles: transparency, consistency and credibility.

All figures in table are in GBP for all bonds	Drawn as of 31 March 2023	Bond draws in 2023/24	Drawn as of 31 March 2024	Ring-Fenced account balance as of 31 March 2024
Biodiversity Bond \$35m 2026	22,866,121	2,981,044	25,847,165	
Green Bond C\$350m 2032	177,966,033	48,370,880	226,336,913	
Green Loan £100m 2040	31,300,000	30,448,307	61,748,307	39,482,242
Green Bond £266m 2037	175,500,000	93,772,398	269,272,398	
Green Bond £560m 2039		312,555,830	312,555,829	240,880,970
Green Bond £300m 2031		205,760,714	205,760,714	92,364,286
Green Bond £375m 2043 ³		202,911,996	202,911,996	169,125,504
Interest to be Transferred				5,123,972
Total	407,632,154	896,801,169	1,304,433,323	546,976,975

All figures in table are in GBP for all bonds	Proceeds as of 31 March 2023	Deposits during 2023-24	Interest Added on	Total proceeds
Biodiversity Bond \$35m 2026	25,640,595		206,570	25,847,165
Green Bond C\$350m 2032	225,911,953		424,960	226,336,913
Green Loan £100m 2040	100,421,517		809,033	101,230,550
Green Bond £266m 2037	267,120,376		2,152,022	269,272,398
Green Bond £560m 2039		553,436,800		553,436,800
Green Bond £300m 2031		298,125,000		298,125,000
Green Bond £375m 2043		372,037,500		372,037,500
Total	619,094,441	1,223,599,300	3,592,585	1,846,286,327

The balance on the ring-fenced account ties back to the bank statement at the close of the period. The net interest income is earned net of bank fees for maintaining the bank account and is a net source of income. The income is generated from interest on the bank account, money market funds and time deposits.

The investments fall under the Anglian Water investment policy and all counterparties are thoroughly reviewed periodically to ensure compliance, including a minimum short-term credit rating from two major agencies of at least A-1/F1/P-1, among other controls.

Measuring the impact is critical in demonstrating our success. Some of our spend relates to smaller maintenance-related projects, or work done as needed which did not have an associated plan. For these projects it is not feasible to collect impact metrics for each individual scheme.

The following are the primary impact metrics we report for our planned and standalone projects:

- **Capital carbon reduced from baseline** is calculated in line with PAS 2080, the global standard for managing carbon in infrastructure, which we helped to develop, and which is now used both nationally and internationally. We only consider standalone and completed projects and compare the capital carbon associated with the 'as built' asset – that is, the carbon involved in the manufacture and transport of materials and the construction process, often referred to as 'cradle to as built' – against a 2010 baseline.
- **Climate resilience score** is based on the assessment of completed projects that are large or complex against a number of climate-related hazards, including whether assets will be impacted by increased temperatures, wind and storms, and their susceptibility to flooding with the increased chance of wet weather events. A score of 1 indicates the completed work is resilient to climate change, while 2 is only partially resilient and 0 is not resilient.

³ The Green Bond £375m is the first and so far our only issuance using the updated Framework.

Use of proceeds debt continued

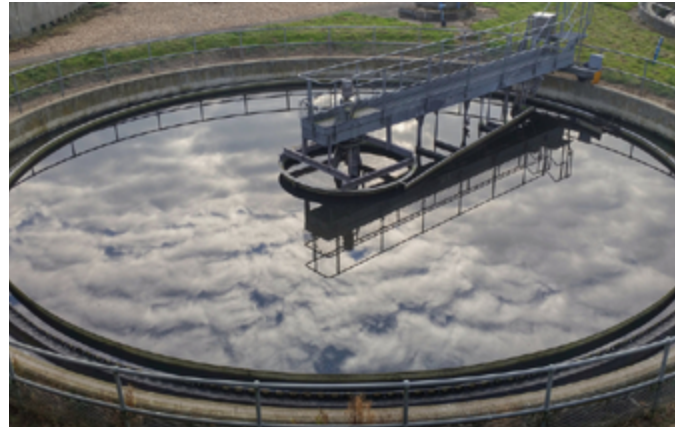
All figures in table are in GBP for all bonds	Capital carbon reduction from baseline (tCO ₂ e)	Climate resilience score
Green Bonds \$350m/£560m	1,451	WIP
Green Bond \$35m	7,008	1
Green Loan £100m	718	1
Green Bond £300m	35,745	1
Green Bond £266m/£375m	2,287	1
Green Bond £375m	21,251	1
Total	68,459	

For additional details on assurance on selected metrics from independent assurer, DNV, see page 40. (WIP = Work in Progress)

Affordable Basic Infrastructure

Green Loan 2040 £100m

Issuer	AWSF
Currency	GBP
£ equivalent	100 million
Issue date	29 Sept 2022
Maturity date	28 Oct 2040
Coupon	3.017%



Our Treatment teams are responsible for the operation and maintenance compliance of over 1,100 water recycling centres across our region.

Sustainable growth

	Spend to date £	Total spend £	% complete	Capital carbon reduced on completed works tCO ₂ e	Climate resilience score
Sludge Treatment Works	£2,188,468	£12,675,003	17%	WIP	WIP
Water Recycling Centre- Dry Weather Flow Programme	£3,929,680	£24,276,029	16%	WIP	WIP
Water Recycling Centre – Capacity Enhancement	£7,767,225	£24,516,973	32%	WIP	WIP

(WIP = Work in Progress)



Use of proceeds debt continued

Affordable Basic infrastructure continued



Case study:

Expanding capacity for future generations

The East of England is home to 15% of England's population and four of the fastest-growing cities Cambridge, Peterborough, Milton Keynes and Northampton. By 2043, over 700,000 more people are projected to live in this region.

The long-term challenge is sustaining the pace of housing development for the fast-growing population and ensuring infrastructure is in place to facilitate demand.

Every new home and business needs clean water at the turn of a tap and effective wastewater disposal. We must put in place the necessary infrastructure, to protect the environment from further abstraction, while still facilitating growth.

In anticipation of growth, there is a need to increase capacity at our Water Recycling Centres (WRC) to balance the extra load on our region. At our WRCs, we recycle used water and return it safely to the environment. Anglian Water is responsible for over 1,100 water recycling catchments, covering areas with fewer than 50 people to urban densities of over 300,000.

This year, we increased supply capacity at Towcester Water Recycling Centre, where we are adding c.3,350 population equivalent capacity to the site.



United Nations' Sustainable Development Goals



Working with local stakeholders to anticipate growth

Over the past few years, we've worked with a number of key stakeholders, including our customers, to identify current and future risks to drainage and water quality and the solutions we need to deliver to address them. We've identified almost 600 catchments at potential risk, as a result of local authority growth forecasts, climate change, and flood and pollution concerns in certain catchments.

Our Drainage Wastewater Management Plan (DWMP) outlines how we will plan for investment in drainage, treatment and sewerage systems over the next 25 years (2025–2050). The plan supports our vision for a fully integrated water and water recycling system that provides reliable, affordable and sustainable levels of service for customers and business, while fully protecting the environment. [Read more here.](#)

Use of proceeds debt continued

Climate change adaptation

Green Bond 2039 £560 million

Issuer	AWSF
Currency	GBP
Amount £	560 million
ISIN	XS2638381819
Issue date	20 Jun 2023
Maturity date	20 Jun 2039
Coupon	6.00%



Resilient Water supplies – supply capacity measures

Capital project	Spend to date £	Total spend £	% complete	Capital carbon reduced on completed works tCO ₂ e	Climate resilience score
Demand reduction measures	£210,176,382	£284,751,549	74%	WIP	WIP
Supply capacity measures	£575,313,490	£877,853,737	66%	1,451	1

(WIP = Work in Progress)

These schemes contribute towards increasing supply options and reducing the amount of water we abstract, which is one of the most important things we can do to protect the environment. See page 39 for more information.

The Water Resources Management Plan (WRMP) and Drought schemes are being delivered through our strategic alliances, the Strategic Pipeline Alliance and the Integrated Mains Work Alliance. The metrics above are forecasted numbers on completion of these schemes.

We have always taken a long-term view to managing water resources. Our WRMP sets out how we will manage water supply and demand in our region, looking ahead 25 years. Our WRMP24 (2025-2050), awaiting approval by Defra, will see us take a three-tiered approach. This will see us further build on demand management and utilise existing sources of supply, build two new raw water storage reservoirs and have an adaptive approach, using desalination, so we can react to changing circumstances.

This year, we were able to stop abstracting at a site in the Norfolk Broads, following the earlier than expected completion of our Norwich supply pipeline into the Broads. In 2020, the Environment Agency and Natural England concluded that our abstraction at Ludham could adversely impact Catfield Fen – an SSSI and Special Area of Conservation. In March 2021, we completed work on a £9 million scheme, to maintain water supplies to 3,000 homes by connecting Ludham to sources in Norwich. This enabled us to close the borehole at Ludham. Since we stopped abstracting at this site, water levels have increased, allowing more alkaline, nutrient-rich water into the Fen. We have also closed two further abstraction sources at Ruston and Witton, following the completion of a major infrastructure scheme, which will provide an alternative source of supply to the 6,000 customers in the local area.

Use of proceeds debt continued

Super Green

Biodiversity Bond 2026 \$35 million

Issuer	AWSF
Currency	USD
Amount \$	35 million
£ equivalent	25.5 million
ISIN	XS2382155013
Issue date	15 Sept 2021
Maturity date	15 Sept 2026
Coupon	1.16%



Capital project	Spend to date £	Total spend £	% complete	Capital carbon reduced on completed works tCO ₂ e	Climate resilience score
WINEP – Eels	5,842,937	6,545,950	89%	2,182	1
River Restoration and NEP	6,243,944	11,739,299	53%	274	1
WINEP – Water Framework Directive No deterioration	22,566,739	27,137,826	83%	4,552	1



Use of proceeds debt continued

Case study:

Supporting the safe passage of eels



The European eel has suffered a decline in its population since the 1980s and is now considered an endangered species. The Eels (England and Wales) Regulations 2009 were introduced to support the recovery of the stock of European eel. These regulations impact water companies, with activities such as abstracting and/or discharging water and any surrounding works potentially harmful.

To protect this endangered species, we have been installing eel screens. As eels travel through estuaries and rivers, they use the sides of the riverbank to navigate upstream. The body shape of the eels makes them more challenging to protect, as they can squeeze through smaller openings than some other marine life within rivers. Without these screens in place, these eels could be swept into our pumping stations.

The screens prevent the eels from entering the abstraction intake, and the size of the mesh on the screens also means they will protect fish and other organisms too. The screens' specifications were chosen to comply with current regulations but also to futureproof for any potential future regulation that may be required for this species, and others that inhabit the rivers. The screens also have the added benefit of reducing the number of invading species drawn into the pumping stations and reservoirs.

We have installed such screens at a number of sites this year, including Bucklesham Water Treatment Works (WTW), Tinwell WTW and Clapham WTW. The remaining scheme is at Duston Mill WTW and due to be complete by September 2024.

At Cloves Bridge, we developed an innovative solution for an eel pass, which involved the design of a stainless steel channel and a substrate of pebble resin to simulate a natural passage for eel movement.

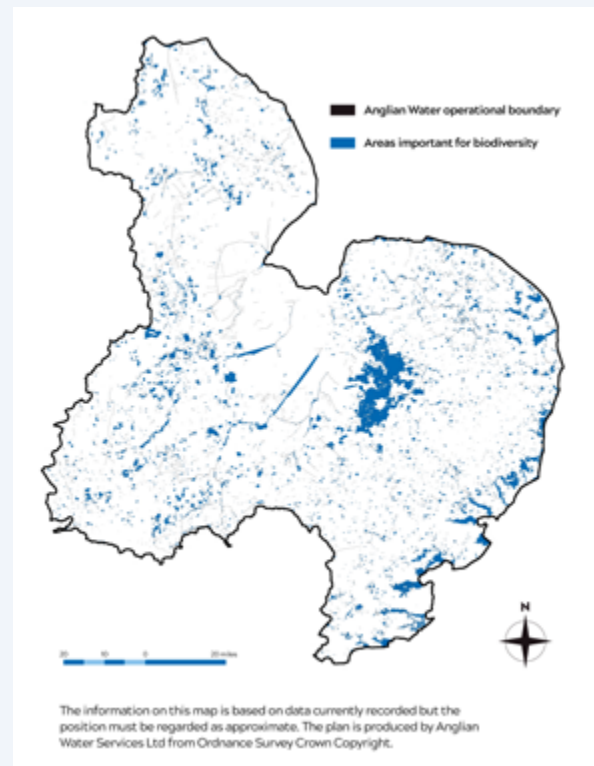
As predators in streams and rivers, helping to regulate the population of other animals, eels are essential to the biodiversity of river and estuaries. Eels are also prey to several fish, mammals, turtles and birds, supporting the natural habitat. They become at risk when migrating from oceanic waters into coastal and inland waters.

At Anglian Water, we have a responsibility to protect the precious habitats and species in our region and

support biodiversity. We have 49 SSSIs which we are responsible for in our region, and in 2023, 99% of them were in favourable condition, compared to 40% of SSSIs nationally. In addition, 92% of the bathing waters in our region were rated as either 'Excellent' or 'Good' in 2023.

Biodiversity Net Gain is another way we are enhancing natural capital in the region. It encompasses our approach to development and land management, which aims to leave the natural environment in a measurably better state than beforehand. This financial year, we delivered a Biodiversity Net Gain of 92%.

A map showing areas important for biodiversity in the Anglian water region (excluding Hartlepool)



Furthermore, one of our strategic ambitions is to work with others to achieve significant improvements in the ecological quality of catchments. In addition to our work with eels, our 'Get River Positive' (GRP) is seeing us lead on a range of multi-sector projects to improve the ecological health of rivers and catchments around our region. Since 2020, we have improved over 550km of rivers – a result of WINEP investments. Find out more in our [River Health annual report](#).

United Nations' Sustainable Development Goals



Use of proceeds debt continued

Environmentally sustainable management of living natural resources and land use

Green Bond 2031 £300 million

Issuer	AWSF
Currency	GBP
Amount £	300 million
ISIN	XS2638380506
Issue date	20 June 2023
Maturity date	20 June 2031
Coupon	5.88%



Improving our environment

	Spend to date £	Total spend £	% complete	Capital carbon reduced on completed works tCO ₂ e	Climate resilience score
Improving our environment	279,305,626	465,730,090	60%	35,745	1

Case study:

Improving river health in our region

There are many complex factors at play when it comes to river health. Improvements will take time, investment and collaboration. Through our 'Get River Positive' (GRP) initiative, launched in 2022, we are leading on a range of multi-sector projects.

Through GRP, we have allocated £7 million of shareholder funding to 53 collaborative projects, which has generated £9 million in match-funding. Through these partnerships, we are achieving far more than any single player could alone. Projects vary from river restoration to unlocking bathing waters, working with the agricultural community to landowners and local citizen scientists. Read more in our annual river health update, [here](#).

A key focus of GRP is reducing our impact on river health in our region. With none of England's river stretches in good overall ecological or chemical health, we must address the root causes. According to data from the Environment Agency, water companies are responsible, on average, for 25% of the Reasons for Not Achieving Good Status (RNAGs). In our region, it's 18% – but this is still too high.

We have permits to release treated water into the environment at levels determined by the Environment Agency. However, these discharges may contain elevated nutrient levels, which is why we are prioritising reducing nutrients and chemicals in our permitted releases.

By the end of 2025, our phosphorus programme will improve river health across 104 waterbodies, including 165 confirmed, probable, or suspected RNAGs. At WRCs with new or existing permit limits for phosphorus, we will have reduced levels entering rivers and streams in our region by

53% on 2020 levels. By 2030, we are forecasting a further phosphorus reduction of 50%.

We are focused on improving the water we return to the environment, however, reducing abstraction is one of the biggest things we can do for ecological health.

We have made one of the industry's biggest commitments to reducing abstraction, reducing it by 80 million litres per day between 2015-2020. By 2025, we are committed to capping abstraction to historic peak levels, and going even further by 2030, reducing levels by an additional 174 megalitres a day.

We have always taken a long-term view to managing water resources. Our WRMP sets out how we will manage water supply and demand in our region, looking ahead 25 years. Our WRMP24 (2025-2050), awaiting approval by Defra, will see us take a three-tiered approach. This will see us further build on demand management and utilise existing sources of supply, build two new raw water storage reservoirs and have an adaptive approach, using desalination, so we can react to changing circumstances.

United Nations' Sustainable Development Goals



Use of proceeds debt continued

Sustainable water and wastewater management

The Green Bond £375m is the first Bond we have issued using our new Framework and currently has several eligible sustainable categories in the new portfolio including Sustainable Drainage Systems.

Green Bond 2043 £375 million

Issuer	AWSF
Currency	GBP
Amount £	375 million
ISIN	XS2778383971
Issue date	07 Mar 2024
Maturity date	07 Mar 2043
Coupon	5.750%



Sustainable Drainage Systems: Adapting to a changing climate

	Spend to date £	Total spend £	% complete	Capital carbon reduced on completed works tCO ₂ e	Climate resilience score
Community and Partnership Working	32,247,182	37,626,989	86%	478	1
Odour and Septicity	2,379,045	3,631,482	66%	33	1
Surface Water Management Plans	5,451,034	10,548,191	52%	WIP	WIP

(WIP = Work In Progress)

These schemes relate to improvements to our drainage systems. Our work also covers reducing the risk of flooding, which can occur when our systems are inundated - like we witnessed with record rainfall this year - and can result in pollutions.

Flooding most frequently occurs due to misuse of our system, such as blockages or misconnections, for example where surface water has been incorrectly connected to a foul sewer. This investment tackles these root causes as well as hydraulic capacity issues, primarily by seeking opportunities to disconnect surface water, introducing storage volumes that hold flood water and return it for treatment after the storm has passed, and installing flood protection measures to our own assets from rising river waters. Reducing flood risk reduces pollution risk. Provision of first-time mains sewerage systems is an important environmental measure, as private systems often are more polluting, have a lower level of treatment and aren't maintained as they should be.

Sustainability-linked loans

We have a number of banking facilities and loans in place which are linked to our sustainable benchmarks for AMP7 and AMP8 (set out below). For facilities, the sustainability margin step up applies to both the interest on drawn funds and the commitment fee on undrawn funds, so is calculated based on the total amount of the facility.

Issuer	AWSF	AWSF	AWOF	AFIP
Currency	GBP	GBP	GBP	GBP
Amount	550	50	250	30
£ equivalent	550	50	250	30
Unique Identifier	F14 F 0.35 2024 GBP 550m	F15 BOC 0.35 2024 GBP 50m	F20 F 2.25 2026 GBP 250m	F31 NAT 2.75 2024 GBP 30m
Issue Date	24 June 2019	24 June 2019	16 June 2021	28 Oct 2021
Maturity Date	24 June 2026	24 June 2026	16 June 2026	28 Oct 2026
Margin	0.35%	0.35%	2.25%	2.75%
Ref Rate	SONIA	SONIA	SONIA	SONIA

Issuer	AWSF	AWSF	AWSF	AWOF
Currency	GBP	GBP	GBP	GBP
Amount	100	75	75	105
£ equivalent	100	75	75	105
Unique Identifier	L06 A Fix 1.58 2024 GBP 100m	F35 F NAT 1.05 2029 GBP 75m	F36 F NAT 1.15 2032 GBP 75m	L01 A Fix 2.20 2028 GBP 105m
Issue Date	06 Dec 2019	01 Nov 2022	01 Nov 2022	15 Dec 2021
Maturity Date	04 Oct 2024	01 Nov 2029	01 Nov 2032	15 Dec 2028
Margin	1.58%	1.05%	1.15%	2.20%
Ref Rate	Fixed	Fixed	Fixed	Fixed

Issuer	AFIP	AFIP	AWSF	AWSF
Currency	GBP	GBP	GBP	GBP
£ amount	125	95	375	50
£ equivalent	125	95	375	50
Unique identifier	L01 A Fit 3.25 2026 GBP 125m	SF H SONIA 2027 GBP 95m	F37 F BAR 0.50 2025 GBP 375m	F38 F MUFG 0.50 2025 GBP 50m
Issue date	13 July 2021	09 Dec 2021	22nd March 2023	31st March 2023
Maturity date	16 June 2026	09 Dec 2027	22nd March 2025	31st March 2025
Margin	3.25%	3.25%	0.50%	0.50%
Ref Rate	SONIA	SONIA	SONIA	SONIA

In total we have £1,305 million of revolving credit facilities and £575 million of loans linked to KPIs.

If fewer than two KPIs are achieved, we could pay more in interest or commitment fees annually. If two or three KPIs are achieved our fees do not change; while if more than three KPIs are achieved we could be rewarded by paying less in interest or commitment fees. This year, we achieved two KPIs and there was no change to our fees.

Sustainability-linked loans continued

Sustainability performance targets

Sustainability key performance indicator

Capital carbon

 Target met

Measure: Percentage reduction in carbon emissions from construction activity measured in tonnes of CO₂ equivalent compared to a 2010 baseline.

Actual:
64.2%

Target:
64.0% (met)

Our integrated supply chain has been and will continue to be, fundamental to our success as we go forward with our industry-leading commitment to cut capital carbon by 70% by 2030, against a 2010 baseline by 2025, alongside our net zero operational carbon target.

We continue to be accredited to PAS 2080, the global standard for managing carbon in infrastructure which we helped to develop, and is now being used both nationally and internationally. This includes projects in the phase through to completion over the AMP. The projects included are across the entire company and not limited to projects funded by Green Bonds.



Sustainability key performance indicator

Water quality Compliance Risk Index

 Target not met

Measure: This is the key measure used by the Drinking Water Inspectorate (DWI) to determine our overall compliance with stringent regulatory drinking water standards.

Actual:
3.57

Target:
1.50 (not met)

Drinking water quality in England and Wales is among the best in the world, and the Yale University Environmental Performance Index lists the UK as one of only 10 countries in the world who have achieved the highest score for drinking water safety. The UK is the largest country in this group of 10, and consumers in the UK, including those supplied by Anglian Water, can be reassured the safety of their drinking water is world-class.

The Drinking Water Inspectorate (DWI) uses a number of key comparative performance indices, and publish an annual report every summer. Compliance Risk Index (CRI) scores are just one measure which demonstrates how, as an industry, we manage water quality. We are pleased that we performed well in 2023 in both metrics in comparison to other water companies, according to the DWI report for 2023.

In 2023 the CRI score for Anglian Water was 3.57. This is above our 2022 score of 2.83 (marking a decline in performance), and we missed our Ofwat target of 1.5.

Overall, we compare favourably to other water companies. CRI was impacted in 2023 by an increased number of water quality exceedances from our storage points and water treatment works in comparison to 2022. We have instigated a programme that is aimed at reducing the number of water quality exceedances from our assets.

Sustainability-linked loans continued

Sustainability key performance indicator

Water leakage

Target not met

Measure: A percentage reduction in the amount of water lost to leakage across the region in megalitres per day (MI/d) measured on a three-year average. One megalitre is a million litres.

Actual (MI/d):

182.1

Target (MI/d):

170 (not met)

This year we achieved an in-year leakage result of 182.1 megalitres a day, our lowest three year-rolling average ever recorded (a 6.2% reduction from the 2017-2020 three-year baseline period). In calculating our 2023/24 figures, we needed to make an adjustment to our 2022/23 numbers because of a minor error in the coding we used to calculate non-household consumption. We have notified Ofwat and an adjustment has been made to our penalty, which will be shared back with customers in next year's bills.

Decades of investment have helped us achieve our long-standing track record on leakage from our own pipework, through finding and fixing leaks. This year, we have used satellite technology to survey 10,000km of rural distribution and trunk mains, to identify and prioritise sections of pipe for proactive leak detection and mitigation. This financial year, this technology has saved over 320,000 litres of water that would have been lost to leaks – this is enough to supply 1,000 homes a day.

Sustainability key performance indicator

Supporting vulnerable customers

Target met

Measure: Number of domestic households on Priority Services Register (PSR) – as % of the number of households (connected properties).

Actual:

12.7%

Target:

9.5% (met)

We are significantly ahead of target on all areas relating to our support for vulnerable customers, including, most notably, take-up of our PSR, which has already met the full AMP target. We have 12.7% of customers (380,853 customers) signed up to the PSR, against a national industry average of 8%.

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

We are proud of our work to support vulnerable customers. Building on our work to identify and support those in need, over the last 12 months, we have provided a support package of £136.9 million for vulnerable customers, which means we can help even more people in a way that is tailored to their individual circumstances. This brings the total support package to around £246 million since 2020.



Sustainability-linked loans continued

Sustainability performance targets continued

Sustainability key performance indicator

Pollution incidents

— Target not met

Measure: Number of pollution incidents due to escapes from our water recycling network per 10,000 km of sewer network.

Actual:

40.2

Target:

20.3 (not met)

Between October 2023 and March 2024, England witnessed its wettest period on record. Five named storms impacted our region directly, reaching a peak in March 2024. During Storm Babet we had more than 200% of the rainfall average for the time of year.

To manage high demand, we declared a company-wide incident, doubled the operations of our pumping stations, delivered priority responses to incidents and used tankers to take away some of the excess water.

Despite our comprehensive response, our operations were impacted. In 2023, we had c.40 pollutions per 10,000km of sewer network. Many were caused by hydraulic overloading from the wet weather. We are disappointed with our performance as it does not reflect the hard work taking place across the business.

Compared to our pollutions performance in 2022, an exceptionally dry year, we had 33 pollutions per 10,000km. This indicates that our performance is stabilising. While no spill to the environment is acceptable, our lead measures are showing improvements, demonstrating that the investment and action taken in line with our [Pollution Incident Reduction Plan](#) (PIRP) are paying off:

- We had 13% less pollutions compared to 2021, another year where we experienced prolonged wet weather. We have had no serious incidents on our networks since October 2023 – the start of the wettest period. Despite our networks being inundated, this demonstrates investments to better monitor our assets are working, moving us from a firefighting to a predictive response. By contrast, in 2021, 11 serious pollutions were on our networks.
- We've reduced the risk of failure on our pumping station assets (despite pumping twice as long in hours compared to last year).
- Sludge in our WRCs is at an all-time low. Historically, this was the leading cause of WRC incidents and highly volatile under extreme weather conditions.
- Blockages have reduced 10% on 2022's measures, marking our best performance this AMP to date.

- In 2024, no treatment works have failed their compliance, marking our best performance this AMP to date.

At the beginning of 2024, our shareholders agreed £100 million of additional investment to accelerate work on our pollutions performance. This is over and above the level agreed by Ofwat.

Emily Timmins, Director of Water Recycling said: "Our mission is to safeguard our customers and the environment and I can see our lead metrics changing. We know changes in systems and processes alone won't move the dial – we need to invest more in our asset base.

"Our £100 million investment goes right to the heart of capital maintenance on our base assets. I couldn't be more proud that we've been backed by our shareholders. It shows a huge amount of trust."



Anwick Water Recycling Centre under water. Image credit: Paul Barham, Maintenance Support Technician.

Sustainability-linked Bond

Net Zero Bond

Issuer	AWOF	Issue date	13/07/2021
Currency	GBP	Maturity date	31/07/2028
Amount £	300 million	Margin	2.00%
ISIN	XS2356450846	Ref rate	Fixed rate

The £300 million 2.00% Sustainable-Linked Senior Secure Bond has had unprecedented demand, with the Bond surpassing its £1.2 billion target. 94% of investors have been asset managers and hedge funds, with 85% of all investors coming from the UK and Ireland.

Sustainability key performance indicator

Net operational carbon

Measure: Reduction in carbon emissions from operational activity measured in tonnes of CO₂ equivalent compared to a 2018/19 baseline.

2024 actual:

9,791
tCO₂e

2025 target:

106,905
tCO₂e

In 2023/24 our carbon emissions were 346,560 tCO₂e representing a 2.7% decrease (or 9,791 tCO₂e) in emissions against a 2018/19 baseline. As more large consumers have chosen to procure renewables directly, the proportion of renewables remaining in the 'residual' grid mix for standard grid electricity has declined. This increases the carbon emissions associated with all the grid electricity we consume that isn't directly from renewables. It's important to emphasise that, while the emissions from standard grid electricity are outside of our control, we have increased our consumption from renewable energy from 25% to 28%. We continue to switch to more renewables – with an aim to power 45% of our electricity requirement from renewable sources by 2025.

Sustainability key performance indicator

Capital carbon

Measure: Percentage reduction in carbon emissions from construction activity measured in tonnes of CO₂ equivalent compared to a 2010 baseline.

2024 actual:

64.2%

2025 target:

65.0%

We have been reporting our capital carbon performance for over a decade. We believe we have an industry-leading approach to the measurement and reduction of capital carbon, and were instrumental in the development of PAS 2080 Carbon Management in Infrastructure.

Strong capital carbon reductions were achieved through our programme to increase storm water retention capacity. In this programme we have utilised existing, previously redundant assets, employed lower carbon materials, and extended and reconfigured assets in order to deliver these capacity increases alongside reducing the amount of new, carbon-intensive construction required.

Since the start of this AMP (2020) completed projects have achieved a capital carbon saving of 66% (76,114 tCO₂e). This includes projects in the phase through to completion over the AMP. The projects included are across the entire company and are not limited to projects funded by Green Bonds.

Sustainability-linked Bond

Sustainability key performance indicator

Water abstraction



Measure: Average daily amount of water abstracted directly from rivers, reservoirs and groundwater, for household use, per capita in a year.

2024 actual:

182.9

2024 target:

196.7

Between 2015-2020 we reduced the amount of water we took from the environment by 80 million litres per day and to build on this, we have made one of the industry’s biggest commitments to reducing abstraction. By 2025, we are committed to capping abstraction to historic peak levels, and go even further by 2030, reducing levels by an additional 174 megalitres a day. We now abstract less water than any other company and coupled with our efforts to build resilience through intergenerational projects such as our Strategic Interconnector Grid, this will be one of the legacies of Anglian Water’s commitment to keeping taps flowing and the economy thriving in the region.

Climate change is impacting rainfall patterns, which has a consequence on the availability and quality of water resources. By 2050, more severe droughts, combined with the need for better resilience, will create a deficit of 80 million litres per day in our surface water sources. Groundwater sources will also be affected, but changes to abstraction licences will restrict access to water, which benefits the environment. If we do not invest now in new sources of water, households and businesses will face shortages in future droughts.

The biggest challenge will be to sustainably manage abstraction in the face of increasing demands on our network from population growth. All of our water abstractions must be sustainable and avoid the risk of environmental deterioration. Changes to abstraction, and other catchment-based environmental improvements form a core part of our strategy.



DNV Assurance appendix

KPI	Units	Definition	Methodology and comments
Capital carbon reduction	tCO ₂ e (tonnes CO ₂ equivalents)	Carbon savings associated with the Green Bonds issued The capital carbon emissions avoided by projects in the Totex (Total expenditure. This includes our capital expenditure and operational expenditure) investment programme against a 2010 baseline	Net capital carbon reduced from baseline is calculated in line with PAS2080, the global standard for managing carbon in infrastructure, which we helped to develop, and which is now being used both nationally and internationally. We only consider standalone and completed projects and compare the capital carbon associated with the 'as built' asset – that is the carbon involved in the manufacture and transport of materials and the construction process, often called cradle to as built – against a 2010 baseline.
Priority Service Registry (PSR) – Reach	%	Number of domestic households on PSR – as % of number of households (connected properties) in 2023/24	The PSR is kept up to date and regularly reviewed to ensure customers are receiving the right support. Number of connected properties is based on domestic properties supplied with water and/or wastewater services excluding any void properties.
Climate Resilient Projects	1–3	The weighted average (by tCO ₂ e) Climate resilient score for all projects completed/under construction in 2023/24	Climate resilience score is based on the assessment of completed projects against a number of climate related hazards, including whether assets will be impacted by increased temperatures, wind and storms and susceptible to flooding with the increased chance of wet weather events. A score of 1 indicates the completed work is resilient to climate change, while 2 is only partially resilient and 3 is not resilient. We only consider standalone, large or complex, and completed projects.

