

# S172(1) Statement

## Statement by the directors in performance of their statutory duties in accordance with S172(1) Companies Act 2006

The board of directors of United Utilities Group PLC consider, both individually and together, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole and having regard (among other matters) to factors (a) to (f) S172(1) Companies Act 2006, in the decisions taken during the year ended 31 March 2021.

Our key decisions during the year to 31 March 2021 were:

### Green recovery



In July 2020, Defra commenced an initiative through which water companies (among others) could propose to accelerate investment to deliver 'green' initiatives that would both benefit the environment and support the economic recovery from the COVID-19 pandemic. The requirements for such proposals were further clarified by Ofwat, Defra, the Consumer Council for Water, the Environment Agency and the Drinking Water Inspectorate in November 2020 and January 2021.

### The board's view

The board believed that the draft investment proposed would help to contribute to the Government's green recovery plans and bring forward benefits for customers and the environment, but it would not present a significant risk to our financial resilience nor compromise our ability to deliver the remainder of our AMP7 plan. The board believed that our proposals were: of high quality; represented strong outcomes for customers and the environment; offered good value for money; could be implemented alongside existing regulatory and statutory commitments; and would be most likely to promote the long-term success of the company for the benefit of its members as a whole. If our regulators confirm they are supportive, the board will further review its position.

### OUR STRATEGIC THEMES



The best service to customers



At the lowest sustainable cost



In a responsible manner

### OUR APPROACH

#### Introduction

Throughout this annual report, we provide examples of how we have thought about the likely consequences of long-term decisions and how we:

- build relationships with stakeholders and balance their needs and expectations with those of the business;
- understand the importance of engaging with our employees;
- understand the impact of our operations on the communities in our region and the environment we depend upon;
- are mindful of the interactions we have with our regulators; and
- understand the importance of behaving responsibly and being consistent with the company's purpose, vision and values.

### Scope 3 emissions



We had already committed to achieving science-based targets to reduce our emissions in line with the UK's commitment in the 2008 Climate Change Act (see pages 86 to 97). As part of our carbon strategy the board has made a series of pledges to deliver these targets and to setting further targets across our full value chain, including transitioning to using 100 per cent renewable energy by 2021 and a 100 per cent green fleet by 2028.

### The board's view

During the year, we have made a further commitment by setting science-based targets for scope 3 emissions. First, we will reduce our absolute emissions by 25 per cent from the 2020 baseline by 2030, thereby aligning the group to a trajectory needed to limit global warming to 'well below' 2°C. Secondly, we have set the target that 66 per cent of our construction services suppliers should set their own science-based target by 2025, thereby helping to escalate a carbon focus in the construction services sector. The board believed that committing to our pledges and delivering against the targets set would be most likely to promote the long-term success of the company for the benefit of its members as a whole.

### AMP 7 dividend policy



Our AMP 7 dividend policy for the 2020–25 regulatory period was agreed by the board and announced on 29 January 2020. When we announced our full-year results in the early stages of the pandemic in May 2020, we undertook to review the AMP7 dividend policy in light of the uncertainty associated with the impact of the pandemic that existed at that time. In November 2020, the board reaffirmed the AMP7 dividend policy, targeting a growth rate of CPIH inflation each year through to 2025.

### The board's view

Over the summer and autumn of 2020, we had a chance to gain a clearer understanding of the impact of the pandemic on the business, which continued to be robust and supported by a strong balance sheet, along with a stabilised inflation outlook supported by central bank policy and government actions. The board believed that reaffirmation of the AMP7 dividend policy would provide greater certainty for our investors and would be most likely to promote the long-term success of the company for the benefit of its members as a whole.