

# Engaging with our stakeholders

We actively engage with stakeholders to understand what matters most to them through strong and constructive relationships.

To create longer-term value for all it is essential that we identify and engage with our stakeholders to understand what matters most to them.

We do not operate in isolation and it is not for us alone to determine what the region needs us to deliver. Engaging with stakeholders across the North West enables us to identify shared solutions to shared challenges. We value the diverse perspectives that a broad range of stakeholders, representing different and

often competing interests, can bring to our decision-making.

Understanding what matters to stakeholders will only be achieved by building strong, constructive relationships and engaging regularly. This is important to building and maintaining trust. These relationships are subject to robust governance to ensure the insights generated are taken into account in decision-making at executive and board level. The board's corporate responsibility

committee meets four times a year, with stakeholder engagement as one of its standing agenda items, and the chair of the independent customer challenge group (YourVoice) regularly attends board meetings to provide its perspective.

The following pages detail how we engage with, and are influenced by, each of our key stakeholder groups. Our analysis of what matters most to stakeholders, and how these issues affect our ability to create long-term value, is set out in our material issues matrix on page 27.

As shown below, there are nine key stakeholder groups that influence our planning and activities, and six of these groups benefit from the value we create.



## BEING PURPOSE-LED

## Partnership approach to tackle flooding

Reducing the risk of flooding is especially challenging in the North West.

Analysis of Met Office data shows that average annual water run-off in the North West is 28 per cent higher than the average for England and Wales, meaning more water runs into our sewers and increasing flood risk.

Covering natural areas with new developments such as house building makes it harder to manage surface water run-off. With climate change increasing the frequency and intensity of storms, tackling flooding is becoming of greater concern for regional stakeholders. No single organisation can tackle this problem alone; only by working in partnership will the benefits from reducing flooding risk to wider society be realised.

One example of partnership working is in Thornton, near Blackpool, which is in the low-lying, flat and saturated River Wyre catchment. The area has experienced flooding from multiple sources and water quality issues from misconnections. Because the sewer network is combined, bringing together surface water and sewage from homes and businesses, there is limited capacity for extra water, which then has to be pumped to nearby Fleetwood wastewater treatment works.

The traditional solution to install concrete storage tanks to reduce the effects of storm flows wasn't cost beneficial or environmentally sustainable.

In 2019, we engaged with other risk management authorities, catchment partners such as the Rivers Trust, and the community group of the Wyre Flood Forum, to develop a plan to tackle the joint issues in the catchment. We challenged ourselves to examine how to store and purify flood waters through natural flood management and how we could realise multiple benefits through targeted extra investment.

The scope of the agreed solution included:

- 3.3 hectares of wetlands, 1,000m<sup>3</sup> of flood storage and restoring the river to its natural state;
- 1,300m<sup>3</sup> of storage and wetlands habitat constructed in collaboration with McDermott Homes; and
- an investment of £220k to the Wyre Rivers Trust.

This catchment scheme was possible because of strong and effective partnerships. Support came from the EU LIFE-funded Natural Course project. Working with the developer to use land for flood risk management was vitally important, as was access to alternative funding streams to help realise wider benefits. Looking ahead, we will monitor the wetlands to understand the catchment and assess ecological improvement, with input from local communities.

The success of this collaboration can be applied to other partnerships across the North West.

Generating value for:



**This catchment scheme was possible because of strong and effective partnerships.**

# Engaging with our stakeholders

Our approach to engagement extends across all of our stakeholders, from those who influence what we do and benefit from the value we create, to those who just influence what we do.



➔ Read more about [how we manage our material issues](#) on page 27



## Communities

### Why we engage

Our work puts us at the heart of local communities, places where customers and employees live and work. We seek to support communities to be stronger based on mutual trust, respect and understanding the impact and contribution our work has on everyday life. We play a constructive role in tackling issues through engagement and investment, and by identifying what matters most to communities we can develop collaborative solutions.

### How we engage

Much of our engagement is face-to-face, although over the past year we have adapted to using more digital means of engagement, such as our online consultation as part of the Haweswater Aqueduct Resilience Programme, alongside traditional methods, such as attending parish council meetings.

We engage through facilitated workshops and community partnerships, such as involving those communities affected by our construction work. Issues raised by communities can present opportunities to improve what we do or to help others, while some can be complex and difficult to handle, especially where competing interests between different stakeholder groups are present, and require time and effort to work through.

### Top three material issues

- Land management and access
- Community investment
- Trust, transparency and legitimacy



## Customers

### Why we engage

To provide a great service in a way that customers value, we need to listen and engage with them to understand both short-term issues, and longer-term expectations of us as their water company. We are always interested to know what domestic and wholesale customers think about us so we can make our services better and address the issues that matter. As customer expectations change, we need to evolve our own services to ensure we meet those expectations.

### How we engage

We interact with customers every day through our operational call centres, water retailers and increasingly via social media channels. We also get direct feedback through schemes such as the WOW awards.

Enhancements to our service such as Priority Services have been developed through engagement with customers and groups representing vulnerable customers, such as Age Concern and Autism Together.

Our current business plan was shaped by unprecedented levels of customer engagement. YourVoice, the independent customer challenge group, provided critical support and challenge, as well as contributing to shape our plans to 2025.

### Top three material issues

- Customer service and operational performance
- Affordability and vulnerability
- Leakage and water efficiency



## Employees

### Why we engage

It is essential we build productive relationships with our employees based on trust. Our employees are the face of the company and we simply could not deliver our services without them, including the 13,000 who form part of our supply chain in the North West. Employees know our business better than anyone, with a diverse range of views and experience, making them well placed to identify opportunities for improvement.

### How we engage

Line managers play a vital role in supporting employees, with regular one-to-one meetings providing two-way engagement.

Every year our employee opinion survey provides an opportunity for employees to have a say about our company and to be open and honest with their views and opinions. The anonymous and confidential survey is managed by an independent consulting firm. Results are provided to all teams with greater than ten members for them to take action accordingly.

Our Employee Voice panel consists of 24 members from across the company, providing a means by which employee perspectives are heard by the board. We have several employee-led networks, including gender equality, multicultural and LGBT+ groups.

### Top three material issues

- Health, safety and wellbeing
- Diverse and skilled workforce
- Employee relations



## Environment

### Why we engage

We rely on the environment and play a key role in protecting and enhancing it across the region. Given the environment has no voice of its own, we engage with interested groups such as environmental regulators, non-governmental organisations, campaigners and local communities to find the best ways to tackle environmental issues, like climate change and land management.

### How we engage

We have formal discussions with both national and regional representatives of environmental regulators to identify priority issues and solutions.

We conduct facilitated workshops with environmental stakeholders to understand their priorities and have undertaken a large number of customer research projects.

We work with other companies, including within the water sector, landowners and local and national environmental groups to explore where we have common interests and opportunities to collaborate and deliver more together through pilots and partnerships.

### Top three material issues

- Resilience
- Environmental impacts
- Climate change



## Investors

### Why we engage

It is important that investors have confidence in the company and how it is managed, given their investment in our business. We provide regular updates to debt and equity investors so they can be assured that the company is being managed responsibly. Increasingly, this includes environmental, social and governance updates alongside financial and performance data as investors take a broader view of value and risk.

### How we engage

Our AGM provides a chance for any shareholder to engage with our board of directors and hold them to account.

Through our investor relations programme, we actively engage with shareholders and analysts who write reports on our company and industry. Regular engagement activities are supplemented by ad hoc events such as capital markets days.

Our treasury team has regular dialogue with the group's relationship banks and the EIB and credit rating agencies. Updates are provided to credit investors through a programme of meetings and mailings.

We supply information to several investor-led ratings and indices on ESG matters, such as the Dow Jones Sustainability Index.

### Top three material issues

- Customer service and operational performance
- Political and regulatory environment
- Financial risk management



## Suppliers

### Why we engage

Good relationships with suppliers help ensure that we get projects delivered on time, to good quality, at efficient costs and can identify and realise innovative approaches and solutions. Awareness of issues throughout the supply chain means we can address them together and become more resilient. We rely on suppliers to deliver our services and create value for all.

### How we engage

Existing suppliers have regular discussions with our commercial team as part of our supplier relationship management (SRM) process. This helps to identify issues and opportunities to make our relationship flow smoothly.

When re-tendering goods or services, we engage with the market directly and through supplier databases such as Achilles, to get a broad view of best practice and market opportunities.

Through our United Supply Chain (USC) approach we engage suppliers on sustainable and ethical issues and performance. Suppliers can join USC by committing to our responsible sourcing principles.

Through memberships of organisations such as the Supply Chain Sustainability School and the Chartered Institute of Procurement and Supply we keep abreast of best practice.

### Top three material issues

- North west regional economy
- Responsible supply chain
- Human rights

## Engaging with our stakeholders

We maintain close relationships with three stakeholder groups that influence what we do and how we do it.



Warrington South MP Andy Carter meeting our apprentices during National Apprenticeship Week.



### Media

#### Why we engage

It is through both traditional media and social media that many of our stakeholders receive their information about us and our activities. The media is influenced by the issues that matter most to those stakeholders as well as influencing them through what it reports. Given the nature of our services, it is important that coverage is fair, balanced and accurate. This requires effective two-way dialogue between the company and the media.

#### How we engage

Our media team are available 24/7 to respond to media enquiries and proactively engage media outlets providing digital content suitable for direct media broadcast.

Regular press releases on company activities help to maintain relationships with national, regional and local media outlets.

We have a dedicated social media team who manage and respond to posts on our social media channels while driving proactive messages and articles. We monitor social media sentiment and issues related to the company so we can respond accordingly.

#### Top three material issues

- Political and regulatory environment
- Leakage and water efficiency
- Social media



### Politicians

#### Why we engage

Politicians influence the long-term national water strategy and environmental priorities, matters that affect how all businesses operate, and champion issues raised by their constituents.

Local government, elected representatives and devolved administrations provide insight into shared social, environmental, economic and governance issues.

#### How we engage

We engage with regional and national politicians across the different political parties.

Open dialogue with regional MPs is maintained on specific issues and we regularly attend meetings at constituency offices. We have provided each MP in our region with a fact sheet with contact details and information about our activities in their constituency.

We take part in joint working groups with devolved administrations and local authorities on topics such as natural capital.

As part of our capital programme, we often attend local parish council meetings to make the case for our planning applications.

#### Top three material issues

- Political and regulatory environment
- Leakage and water efficiency
- Trust, transparency and legitimacy



### Regulators

#### Why we engage

Through proactive, constructive engagement with economic, quality and environmental regulators, we agree commitments over specified time periods and finalise the expectations they have of our business planning and performance.

We actively engage to shape the policy and regulatory framework within which we operate, covering customer, economic, environmental, social and governance matters.

#### How we engage

We hold regular meetings with all of our regulators to discuss priorities and objectives which can change over time.

When they seek views through specific consultations we provide considered responses where we think there is value and we have something to contribute.

We work together with regulators to find new solutions through projects such as Natural Course, which aims to build capacity to protect and improve the water environment of the North West.

#### Top three material issues

- Political and regulatory environment
- Resilience
- Trust, transparency and legitimacy

## Managing our material issues

### Our approach to materiality

Understanding what matters most to our stakeholders is fundamental to being a purpose-driven organisation. We consider these stakeholder priorities alongside our own assessment of what has the biggest impact on the company and its ability to create value, and the output is presented in the material issues matrix below.

This stakeholder materiality assessment informs decisions about what we report in documents such as this annual report. Setting out issues in this way helps ensure we understand key stakeholder priorities and consider their interests in strategic decision-making, helping us create long-term value.

In defining the strategic relevance of an issue to the company, we have adopted the integrated reporting framework definition of materiality, which states: “a matter is material if it could substantively affect the organisation’s ability to create value in the short, medium or long term”. Value, in this context, may be created internally (for the company, investors and employees) and there can be external value (for customers, communities, suppliers and the environment). Value may be financial or non-financial.

Our assessment of the level of interest to stakeholders is based on a balance of views obtained from communities, customers, employees, investors, regulators, and subject matter experts from the company on an ongoing basis, as well as the extensive insights gathered for the regulatory price review process. We will be undertaking a thorough review of our material issues and matrix in the next 12 months.

We have cross-referenced and aligned these issues with our principal risks and uncertainties, and our approach was reviewed by responsible business consultancy Corporate Citizenship, which commented that “alignment with United Utilities’ way of creating value gives life and credibility to the materiality matrix”, and this sends a very distinct message about our business model and what we value.

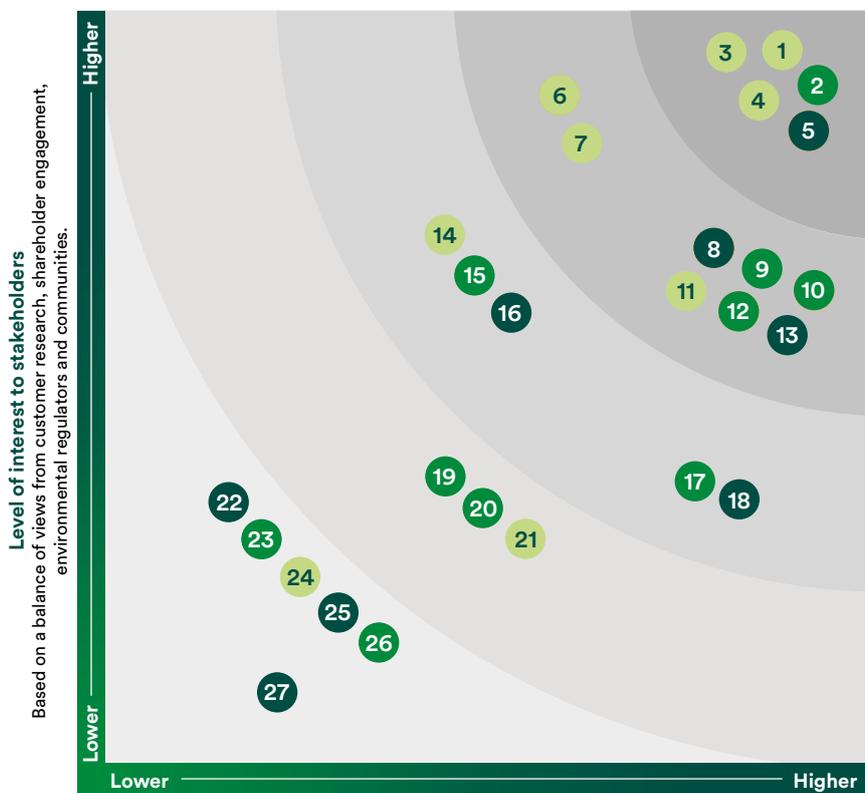
### Material issues matrix

We consolidated feedback from our various stakeholder groups, as detailed above, which resulted in 26 material issues. Due to the impact and ongoing nature of the COVID-19 pandemic we have included this as a new material issue. These issues are impacted by factors that may be external, internal or both; for example, the material

### OUR PRIORITISATION OF ISSUES

Striking the right balance between different interests and views is not easy. Discussions at board and management level form part of this alongside the use of tools such as our whole-life cost model when considering investment decisions. We are exploring how multi-capital approaches might help in our decision-making, and expect a plan of how this can add the most value to be completed this year.

issue of a diverse and skilled workforce has an external dimension of skills and diversity within the region, whereas the training and culture within the company are internal factors. The 27 issues are plotted on the matrix below, from lower to higher in terms of level of interest to stakeholders and how much it can affect our ability to create value.



**Effect on our ability to create value**  
Based on the potential effect on our ability to create value over the short, medium and long term. Value can be created for United Utilities, investors, regulators, employees, the public, and/or the environment. Value can be financial and non-financial.

### External factors

- 5 Political and regulatory environment
- 8 Climate change
- 13 Cyber security
- 16 North west regional economy
- 18 Natural resources
- 22 Social media
- 25 Land management and access
- 27 Human rights

### Internal factors

- 2 Resilience
- 9 Financial risk management
- 10 Corporate governance and business conduct
- 12 Innovation
- 15 Data security
- 17 Energy use
- 19 Responsible supply chain
- 20 Health, safety and wellbeing
- 23 Employee relations
- 26 Community investment

### Both external and internal factors

- 1 Trust, transparency and legitimacy
- 3 Customer service and operational performance
- 4 Leakage and water efficiency
- 6 Affordability and vulnerability
- 7 COVID-19
- 11 Sewer flooding
- 14 Environmental impacts
- 21 Competitive markets
- 24 Diverse and skilled workforce