

A renewed focus and future for Anglian Water

Anglian Water Services Limited
Annual Integrated Report 2026

Strategic report

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Key reports that inform our Annual Integrated Report

Pollution Incident Reduction Plan 2026

This plan looks at our pollution performance over the calendar year 2025, alongside the actions we are taking to improve performance.



Gender and Ethnicity Pay Gap Report 2025

This report is a key part of our commitment to transparency and continuous improvement to gender and ethnicity representation across Anglian Water.



Climate Transition Plan 2025

This is our first Climate Transition Plan and it tracks the progress we have made since 2021 to reduce our carbon footprint.



This annual report is an integrated report and we have applied the principles of the International Integrated Reporting Council (IIRC) framework.



What we do at Anglian Water

We are the **largest water and water recycling company** in England and Wales by geographic area, serving **c.7 million** customers.

We operate over **1,200 Water Recycling Centres**, more than **100,000 kilometres** of underground pipes and sewers – enough to go around the world 2.5 times – and many hundreds of water storage points and storm tanks.

We supply over **1.2 billion litres** of clean, safe drinking water every day.

We find and fix **over 30,000** leaks every year – using everything from drones and sensors, to detection dogs!

We are home to **c.29% of the world's chalk streams, 49 Sites of Special Scientific Interest, and 54 designated bathing waters** – and we are committed to protecting and enhancing our environment.

We're recognised as a family-friendly workplace, offering a **wide range of policies and benefits**. Benefits range from family healthcare, to gym discounts and electric cars.

We employ **c.6,800** people directly and around 4,000 more via our alliances. A diverse and inclusive culture is key to our success.

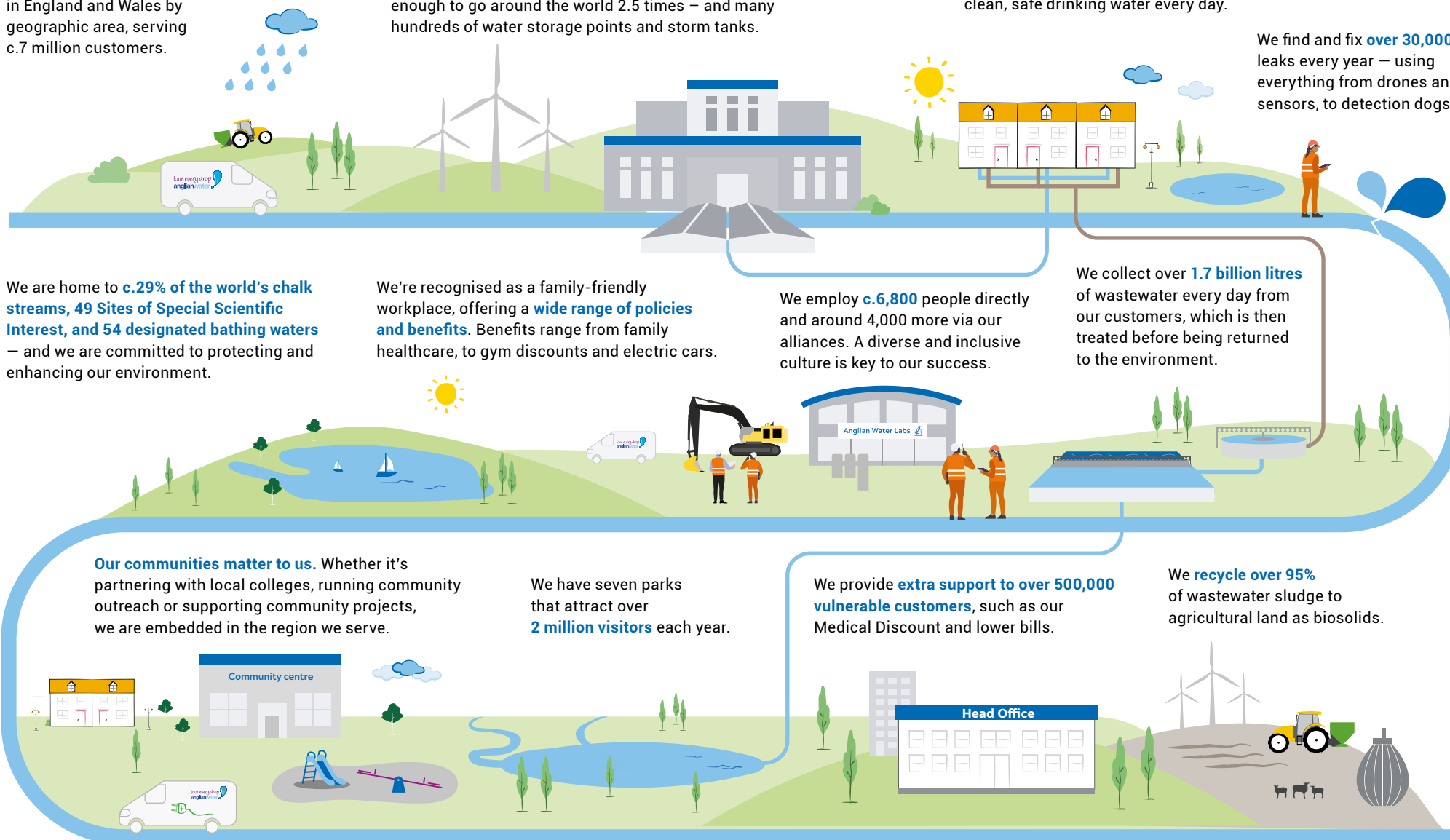
We collect over **1.7 billion litres** of wastewater every day from our customers, which is then treated before being returned to the environment.

Our communities matter to us. Whether it's partnering with local colleges, running community outreach or supporting community projects, we are embedded in the region we serve.

We have seven parks that attract over **2 million visitors** each year.

We provide **extra support to over 500,000 vulnerable customers**, such as our Medical Discount and lower bills.

We **recycle over 95%** of wastewater sludge to agricultural land as biosolids.





Our business model

At Anglian Water, we operate critical national infrastructure in one of the fastest-growing regions in the UK. We are responsible for delivering safe, clean water, returning it safely to the environment, and protecting and enhancing the natural systems our region depends on. We create value by delivering safe, reliable water, while supporting economic growth, enabling economic development and strengthening resilience in communities. As a business, we operate in five-year regulatory cycles, securing funding through a combination of customer bills and external investment. Our investment plan for AMP8 reflects the realities of ageing infrastructure, population growth and climate change. Our Purpose and strategic priorities guide the investments we prioritise and how we deliver sustainable value over the short, medium and long term.

Our Purpose is to bring environmental and social prosperity to the region we serve through our commitment to Love Every Drop.

Anglian Water's strategic priorities:



A high performing organisation that attracts investment and creates lasting value



Embedded in our communities, and valued by our customers



Enabling sustainable growth and resilience in an environmentally significant region



Our people and partners are proud to deliver excellence and be Safer Every Day



Trusted by government and regulators to meet our commitments



At a time where the water sector's regulatory framework continues to develop, this year we refreshed our strategy. Our strategy looks ahead to 2055 and sets out the actions we are taking in both the short and long term to build a resilient, future-ready water company. It shapes how we invest in our assets, develop our people and partners, alongside embracing digital and new ways of working.

Underpinned by our values. Together we:

Do the right thing

Build trust

Are always exploring

safer every day

We look and learn from global frameworks and leaders to manage our business sustainably. [Read more in our 'climate and nature' section.](#)



Our strategy informs how we create value for stakeholders:

Customers

Communities

Our people

Our partners

Investors

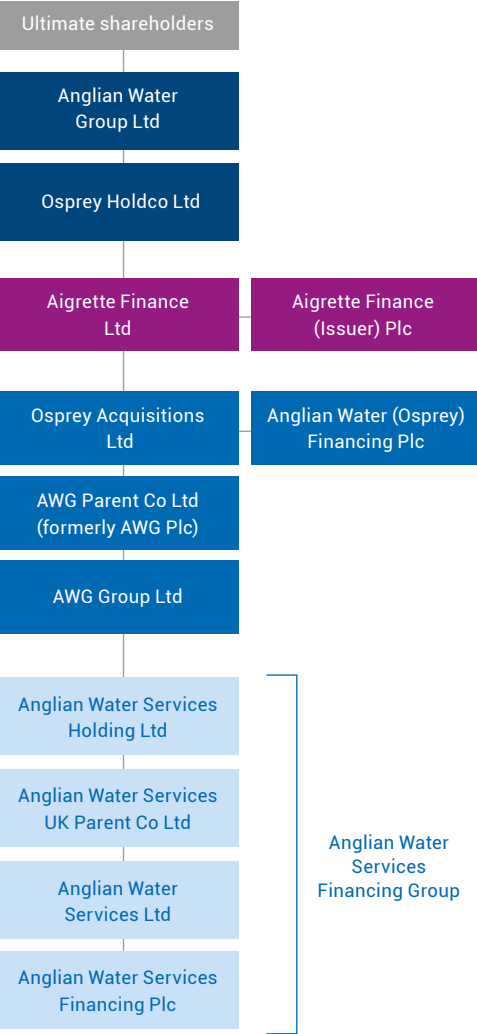
Regulators and Government

Environment

Read more about how we create value in our stakeholder sections, pages 29-59

Anglian Water's ownership structure

Anglian Water Group's holding company structure



Details of Anglian Water Group's ownership consortium

IFM Investors

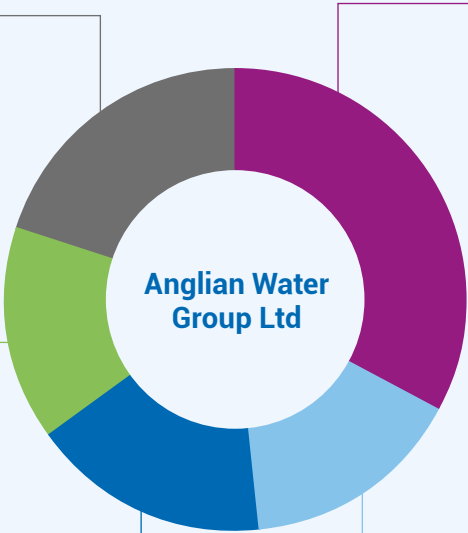
IFM Global Infrastructure Fund is a fund advised by IFM Investors. IFM Investors is a global institutional fund manager owned by 16 profit-to-member Australian pension funds, specialising in infrastructure, debt and equity investments. IFM invests on behalf of approximately 160 million pensioners from around the world. This includes millions of UK pensioners, who invest in Anglian Water Group via the IFM Global Infrastructure Fund.

Origin: Australia Ownership: 19.8%



Camulodunum Investments is a joint investment vehicle for Dalmore Capital and GLIL Infrastructure. Dalmore Capital is a standalone fund manager (part of the Royal London Group) with a focus on long-term, core infrastructure investments and sources capital from UK and overseas institutional investors. Dalmore Capital has interests in over 130 infrastructure assets and has assets under management of over £5.7 billion. GLIL Infrastructure is a partnership of UK pension funds. It manages £4.1 billion of committed capital, with more than £3.3 billion (as of 31 December 2025) deployed into a growing portfolio of infrastructure assets spanning renewable energy, utilities, ports, logistics, trains, hospitals and schools.

Origin: UK Ownership: 15%



Platinum Globe A 2013 RSC Limited

Platinum Globe A 2013 RSC Limited is directly and entirely held by the Abu Dhabi Investment Authority (ADIA) and focused on infrastructure investments.

Origin: UAE Ownership: 16.7%

CPP Investments

Canada Pension Plan Investment Board (CPP Investments™) is a professional investment management organisation that invests the excess funds of the Canada Pension Plan (CPP), in order to build a diversified portfolio of assets and help ensure the future pensions of more than 22 million Canadians. CPP Investments invests in public equities, private equities, real estate, inflation-linked bonds, infrastructure and fixed income instruments. Headquartered in Toronto, with offices in Hong Kong, London, Mumbai, New York and São Paulo, CPP Investments is governed and managed independently of the CPP and at arm's length from the government. As of 31 December 2025, CPP funds totalled c\$780.7 billion.

Origin: Canada Ownership: 32.9%



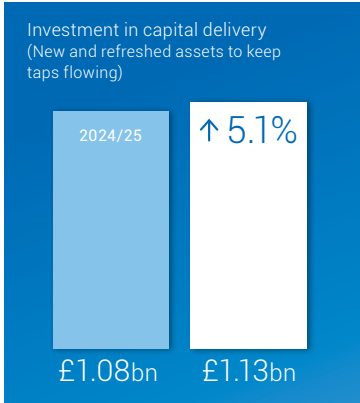
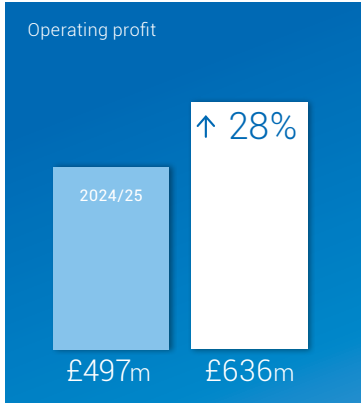
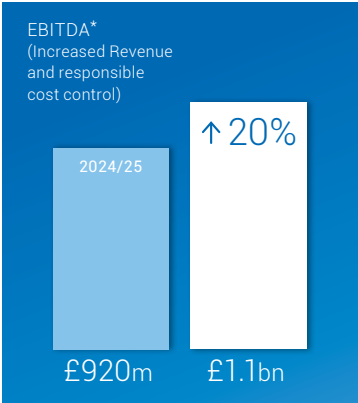
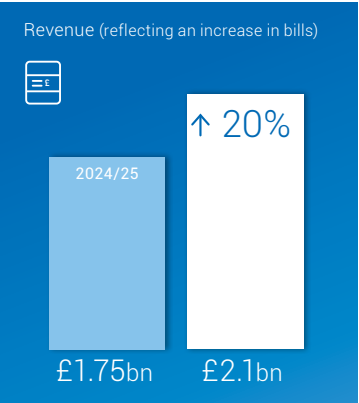
Igneo Infrastructure Partners is an unlisted infrastructure asset management business and is part of the First Sentier Group, a global asset management business. First Sentier Group has US\$137.3 billion in assets under management (as at 31 December 2025), on behalf of institutional investors, pension funds, wholesale distributors, investment platforms, financial advisors and their clients worldwide.

Origin: Australia Ownership: 15.6%



2025/26 performance highlights

We supply over **1.2 billion litres** of clean, safe drinking water every day, and collect over **1.7 billion litres** of wastewater which is then treated before being returned to the environment.



Ofwat-related performance position significantly reduced

2025/26: -£10.5 million
2024/25: -£41.5 million**

77% of employees feel proud to play a part in delivering our Purpose 2025: 79%

86% of total pipelaying complete (280km) 2024/25: 247km

on our strategic interconnector, our largest-ever infrastructure project, with the first section being brought into service.

Priority Services Register

514,016 customers receive priority assistance during an emergency

↑ 12.5%

2024/25: 444,387

£95.1 million in financial help provided to customers

↑ 34%

2024/25: £70 million

First UK utility company to receive Mental Health Accessible accreditation from Money and Mental Health

316,000 smart meters installed in-year to help reduce consumption

Against our 2030 target of 2.2 million by 2030

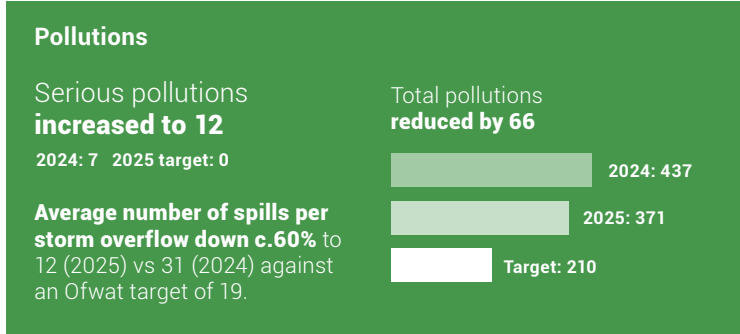
Best-ever bathing water results

96.3% rated 'good' or 'excellent'

2024/25: 90.75%

Our Accident Frequency Rate remained stable despite a significant increase in hours worked

We helped **428 customers** through our industry-first Medical Discount, fully funded by shareholders



Progress on **two new major reservoirs** in Cambridgeshire and Lincolnshire

* Earnings before interest, taxes, depreciation, and amortisation ** 2024/25 outcome adjusted to 2022/23 prices

UK Financial year 2025 runs from 1 April 2025 to 31 March 2026.



Purpose Impact Assessment 2025/26

We're one of the first utility companies to set out clearly the difference we make to people and the environment through our Purpose Impact Assessment. This helps us show in a simple way how our work supports the region we serve, focusing on the 30 things we do at Anglian Water that have the biggest impact. Because these measures are all different, we've converted them into a common language so they can be compared more easily. This gives a clearer overall picture of the impact we're having, good and bad. The size of each bubble shows how big that impact is. More information on the methodology is available [here](#).

Impact total 2025/26 (£millions)

Social

Environmental





Delivering progress with Purpose

Welcome to Anglian Water's 2025/26 Annual Integrated Report. Strong financial performance and shareholder backing helped us strengthen resilience, support customers who need extra help, invest in our people and build trust, as we continue to navigate once-in-a-generation sector reform and our biggest ever capital programme.



I would like to thank our Chief Executive Officer – Mark Thurston – and the Executive team for their leadership this year, as well as colleagues across the business and our alliance partners, who have been delivering for customers and the environment.

A year of stability at Board and Executive level has been important, as we have navigated the AMP8 final determination, Competition and Markets Authority (CMA) process and input to the Independent Water Commission's review of sector regulation. I want to particularly recognise the challenge and support of our Customer Board and Independent Challenge Group, who work with us to navigate the implications of the Special Measures Act.

I would like to recognise our shareholders for their continued support, as we deliver our ambitious programme, alongside the stewardship of my Board colleagues, including our Committee Chairs. Through a collective effort, we are moving from intent, to outcomes.

A year of delivery

As we have transitioned into Asset Management Period 8 (AMP8), I have seen delivery and Purpose work hand-in-hand towards sustainable growth for our region. Amid significant sector reform and public attention, I am pleased that the business has strengthened day-to-day reliability for our customers, intensified action to tackle the major causes of pollution and flooding, while prioritising investments that build resilience. We know that there is more to do. From the Board to the frontline, improving our performance remains a fundamental focus.

As a Board, we continue to test how our programmes are building resilience to drought and flooding. I also meet regularly with investors, government officials, regulators and colleagues, to ensure our actions match our ambitions.

The East of England is both one of the country's fastest-growing areas and one of the most exposed to climate change. I am pleased that the business has continued to progress a careful mix of actions – new supply, demand reduction, reuse, nature-based solutions and interconnection of our assets – so communities, businesses and the environment benefit.

One of the clearest expressions of long-term commitment to resilience and environmental

protection is our interconnecting water grid. Once complete, around 500km of new, large-size mains will enable us to move water around the region, to where it's needed most. As climate pressures grow, this flexibility will be essential. It will also help to protect sensitive chalk streams, by reducing abstraction in vulnerable catchments, alongside supporting sustainable growth in our communities.

Over the year, we reduced total pollution incidents, saw our best-ever storm overflow performance and record bathing water quality across the region. However, we were disappointed to see an increase in serious pollutions. The drier summer also created other challenges, with an increase in burst mains, leakage and interruptions to supply.

We are working hard to improve our performance and have committed to £4 billion of environmental investment across 2025-2030, including £2.4 billion through the Water Industry National Environment Programme (WINEP) to improve river health and support growth in a way that works with nature.

Together, these actions – paired with frontline delivery, disciplined investment and clear accountability – are how we will address key challenges and keep delivering outcomes in line with our Purpose.



Dr Ros Rivaz visiting our Strategic Pipeline Alliance



Investing in our people's future

Again this year, I've taken great pleasure in spending time with so many dedicated, passionate colleagues across many different operational sites: from treatment works across our network, to the Fens – where a major new reservoir is being progressed. Our people's professionalism and pride on the ground drives progress every day.

Delivery at the scale needed to support sustainable growth in our region depends on talent and skills. With two of the Government's New Towns proposed in our region, plus four of the UK's five fastest-growing cities sited here, the scale of AMP8 and beyond will demand thousands of capable people with the right training and progression opportunities. At Anglian Water, we will recruit thousands of people, including up to 800 apprentices. This year alone, we have seen 130 new apprentices through the doors and (with our capital delivery partners) we opened a Green Skills Academy in Wisbech, to support the talent pipeline and further deliver on our Purpose.

However, it's not just the water sector that requires skills to build and run this region's infrastructure. In the East of England, there are several significant projects underway – from new railways to Sizewell C and the construction of hundreds of new homes. We are convening across sectors in this region, so that together, we can build a skills pipeline fit for the future.

One of the most rewarding aspects of this year has been bringing like-minded organisations together on skills and purpose and seeing the next generation entering into roles that will help build and protect this region.

Talent retention at all levels is critical; however, new and changing legislation makes recognising the immense scale of improvements to be made by our leadership and their teams increasingly difficult. Read more in our Remuneration Committee report, pages 137-160.

Shaping sector reform

This is a critical time for the water sector, as it goes through a period of generational reform. With the Government's Water White Paper now published, a Transition Plan and new Strategic Policy Statement for Ofwat forthcoming, alongside the fast-approaching Clean Water Bill, we have an opportunity to reset the framework that governs water, so long-term benefits for customers, communities and nature can be realised.

As a business, we have been engaging willingly and transparently with Government and stakeholders, to support reforms that enable purpose-led delivery, clearer incentives, fair and competitive returns and a regulatory framework that supports long-term stability and investment. Recognising the importance of the opportunity, we developed a suite of papers with Oxera Consulting, designed to consider the components of reform that it's essential we get right, which have been well received by stakeholders in Government and beyond.

The scale of what the water sector must deliver over the coming decades is unprecedented. By 2050, the National Infrastructure and Service Transformation Authority estimates £300 billion of investment will be needed in UK water infrastructure. Across AMP8 alone, the sector plans to invest more than £104 billion, including around £44 billion in network enhancements to improve resilience and environmental performance. These ambitions can only be delivered if the investment framework is stable and investable.

This underlines the significance of the CMA's recently concluded redetermination process, which recognised the arguments we and others have made about investability and rebalanced the settlement we received from Ofwat at PR24.

We and our shareholders recognise that many households are feeling the continued pressure of the cost of living. We will fund essential investment responsibly, while protecting affordability and keeping bill impacts fair. Alongside this, we have expanded targeted help and grown our Priority Services Register, so that people with specific needs receive the right support at the right time. Practical interventions – on debt advice and water efficiency – sit alongside our large projects, with partnerships helping us reach even more communities.

Looking ahead

As we shape change for our future, my conviction that purpose and performance are not in tension remains stronger than ever; they are congruent. This was echoed during this year's Anthropy conference, with timely discussions on how purpose-led regulation could improve outcomes for society and the environment.

When we reduce abstraction in sensitive catchments and complete another link in the interconnecting water grid, we are protecting habitats and building economic resilience. When we work with stakeholders to phase resilient growth, we are making sure new homes come with the water security they need – as well as jobs, skills and added social value. When we keep a clear line-of-sight to affordability, while securing long-term capital, we are serving both today's customers and the next generation.

These are the driving principles we will continue to apply as we deliver the next stages of AMP8, staying true to our Purpose and to what 'Love Every Drop' means to the communities and landscapes we serve.

Dr Ros Rivaz
Chair



A year of transformation and delivery

As we close out this first year of AMP8 (2025-2030), it's an opportunity to reflect on what we've achieved and be clear about what comes next.



We are in one of the most transformative periods in Anglian Water's history – a time of rapid growth, major investment and building the skills our region needs, all while responding to the realities of ageing infrastructure, a fast-growing population and the impacts of climate change.

Over this AMP, we will be progressing two new reservoirs and extending our interconnecting water grid, alongside upgrading our water recycling assets and building new ones. This is nation-building infrastructure: the kind that enables communities, economies and the environment to thrive.

Over the past 12 months, we have put in the groundwork to deliver our biggest investment programme to date: modernising the way we operate, sharpening discipline and ramping up our focus on safety. We have seen steady improvements in key areas, including total pollutions, flooding and spills. Serious pollutions remain an utmost priority. We also responded to Ofwat's enforcement with a £62.8 million redress package and long-term plan for Flow Compliance.

Our water resilience system stood up across an extremely dry summer, with no need for hosepipe bans, despite increased pressure on leakage and water supply interruptions. We reached a significant milestone on our strategic pipeline – commissioning the first section to serve Ipswich and Colchester – and installed 316,000 new smart meters.

Our first Integrated Treatment Wetland in Everton, Bedfordshire, also came into service – our largest nature-based solution.

We further strengthened our customer support, helping more than 500,000 customers through our Priority Services Register. We launched our Medical Discount and became the first utility to achieve the [Mental Health Accessible accreditation](#).

We understand how important it is to rebuild trust with customers, by delivering on what we have committed to. In year one, we mobilised our biggest ever capital investment programme at pace. Over 1,100 capital projects were started – more than double what we delivered in a year across AMP7 (2020-2025), where we averaged 360 schemes a year.

Our delivery capabilities are testament to our mature alliance model, which brings together specialist expertise. In February, we further integrated our supply chain into our business, signalling our focus on infrastructure delivery this AMP.

I want to take this opportunity to thank our people and partners.

Our safety reset has been a key area of focus. Safer Every Day is part of how we work – moment by moment, choice by choice. We have seen a cultural shift, with stronger leadership and teams taking ownership for making safer decisions. Our Accident Frequency Rate remained stable (with no rise in incident rates), despite a significant increase in hours worked.

Our approach to safety is championed throughout our business and across our alliances; a powerful example of what we can achieve when we are aligned behind one shared approach.

Collaborating helps us to have a greater impact, which is why we are working with others to unlock a 'Thriving East' – a region where water infrastructure delivers new homes, communities, skilled jobs and green industries. As a growth economy, we need people with the right skills to deliver on our collective ambitions.

This year, we convened leaders from organisations across the East of England, including: Sizewell C, East West Rail, Associated British Ports and UK Power Networks. Together, we're developing a skills pipeline and training programmes. We followed this with our 'Skills for a Thriving East' conference in April 2026. Apprenticeships and work experience are central to this. Having started my own career as an apprentice, I know how transformative those early opportunities can be. Delivering social impact is core to our Purpose. This commitment is reflected in our long-term outcomes: many of our apprentices stay with us, with 87% still at Anglian Water after ten years.

Looking ahead

For the scale of infrastructure investment we will be making in the coming years, we rely on long-term, sustainable investment and the confidence of shareholders. In turn, we must be able to offer a fair and attractive return, recognising that their backing is vital.

We continue to work with Government and regulators to create the right conditions for the sector in the long term. Over the past year, we have worked closely to secure the best outcomes for our environment and customers and we are encouraged by the direction of travel. The Competition and Markets Authority final redetermination, published in March 2026, provided a helpful reset of key elements of the Price Review; strengthening total expenditure allowances, reducing performance risk and offering a positive direction for future regulatory reform.

Alongside playing an active role in shaping our sector's future, we believe that now is the time to set a clear and deliberate direction for Anglian Water. This has raised two important questions: what should a modern water company look like? And what will we be proud to have achieved when we look back at this five-year period? Over the past year, we've worked hard to answer these questions, recognising that the decisions we make now will be lived with by future generations. The result is a refreshed strategy, built around our Purpose, underpinned by five strategic priorities. See more in our business model, page 4.

Overall, this year has been shaped by a reset, a focus on capital delivery and recognition of the long-term stewardship of our business. We know there is more to do as we move through the AMP. We will continue with focus and discipline, rebuilding trust by delivering on the promises we have made.

Mark Thurston
CEO



The year in context

Operational performance

Our focus on operational resilience and environmental compliance contributed to a reduction in total pollution incidents, our best-ever storm overflow performance and record bathing water quality across the region. Total pollutions reduced by 66 to 371 (2024: 437).

However, we were disappointed to see an increase in serious pollution incidents, from seven (2024) to 12 (2025). This is a key area of focus to build trust and we are working hard to improve our performance as we head into the next year.

Since 2017, our serious pollution performance has improved, with 2024 representing our best-ever year. While we were disappointed by an increase in 2025, this follows a period of sustained improvement. We are addressing the root causes through targeted investment in high-risk catchments, including preventative maintenance and cleansing of high-risk sewers. Expanded monitoring and tools using AI are helping teams identify risks quickly and escalate, to prevent minor failures from becoming serious incidents.

While progress will not be linear, our continued investment and focus will deliver sustained improvement over time and we remain confident that we will achieve our ambition to reduce total pollution incidents by 46% and serious pollutions by 72% by 2030.

Across flooding, we saw positive signs, with repeat flooding events almost halving from 31 in 2024/25 to 17 in 2025/26: a result of targeted work in catchments. Alongside this, we saw a material improvement in our blockage-related internal flooding, achieving a 29% year-on-year reduction, a result of proactive clearing across our water recycling network.

The average number of spills per storm overflow dropped 61% to 12 (2025) compared to 31 (2024), with the total duration of all spills reducing by 84% year-on-year. Although dry years like 2025 mean storm overflows are needed less often, performance last year was better than in 2022 – when rainfall levels were similar – demonstrating that the investment delivered so far is already delivering improvements.

We also achieved our best-ever bathing water results, with 100% of beaches in Lincolnshire, Suffolk, Essex and North Norfolk rated 'Good' or 'Excellent' by the Environment Agency. This year, our region led the way with the highest percentage of 'Excellent' and 'Good' bathing waters in the country.

Across our water supply measures, the drier year¹ saw us contend with other challenges. Decades of investment in water resilience meant that customers were kept on supply and we did not need to introduce hosepipe bans. This is due to our long-standing investment and our proactive approach to water production planning. As one of the UK's driest regions, we have focused on encouraging customers to use

water wisely, underpinned by our smart-meter rollout, alongside reducing leakage and investing in infrastructure.

Keeping customers on supply is our priority and we know how disruptive it is when things go wrong. Across the dry summer, we saw a spike in mains bursts, increasing our repair backlog, leakage and supply interruptions, which in turn drove a higher number of customer contacts. Encouragingly, fewer customers were affected overall, with properties impacted falling by 15% from 481,169 in 2024/25 to 412,294 in 2025/26.

These impacts demonstrate the importance of asset resilience. In the East of England, around 8,000km of mains are vulnerable to climate impacts. Extreme swings in weather can exacerbate ground movements that increase failures of water-distribution mains². This is why our strategic interconnecting grid, alongside investments to renew and upgrade water mains over the next few decades, is crucial.

Over the years, demand for water and water recycling services in the region we serve has increased. Alongside this, climate change impacts have intensified, leaving some of our existing assets unfit for purpose. This is why, across this AMP, we are beginning a significant programme to renew our mains, which will strengthen resilience over the long term and support improvements to our leakage position. As one of the industry's frontier performers on leakage, over the years, we have maximised

activity to reduce leaks, resulting in leakage reduction of 40% since privatisation. However, this means that incremental gains are much harder to achieve.

We welcome the growing focus on asset health. This year, we submitted a proposal to Ofwat for just under £400 million of additional investment across AMP8 to improve long-term asset health and resilience. This targeted investment would strengthen the service we provide to customers and support the delivery of significant growth across the region, much of which has accelerated following Government policy and planning decisions since our PR24 submission.

Overall, we have had a positive start to AMP8, strengthening foundations to deliver better outcomes across this AMP and in the long term. While challenges remain, overall this year, our penalty position dropped to c.£10.5 million³ (2024/25: £41.5 million⁴). This reduction is down to a combination of disciplined action taken across the business, in line with our performance improvement programme, launched in September 2024. This is supported by the outcomes of an independent review led by the Competition and Markets Authority (CMA). We ended the year with £52.9 million in reward and £63.4 million in penalty, excluding C-MeX and D-MeX.

¹ <https://webarchive.nationalarchives.gov.uk/ukgwa/20250728193257/https://www.gov.uk/government/publications/water-situation-local-area-reports/east-anglia-water-situation-june-2025-summary>

² Sources: Infrastructure data © Anglian Water. Soils data © Cranfield University and for the Controller of HMSO, 2019.

³ Over AMP8, the Outcome Adjustment Mechanism has the potential to change our final position. Any adjustments will only be known when all companies have reported their regulatory returns.

⁴ 2024/25 outcomes adjusted to 2022/23 prices



Capital delivery

During the first year of AMP8, we mobilised our largest and most complex capital programme to date, delivering £1.1 billion of our AMP8 plan – 100% of our year one target – marking a step change in how we deliver infrastructure.

Our sector-leading alliancing model, strengthened over 15 years, has delivered thousands of construction projects, creating jobs and apprenticeships. This long-standing collaboration places us in a strong position to deliver the ambitious AMP8 programme.

In 2025/26 alone, we worked on more than 1,100 capital projects, more than double the annual delivery rate achieved in AMP7. While the first year of an AMP typically reflects mobilisation rather than peak construction, this represents a solid foundation and positions us well to accelerate delivery as the period progresses.

This has been enabled by our alliances and deeper integration of our supply chain, reinforced by the launch of a new £1.5 billion Major Projects Framework. Preparations for the rest of the AMP are well advanced, with our new Programme Delivery Partner, comprising Mace, AtkinsRealis and Turner & Townsend, further strengthening our delivery capability.

This year, we installed 316,000 smart meters – more than 865 a day – beating our previous installation record of 296,000 (2024/25) and significantly exceeding our Ofwat target of 286,000 installations for the year. We lead the UK water industry in metering, with more than 66% of customers billed through smart meters and over 1.4 million smart meters installed. These actions are helping to keep household water consumption among the lowest in the country.

Delivery of our strategic interconnector is progressing well. By the end of March, we completed 86% of total pipelaying of phase 1 (320km). Once complete, the network will span c.500km across the East of England, connecting to pumping stations and, eventually, to our two new reservoirs.

We have strengthened our approach to delivery transparency and regulatory accountability. Under the AMP8 framework, we have committed to a defined set of Price Control Deliverables (PCDs) and to report progress against these to Ofwat on a six-monthly basis. We will be publishing our second Delivery Plan this summer, which will set out how we are managing performance, risk and delivery, and how we will identify and address issues early, giving confidence that we can meet our obligations while managing affordability and long-term resilience.

Looking ahead, we have c.£1.7 billion of investment planned for 2026/27, with construction underway on more than 1,000 capital schemes and a further 500 schemes due to start.



Building for Better – 2025/26 highlights

Over 316,000 smart meters

installed towards our target of 2.2 million by 2030

We have committed to

42 accelerated storm overflow schemes

to delivery and planning through to 2027, alongside advancing our **Continuous Water Quality Monitoring programme**. Capacity expansion at Water Recycling Centres is progressing to support regional growth.

New water mains

Nearly 140.5km of new water mains have been laid as part of a plan to replace 1,100km water mains to strengthen network resilience

86% of pipework laid

across our strategic interconnector, with customers across the Ipswich and Colchester areas benefitting from the new network

Customer support

In order to fund vital investment, our bills increased by 19% this year. While we appreciate this increase can impact households already financially stretched, we are committed to helping customers with their bills. In 2025/26, we helped 398,585 customers through financial assistance schemes, providing £95.1 million in direct support.

More than 500,000 customers are now assisted through our Priority Services Register, providing tailored help such as accessible communications, priority support during supply interruptions, financial assistance and mental-health-aware customer care.

In 2025, we became the first UK utility company to receive Mental Health Accessible accreditation from Money and Mental Health, recognising our commitment to supporting customers in vulnerable circumstances.

And, in another industry first, this year saw our new Medical Discount, fully funded by our shareholders, offer direct financial relief to

customers with specific medical needs that drive higher water use – such as home dialysis – without increasing costs for other customers.

Customer engagement shapes our plans and ensures our decisions reflect the priorities of the communities we serve. Our Customer Board provides a direct voice for consumers, while the Independent Challenge Group offers independent scrutiny of our performance and is involved in key decisions. Together, they help strengthen transparency and ensure we deliver on our commitments. Read more on page 35.

As investment in major infrastructure projects accelerates, we have expanded our engagement across the region. We maintain a visible presence in affected communities to explain upcoming work, respond to concerns and highlight the long-term benefits of these upgrades. We are working closely with local authorities and other infrastructure providers to coordinate programmes, helping minimise disruption and reduce the need for repeated roadworks.



Financial performance

In 2025/26, revenue rose by 20.2% year-on-year to £2.1 billion. This growth was driven primarily by the price increases set out in Ofwat’s Final Determination, which were designed to enable higher levels of investment to improve water resilience, environmental performance and service reliability. We also saw higher household consumption during the warmer, drier summer, leading to increased demand in the first half of the year.

This strong performance is enabling us to invest at scale for the long term. During the year, we continued to push ahead with our largest-ever capital programme, focused on delivering lasting benefits for customers and the region.

Capital investment during the period was 178% of operating profit and 112% of operating cash flow, meaning for every £1 we generated in profit we invested £1.78 back into our assets. This investment supports practical improvements such as renewing ageing pipes, upgrading water and water recycling infrastructure, expanding smart-meter installation and progressing major regional projects to secure future water supplies.

Shareholders continued to demonstrate long-term support for the business through a £500 million equity commitment that has been paid into the group. Of this commitment, £300 million received in September 2025 was used to repay the £240 million 4% Midco bond which matured in March 2026 and to reduce drawings under revolving credit facilities, strengthening liquidity and overall financial resilience. The remaining £200 million from this commitment was received on 1 June 2026 and used to address holding company maturities.

During the year, we:

- Raised a total of £920 million of bond financing at the regulated entity level, supporting our ongoing investment programme and maintaining a prudent long-term debt maturity profile.
- Issued £720 million of new long-term Class A bonds in November 2025. This comprised:
 - £420 million 5.375% Class A bond maturing in 2033, priced at 120bps over Gilts; and
 - £300 million 6.250% Class A bond maturing in 2041, priced at 135bps over Gilts.
- Further strengthened liquidity and diversified funding sources through a £200 million tap issuance in March 2026 of the existing 5.875% Green Class A bond due 2031, increasing the total size of that bond line to £500 million.
- Received a £170 million equity injection into AWS from AWG, following successful fund raising, as the first tranche of the previously announced programme to strengthen the Group’s capital structure during AMP8 and support delivery of its de-gearing strategy.
- Continued to deliver against the capital structure plan outlined last year, closing Year 1 of AMP8 with gearing of 69.7% at Opco and 76.6% at Midco, both improved from the prior year and remain on track against targets.

Overall, these actions enhanced liquidity, extended debt maturities, supported delivery of our investment programme and reinforced progress against our long-term capital structure objectives.

In March 2026, a 12-month independent review led by the Competition and Markets Authority (CMA) concluded, which saw targeted changes in a small number of areas that improve our position. These include minor adjustments to some Total expenditure (Totex) allowances, refinements to certain Ofwat-related Outcome Delivery Incentives that reduce previously forecast penalties, and updates to financing costs.

While these changes do not provide general funding flexibility, they support the responsible and sustainable delivery of essential long-term investment. In other areas, including asset resilience and longer-term sector attractiveness, the CMA’s conclusions defer to the importance of ongoing national reform. The outcome provides greater clarity for the period ahead and supports continued progress towards our ambitions.

Current credit ratings

Entity	Rating Agency	Rating	Outlook
Anglian Water Services Ltd (Senior Secured Debt)	Fitch Ratings Ltd	A-	Stable
Anglian Water Services Ltd (Senior Secured Debt)	Moody’s Investors Service Ltd	Baa1	Stable

Ratings are reviewed periodically by the agencies and may change depending on financial performance, regulatory developments and broader market conditions.



Near and long-term challenges

Growth and asset health

The East of England is one of the fastest-growing regions in the UK and one of the most water-stressed. Rapid population growth, alongside economic growth such as Sizewell C and Bedford's Universal UK Resort, are increasing demand for water and water recycling services at pace. At the same time, the region's sensitive environment must mean that growth is enabled carefully and sustainably.

Regulatory reform has sharpened the focus on infrastructure condition, resilience and long-term value. At the same time, emerging national priorities – including heightened cyber risk to critical infrastructure and tighter drinking-water standards for PFAS – are changing when and where investment is required during AMP8.

When we submitted our Business Plan to Ofwat in 2023, the regulatory framework was not designed with the pace and scale of growth in mind, with a new Government taking office with vastly greater growth ambitions. We welcome the growing recognition on long-term asset health to support regional growth and this year, we submitted a proposal to Ofwat for around £345 million of additional investment to strengthen long-term asset health across AMP8, driven in part by evolving Government policy since PR24. This targeted, phased approach will allow us to strengthen resilience and manage affordability, reducing the need for more disruptive and costly interventions in future periods.

Furthermore, the government's commitment to legislate for new resilience standards will provide the long-term basis to improve to asset condition. We will continue to work closely with Ofwat, with a draft response expected in August subject to resolving outstanding issues around the treatment and timing of RCV and revenue.

Meeting growth sustainably requires long-term, coordinated solutions. Work led by Defra's Water Delivery Taskforce is helping to unlock sustainable housing growth by bringing together government, regulators, water companies and developers to address wastewater capacity challenges while maintaining strong environmental protections.

Anglian Water's Blueprint for Growth makes the case for regulatory and policy frameworks that reflect the pace and scale of growth, enabling investment where evidence is strong while maintaining protections for customers and the environment. [Read more here.](#)



Skills

Water is one of Britain's essential contributors to a thriving economy. We need resilient water infrastructure and the people with the skills to build and run it. To deliver that at scale, we need the right skills pipeline, which means bringing people in, developing them and building long-term careers.

In 2025/26, we launched our largest-ever apprenticeship recruitment drive, offering 130 apprenticeship roles across Anglian Water and our alliances – more than double the previous year's intake. Opportunities span water recycling treatment and water supply field-based roles, maintenance technicians and operational technology, through to quantity surveying, data analyst and commercial roles. We also run retraining routes such as @one Alliance Training Schools, alongside graduate and tailored work experience programmes.

To ensure people are coming into the business with the right skills, and to solve some of the challenges local jobseekers are facing, we are convening leaders from organisations across the East of England, including Sizewell C, East West Rail, Associated British Ports and UK Power Networks, to develop a shared skills pipeline. With major infrastructure underpinning growth in this region, it is important that we work together to build capability.



Cyber security

As part of the UK's critical national infrastructure, we are focused on protecting our operations in a rapidly evolving cyber threat landscape. Cybersecurity is recognised as a principal risk. We use the globally recognised National Institute of Standards and Technology (NIST) Cybersecurity Framework (CSF) to assess risk and to guide our approach, helping maintain robust defences across the business.

This year we strengthened resilience across 12 payment channels, achieving compliance with the Payment Card Industry Data Security Standard, helping protect sensitive customer information. We are working towards the National Cyber Security Centre's Enhanced Cyber Assessment Framework. To support secure digital transformation, cloud identity and access management is now a core part of our strategy, strengthening access controls, reducing the risk of unauthorised access and enabling safe adoption of cloud technologies. We appointed a 24/7 monitoring and rapid response security operations partner, helping to keep our customers and assets secure.

Looking ahead, the Government has proposed legislation to reform the Network and Information Systems Regulations 2018 (NIS Regulations) to strengthen the UK's framework for protecting critical services. The Cyber Security and Resilience Bill would expand the existing NIS regime to cover additional sectors and activities. We expect these reforms to bring further parts of our operations into scope once finalised. As a result, we are monitoring the proposals closely. In AMP8 and beyond, Anglian Water is preparing for emerging threats and new technologies. By investing in modern processes and controls, we can better protect our systems, people and customers while enabling innovation and growth in an increasingly complex digital environment.

Flow Compliance

Following a long industry-wide investigation focusing on spills to the environment, we signed Undertakings in September 2025, committing to a redress package of £62.8 million. We are currently agreeing our Long-Term Plan for Flow Compliance with Ofwat. Our Long-Term Plan for Flow Compliance outlines how we will ensure all of our Water Recycling Centres and network assets are designed, built, operated and maintained so they have sufficient capacity under normal operating conditions and can manage flows effectively and remain compliant with relevant legal requirements.

In addition, and as part of the redress package in the Undertakings, our shareholders have committed to investing £57 million to reduce hydraulic overload in at least eight catchments by 2028. We have set up a community fund, which will provide £5.8 million to support community groups and not-for-profit organisations in our region to improve their local environment and create a positive social impact. We will report our progress against the commitments in our Undertakings to Ofwat every six months.

Improving our digital capabilities

We are entering one of the most transformative decades for digital and technology. We are already seeing rapid change and expect to move to a future where Artificial Intelligence (AI) and automation will become the norm.

Embracing digital change safely and securely unlocks innovation and shapes our smarter future, improving performance and customer experience while helping us to meet the region's growing needs. To make this happen we're integrating digital into our business model – aligning strategy, talent, data, and operations to capture real value and future-proof our assets.

Through our AI Accelerator, we are developing in-house capability to support teams stay on top of fast-moving incidents, such as pollutions or interruptions to supply. It is already being used by health and safety, frontline operations and our 24/7 operational control centre. In the control centre, it brings together key information from across systems, showing what is happening, what actions are underway and what resources are in place. It also draws on past incidents in the same locations, helping teams understand what has worked before. Real-time monitoring and smart insights help us to act early, and we want to extend this to our customer experiences, building on the best ideas from sectors like banking, retail and transport.

To ready ourselves to embed digital, we have carried out a SAP (System Applications and Products in Data Processing) upgrade. Since 2023, we have staggered an upgrade across the business which completed in November 2025. The upgrade provides the foundations for future scalability of technological solutions, enabling process improvements and ensuring data is accurate and accessible, while supporting technology platforms to be integrated with other key systems.





Performance Commitments

To measure our progress towards our AMP8 (2025-2030) outcomes, Ofwat sets us targets as part of our business planning process. These measures were decided during the 2024 Price Review and are known as Performance Commitments. The targets are referred to as Performance Commitment Levels (PCLs).

This year, we met some, but not all of our Performance Commitment Levels. We report a net outcome of £10.5 million⁵ in penalty, ending the year with £52.9 million in reward and £63.4 million in penalty. In 2024/25, we netted out at £41.5 million⁶ in penalty.

While our overall net position has reduced significantly year-on-year, supported by performance improvements across the business and the Competition and Markets Authority outcomes, there remains a gap between our performance and the standard expected by customers, Ofwat and the wider public.

At the same time, our strongest performance continues to come where we work directly with customers.

We remain strong performers on per capita consumption and business demand, alongside customer experience scores in C-MeX and D-MeX. These results show what can be achieved through low-cost solutions, such as collaboration and behaviour change.

Where we rely on our asset base, we continue to face challenges, most notably across our environmental measures, including total pollutions, which contributes £15.7 million to our penalty position. While this represents year-on-year improvement, it underlines the scale of change still required to meet rising expectations.

Our performance improvement programme, launched in September 2024, is showing a positive impact across multiple measures. However, sustained progress will depend on addressing the underlying resilience and reliability of our assets.



Over AMP8 we have our biggest investment programme to date. Worth £11 billion, it's almost double that of the previous five-year period. It signals the first step of a multi-AMP investment plan, which seeks to bring our performance in line with what customers rightly expect and build resilience across our assets. As demand for water has increased and climate change impacts have intensified, many of our assets and systems need to be upgraded.



A full breakdown on our performance against Ofwat-related PCLs will be published separately in our Annual Performance Report. Read more about the APR on [our website](#).

We will also publish a separate report on our AMP8 Price Control Deliverables (PCDs) Delivery Plan, which sets out how we're planning to invest over £11 billion between 2025 and 2030.

⁵ Correct at time of publication, subject to change.

⁶ 2024/25 outcomes adjusted to 2022/23 prices.



Anglian Water's 2025/26 performance

Environmental performance

Internal sewer flooding

The number of times properties are flooded internally per 10,000 sewer connections.

0.90



Target: 1.54

Reward outcome:
£13.7 million

2024/25: 1.41

External sewer flooding

The number of times properties are flooded externally per 10,000 sewer connections.

15.04



Target: 17.46

Reward outcome:
£11.7 million

2024/25: 17.65

Total pollution incidents*

The number of pollution incidents (categories 1 to 3) in a calendar year, due to discharges or escapes from sewerage assets, per 10,000km of sewer network.

371



Target: 210

Penalty outcome:
-£15.7 million

2024: 437

Serious pollution incidents*

The number of serious pollution incidents (categories 1 and 2) linked to sewerage or water supply assets in a calendar year.

12



Target: 0

Penalty outcome:
-£17.1 million

2024: 7

Discharge permit compliance*

The percentage of wastewater and water treatment works compliant with discharge permit conditions in a calendar year.

98.18%



Target: 99% (deadband)

Penalty outcome:
-£2.2 million

2024: 99.28%

Storm overflows*

The average number of spills per storm overflow in a calendar year (ODI payment method).

12.71



Target: 19.92

Reward outcome:
£9.8 million

2024: 31

Bathing water quality

The average percentage score given to eligible bathing waters in our region, based on Environment Agency classifications.

(Excellent = 100%, Good = 66%, Sufficient 33%, Poor = 0%)

83.8%



Target: 78.2%

Reward outcome:
£11.1 million

2024/25: N/A

River water quality

The percentage reduction (as a result of water company activities) in phosphorus emissions from wastewater treatment works to river catchments, against 2020 baseline period.

27.67%



Target: 13.4%

There is no financial reward or penalty associated with this measure.

2024: N/A



Find out more about our environmental performance and the actions we are taking to boost resilience in 'Enabling sustainable growth and resilience in an environmentally significant region' pages 53-59.

 Penalty position Reward position N/A This is due to the measure either being new or not comparable. * These measures are assessed on a calendar year basis

More information on how we have performed against each measure can be found in our Annual Performance Report 2026.

Supply, demand and asset resilience



 Find out more about our environmental performance and the actions we are taking to boost resilience in 'Enabling sustainable growth and resilience in an environmentally significant region' pages 53-59.

 Penalty position  Reward position **N/A** This is due to the measure either being new or not comparable. * These measures are assessed on a calendar year basis

More information on how we have performed against each measure can be found in our Annual Performance Report 2026.

Customer

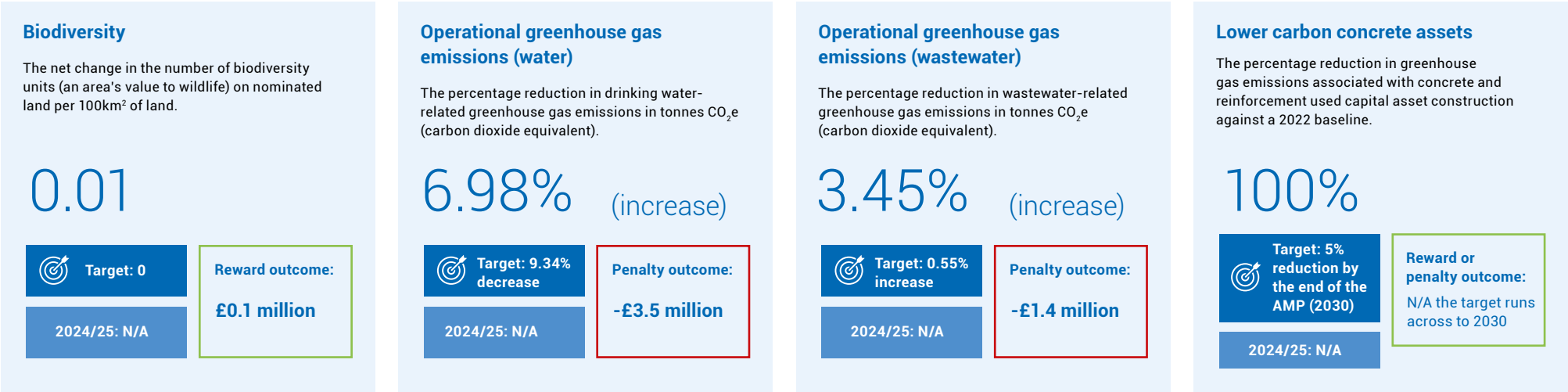


Penalty position Reward position **N/A** This is due to the measure either being new or not comparable. * These measures are assessed on a calendar year basis

More information on how we have performed against each measure can be found in our Annual Performance Report 2026.

** <https://www.dwi.gov.uk/what-we-do/annual-report/drinking-water-2024/drinking-water-2024-summary-of-the-chief-inspectors-report-for-drinking-water-in-england/compliance-with-water-quality-standards/>

Sustainability



For information on our holistic sustainability performance and commitments, see 'Our approach to the climate and nature crises on pages 60-89.

Find out more in 'Enabling sustainable growth and resilience in an environmentally significant region' pages 53-59.

Penalty position

Reward position

N/A

 This is due to the measure either being new or not comparable.

*

 These measures are assessed on a calendar year basis

More information on how we have performed against each measure can be found in our Annual Performance Report 2026.



Ownership and financial performance

Anglian Water Services Limited is a private company, limited by shares

Anglian Water Services Limited (AWS) is the principal subsidiary of Anglian Water Group Limited (AWG).

The AWG Board consists of six investor representatives, the Chief Executive Officer, the Chief Financial Officer and the Independent Non-Executive Chair.

Overview of our corporate structure

AWG is owned by a consortium of committed, long-term investors with extensive infrastructure experience, representing millions of individual pension holders.

This long-term shareholder support is critical to maintaining an investable business, enabling the significant, sustained investment needed to deliver for customers, communities and the environment, while providing investors with a fair return.

In May 2025, AWG's shareholders committed to making a [£500 million equity injection](#) into the group, pro rata to their current shareholdings. The shareholder equity commitment forms part of the group's plans to strengthen the capital structure ahead of anticipated regulatory reforms and reflects the group's desire to maintain strong investment grade credit ratings.

Details of the AWG shareholders are shown in the diagram on page 5 along with the complete holding company structure and the principal companies.

When AWG was acquired by investors in 2006, it became the ultimate parent company of the Group. It is a Jersey-registered company, but UK tax resident, liable for tax in the UK. All companies in the AWG holding structure are UK tax resident and liable for tax in the UK.

Osprey Holdco Limited has issued debt that is held by our shareholders, in proportion to their respective shareholdings. They are entitled to receive an interest payment on the debt annually.

The Group's financing strategy has reduced Anglian Water Services (AWS) gearing, to enhance and protect its solid investment-grade credit ratings. This enables AWS to borrow at lower rates, to support the investments our customers have asked us to make.

Anglian Water Group companies

Aigrette Financing Limited, Osprey Investco Limited, Osprey Acquisitions Limited and their UK financing subsidiaries have borrowed funds externally to increase the Group's equity investment in AWS.

In March 2026, Osprey Acquisitions Ltd injected a further £170 million of equity into AWS to enhance its liquidity and facilitate its de-gearing.

AWG Parent Co Limited and AWG Group Limited are holding companies that were set up when AWG was a listed group. Both companies are wholly owned subsidiaries, are registered in the UK and are UK tax resident.

Anglian Water Services Financing Group companies

Anglian Water Services Holdings Limited was put in place in 2002, when AWS' covenanted and ring-fenced debt structure was established. This group of companies (referred to as the Anglian Water Services Financing Group, or AWSFG) protects customers and our bond holders from the risk associated with other non-regulated AWG companies, outside of the ring-fencing.

This makes us an attractive investment prospect for bond holders, which means we've been able to keep financing costs lower, ultimately benefiting our customers in the form of lower bills.

Anglian Water Services UK Parent Co Limited is a second-holding company in the ring-fenced structure, also providing protection for customers and investors from the risks of other non-regulated group companies. All companies within the AWSFG are UK-registered and UK tax resident companies.

AWS is the regulated entity trading as Anglian Water, managing our water and water recycling network and serving around 7 million customers. It is the part of the business that most people think of as 'Anglian Water'.

The group's equity injections into AWS have enabled AWS to reduce its gearing, and we remain on track against target.

Anglian Water Services Financing Plc is the financing company that raises money on behalf of AWS. Funds raised by this company underpin our investment in the region's water and water recycling services.



Anglian Water Services income statement

Year ended 31 March 2026

	% increase/ (decrease)	2026 Total £m	2025 Total £m
Revenue (excluding grants and contributions)	19.4%	1,982.0	1,660.1
Grants and contributions	35.8%	121.1	89.2
Total Revenue	20.2%	2,103.1	1,749.3
Other operating income		11.5	16.8
Operating costs (excluding depreciation and amortisation)	19.5%	(1,010.8)	(846.1)
% of Total Revenue		48.1%	48.4%
EBITDA ¹	20.0%	1,103.8	920.0
Depreciation and amortisation	10.4%	(467.5)	(423.5)
% of revenue (excluding grants and contributions)		23.6%	25.5%
Operating profit	28.2%	636.3	496.5
Margin		32.1%	29.9%
Interest (excluding indexation)		(221.0)	(221.5)
Indexation charge		(231.4)	(197.1)
Finance income		37.0	48.2
Adjusted profit before tax⁽¹⁾		220.9	126.1
Fair value (losses/gains) on derivatives ²		(96.2)	62.9
Profit before tax		124.7	189.0
Tax		(27.5)	(52.6)
Profit after tax		97.2	136.4

¹ As defined in note 27, financial measures or metrics used in this report that are not defined by IFRS are alternative performance measures. The Group uses such measures for performance analysis because they provide additional useful information on the performance and position of the Group. Since the Group defines its own alternative performance measures, these might not be directly comparable to other companies' alternative performance measures. These measures are not intended to be a substitute for, or superior to, IFRS measurements, and have been consistently applied within each period presented in these financial statements.

² In order to show pre-tax performance based on management's view of an underlying basis, the fair value gains and losses on financial derivatives have been shown separately in the table because these are volatile non-cash movements that distort the actual underlying economic performance.

Revenue (excluding grants and contributions)

Revenue, excluding grants and contributions, for the year was £1,982.0 million (2025: £1,660.1 million), or an increase of £321.9 million (19.4%). The net increase in revenue is as a result of the following factors:

- The price increase for customers following the regulatory pricing formula, resulting in a £309.3 million increase. This is reflected in an average increase of 18.4% in dual-service bills.
- A net increase in demand of £20.7 million. Household consumption is up £17.6 million and non-household up £3.1 million, when compared with the prior year due to the hot-dry summer of 2025.
- Other movements in revenue of £8.1 million.

Grants and contributions

Grants and contributions represent the cash and asset contributions made principally by property developers and local authorities for connecting new property developments to the water and sewerage network, and for work on existing infrastructure needed to accommodate development. Increased new property development activity, to which grants and contributions revenue is directly linked, has resulted in revenue rising by £31.9 million to £121.1 million in 2025/26.

Other operating income

Other operating income comprises primarily external income from power generation, bio-solid sales to farms, rents received and various other non-core activities. This was consistent with prior years.



Operating costs (including loss allowance for expected credit losses)

Anglian Water Services operating costs including charges for bad and doubtful debt increased by £164.7 million (19.5%) to £1,010.8 million. These movements are explained in the table below:

	Total £m
March 25	846.1
Inflation	30.9
Investment in Operational Performance	
Improvements to environmental compliance	52.1
Community Fund	5.8
External/Government changes	
Increase in National Insurance rates	1.8
Bad Debt	17.0
Regulatory Fees	4.3
Extreme weather	6.8
Other	
Increase in Opex impact of capital programme	22.0
Increase in prosecution provision	5.4
SAP Migration Costs	6.8
Cost of business restructuring	6.0
Other cost increases	5.8
Closing Year End Position	1,010.8

Inflation

The inflationary increases in our cost base formed part of the Final Determination and are therefore, whilst subject to a timing delay, funded through the inflationary increases in revenues.

Investment in Operational Performance

In 2025/26 we saw a significant increase in investment in improving our environmental performance. This additional investment was spent on managing increased sludge volumes which are generated from new Water Industry National Environment Programme (WINEP) phosphorus removal assets, reducing sludge volumes on site which risk site compliance and proactive interventions to prevent blockages which can lead to pollution events.

As part of the Ofwat Flow redress package, Anglian Water committed to a £5.8 million Community Fund, which will be spent on supporting local communities in delivering flooding and pollutions mitigations.

External government charges

From April 2025, the government announced an increase to employers National Insurance contributions from 13.8% up to 15%. The total increase in employer National Insurance is £3.4 million, of which £1.8 million has been recognised within operating expenditure. The remaining increase principally relates to employee costs directly attributable to capital projects and is therefore capitalised in accordance with the Group's accounting policies rather than recognised within operating expenditure.

The 2025/26 financial year saw a 20% increase in revenues, as set out in the PR24 Final Determination, which resulted in a corresponding 20% increase in the absolute level of bad debt charge.

In addition, the bad debt charge as a percentage of revenue increased during the year due to Defra-mandated changes to GSS regulation, which required the temporary suspension of credit sharing and collection activities for some customers.

In addition, external political factors increased our bad debt provision, including expected rises in inflation and lower forecast household disposable income following the outbreak of the war in Iran, which are expected to adversely affect customers' ability to pay in the future.

We saw increases in discharge permits/water industry levies and regulatory fees, over and above inflation, from the Environment Agency and Ofwat respectively.



Weather related

Our region experienced one of our driest summers on record resulting in soil moisture deficit throughout the region, high volumes of burst pipes and leakage across our water distribution network, and very high consumption through customer demand. In order to minimise disruption to customers and the environment, there was a significant increase in spend – particularly on burst main repairs and costs of water production.

Other significant items

Anglian Water provides for prosecution risks when informed of an intent to prosecute by the Environment Agency (EA). Following increases in enforcement resources at the EA, we have received an increased volume of intentions to prosecute and therefore increased our provision on the balance sheet.

Anglian Water went live with the first release of its phased transition to SAP S4 Hana. While primarily a capital funded project, costs associated with data migration activities are accounted for as operating costs.

During the year Anglian Water re-shaped the organisation, to more effectively support the increased capital delivery programme through the remainder of AMP8 and into AMP9, and drive efficiency in our corporate functions. Total cost of delivering the restructuring in the year was £6 million.

EBITDA

Earnings before interest, taxes, depreciation and amortisation (EBITDA) is defined in note 27 and is the profit from continuing operations before interest, tax, depreciation and amortisation. This has increased by 20.0% to £1,103.8 million, which is consistent with the effect of the increases described above.

Depreciation and amortisation

Depreciation and amortisation is up 10.4% to £467.5 million, primarily as a result of higher fixed-asset balances as we construct and commission assets in line with our capital investment programme.

Operating profit

Operating profit has increased by 28.2% to £636.3 million, which is consistent with the increase in EBITDA partially offset by the increase in depreciation.

Financing costs and profit before tax

Adjusted net finance costs (excluding fair value gains on financial instruments) were £45.0 million higher than the prior year at £415.4 million. This is primarily a result of the non-cash impact of higher inflation on index-linked debt, which increased by £34.3 million to £231.4 million, combined with lower-interest income.

Fair value losses in the period, which are unrealised, non-cash items, are the result of increases in derivative liability positions, primarily driven by increases in inflation expectations and partially offset by higher discounting due to forecast increases in interest rates. Fair value movements on derivative valuations can be volatile depending on the market rates observed at the time of reporting and do not have a crystallised economic impact to the business until the time of actual cash flow fixing.

The business is funded based on its embedded cost of debt and relative performance against the iBoxx index. As a result, these non-cash fair value gains and losses do not impact the immediate commercial performance of the business, Ofwat obligations or shareholder distributions during AMP8.



Taxation

The tax charge for the period comprises:

	Year ended 31 March 2026 £m	Year ended 31 March 2025 £m
Current tax:		
In respect of the current period	-	(47.8)
Adjustments in respect of prior periods	95.3	25.6
Total current tax charge/(credit)	95.3	(22.2)
Deferred tax:		
Origination and reversal of temporary differences	32.2	96.7
Adjustments in respect of previous periods	(100.0)	(21.9)
Total deferred tax (credit)/charge	(67.8)	74.8
Total tax charge on profit on continuing operations	27.5	52.6

Compared to the same period in the previous year, the total tax charge has decreased by £25.1 million. This is mainly because of the reduction in profit before tax.

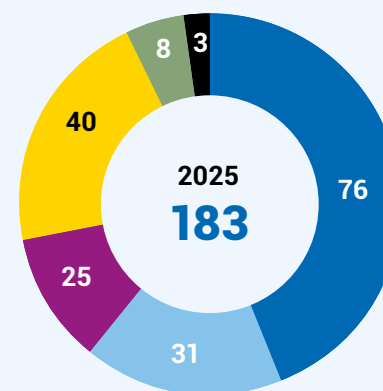
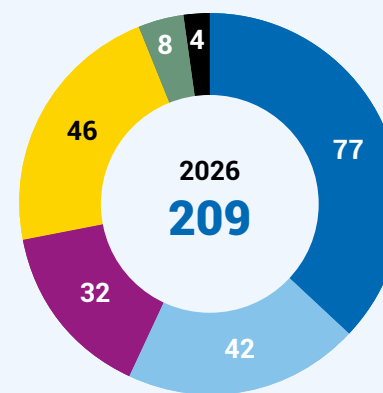
In addition to the £27.5 million tax charge on the income statement, there is a credit of £0.6 million (2025: charge of £16.7 million) in the statement of other comprehensive income, in relation to tax on actuarial gains/losses on pension schemes and fair value gains/losses on cash flow hedges.

There is no current tax credit in the current year as the company is carrying forward its losses to be used in a future year. In the prior year, the current tax credit reflects receipts from other group companies in respect of losses surrendered to those companies. The tax losses arise primarily because capital allowances claimed exceed the depreciation charged in the accounts, together with certain income that is not taxable and the availability of tax relief on pension contributions paid during the year. These items are partially offset by disallowable expenditure and interest.

The deferred tax charge for both years reflects capital allowances claimed in excess of the depreciation charge, a charge on the fair value gains on derivatives, offset by a credit on losses carried forward to future years.

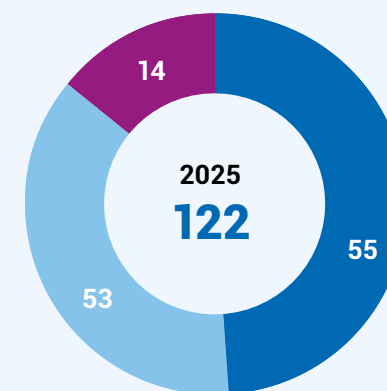
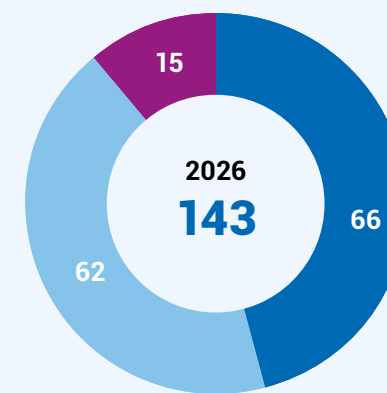
The current and deferred tax adjustments in respect of previous periods for both years relate mainly to the agreement of prior year tax computations. In both the current and prior years, decisions were made not to surrender losses from the company to another group company under the group relief provisions of part 5 of the Corporation Taxes Act 2010, and to reverse the current tax credits recognised in previous years. The credit recognised in the year ended 31 March 2023 is reversed in the prior year and the credits recognised in the two years ended 31 March 2024 and 2025 were reversed in the current year. This gives rise to a current tax charge and a deferred tax credit, although in the prior year the amounts were different due to the different rates for current tax and deferred tax in that year.

Tax incurred directly
(Figures in £million)



- Business rates
- Employer's NIC
- Abstraction licences
- Environmental taxes
- Fuel excise duty
- Other

Taxes collected
(Figures in £million)



- VAT
- Employee PAYE
- Employee NIC



Distributions to the Parent Company

A £75.0 million dividend was paid in the period in relation to performance in 2024/25.

The Directors have proposed a final dividend calculated with reference to performance for the 2025/26 financial year of £90.0 million, which will be paid in June 2026. This dividend is in line with the Company's dividend policy which can be found [here](#). The maximum available dividend was adjusted to reflect service delivery for customers and the environment. There are no plans for this dividend to be paid to the ultimate shareholders of Anglian Water Group Limited.

These dividends were paid and proposed against a backdrop of a £170 million equity injection into the company on 26 March 2026 and a £500 million committed equity injection from our ultimate shareholders into the wider Group. Through these capital injections the company continues to benefit from the strong support of shareholders.

The Board has an approved dividend policy, under which dividend payments take account of a range of matters including service delivery for customers and the environment, current and future investment needs and financial resilience over the longer term.

Delivery of our AMP8 capital investment programme

This year was the first year in the five-year AMP8 investment programme, our largest ever. Delivery against this investment programme has started strong, with gross annual capital expenditure across the appointed business increasing from £1,081 million in 2024/25, to £1,136 million in 2025/26 (£438 million on capital maintenance, £698 million on capital enhancement).

This level of expenditure is notable given that investment in the first year of an AMP is typically lower as projects get started. By comparison, expenditure in year 1 of AMP7 saw spend of £448 million, less than half of the current year. This has resulted in an £830 million increase in property, plant and equipment and intangible assets, net of depreciation.

Financial needs and resources

At 31 March 2026, Anglian Water had borrowings net of cash of £8,293.1 million (excluding the fair value of derivative financial instruments), an increase of £572.0 million from 31 March 2025. The increase in net borrowings primarily reflects accretion on index-linked debt and capital expenditure.

During the period, there were new issuances of £420 million 5.375% fixed rate 2033, £300 million 6.25% fixed rate 2041 and £200 million bond tap on 5.875% fixed rate 2031. The funds were partially used to repay £250 million 1.625% fixed rate 2025, £200 million 4.50% fixed rate 2026, £200 million 6.625% fixed rate 2029 and £94.9 million amortising debt repayments.

Liquidity

The Group's objective is to maintain flexibility, diversification and continuity of funding through access to different markets and debt instruments. Daily cash management is undertaken to calculate cash position and dealing requirements, and weekly and monthly cash forecasts are prepared to demonstrate short/medium-term liquidity, covenant compliance and to inform investment strategy. Regular meetings are held with cash forecasters, to understand cash variances and challenge latest forecasts. Consolidated cash forecasts are presented to the Finance, Treasury and Energy Policy Group on a regular basis.

The business generates operating cash flows to finance the day-to-day operations of the Group, liquidity risk therefore relates to the ability to attract debt and equity investment to fund the enhancement programme set out in Business Plan and refinance existing debt. Both the allowed return on investment and the recovery of RCV included within revenues give management comfort as to the long-term viability of the Group.

The Group has undrawn borrowing facilities of £1,540.0 million (2025: £1,382.5 million).

Interest rates

The company's policy, as agreed by the Board, is to achieve a balanced mix of funding to inflation-linked, fixed and floating rates of interest. At 31 March 2026, taking into account interest rate swaps, 65.1% (March 2025: 55.8%) of the company's borrowings were at rates indexed to inflation, 23.3% (March 2025: 31.9%) were at fixed rates and 11.6% (March 2025: 12.3%) were at floating rates. At 31 March 2026, the proportion of inflation debt to regulated capital value was 49.4% (March 2025: 44.8%).

Pension funding

At 31 March 2026, the closed defined benefit scheme had an IAS 19 accounting pension surplus (before deferred tax) of £93.1 million, compared to £89.3 million at 31 March 2025. This increase in surplus reflects a decrease in the scheme's liabilities resulting from an increase in the corporate bond rate used to discount those liabilities on an accounting basis compared to a greater decrease in our assets which are hedging gilt-based liabilities.



Embedding our Purpose

Our Purpose is to bring environmental and social prosperity to the region we serve through our commitment to Love Every Drop.

In 2019 we were the first utility company to enshrine our commitment to the environment and our communities, in our Articles of Association.

This locks public interest into our business and the decisions we make each day. We are committed to:

- act 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;
- make sure customer bills are fair, affordable and that they offer value for money. And demonstrating we are responsible with customer money;
- ensure 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 values – doing the right thing, building trust and exploring new ways of doing things – and our Six Capitals model for decision making.

We are assessed on our Environmental, Social and Governance (ESG) performance by other leading organisations.



CDP

Anglian Water received an A- for our Climate Change Disclosure to CDP, and an A- for Water Security.



GRESB

We achieved 98/100 (four stars) in the GRESB Asset Infrastructure Assessment 2025.

Independent scrutiny and Customer voice

We encourage independent scrutiny and challenge on our plans. Our Independent Challenge Group (ICG) is made up of independent subject-matter experts and regulators and plays a key role in providing constructive, external challenge.

In November 2025, our ICG Chair attended an Anglian Water Board meeting to discuss the ICG's role. Following the discussion, the ICG Terms of Reference were updated to reflect its core role under Ofwat's Consumer Involvement Rule, which came into effect in April 2026 to support increased engagement at Board level.

Anglian Water's Chair attended the ICG meeting in February, and one of our Independent Non-Executive Directors, also attended a Customer Board meeting during the year.

Going forward, we have established a programme of attendance at ICG meetings for Non-Executive Directors, alongside members of the Senior Leadership Team, to support transparency, learning and effective challenge. The ICG reports its findings directly to the Anglian Water Board.

This strengthened approach to transparency and external challenge is particularly important at a time when trust in the sector is under pressure. The Consumer Council for Water's 2026 Water Matters report⁷ found that trust in water companies is at a record low, with an average score of 6.07 out of 10. Against this backdrop, Anglian Water's 2025 trust score of 6.45 (2024: 6.46) remains above the industry average.

In 2025, the ICG published an annual report summarising its role and engagement with Anglian Water from October 2023 to November 2025.

Purpose Impact Assessment

In July 2025, we published our first Purpose Impact Assessment on our website. The assessment seeks to report our absolute impact on delivering environmental and social prosperity for our region.

To develop the assessment, we consulted the views of our Independent Challenge Group and Customer Board, with members making several recommendations for improvements to the presentation and content, which we actioned.

Our first iteration of the assessment was received well. We were named in Anthesis' Purpose Gap Report 2025, where our assessment was referenced for its transparency, for 'using clear infographics, it makes progress visible and helps internal and external audiences understand what the organisation is prioritising and why'.

⁷ <https://www.ccw.org.uk/app/uploads/2026/05/CCW-Water-Matters-2026.pdf>



Purpose: Assessing our progress

This year, we had our third British Standards Institution (BSI) assessment visit where we were examined against PAS 808 on the extent to which we are maintaining our purpose-driven focus. The assessment identified small changes to our initial assessment score in 2023, shown in the chart across, with continued evidence of Anglian Water's ongoing commitment to purpose.

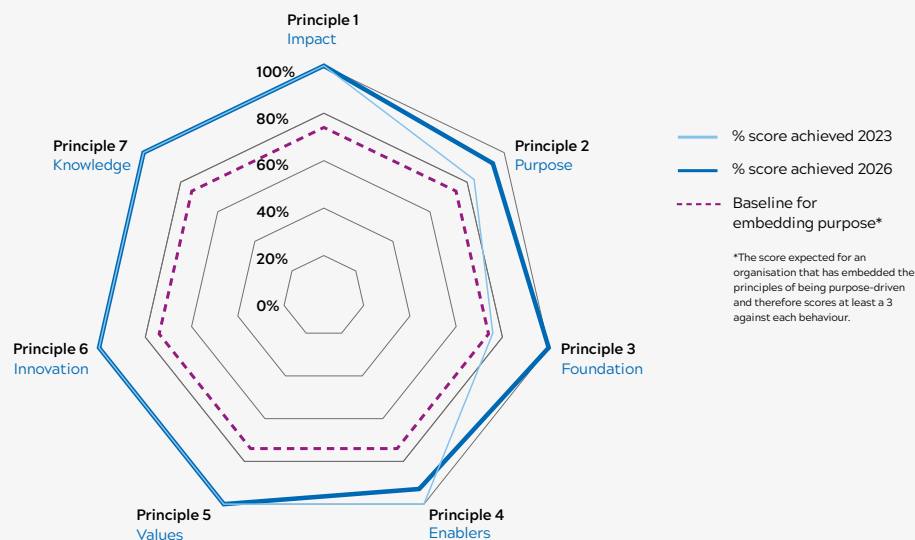
This followed our foundational involvement to develop the new Publicly Available Specification for embedding purpose in organisations, PAS 808:2022 Purpose-Driven Organisations, Worldviews, Principles and Behaviours. PAS 808 has been sponsored by the UK Government. In 2023, we were the first company to be assessed against PAS 808 by BSI, which explored the extent to which the worldviews, principles and behaviours on purpose are embedded in the organisation.

Through structured interviews with leadership and management and across a broad range of operational processes and functions, the assessment explored how Anglian Water is responding and adapting to both internal and external drivers of change – including organisational transformation initiatives, shifting customer and stakeholder expectations, regulatory pressures, and evolving societal needs – and whether these responses remain aligned with, and guided by, the organisation's purpose.

The assessment was not limited to confirming awareness of purpose, but extended to understanding how purpose is lived, reinforced, challenged, and maturing within Anglian Water, aligning with PAS808's emphasis on continual improvement, behaviours and long-term value creation.

Peter Hickmott, of BSI, concluded that “based on the evidence gathered through structured interviews, supported by the review of documented discussion summaries and identified improvement opportunities, the assessment concludes that Anglian Water continues to demonstrate a strong and maturing alignment with the principles of PAS808: Purpose-Driven Organisations.”

Radar Chart: How Anglian Water are performing against each principle as a percentage of the maximum possible score.



As long-term members of Anthropy UK, in March 2026 we hosted two sessions at their annual gathering. One focussed on funding models to enable nature-based solutions to scale, while the other discussion centred on how finance and purpose-led regulation could improve outcomes for environment and society. Anthropy is a great example of where we continue to learn from others to act in the public interest.



Case study

Aligning accountability with long-term impact

In July 2026, Ofwat announced a proposed £62.8 million redress package put forward by Anglian Water, in response to the regulator's industry-wide investigation into wastewater treatment works.

We are committed to achieving full legal compliance with the Urban Wastewater Treatment Directive, Section 94 of the Water Industry Act 1991, our Licence requirements and our environmental permits, and as part of our undertakings, we will invest £57 million in at least eight high-priority catchments by March 2028. Alongside the work we are doing in high-priority catchments, we have developed a long-term action plan to improve flow compliance.

At the heart of the package is a new £5.8 million community fund. Delivered in partnership with Cambridge Community Foundation, the fund will support local environmental and social projects, enabling both large and small organisations to deliver change where it matters most.

The Fund is open to not-for-profit organisations across the region. We aim to distribute £1.5 million in the first 12 months, with grants ranging from £5,000 to £100,000.

Through the Thriving Communities Fund, we are demonstrating how accountability and compliance can be aligned with long-term impact for communities and the environment.



Trusted by Government and regulators to meet our commitments

Strong relationships with our political and Government stakeholders enable us to serve communities and economies within the region.





We work closely with political and Government stakeholders to understand better the needs across our region, build trust in our sector and strengthen long-term relationships, at both a regional and national level.

Engaging with political stakeholders

We are committed to a regional-first approach. Building and maintaining relationships across our region means that, together, we can deliver positive outcomes for customers and the environment and jointly address important challenges, such as growth, planning reform and skills.

This year, we engaged with more than 900 political stakeholders, including ministers, MPs and councillors across our region. These engagements were varied, spanning from operational site visits, to roundtables, scrutiny committee sessions and one-to-one meetings, with discussions covering operational delivery, performance and policy. We also engaged with over 1,300 regional stakeholders, including businesses, Chambers of Commerce, local residents and non-governmental organisations.

We keep our stakeholders informed, continuously, about the work we are doing. This year we sent over 200 proactive emails to political stakeholders about our investment and improvement plans, work in their area and policy positions.

Marking a major milestone on our Strategic Pipeline

In March 2026, we welcomed Emma Hardy MP, Minister for Water, to mark the first operational milestone on our Strategic Pipeline, as water flowed through the network for the first time. During the visit, the Minister formally 'turned on the tap' for the 27km section between Wherstead and Great Horkesley, kickstarting water supplies to the Ipswich and Colchester area.

The visit brought together colleagues from across the business, including our Chief Executive Officer, Mark Thurston, alongside engineering apprentices working on the programme. It provided an opportunity to showcase the progress being made on one of the most important infrastructure projects in our history and to highlight the role it will play in securing resilient water supplies for our region.



In March 2026, we reached a key milestone, commissioning the section between Ipswich and Colchester. Emma Hardy MP, Minister for Water, joined us to officially 'turn on the tap'.

Working in partnership

Water Efficiency Labelling

Reducing water demand is a critical element in securing our region's supplies. We actively encourage customers to Love Every Drop, but we also work behind the scenes, shaping Government policy to help customers make smarter choices. As a lead partner of Enabling Water Smart Communities (EWSC), through our membership of Water UK and Waterwise, we have lobbied for a Mandatory Water Efficiency Labelling Scheme, which is in the very latter stages of being laid before parliament and becoming law.

Colour-coded water labels will make it easier for customers to choose water-efficient washing machines, dishwashers, taps and toilets. Once enshrined, this labelling will be rolled out across the UK.

Joined-up regulation

In November 2025, we met with John Leyland, Executive Director at the Environment Agency (EA), to highlight the growing challenge of unfunded environmental obligations being brought forward by the EA. Upwards of 11 consultations have been run outside the Business Planning process for AMP8, potentially creating hundreds of millions of pounds of unfunded obligations. We are calling for consistency across regulators and the issue has been discussed at national level through Water UK.

Case study

Everton Wetland Scheme

In July 2025, we welcomed Richard Fuller, MP for North Bedfordshire, to our Everton Wetlands. The visit provided a valuable opportunity to showcase the scale and innovation behind our nature-based solutions and to demonstrate how these approaches are helping us meet increasingly stringent environmental expectations. During the visit, Richard praised the project as an exemplary, environmentally-conscious initiative. He highlighted its dual benefits: improving water quality through natural methods to meet tighter phosphorous removal standards, alongside supporting biodiversity.

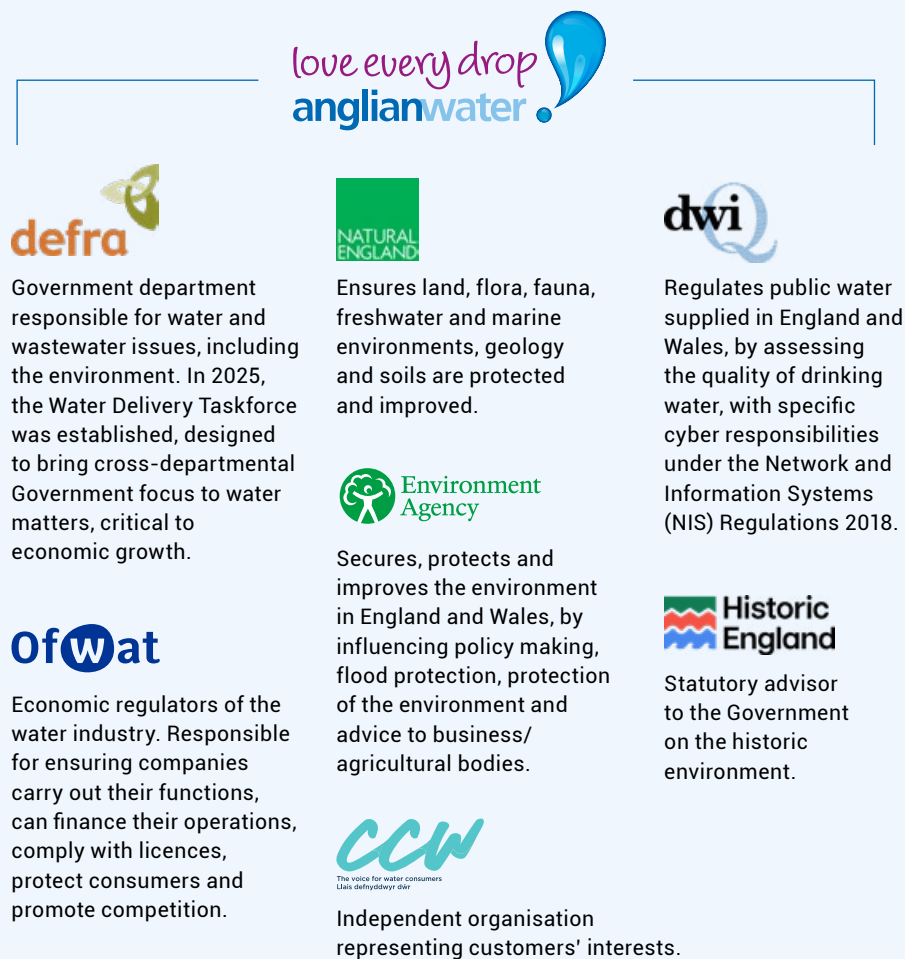




Working collaboratively with our regulators

As a regulated business, we maintain open and constructive relationships with our regulators, working collaboratively to shape the future of the water sector, support delivery of the Cunliffe Review recommendations and drive strong day-to-day operational performance.

Below is a snapshot of the current regulatory environment. The regulatory framework is changing, moving towards a more integrated model.



Water sector reform

This year has been a milestone one for water sector reform: the Government has published its response to the report of the Independent Water Commission and will bring forward a Transition Plan and Water Reform Bill. We continue to engage proactively and collaboratively with Defra on the development of these reforms.

In January, Defra published its Water White Paper, which details the implementation of the recommendations of Sir Jon Cunliffe's Independent Water Commission and the transition to a new, joined-up regulator for the sector. On the back of this paper, we increased our policy engagement, to ensure our regional MPs are well informed ahead of voting on the Clean Water Bill.

Across the year, we engaged routinely with Defra and other central Government departments, with activity ramping up significantly from September 2025. This reflected wider sector discussions on reform and increased cross-Government focus on our region through the Water Delivery Taskforce, chaired by the Water Minister.

Our engagement has supported national policy development and region-specific priorities, including the Fens Reservoir and the proposed Universal theme park in Bedford. Since September 2025, we've had more than 80 meetings with Defra and other Government departments, alongside over 55 formal written submissions, including briefings, letters and evidence.

In January, we held a workshop with Jacobs on how water company investment needs should be determined within a reformed system, particularly about how decisions on priorities and trade-offs could be made. Attendees included water companies, the Environment Agency, Ofwat, Defra, Water UK, Water Resources East and Water Resources South East.

The discussion recognised that the current system lacks clarity, with decisions about whether investment is needed often becoming blurred with assessments of cost efficiency. Participants explored how investment needs should be considered alongside affordability, bill impacts, investability and deliverability. Answering this question requires clear thinking about where decision-making responsibility should sit, alongside a multidisciplinary approach that reflects the broader vision for reform.

In February, we presented our work with Oxera on key aspects of reform, including attracting investment and supervision to Defra. We will continue to engage positively throughout the transition and reform process.

Blueprint for Growth

This year, we published our Blueprint for Growth – a call for action, aimed at Government and regulators. This sets out why water infrastructure must be treated as a critical enabler of economic growth in the East of England and includes recommendations to current regulatory and planning approaches to enable growth to happen at pace and scale. Read our Blueprint [here](#).





Embedded in our communities and valued by customers

We champion customers who need extra help, supporting them to stay active in our communities and focus on what truly matters to them, while delivering exceptional service that's always mindful of affordability.



Customer bills and affordability

We are very conscious of our responsibility to deliver a good, reliable service, which offers value to our customers. We have a range of affordability support, including: payment breaks, concessionary tariffs, forgiveness schemes and temporary instalment plans.

Keeping bills affordable

With the average household bill increasing circa 18-19% in 2025/26, we are continuing to support customers in AMP8. In 2025/26, we directly supported 398,585 customers (2024/25: 405,425). We awarded more than £580,000 from the Anglian Water Assistance Fund (2024/25: £800,000) and matched more than £800,000 of payments made by customers through our Back on Track scheme (2024/25: £900,000). We also delivered £95.1 million in support for financially-vulnerable customers (2024/25: £68.2 million) and signposted more than 8,000 customers to additional benefit support, after completion of our Extra Care assessment.

Building on what we delivered in AMP7, support is embedded in our Business Plan, which includes an unprecedented level of targeted support for customers at risk of water poverty. Affordability support includes concessionary tariffs, which will lower bills for an estimated 389,000 customers in 2026/27.

Through customer and shareholder support, as well as efficiencies in our business plan, we will continue to deliver direct financial assistance to customers experiencing water poverty in AMP8. We are also expanding flexible account management options to support customers.

Customer bills in 2026/27

From 1 April 2026, the average customer bill will rise by 13 pence a day to £1.85 a day (2025/26: £1.72 a day). Annually, this is an average increase from £630 to £674 a year. Bills cover both water and sewerage costs.

This 7% increase is driven by several factors, including rising inflation, but it also reflects the £11 billion capital investment programme we are delivering in AMP8. In 2026/27 alone, we are investing £1.6 billion in our region's water and sewerage infrastructure. This includes ongoing water mains upgrades – meaning fewer leaks and bursts – and £269 million to reduce spills from storm overflows, with £47 million allocated for 35 new storm tanks. We're also investing in our interconnecting water grid, which, together with proposed new reservoirs, will help secure water supplies for future generations.

Water bills remain one of the lowest household expenses for most customers, and we continue to help those struggling to pay, while explaining where bills are covering running costs and contributing to infrastructure investment.

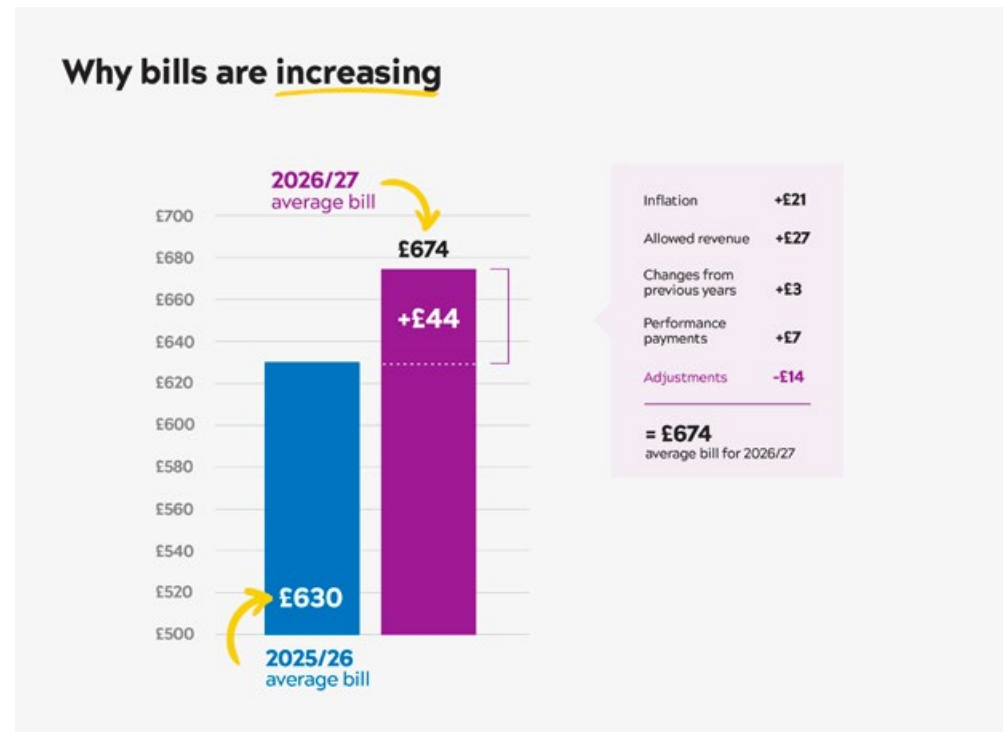


Figure 1: We explain why bills are increasing using customer-tested charts, such as this one, included with bills.

Explaining bills in a clearer way

Our goal is to improve our customers' understanding of where their money goes and why charges are increasing. Based on feedback from over 170 customers, we moved away from showing average cost-per-day on bills to a breakdown of how each pound is spent (Figure 2): 40% of customers found this explanation clear and simple, versus 15% for the previous version. This makes it easier to explain where money is spent while being transparent around financing and group payments.

When we tested the different versions of the chart explaining why charges are increasing, 70% of respondents said they felt the new version (Figure 1) was clear, and they understood what this was telling them.

42p • Keeping taps flowing and toilets flushing

This covers the costs of running the business day-to-day, including things like paying our people, energy, plus all the materials needed to clean, treat and test your water – so we can keep supplying you with safe, clean drinking water – every day.

It also covers the cost of cleaning and recycling your wastewater and returning it to nature to start the process again.

28p • Making your service better

This covers the costs of maintaining and improving our network, because you should always have water you can rely on.

It also goes towards funding longer-term projects like new reservoirs and pipelines, to make us more resilient to the risks of drought and flooding – as part of the biggest upgrade of our time, building for better to keep taps flowing and toilets flushing for generations to come.

30p • Taxes, licences, finance and interest

Like other businesses we pay taxes and set licence fees to run our business. We also borrow money to fund big projects and investments, so we're able to make improvements to your service sooner.

We then pay it back over a longer period including interest on what we've borrowed, a lot like a mortgage on a house.

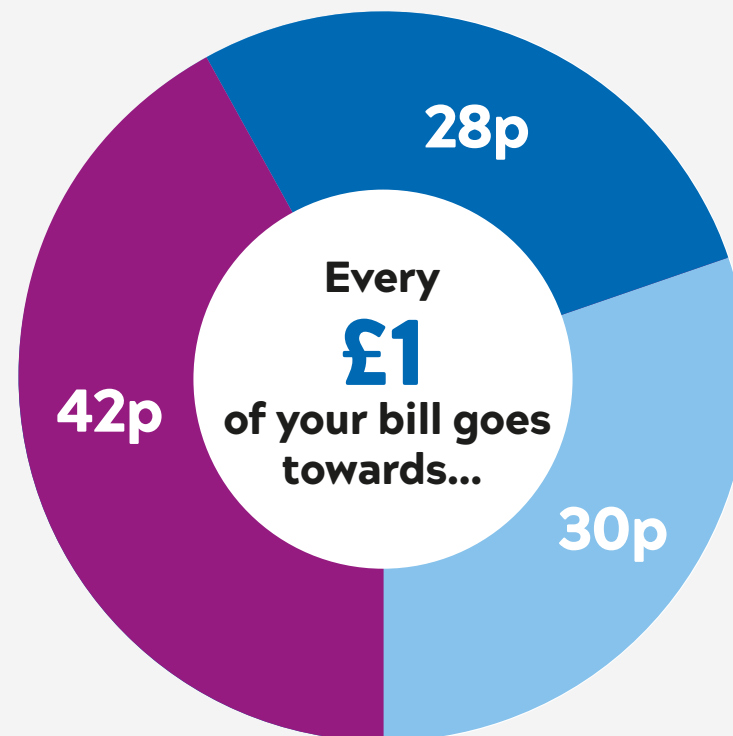


Figure 2: We use bill inserts like this to explain where customers' money goes. Feedback indicates more customers find this breakdown clearer than showing an average cost per day.



As a company that supplies fundamental services to around 7 million customers a day, we must listen to our customers and meet their needs.

Customer engagement shapes our plans and ensures our decisions reflect the priorities of the communities we serve. Our Customer Board provides a direct voice for consumers, in line with Ofwat's consumer involvement rule, which gives customers more say in decisions affecting their bills, service quality and protections. The Independent Challenge Group (ICG), made up of subject matter experts, offers independent scrutiny of our strategy and performance. Together, these groups help strengthen transparency and ensure we deliver on our commitments.

In 2025/26, our ICG met seven times (plus one ad-hoc meeting), while our Customer Board met five times, including an in-person meeting at our Lincoln office, where they met our teams and learned more about how we handle incidents at our incident response room. These meetings included two joint meetings, one being a site visit to a water recycling centre (see case study).

Complementing these groups, our Love Every Drop online community provides us with direct feedback on a range of topics, including long-term planning, bill impacts, service trade-offs and behaviour-change communications. Between April 2025 and March 2026, we ran 37 engagement activities through the community, with each activity typically involving around 150 customers, enabling rapid, iterative testing of ideas and proposals. Insight from the community is used by teams across the business, ensuring customer views consistently inform the development and delivery of our plans and day-to-day decisions.

As investment in major infrastructure projects accelerates, we have expanded our engagement across the region through our 'Building for Better' campaign. Launched in January 2026, this multi-channel campaign showcases how customer bills are funding infrastructure upgrades at a local level. We maintain a visible presence in affected communities, to explain upcoming work, respond to concerns and highlight the long-term benefits of maintenance and upgrades.

We are working closely with local authorities and other infrastructure providers to coordinate programmes, helping to minimise disruption and reduce the need for repeated roadworks.

Our 'Just Bin It' campaign continues to promote responsible flushing habits across our region. We had more than 5,400 face-to-face conversations with residents in targeted communities (read more about the campaign's impact in blockage hotspots on page 58). Alongside this, year-round and seasonal water-efficiency campaigns have encouraged customers to save water in their

homes and gardens through digital content and community engagement. This included our support of Colchester's Eco Festival in August 2025, during which 2,000 children from 10 schools took part in gardening workshops.

Getting the word out

More than **2.5 million customers** were reached through hyper-local capital investment campaigns in 2025/26.

Over **440,000 people** were reached through community Facebook groups and 1.8 million via targeted Meta campaigns.

Our mains renewal campaign **directly engaged nearly 50,000 customers through email, SMS and/or letters**, with a 50:50 split between digital and paper channels.



Case study

Customers go behind the scenes at Flag Fen Water Recycling Centre

In November, members of our Customer Board and Independent Challenge Group (ICG) visited our Flag Fen Water Recycling Centre to see firsthand how we clean water and return it to the environment. During their behind-the-scenes tour of the site, they had the opportunity to speak to our people and find out about the work they do to reduce spills into the environment.

Following their morning at Flag Fen Water Recycling Centre, attendees met the Pollutions Investigations and Prevention team for some hands-on learning at Thorpe Wood House in Peterborough. Participants explored the challenges and solutions involved in tackling pollutions. This immersive experience provided valuable context for understanding the day-to-day realities faced by our teams and the importance of proactive environmental stewardship.



Supporting customers who need extra help

Providing extra help to customers who need it remains fundamental to our duty of care. We worked with customers and other stakeholders to develop our updated 2025–2030 customer vulnerability strategy, which continues to shape how we support our customers.

Underpinning this strategy is our Priority Services Register (PSR), which offers tailored, practical support, such as accessible billing and priority assistance in emergencies. This year, it passed a major milestone, with more than half a million customers registered for free extra help.

By the end of 2025/26, our PSR totalled 514,016 households, representing 16.9% of all customer households. This figure reflects an increase of 69,629 households on the prior year – a greater increase than last year. While there is no target for AMP8, we continue to identify customers in need of extra help.

BSI Kitemark for Customer Vulnerability

We continue to hold the BSI Kitemark for Inclusive Service, BS ISO 22458. Anglian Water was one of the first companies in the world to receive this certification in 2023.



Medical Discount

Last year, we launched an industry-first initiative to make bills fairer for customers with specific medical needs that necessitate higher-than-average water use, such as home dialysis. Fully funded by our shareholders, the Medical Discount stemmed from consultation with Kidney Care UK and other partners, offering direct financial relief without increasing costs for other customers. The Medical Discount adds to a range of affordability support for customers, including payment breaks, concessionary tariffs, forgiveness schemes and temporary instalment plans.

By the end of March 2026, the Medical Discount, had supported more than 428 customers, with annual bill discounts totalling £74,072.02. Customers received an average annual bill reduction of £173, with satisfaction scores exceeding 9.8 out of 10, highlighting the positive difference this support is making to customers.

Since the scheme began, we have screened high-risk accounts and proactively contacted customers on our Priority Services Register to assess eligibility. Although targeted, the discount is not means tested. Of customers assessed so far, 65% have been eligible.

Smart meter rollout ahead of target

Sending regular data via a secure radio network, smart meters let customers monitor their water use through digital tools, help identify water leaks and give us an early warning if a customer's water bill will be higher than normal. In 2025/26, we installed more than 316,000 smart meters – more than 865 a day – beating our previous installation record of 296,000 (2024/25) and significantly exceeding our Ofwat target of 227,000 installations for the year.

Anglian Water leads the UK industry in water metering, with 85% of customers billed through meters and over 1.4 million smart meters installed since 2016 (equating to 66% of households), helping keep household water consumption among the lowest in the country. Smart meters give us a near real-time picture of water use across our region, helping us move from reactive monitoring to smarter, data-driven network management. Along with continued investment in network resilience, they are helping to secure water supplies across our region.

Since hitting our 2020–2025 targets, we have learnt from our successes, accelerating our smart metering rollout. Key to this is our collaboration with Kier and Clancy, and the work of our network partner, Arqiva, who accelerated the mast-building programme to support our network-first approach, meaning most of our programmed meters are up and running within a day or two of installation.

Since 2021, smart meter insights have helped us **identify around 740,000 continuous flows**, a key indicator of potential leaks.

In 2025/26, smart meters helped us **find 207,536 domestic continuous flows** of one litre or more per hour. Of these, we worked with customers to fix 161,078 leaks, resolving 69.5 megalitres per day of leakage and plumbing loss.

Smart meters have already helped **reduce leakage by more than 16 litres per household per day**, close to our 2030 targets.

Smart metering is helping **reduce distribution input by around 20 million litres** of water every day.



Mental Health Accessible accreditation

One of our proudest achievements of 2025/26 was becoming the first utility company to achieve Mental Health Accessible accreditation from the Money and Mental Health Policy Institute (MMHPI), founded by Martin Lewis.

Each year, one in four people in England will experience a mental health problem. This issue acutely affects our region, where antidepressant prescription rates are among the highest. Low mood and stress are often linked to financial difficulty, with research showing four in ten people with mental health problems feel anxious when dealing with essential service providers. Recognising this, we set out in 2024 to go beyond compliance and improve how customers with mental health needs engage with our services.

MMHPI conducted an in-depth accessibility review of our services, spanning digital platforms, communications and product design. Incorporating insights from people with lived experience of money and mental health problems, the assessment provided a detailed report alongside a clear pathway for continual improvement.

We implemented all priority recommendations, including introducing dedicated mental health training for customer-facing teams, equipping colleagues with the skills and confidence to respond effectively to mental health disclosures. We also strengthened quality processes, to ensure calls involving vulnerability are systematically reviewed. This reduces the risk of inconsistent support and improves the overall quality of interactions. Third-party contact processes were refined, to ensure customers receiving support are appropriately safeguarded during incidents.

The assessment praised our range of communication channels, including two-way SMS during incidents, as well as our team culture and affordability support.

One lived-experience assessor said,

"I breathed a sigh of relief – there is some positive help out there."

Since the assessment, we have significantly increased the number of customers supported through our Priority Services Register (PSR), with a 46% increase in those identified with mental health needs.

In achieving Mental Health Accessible accreditation, we took a model proven in financial services and significantly adapted it for a complex essential service. The insights we generated have since informed how the MMHPI programme can be applied more widely across utilities.

The power of partnerships

Working with partners enables us to support a greater number of customers across our region – often those who are isolated or hard to reach.

One example is our ongoing partnership with fire and rescue services in Cambridgeshire and Bedfordshire. To date, we have made more than 26,000 residents across these counties aware of their eligibility for free home fire safety visits. In turn, the fire and rescue services have helped more than 2,000 residents sign up for free priority services. Customers can disclose their personal circumstances during home visits, without having to repeat them to us. We then make the necessary tailored adjustments to their accounts. If the customer has provided consent, we can also share this information with their local energy distribution network operators.

In the Fenland District Council area, we work with the Golden Age partnership to reach older customers, who might be disengaged or digitally excluded. Going out into communities to meet customers at local events, we help them access priority services and financial assistance.

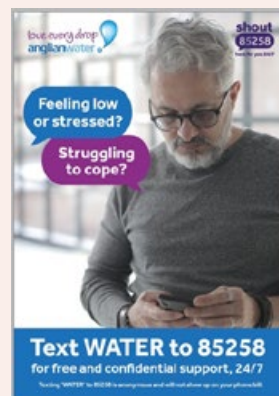
Working in partnership

Shout: free, 24/7 mental health support

We remain the only water company to have a paid partnership with 'Shout', a free (at point of service), 24/7, confidential text service. Customers can text 'water' to 85258 to access immediate mental health support from volunteers trained to de-escalate distress, helping them feel calmer and more able to cope.

Promoted via bills and other customer channels, 'Shout' provides out-of-hours mental health support when traditional services are unavailable. By funding this support, we are enabling help to be delivered more widely. Feedback has been positive, with 100% of customers who completed the post-conversation survey saying the service was helpful. One said,

"If everyone realised how good this service is, you would be overwhelmed."



Working in partnership

Green Doctors provide energy and water saving advice

Another example of how partnerships amplify our reach is Groundwork East's Green Doctors programme, which has delivered energy and water-saving advice in Essex and Suffolk water resource zones.

Between April 2025 and March 2026, 'Green Doctors' targeted 100 households at risk of fuel poverty, delivering in-home consultations to help residents save energy and water and lower their utilities bills by adopting sustainable habits.

They also installed small water-saving products supplied by Anglian Water. In addition, we provided training to help them identify small leaks. During the consultations, they advised on the benefits of water meters, provided estimated metered rates and, where requested, referred customers to our metering team; 22% of the households visited were also referred to our Extra Care Support, to find an appropriate tariff for their household needs.



Developer and non-household services

Our region is experiencing significant and sustained growth, with increasing demand for new homes, jobs, nationally significant infrastructure and economic development.

Water and water recycling services are essential to enabling this growth, but they must be planned and delivered in a way that is sustainable, resilient and aligned with long-term regional needs.



Supporting growth requires early planning, investment and close collaboration across the public and private sectors to ensure infrastructure capacity is in place at the right time and in the right locations. Over the past year, we have engaged with our developers, our retailers and their 120,000 business customers across our region, which has continued to shape how we improve our services and infrastructure.

Developers have shared their views through our annual charges consultation and via our customer insight team, who track sentiment and can act on feedback in real time. In 2025 we hosted a large developer event, bringing together customers to explore solutions to industry challenges. Our teams meet monthly with our development customers to discuss ongoing projects, with feedback on one occasion leading to a reduction in charges, which was welcomed by customers. This engagement, together with our D-MeX returns, has directly influenced service improvements.

Alongside this, we work closely with local planning authorities, regulators and other non-departmental public bodies (e.g. Homes England) to identify opportunities for growth and to work together on planning guidance and policies. In June 2025, this collaboration resulted in the publication of '[Shared Standards in Water Efficiency for Local Plans](#)', an evidence-based document that informs local planning policy, ensuring house developers adopt improved water efficiency standards in new developments. We also work with independent expert advisory groups such as the Cambridge Water Scarcity Group.

Case study

Universal theme park

Universal Studios has proposed a major new theme park and resort just south of Bedford, requiring significant upgrades to local water infrastructure, with initial estimated costs running into hundreds of millions of pounds. Although the development is commercial, the majority of its demand is classified as domestic, because of how water will be used (showers, toilets etc.). Water companies are legally obliged to meet domestic demand, with investment needs assessed and funded through the regulated business planning process. However, current allowances set by Ofwat do not account for developments of this nature, leaving no provision for the necessary upgrades. Moreover, it would be inappropriate for existing customers to bear the entire cost of infrastructure for a large, commercially driven project.

To maintain momentum and support the developer's ambitions, we provided a high-level cost indication, enabling the project to progress. This has shaped our approach to other major developments, fostering more constructive and transparent partnerships.

We subsequently contracted with Universal's representatives to deliver a feasibility study and have created a dedicated team to support the project, holding monthly update meetings. When the study completes (in June 2026), we will provide Universal with indicative costed options for delivery models, water reuse opportunities and funding approaches. This transparent, options-based framework will enable Universal to make informed decisions, while we explore the next stage of our commercial relationship.





Inspiring, educating and empowering communities

Bringing environmental and social prosperity to the region we serve is Anglian Water's Purpose. It underpins our community work, through which we educate, inspire and support local people.

Our goal is to have positive impact on half a million beneficiaries through our education, place regeneration and community investment programmes by 2030. This includes a new £5.8 million Thriving Communities Fund, delivered in partnership with Cambridge Community Foundation, which will support local environmental and social projects. (See page 28).

Education continues to be an important part of our community work. Over the past year, school visits and community events have educated people of all ages about the importance of water conservation and protecting the environment. This has promoted sustainable behaviour, supporting campaigns such as Just Bin It. The education team also plays an important role in promoting STEM (Science, Technology, Engineering and Maths) careers at Anglian Water, working closely with the early careers team to engage with schools and colleges and develop a diverse future talent pipeline. In 2025, we offered alternatives to conventional work experience, helping young people explore career opportunities through real-world challenges (see page 48).

Over the course of 2025/26, an estimated 36,330 children and adults were directly supported as a result of our Community Education programme.

A further 6,775 children, at 47 school and community events, benefited from the Mad Science educational partnership, which delivers hands-on school workshops. Targeted at schools in hotspot areas, these sessions help children understand the strain that unflushables, such as wet wipes, put on our infrastructure, highlighting the potential environmental consequences.

We also maintain a commitment with community groups to protect the environment. Our ongoing partnership with Keep Britain Tidy, which runs the RiverCare & BeachCare programme, supports 51 Care Groups and more than 2,000 dedicated volunteers, protecting and enhancing 'blue spaces' across our region. Alongside this, we have continued to work with regional environmental charities to safeguard important ecosystems, including chalk streams, wetlands and river networks.



36,330 people engaged with the Education Team

Case study

The Anglian Water Eco-Advocates Award

As part of our Sustainable Schools Programme, which supports the development of schools' climate action plans, we run the Eco-Advocates Award. This recognises young people who demonstrate a strong commitment to sustainability, encourage other students to take an active role and advocate for positive environmental change in their schools and communities.

Between January and July 2025, 30 schools from across our region completed the award, with 10,420 pupils taking part. All 30 schools completed a water audit. Three identified leaky loos, which were promptly fixed, with each repair saving roughly 400 litres per day. Faulty taps were found and fixed at 27 schools, with one leaky tap found to be discharging water at a rate of 52,704 litres a year.

The schools used newsletters, assemblies, posters and social media to communicate their findings with their communities. And having completed the award, they could each claim a 100-litre water butt as a prize. In 2026, we are inviting more schools to take part.



Case study

Sustainable drainage system for Peterborough school

June 2025 saw the grand opening of a sustainable drainage system (SuDS) at the entrance to Discovery Primary Academy in Peterborough, marking the completion of an innovative, collaborative project that began in AMP7.

The Academy had initially planned to re-asphalt the front of their site, but with our support, alongside designers and delivery partners, this evolved into the creation of a functional space featuring a rain garden, planters and permeable paving. Rather than entering the combined sewer network, surface water and roof runoff now soak naturally into the ground, significantly reducing the risk of surface-water flooding.

Our education team visited the Academy several times to speak to pupils about Anglian Water and explain what SuDS are. The children later planted wildlife-friendly plants in the garden, and we were then invited to attend the opening ceremony with the school trust and a careers day.





£1.1 million raised for WaterAid

In 2025, Anglian Water customers raised more than £1.1 million for WaterAid – enough to bring clean water to more than 53,600 people. New donors from water bill inserts contributed £30,100. This ongoing initiative is part of our longstanding partnership with WaterAid, through which we support communities around the world by improving access to clean water, decent toilets and good hygiene across the world.



Ram Kumari Paman, 40, using her tap water to wash vegetables, Lahan, Nepal, December, 2024. Credit: WaterAid / Ram Saran Tamang

Among the projects we continue to support is the Beacon Project, a partnership we lead with our alliances, which provides handwashing and sanitation stations, as well as educational sessions, to communities in Lahan, Nepal. Last year, it directly supported an estimated 5,075 individuals. Sessions in schools have included discussions about the importance of good menstrual hygiene management, handwashing and solid waste management. School children gain a clear understanding of the importance of good hygiene practices and take these lessons home, influencing practice in their households.



Anglian Water's Director of Quality, Environment and Assurance, Dr Robin Price, and Director of Strategic Asset Management, Dr Sian Thomas, visited Nepal in 2025 to see the Project's work firsthand. Our Chief Executive Officer, Mark Thurston, will travel to Nepal in May 2026.

Investing in skills

Together with members of our @one Alliance, we continue to sponsor courses at three further education colleges in our region, through the Collaborative Skills Programme. These include two courses at the College of West Anglia in Wisbech, whose Green Skills Academy was launched in 2024 with £2 million of funding from Anglian Water and @one Alliance partners. Opening in April 2026, this new facility will create much-needed training opportunities for local people keen to pursue careers in protecting and enhancing the environment.

Fitted with solar panels and rainwater harvesting technology, the new Academy is also bridging skills gaps within Anglian Water and its alliances. Earlier in 2026, it welcomed its first learners for a Sustainability Bootcamp, which included a carbon literacy award and the ISEP Sustainability Skills for Managers qualification. With growing demand for skills such as carbon reduction and conservation in our sectors, training apprentices and upskilling our existing workforce will be critical as we invest in climate resilience and create more green jobs in the coming years.

Read more about how we are attracting and developing talent from communities in our region on page 47.



The Green Skills academy in Wisbech

Case study

Love to Help: Legal team's River Nene litter pick

Our employee volunteering programme, Love to Help, enables colleagues to give their time, during working hours, to support environmental and social initiatives. The programme makes a positive impact in communities across our region, strengthening our connection with customers, while also improving employee wellbeing, building confidence, skills and teamwork.

In June 2025, our legal team volunteered with RiverCare & BeachCare along the River Nene in Peterborough, tackling a heavily littered woodland area identified by local volunteers. The RiverCare team would not have had the capacity to clear this space without additional help. Working together, they cleared a significant volume of waste, including furniture, bottles and general debris, in just one morning. The effort transformed a neglected space and provided vital support where it was needed most, and our volunteers came away feeling proud of what they had achieved.





Our people and partners are proud to deliver excellence and be Safer Every Day

By fostering a performance-focused culture, rooted in safety and continuous operational improvement, we empower our people with the skills to excel, retain top talent and support career evolution.





Our services – delivering safe drinking water and recycling used water – depend on the capability and judgement of our people. We employ around 6,800 people and a further 4,600 via our alliances. Their expertise keeps our assets performing and enables us to meet the outcomes expected by customers, communities and the environment.

Our culture is underpinned by our values. Together we:

Do the right thing

Build trust

Are always exploring

Safety is also a lived behaviour at Anglian Water. Safer Every Day reflects our clear, unified approach to safety across Anglian Water and our alliance partners.



Our culture is what drives us to deliver excellence for our customers and to protect our assets and the environment. As we deliver our biggest infrastructure investment programme to date, safety is fundamental. Of equal importance is having the right skills in the organisation. Over the past year, we have focused on reshaping the business to set us up for success, ensuring we have the right people in the right roles.

Looking ahead, we are supporting the development of a skills pipeline across the region. We're taking an age-inclusive approach to development, supporting colleagues as they approach retirement to pass on their knowledge, to build a more diverse, experienced and resilient workforce for the long term.

In this section of our annual report, we cover our health and safety performance, the culture we create at Anglian Water that makes sure our colleagues feel heard, included and fulfilled at work, as well as how we are planning for the future of our business.





Health, safety and wellbeing

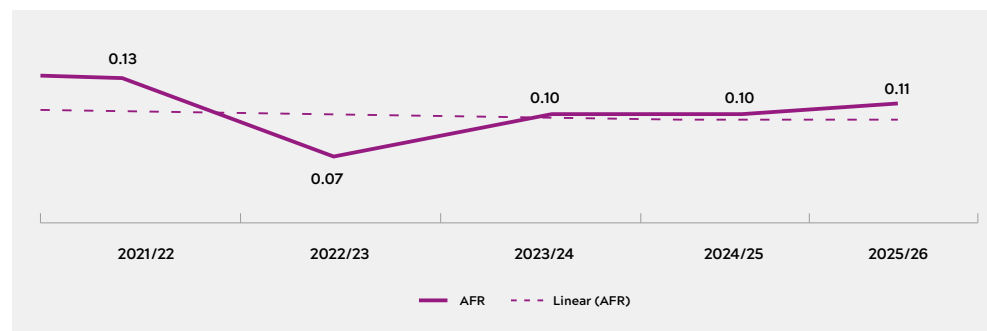
Our combined Accident Frequency Rate (AFR) has remained stable, and we conclude the year with an AFR of 0.11, which equates to a single accident more than our position at the end of 2024/25. This performance is set against a backdrop of a significant increase in overall hours worked across the whole organisation and indicates that, although workload is increasing, with more people on our sites, we are not seeing a matching increase in the number of accidents.

All lead measures have improved significantly since the launch of Safer Every Day in March 2025. For the performance year, 22,729 near misses have been raised, which is the highest number on record. Even more importantly, the close-out rate for these is at 95%, indicating they are being acted upon in a timely manner. Similarly, this year has seen operational colleagues raise 792,228 Point of Work Risk Assessments – a figure more than 50% higher than the number reported 12 months ago. These risk assessments encourage colleagues to stop and think about the work they are about to undertake and what the safety implications may be. Point of Work Risk Assessments form an important pillar of our overall approach to accident reduction.

We know that the conversations between employees and their immediate managers are of pivotal importance when it comes to discussing safety and preventing accidents. Active management remains a core part of our approach: we have seen over 15,000 active management conversations recorded on our new active management app, showing that managers are taking the time to specifically talk health and safety with their teams. Again, this is the highest number on record to date and reflects the increased focus on health and safety across the organisation since the launch of Safer Every Day.

Despite the encouraging results we have started to see, we cannot afford to be complacent. There is still much more we need to do. We recognise that areas such as utility strikes (of underground pipes and cables) remain higher than we want to see, and we are still having too many specified injuries, where colleagues are suffering significant personal impact as a result of accidents at work. We also have a number of employees on long-term sickness and rising trends on lost time associated with musculoskeletal issues and mental health. These areas, alongside further embedding our safety culture, will form the focus of our Safer Every Day programme for 2026/27.

Accident Frequency Rates over 2021/22 - 2025/26

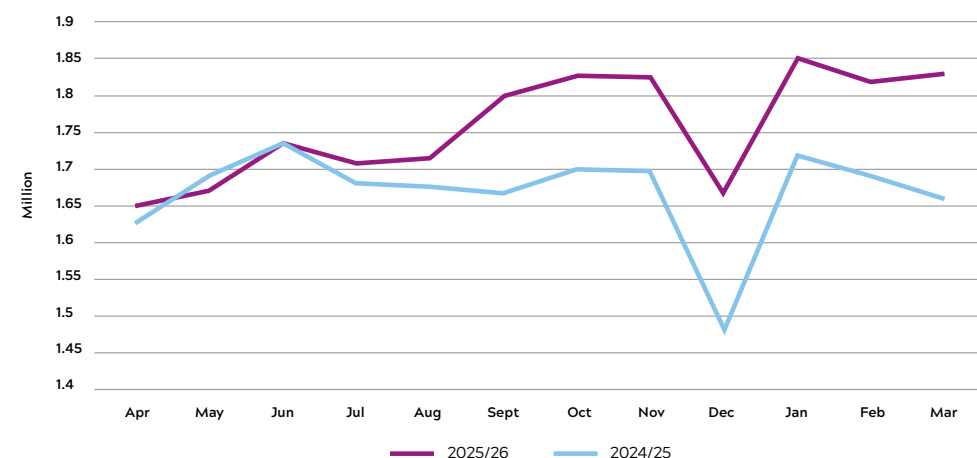


	2019 /2020	2020 /2021	2021 /2022	2022 /2023	2023 /2024	2024 /2025	2025 /2026
Category 1 events							
• Reporting of Injuries, Diseases and Dangerous Occurrences Regulation (RIDDOR) reportable specified injury accidents	4	7	7	3	13	10	8
• RIDDOR reportable non-worker /member of the public accidents							
• RIDDOR reportable (potentially life-limiting) occupational diseases							
• Fatalities							
Accident Frequency Rate (AFR)							
• The number of reportable accidents in every 100,000 hours worked. Our AFR includes data from our own employees and our contractors.	0.08	0.13	0.13	0.07	0.10	0.10	0.11
Sickness absence – target 5 days							
• The average number of working days lost, per employee, due to sickness	4.54	3.77 ¹	5.82 ¹	5.04	4.96	5.04	5.65

¹ These figures exclude self-isolation and shielding due to Covid-19.

Our health and safety figures cover alliance members, framework contractors and Anglian Water staff – more than 11,000 people.

Total hours worked comparison





One year of Safer Every Day

Analysis of our accidents shows that more than 80% can be traced back to poor decisions taken in the moment, which is why we launched Safer Every Day in March 2025. Safer Every Day is a movement, aimed at changing our safety culture and influencing employees to make better safety choices.

If we are to deliver our best work, our people must thrive. To do this, they must be safe in their places of work, feel psychologically safe to speak up and raise concerns – or even stop work where they deem it to be unsafe – and be healthy enough to undertake the tasks we ask of them. This is why health and safety is a strategic imperative for Anglian Water. It is why Safer Every Day is so important.

This year has seen us focus on the safety behaviours of over 200 frontline managers, responsible for putting teams to work in potentially challenging environments. We have also trained a number of behavioural safety leads as part of refreshing our behavioural safety programme (formerly known as LIFE) and created a community of advocates at all levels across the organisation, to help us deliver the required culture change.

Targeted improvement plans are being delivered across areas including process safety, statutory inspections, construction

design management and induction and onboarding. We have also strengthened how we do the basics, with mandatory six-point personal protective equipment (PPE) being rolled out across the whole company and its partners. Further to this, we are recruiting additional safety specialists to support the business, redoubling our focus on the completion of mandatory safety training and including health and safety objectives in all performance reviews.

With Safer Every Day now in its second year, we are continuing to build capability and consistency, particularly in how we manage high-risk activities, learn from incidents and support our people.

As we deliver the largest capital programme in our history this AMP, a consistent approach to safety is essential. With more of our people on site, on the road and in our offices, being Safer Every Day matters more than ever.





Employee health and wellbeing

This year, we delivered a holistic, proactive wellbeing strategy to create a healthier, safer workplace. Wellbeing is complex and personal. For some colleagues, it is about safety and physical health; for others, it is rooted in mental resilience, financial stability, personal fulfilment or social connection.

Our annual Health, Safety and Wellbeing Week, which took place in June, saw more than 2,500 colleagues engaged in talks and interactive sessions that encouraged them to take time out of their busy working days to focus on health, safety and wellbeing. We also continued to deliver bi-monthly wellbeing webinars, with topics including burnout, stress and the power of connection.



We introduced unlimited, 24/7 mental health support through our Virtual GP platform and launched a new mental health triage tool, which is powered by artificial intelligence, supporting colleagues to make self-referrals. We also developed an in-house Mental Health Foundations for Managers workshop, plus new, self-paced e-learning for all employees, launching in April 2026.

Using health insights, colleague feedback and local engagement data, we started to deliver targeted interventions across teams with heightened wellbeing needs. These activities ranged from health promotion sessions, to risk-specific campaigns.

Launched in 2025, local Safety and Wellbeing Improvement Teams (SWITs) are one way in which colleagues are taking ownership of improving health, safety and wellbeing in the area where they work. Our growing 'Wellbeing Champion' network, now around 120 strong, also plays a crucial role in embedding wellbeing into workplace culture. Spanning operational and office-based teams, this peer-led support network reaches harder-to-engage parts of the business, promoting business-wide wellbeing campaigns and local health initiatives. Acting as trusted wellbeing advocates, Wellbeing Champions provide early signposting to mental health and wellbeing resources and identify local wellbeing risks, concerns and opportunities.

Our reviewed accommodation strategy for AMP8 will see welfare standards improved across our estate. Announced in spring, our Welfare Facilities Improvement Programme, funded by the Anglian Water Group, is initially upgrading toilets, mess rooms/areas, small offices, kitchens and meeting rooms at priority Water and Water Recycling sites.

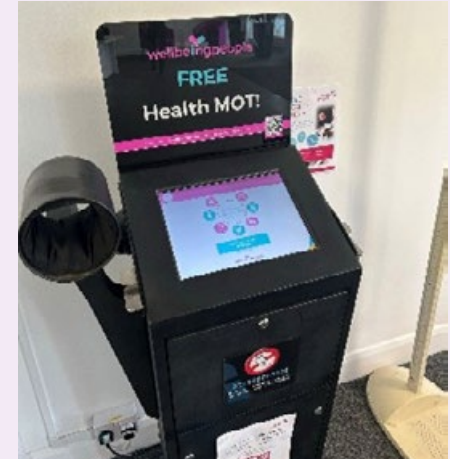
Case study

Employee health checks

In 2025, we launched an initiative to improve early detection and prevention of health issues among colleagues. Our six-monthly health check campaign, now running every March and September, brings proactive, preventative health support directly to operational sites and offices across our region.

In September, more than 700 colleagues took part, with health checks including blood pressure, weight, BMI and muscle mass. Colleagues had the opportunity to discuss their lifestyle with health professionals and were directed to follow-up support.

Between September and December, to make these checks even more accessible, we introduced two self-serve 'Health MOT' kiosks, supplied by WellbeingPeople, at our Peterborough and Lincoln offices. These were used more than 600 times, demonstrating strong demand for convenient, confidential health monitoring. Colleagues valued the opportunity to take ownership of their health and receive instant personalised insights.





Our culture

Reward

Pay update

Following extensive pay negotiations and a subsequent formal ballot in early 2026, Anglian Water and trade unions agreed a new pay deal for 2026/27. The new deal reflects the hard work of all our people and enhances employees' long-term financial wellbeing and retirement options.

For the financial year 2026/27:

- A stepped pay increase of between 4% and 2.5%, depending on employee level, for all permanent employees.
• All employees now have the option to increase their personal pension contribution to 7% (previously 6%), with the company continuing to double match the employee contribution, increasing the employer contribution to 14% (previously 12%).
• All employees will receive a £170 non-consolidated payment for 2026/2027, provided as a contribution towards increased bills, regardless of full-time employment.

Love to Listen 2026

Love to Listen is a confidential, company-wide survey that helps us understand our people's experience of working at Anglian Water and our alliances. This year we had a record number of participants, with 8,104 colleagues taking the time to share their views.

A slight decline in engagement from last year reflects the impact of significant organisational change across the business, as colleagues adjust to new roles and ways of working. Throughout the change, they have continued to value support from their line managers, appreciate our flexible, inclusive culture and enjoy strong bonds with colleagues. Pride in our Purpose remains strong but has dipped slightly amid negative public sentiment about the water industry. Conversely, there is a growing confidence in the positive impact of the Safer Every Day programme.

Follow-up action is focused on supporting people to work better together across the business, addressing misaligned goals and cultivating more effective communication across teams.

Embedding our values

In 2025, we introduced several initiatives to strengthen our values-based culture. These included peer-nominated Values Awards three times a year. Inspired colleagues made more than 1,500 awards nominations over the past year. We celebrated winners during Values Weeks, which included engaging sessions for employees to explore our values in more depth and highlight how they show up in action. We also introduced a network of Values Champions to lead local engagement across the business.



8,104 colleagues shared their views (78% response rate) (2025: 7,860 / 81%)

- 68% overall engagement (2025: 70%)
89% are supported and empowered to work safely (2025: 90%)
87% feel our culture is inclusive (2025: 86%)
77% feel proud to play a part in our Purpose of creating environmental and social prosperity in the region we serve (2025: 79%)
71% believe Safer Every Day will strengthen our safety culture and performance (2025: 68%)
82% have a clear understanding of our business goals (2025: 85%)
83% see a strong emphasis on great customer service (2025: 86%)

Case study

Anglian Water builds presence in Norwich

In March 2026, we put the finishing touches to our new regional hub in Norwich. Establishing a presence in the city marks an important step in delivering our largest-ever investment programme, with more than £1 billion earmarked for Norfolk as part of our AMP8 plans.

The new hub, which opened in April, will help us deliver efficiencies and support long-term business resilience. Enjoying excellent transport links and nearby amenities, this purpose-built office at Broadland Business Park brings together Anglian Water colleagues and members of the @one Alliance project delivery teams in a shared environment, fostering collaboration and innovation.

Having teams located close to key delivery areas, such as Whitlingham Water Recycling Centre, will be essential in the years ahead. The Norwich hub also provides hotdesking and meeting facilities for Anglian Water and partner colleagues who live, or are working, locally.





Skills and talent

Anglian Water is entering a major delivery decade. Delivering this programme at pace and scale depends on having the right skills, capability and leadership in place.

Over the past year, we have reshaped the business to set us up for success, to make sure we have the right people in the right places at the right time. Our overall business and colleague numbers have grown; however, the shape has changed. This saw some areas of our business increase, such as in frontline teams, our alliance partners and the safety team, with the addition of our new Programme Delivery Partner. Elsewhere, our overhead teams and non-operational parts of our business were simplified, to bring clarity, remove duplication, increase efficiencies and become more agile for the future.

Looking ahead, we are focused on attracting talent from our local communities, continued investment in the ongoing development of our people and enabling long-term careers

In 2026, we launched our largest-ever apprenticeship recruitment drive, offering 130 apprenticeship roles across Anglian Water and our strategic alliances – more than double last year’s intake. Opportunities span frontline operational roles, engineering and maintenance, operational technology, commercial and data roles, and newer pathways such as Water Supply Process Technicians and Finance Analysts. Recruitment will take place on a phased basis through to June 2026.

Over the past five years, more than 500 apprentices have joined the business. Looking at earlier cohorts, 86% of those who completed an apprenticeship are still with us ten years later. This demonstrates the quality of our programmes and the value of long-term investment in people.

We are committed to opening doors to a broad and diverse talent pool. Apprenticeships are open to all ages and experience levels, supported by retraining routes such as the @one Alliance Training Schools, alongside graduate programmes and tailored work experience opportunities. Together, these pathways help ensure we have the skilled workforce needed to protect water resources, support communities and deliver the infrastructure future generations will rely on.

It is important that incoming talent reflects the communities we serve. Our 2025/26 intake of graduates was 63% female (2024: 17%), and 23% of offers were to ethnically diverse candidates (2024: 17%). For apprenticeships, where frontline operational roles continue to attract significantly more male applicants, 19% of the 2025 intake were female (2024: 20%) and 12% were from ethnically diverse communities (2024: 9%).

To improve diversity in the business, we have launched new work experience programmes for young people from less advantaged areas across our region.

Skills for a Thriving East

At Anglian Water, we’re taking a leading role in solving the skills and employment challenges facing our region. In November 2025, our CEO, Mark Thurston, hosted a ‘skills dinner’ bringing together senior leaders from education, local government and industry, including CEOs and directors from Sizewell C, East West Rail, Associated British Ports and UK Power Networks.

Key challenges on the table included shortages in high-skill and entry-level roles, particularly in the construction and engineering sectors, where employers face significant competition for talent. Attendees also grappled with a fragmented skills landscape, where education and training programmes are lagging behind technological advancements and transport barriers are restricting access to training and apprenticeships.

The skills dinner set the stage for our April 2026 Skills for a Thriving East summit, designed to bring together industry leaders to explore ideas and commit to overcoming challenges together.

Experience Anglian Water

Last year we committed to creating meaningful work experience opportunities for young people in communities across our region. This led to the announcement of our first targeted, place-based ‘Experience Anglian Water – Building for Better’ group events for May 2026. This will see 100 young people meet colleagues from different areas of the business, to gain deeper industry insight and a greater awareness of career opportunities than traditional placements offer. Participant activities will cover green skills, safety, technology, frontline operations, innovation, STEM careers and infrastructure.

Case study

Apprentices host MP during National Apprenticeship Week

To mark National Apprenticeship Week in February 2026, Anglian Water apprentices welcomed local MP Andrew Pakes to our Peterborough office at Thorpe Wood. Andrew spoke to four current apprentices, including a civil engineering degree apprentice and a maintenance technician apprentice, as well as former apprentices who are now in full-time roles.

The visit coincided with the announcement of our biggest ever apprentice recruitment drive, with 130 roles on offer. Commending our commitment to developing future skills and supporting career opportunities in our region, Andrew said, **“Anglian Water’s investment in digital, green and specialist skills demonstrates how employers, training providers and policymakers can work together to strengthen local resilience and support the workforce of the future.”**





Case study

Apprentice of the Year

As we deliver the biggest infrastructure upgrade in our history, apprentices have a vital role to play, bringing new skills, fresh thinking and long-term capability. Alex Curtis was among our 2021 intake, and in March 2026, his determination and resilience were recognised at the Institute of Water's annual awards ceremony, where he was named Eastern Area Apprentice of the Year 2025.

With the support of his colleagues and the Early Careers team, Alex overcame health challenges to complete his apprenticeship and now has a permanent, hands-on role as a Flow Catchment Technician. Reflecting on his award, Alex said,

"The awards evening left me feeling even more motivated to keep learning, pushing myself and contributing to the work we do every day."



Alex Curtis pictured alongside Maria Fulluck (head of Merit Skills) at the Institute of Water's annual awards ceremony.

Six years of Armed Forces Covenant Gold award

We have been proud to hold the Defence Employer Recognition Scheme (ERS) Gold award since 2019. We were recently revalidated to hold the award for another five years.

In December 2025, we marked the occasion, welcoming the Lord-Lieutenant of Cambridgeshire, Julie Spence, to our Huntingdon office, where she officially presented the certificate to our Chief Executive Officer, Mark Thurston. Members of our Armed Forces Community attended the presentation.

The ERS reinforces our ongoing commitment to the Armed Forces community and Defence, recognising support that goes above and beyond our Armed Forces Covenant (AFC) pledges. To achieve the Gold award, we had to demonstrate active support for reservists in our workforce and advocacy in our sector, promoting the AFC and ERS to partners and suppliers.

Alongside this, we provide practical support for the cadet movement, underpinned by policies that encourage employee volunteering. In addition, we recently hosted apprentice recruitment events at cadet locations in Thetford and Downham Market, which aligns with our long-term strategy of pivoting away from more commercial venues. We also engage with the Career Transition Partnership, supporting Forces-friendly recruitment and helping service leavers transition successfully into civilian careers. Members of our Forces community recently attended a recruitment event in Lincoln.



Julie Spence, Lord-Lieutenant of Cambridgeshire, presenting the Gold award certificate to Mark Thurston, Chief Executive Officer, at our office in Huntingdon.

Case study

Working with Bedford Giving to open up opportunities

In 2025, we partnered with Bedford Giving, to deliver alternative work experience for young people from disadvantaged backgrounds, who might not otherwise have access to workplace opportunities. Students from Daubeney Academy took part in real-world projects, employability skills sessions and a site visit to Grafham Water, which were designed to develop confidence, teamwork and presentation skills, while providing insight into water sector careers. Removing barriers associated with traditional placements, this work supports our wider commitment to social mobility and to building a future workforce that better reflects the communities we serve.





Diversity and inclusion

Gender pay gap

We remain committed to closing the gender pay gap. Our Gender and Ethnicity Pay Gap Report 2025 showed a median gender pay gap of 12.3% (2024: 11.6%) and a mean gap of 5.2% (2024: 4.9%). While this represents a slight increase on the previous year, it reflects structural challenges in our workforce. Our sector continues to be male dominated – particularly in operational roles, which attract additional pay in the form of standby rates and allowances – and this is reflected in Anglian Water, where 32% of employees are female.

Women's representation in senior leadership has grown in recent years, supported by targeted development, inclusive recruitment and active employee-led communities such as Women Inspiring, Connecting and Advocating (WICA). This was recognised in the [FTSE Women Leaders Review 2025](#), in which Anglian Water was named among the top UK private companies for women's representation in leadership, topping the utilities sector rankings.

Alongside mentoring and networking opportunities, internal coaching continues to play a critical role in supporting development alongside our three Talent Development Programmes, for which applicants are selected by committee, using gender-neutral criteria. Throughout the year, we also enhanced our family-friendly policies, offering support around menopause and providing flexible working and improved internal mobility support following family leave.

Insights from engagement surveys, recruitment data, pay analysis and workforce composition show that attracting women into technical and leadership roles, supporting progression and retention will be key to closing the pay gap.



Ethnicity pay gap

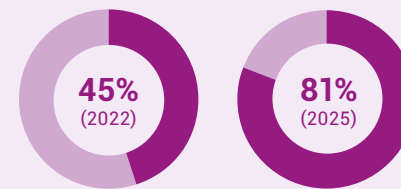
In 2025, our median ethnicity pay gap was 4.5% (2024: 6.2%), and the mean pay gap was 4.1% (2024: 8.4%). This is influenced by the under-representation of employees from Ethnically Diverse Communities in senior and technical roles. Improving data quality is essential for progress. At present, 80% of colleagues have disclosed their ethnicity (2024: 71%).

Over the past year, we have continued to take steps to address under-representation and close the ethnicity pay gap. We have encouraged colleagues to share their ethnicity data voluntarily, developed our Race Equality Strategy in collaboration with the Embrace community, and have applied lessons from gender inclusion initiatives to ethnicity-focused work.

We are taking a measured, data-led approach, recognising that improvements in pay outcomes depend on better representation, career progression and retention over time. Reverse mentoring, which sees senior leaders paired with junior colleagues from diverse backgrounds to share lived experiences and drive change, is an important element, which complements wider efforts in recruitment, partnerships with educational institutions and employee-led communities. Find out more in our Gender and Ethnicity Pay Gap report, [here](#).



We are a Disability Confident Employer (Level 2). Our ongoing efforts have raised our Business Disability Forum Disability Smart score year-on-year from 45% in 2022 to 81% in 2025.



The strength in employee-led communities

Employee-led communities continue to grow in strength and number. In the past year, we introduced executive-level sponsorship for each community and launched two new communities. These complement our existing women's network, health and ability network, ethnic diversity support network, and LGBTQ+ community, offering practical, peer-led support linked to wellbeing, retention and organisational culture.

Established at the end of 2024, the Balancing Act, which grew significantly during 2025, supports parents and carers at all stages of family life. Monthly virtual sessions have focused on topics such as shared parental leave, the mental load of parenting, and returning to work after family leave.

"What I love about being part of The Balancing Act is that it builds on great, existing support. It gives colleagues a genuine space to talk, share what's going on in their lives and feel properly heard... It feels good knowing we're helping make things just a little easier for working parents across the organisation."

Jess Pilsworth, Balancing Act Lead

Launched in 2025, Getting Men Talking supports men's mental, physical, social and financial wellbeing, providing a safe and open space for colleagues to connect and challenge traditional norms around masculinity and help-seeking. Through regular drop-in sessions and discussions, the community is normalising conversations about mental health and signposting professional support.



A high performing organisation that attracts investment and creates lasting value

Grounded in financial resilience, we enhance long-term investability, by offering fair returns to attract investment. We foresee and adapt to changing sector conditions, to remain a compelling choice for investors seeking sustainable value and dependable performance.



Delivering long-term value requires a combination of strong operational performance, disciplined investment, and the confidence of long-term investors, who help fund the infrastructure our region depends on.

As we enter a period of significant investment, our focus is on maintaining a resilient financial position, investing responsibly and continuing to offer a stable proposition for investors.

This year, we strengthened our financial foundations, while continuing to invest for the future. Revenue increased by 20%, to £2,103.1 million, with operating profit rising to £639 million. This reflects improved operational performance and careful cost management. Strong earnings and cash generation provide a solid platform for future investment.

We also took further steps to maintain financial strength and flexibility. This included continued shareholder support, progress following the CMA referral of our PR24 Business Plan and continued delivery of our turnaround plan.

Over the last 12 months, we have received £500 million of shareholder funding at a Group level. Since November, we have raised £920 million of funding within the business. Over the course of the financial year we also renewed £1.2 billion of committed bank funding with 12 lenders, helping maintain strong access to finance for the next three years. A further £900 million of funding has been raised at Midco since August, with no additional funding required until March 2028.

Our plans to reduce debt levels continue to make good progress. We closed Year 1 of AMP8 with gearing of 69.7% in our main operating business and 76.7% in our wider holding company structure, both lower than at the same point last year (71.2% and 79.9% respectively). We remain on track against targets.

During the year, lenders and investors continued to provide ongoing, increasing levels of support, reflecting the progress we have made, our financial discipline and the strength of our long-term plans.

Our credit ratings remain strong. Anglian Water Services Limited senior-secured debt is rated A- (Stable) by Fitch and Baa1 (Stable) by Moody's. These independent investment-grade ratings support efficient access to funding at competitive cost and recognise our financial resilience.

Delivering fair and stable returns

Long-term investors play an important role in funding the infrastructure our customers rely on. In return, they expect fair and stable returns over time. Our investors are largely long-term institutions and pension funds, whose priorities align with sustainable, reliable performance. This supports investment decisions that create value over many years, rather than focusing on short-term gains.

We carefully balance the needs of investors, customers and communities. This means investing in essential services, keeping bills as fair as possible and ensuring returns remain appropriate and sustainable. Our dividend policy reflects this balanced approach. Any decision to pay dividends is subject to Board approval and takes account of financial resilience, business performance, future investment needs, lender obligations and our commitments to customers, the environment and other stakeholders.

The majority of dividends declared by Anglian Water Services are retained within the wider Group and used for purposes such as servicing interest payments on existing debt. Our owners' long-term commitment to the business is demonstrated by the injection of £500 million of equity since 2025.

Returns in the water sector are also subject to independent regulation. Ofwat sets the level of returns companies can earn through periodic price reviews, taking account of investment needs, financing costs, customer service and affordability. Performance is then measured against a range of agreed commitments, with rewards or penalties applied, depending on delivery. Together, this helps ensure returns remain fair, transparent and linked to the quality of service we provide.





In summer 2025, we hosted a well-received Capital Markets Day at Rutland Water, attended by more than 40 investors. Colleagues from across Anglian Water shared insights on topics including pollution reduction plans, water resources management, our new reservoirs and Anglian Venture Holdings.

Long-term investability

Our ability to attract investment depends on more than financial results. It also relies on strong governance, clear strategy, delivery capability and trusted relationships with stakeholders.

We continue to benefit from supportive long-term shareholders who share our Purpose and long-term outlook. Their continued backing demonstrates confidence in our plans and future prospects.

We also place strong importance on open and regular engagement with investors. During the year, we held two results presentations for our full-year and half-year performance, providing updates on both operational delivery and financial performance.

Alongside formal events, we continue to hold regular meetings and calls with investors throughout the year, helping maintain transparency, build understanding and support long-term relationships.

Looking ahead, we will continue to strengthen our financial resilience, deliver our AMP8 programme at pace and maintain a disciplined approach to investment.

The scale of investment required to meet the region's future needs is significant, but so is the opportunity. With a clear strategy, strong financial foundations and the continued support of our investors, we are well placed to deliver long-term value.

Strength in our supply chain

Our alliance model and supply chain partnerships are helping us deliver one of the largest investment programmes in the sector. This gives confidence that funding can be translated into outcomes for communities and the environment. Over the past year, our supplier engagement activity focused on readying ourselves to deliver for AMP8, strengthening relationships, sharing forward pipelines and enabling collaboration.

Supplier engagement activity over the year





Enabling sustainable growth and resilience in an environmentally significant region

We deliver large-scale investment that keeps pace with change, unlocking growth across the East of England. By harnessing our existing assets, alongside efficient, effective supply chains and a deep commitment to one of the country's most environmentally important regions, we're creating resilient, future-ready infrastructure.

Image: Everton Integrated Constructed Treatment Wetland – Courtesy of Vesi Environmental





Water is intrinsic to a healthy environment. As a water company, we rely upon and have an impact on natural capital and ecosystems.

We operate in an environmentally significant region that is already experiencing the effects of climate change: hotter, drier summers and more intense rainfall. Nature plays a vital role in regulating climate, reducing flood risk and supporting biodiversity, while also providing social and recreational benefits for the communities we serve. As the East of England continues to grow, we must carefully balance the needs of the environment, alongside sustainable development, ensuring the long-term resilience of our systems.

Our impact on the environment is best understood via two lenses: **water resources** and **water recycling**. More on our processes and how they interact with the environment can be found on page 81.



Water resources: One of the most effective ways to protect the environment is by leaving more water in it. Our reservoirs, rivers and aquifers support nature and communities. We must manage them carefully, to ensure sufficient water is available now and in the future. We work collaboratively, with other environmental stewards, to protect and enhance green and blue spaces across our region. Our long-term aim is to create a water environment that not only sustains nature, but actively restores ecosystems and renews resources.



Water recycling: Our role in water recycling is to keep wastewater within the systems designed to manage it and to treat it to the required standard before returning it safely to the environment. However, under extreme weather conditions, or where ageing infrastructure fails, there is a risk of pollution. Minimising the frequency and impact of these incidents is critical.

We currently take groundwater from around 400 boreholes and surface water from eight reservoirs and nine rivers, alongside managing thousands of kilometres of pipework, water towers, pumping stations and water storage points. If not managed carefully, abstractions can have a detrimental impact on the environment. We work closely with stakeholders to make further reductions to abstraction. With 10% of all water in this region used by agriculture, more water will be needed for irrigating crops as our climate warms. Through Water Resources East (WRE), we are contributing to and creating a more integrated approach to long-term water resource management and planning.

Investing in water resources

The region we serve is home to many areas significant for biodiversity, as well as being one of the driest in the UK. For many years, we have been aware of our supply and demand risk. Summer 2025 was officially the warmest and driest on record, which presented challenges in terms of drier ground, lower river flows and reservoir and groundwater levels dropping to below normal levels. The autumn and winter rainfall helped the majority of sources to recover. By carefully managing water use, we can reduce reliance on groundwater and protect precious habitats.

Projects like our interconnecting water grid are key. It is one of Europe's biggest environmental projects and, once complete, c.500 kilometres of pipework will transfer water across the region – all the way from Lincolnshire to Essex. Phase 1 of the pipe-laying programme is nearing completion. The next phase is currently in consultation – with route options being defined – and will see the delivery of interconnectors across AMP8.

We are also planning for two new reservoirs, desalination projects and our interconnecting water grid will be integral to the distribution of water across our networks and into homes.

Our interconnecting water grid



Purple line indicates phase 1 of the pipe-laying programme. The next phase of interconnectors, marked in blue, will be delivered over AMP8. The Strategic Pipeline Alliance (SPA) is made up of Anglian Water, Costain, Farrans, Jacobs and Mott MacDonald Bentley.



Case study

Supporting low river flow during dry weather

We manage water resources across our region in ways that support both environmental resilience and economic prosperity. A key example is the long-standing, informal water-sharing arrangement on the River Nene.

The River Nene flows through Northamptonshire, Cambridgeshire, Lincolnshire and Norfolk, before reaching The Wash. In its lower reaches, farmers and other irrigators have increasingly felt the effects of dry weather on crop production.

To help manage these pressures, in 2019, we established an informal agreement with the Environment Agency and the local internal drainage board to share our allocated water resources from the river. Under this arrangement, we reduce or temporarily stop abstraction from the Nene

at certain times of year, allowing more water to remain in the channel for downstream irrigators, particularly during periods of high agricultural demand. We then recover this volume by refilling our reservoirs when river flows increase, typically during the winter months.

During the prolonged dry weather in 2025, we enabled an additional 875 million litres of water to travel downstream for use by abstractors in the lower Nene catchment. This equates to an average of 35 million litres per day – roughly the daily water use of around 268,000 customers.

The arrangement demonstrates how collaborative, flexible water management can support both local communities and the wider regional economy during increasingly frequent dry periods.

Our long-standing statutory Water Resources Management Plan (WRMP, updated in 2024) and Drought Plan (updated in 2026) provide a comprehensive framework for managing future water supplies.

Over the past year, we've been implementing our three-tiered approach to managing demand and secure sustainable supply, with actions including: making best use of our existing resources (reducing leaks and encouraging waterwise behaviours), progressing major infrastructure to meet new water needs and planning for adaptive future resources such as desalination.

New demand emerged after we submitted our most recent WRMP, for example the Government's growth targets and developments such as the Universal UK theme park and resort. We are looking beyond current planned infrastructure and exploring new methods; for example, we are working on an advanced Water Recycling Centre in Colchester, and effluent reuse for the energy sector on the South Humber Bank.

New water sources to supply the East of England

With no new reservoirs constructed since the 1990s, there is a pressing need for new water storage. Once in supply, our two new proposed reservoirs will supply enough water for around three quarters of a million homes every year in Lincolnshire, Cambridgeshire and the wider region. The Lincolnshire reservoir will store up to 55 million cubic metres of water, and via over 50km of new pipelines, will transfer enough water into supply for around 500,000 homes every year.

The Fens Reservoir will provide enough water for around 250,000 homes every year, which will be transferred into supply via 80km of new pipelines.

Both assets are currently in the development stage, with plans to be operating by the late-2030s at the earliest. They are being developed in line with our Purpose, supported by PAS 808:2022, to ensure long-term purpose and value creation. They will also be designed and delivered to BREEAM standards⁸, reinforcing our commitment to sustainability, resilience and environmental performance throughout construction and operation.

Alongside securing supplies, the reservoirs will offer new spaces for wildlife, recreational opportunities, and educational experiences that inspire young people about water, nature, engineering and sustainability. Work is already underway with schools, colleges and universities to support skills development and encourage future careers. The development of the reservoirs will also boost the regional economy, creating jobs and supporting local businesses.

We are delivering this programme through a strong and collaborative partnership model, with more than 850 people across multiple organisations already shaping the proposals.

Our extensive engagement programme across both projects is another core strength. We've brought stakeholders and communities along on the journey, right from before the sites were announced in Autumn 2022, via multiple phases of consultation. Our most recent consultation phase on the Fens Reservoir project saw over 800 people attend our events and 400 submit feedback. Over a third of these were positive about our proposals and plans to create benefits for people and nature.



Simulation image of the proposed reservoir in The Fens

⁸ BREEAM is a suite of science-based sustainability standards that assess, benchmark and certify performance across the full life cycle of the built environment, providing independent, third-party assurance and supporting ESG reporting and net-zero goals



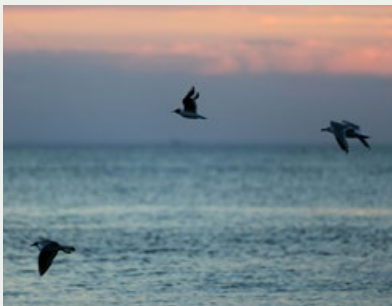
Case study

Progressing desalination

We are shaping plans for two proposed seawater desalination plants in Lincolnshire and Norfolk. Desalination is a new technology for us and remains relatively rare in the UK. The proposed plants would treat seawater from the North Sea through pre-treatment, reverse osmosis and remineralisation before blending it into supply.

We have appointed two technical partners – Tyspa-Stantec joint venture, supported by Acciona, and our secondary partner, RSK-GHD, supported by Veolia – to help develop early design concepts, identify and assess potential sites, navigate planning and environmental consent, and shape the delivery strategy for these complex, long-term assets.

This collaboration brings global expertise into our business, helping us build capability in a technology that is new to both Anglian Water and much of the UK water industry. It also strengthens our ability to deliver major strategic investments in the years ahead.



Advanced Water Industry National Environment Programme

This year we launched our Advanced Water Industry National Environment Programme (A-WINEP) to test new approaches to address water quality, water resources and deliver environmental benefits at catchment scale. We are one of only three water companies to secure regulatory approval for this approach.

A-WINEP builds on the partnerships and learning from Get River Positive, and is structured around three pillars: the Rural Regeneration Programme, the Urban Regeneration Programme and the Partnership Centre of Excellence.

In January 2026, we launched our Catchment Regeneration Fund, an £11 million investment to accelerate nature-based solutions that improve water quality and strengthen water resources. The fund is open to partners and projects in 11 rural catchments and will see us collaborate with a range of organisations. Since its launch, it has attracted around £800,000 worth of applications.

Our Urban Regeneration Programme seeks to deliver a nature-first approach to surface water management in Great Yarmouth and Southend-on-Sea, focusing on retrofit Sustainable Drainage Systems (SuDS) to reduce storm overflow discharges, improve bathing water quality and lower flood risk. We have made progress, collaborating on the development of standard designs for SuDS interventions.

The Partnership Centre of Excellence will support engagement with regulators on the future role of A-WINEP over AMP9 (2030-2035). A key output is the delivery of 11 Catchment Investment Plans: the first two plans were commissioned in 2026.

The Centre also explores opportunities in emerging nature markets. In 2025, we joined the Flood Action Coalition to support the scaling of investment into nature-based solutions.

To provide independent oversight and governance, we have established an A-WINEP Steering Group. Chaired externally, the group convenes regulators, the agriculture sector, academia, customers, local authorities and environmental Non-Governmental Organisations, ensuring that A-WINEP is shaped by a range of perspectives.

Scaling up nature-based solutions

Nature-based solutions are an increasingly important part of how we deliver our commitments and protect the environment while delivering resilient water and water recycling services. Over the past year, we have strengthened our approach, moved towards early-stage deployment and laying the foundations to scale delivery across the current AMP.

We have:

- Delivered our first integrated constructed wetland at Everton Water Recycling Centre with 17 further wetlands continuing through design.
- Delivered two river restoration schemes, with a further six in the process of completing detailed design.
- Submitted three spill wetland trials to the Environment Agency, supporting spill reductions and enhanced biodiversity.
- Expanded our delivery capability and completed feasibility assessments across multiple locations to develop a strong future pipeline.
- Strengthened national and international collaboration, sharing insights and best practice.

Over the rest of the AMP, we will scale up wetlands, river restoration, and wider catchment-based interventions, embedding nature-based solutions alongside traditional engineering within our capital programme where land availability and partnerships enable delivery.

We are one of the largest investors in the environment in the East of England. While our performance has improved over time, we recognise that further progress is needed. Over the next five-year period, we plan to invest around £4 billion in environmental improvements. A significant proportion will be delivered through our £2.4 billion Water Industry National Environment Programme (WINEP). WINEP is the main framework that sets out how water companies in England invest in protecting and improving the natural environment. Developed by the Environment Agency, Natural England and Ofwat, it translates national environmental policy into action.

Through the programme, we are reducing the impact of storm overflows, relieving pressure on sewers through a combination of traditional and nature-based solutions, and investing in wetlands and other infrastructure to remove harmful nutrients from rivers.

As our largest programme to date, we are delivering over 4,000 commitments worth circa £2 billion – more than double our investment in AMP7. These activities support legally binding environmental requirements and national objectives, including cleaner rivers, healthier ecosystems and improved water quality.

"WINEP is the most important programme of environmental investment in England; it consists of investing £22.1 billion of asset improvements, investigations, monitoring, and catchment interventions." – The Environment Agency



Reducing pollutions and spills

Our sewerage and wastewater network operates as an ecosystem. We operate over 1,200 Water Recycling Centres, over 7,000 pumping stations and more than 100,000 kilometres of pipes and sewers, all of which are underground. We also operate 1,471 storm overflows, a number which is steadily decreasing as we make investments.

Our job is to keep sewage and wastewater in the asset that it needs to be in and to treat it to the right standard, safeguarding customers and the environment. Under extreme weather conditions, or if our infrastructure breaks, particularly as it ages, this can result in a pollution.

Anglian Water's spills performance⁹

Average number of spills per storm overflow down c.60% to 12 (2025) vs 31 (2024) against an Ofwat target of 19.



Our storm overflow performance in 2025 was an improvement on 2024. The total number of spills reduced by 62% and the total duration of all spills reduced by over 80%.

Storm overflows were originally installed on the sewer network to protect homes and businesses from flooding during heavy rain.

So, while dry years like 2025 mean storm overflows are needed less often, performance was better than in 2022 when rainfall levels were similar, indicating that the investment delivered so far is already driving improvements.

Between 2020 and 2025, we invested almost £100 million¹⁰ to construct and upgrade 112 storm tanks across the region. This has helped to reduce storm overflows from Water Recycling Centres by creating storage to hold excess flows during heavy rain, reducing the need for storm overflows to be used as emergency release valves to prevent flooding. This, combined with work to reduce rainfall entering the system in the first place and improvements to monitoring and prediction technology, has helped to drive our best performance to date.

Over the past year, we have progressed a range of water recycling investments, including committing all 42 accelerated storm overflow schemes to delivery and planning through to 2027, alongside advancing our Continuous Water Quality Monitoring programme. We are also progressing capacity expansion at Water Recycling Centres to support regional growth.

⁹ Our pollutions and spills performance is assessed on a calendar year basis.

¹⁰ <https://waterprojectsonline.com/case-studies/anglian-storm-tanks-2025/>

¹¹ Data true as of 9th March 2026 in line with our Pollution Incident Reduction Plan 2026. All incidents are classified under the Environment Agency's Common Incident Classification Scheme 16_02. Our pollutions performance is assessed on a calendar year basis.

Anglian Water's 2025 pollutions performance¹¹

Serious pollutions increased to 12

2024: 7 2025 target: 0

Total pollutions reduced by 66



In 2025, our total pollutions reduced by 15%, to 371 (2024: 437). However, we saw an increase in serious pollutions. Our serious pollution performance reflects a range of root causes across our assets, including failures and issues within foul sewers, pumping stations and treatment works.

Unlike total pollutions, where blockages are a major driver, serious incidents tend to arise when underlying issues occur in higher-risk circumstances or locations, resulting in a greater environmental impact. This highlights the importance of asset resilience, improving detection and response, and addressing system-wide pressures. We continue to invest in and use digital, AI-powered tools such as Dynamic Sewer Visualisation. Harnessing predictive analytics is central to identify risks quickly and intervene.

Furthermore, exceptionally dry weather conditions can impact the severity of pollutions. While intense rainfall can increase the load on our networks, extended dry periods can create other pressures.

Reduced flow of water within the network can result in increased sedimentation, concentration of wastewater, and greater build up of fats, oils, grease, wipes and debris within pipes. These conditions create a higher baseline susceptibility to blockages and sewer collapses, which increases the likelihood of pollution events once flows increase.

This pattern is indicative in our total pollutions, where 82% can be traced to three primary root causes: foul sewer blockages (138), electrical failures (76) and civil and structural failure of underground assets (52).

While our performance isn't yet where we want it to be, the overall reduction in pollutions is a step in the right direction. In 2026, we will build on the foundations we put in place over the past year, with a greater focus on actions that deliver the greatest impact – response, flow control and containment. By strengthening rapid incident response, actively managing flows and deploying targeted containment solutions, we can significantly reduce the impact.

We have had two independent reviews on our pollution reduction programme, which confirm our pollutions risk at treated assets has reduced, with further recommendations, which we are progressing. These activities complement our Long-Term Plan for Flow Compliance.

Find out more in our [Pollution Incident Reduction Plan, which sets out in detail our performance over 2025.](#)





Case study

Just Bin It

Sewer misuse remains a challenge across our region, with 80% of blockages caused by unflushable items such as wipes, sanitary products, and cooking fats. To tackle this, we expanded our 'Just Bin It' behaviour-change campaign in 2025 following a successful 2024 trial, increasing targeted blockage hotspots from two to five.

'Hedgehog' monitoring devices captured over 29,000 wipes across four locations, informing our targeted awareness campaign, which included sending more than 34,800 letters to residents, installing street signage, and direct community engagement. These local activities were supported by region-wide communications via social media, radio, outdoor advertising and PR campaigns amplified by partners, MPs and local councils.

In 2025, our partners ECAS (Environmental Compliance Experts) worked with 5,476 Food Service Establishments, and we expect 10 million litres of cooking fats and oils will be prevented from entering sewers in 2026. Building on these successes, 'Just Bin It' is expanding further as part of our AMP8 plans, with enhanced community and school engagement fostering stewardship for our region's infrastructure.



Our domestic misuse 'hedgehog' devices help to tackle blockages by capturing and removing unflushables, evidencing the scale of the problem.



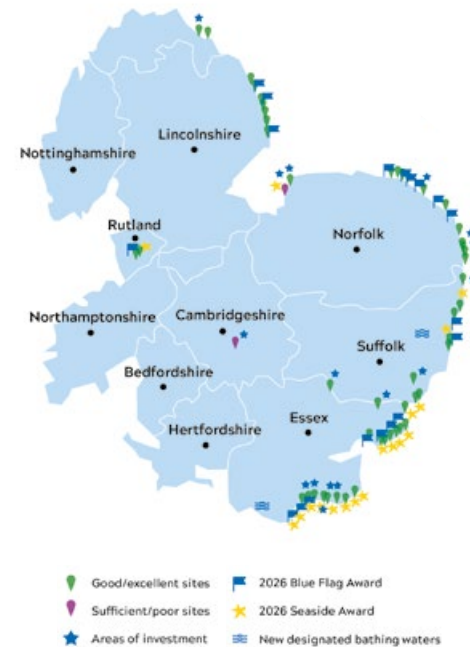
An example of localised comms for the Just Bin It campaign.

Bathing waters

In 2025, the East of England recorded its strongest bathing water performance since regulations were introduced in 2015, with 96.3% of designated bathing waters rated 'Good' or 'Excellent' – the highest proportion in England.

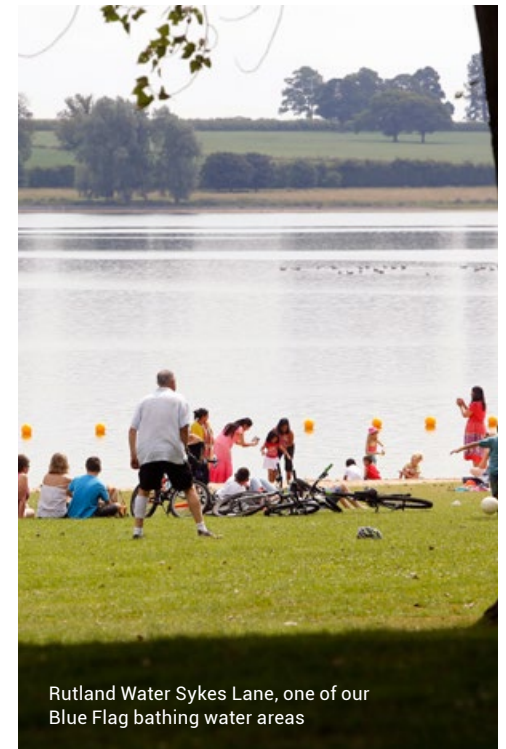
Coastal performance was particularly strong, with 98% of sites rated 'Good' or 'Excellent', including 100% of beaches across Lincolnshire, Suffolk, Essex and North Norfolk, while inland bathing waters also improved significantly, supported by the designation of six new river and reservoir sites since 2023. This progress reflects sustained partnership working and targeted investment to improve bathing water quality across the region by 2030.

Bathing water quality in our region – 2026



In early 2026, 19 of the bathing waters in our region received the prestigious Blue Flag award, while 18 were recognised with Seaside Awards.

Keep Britain Tidy's Chief Executive, Allison Ogden-Newton OBE, said: "England is fortunate to boast some of the world's finest coastal and inland beaches, and it's encouraging to see this reflected in the Blue Flag and Seaside Award given to Rutland Water Sykes Lane, signalling its high standards to all who visit or live nearby. Everybody involved in these achievements should feel proud of their ongoing work to care for and enhance these important local blue spaces."



Rutland Water Sykes Lane, one of our Blue Flag bathing water areas



Supporting the circular economy

The processes for sewage sludge treatment and recycling are a highly mature circular process. Alongside this, we are advancing a number of innovative trials to improve our contribution to the circular economy.

Sewage sludge is a byproduct of the water recycling process, produced in our 12 Sludge Treatment Centres across the region. The sludge itself is a pasteurised, nutrient and carbon-rich mix of organic matter, such as human and food waste particles, that is decomposed by bacteria through the water recycling process. This is treated through enhanced anaerobic digestion into biosolids, an excellent low-carbon natural replacement for artificial fertiliser.

In 2025, Anglian Water produced in excess of 370 kilotons of sludge, all of which is assured to a high standard by the Biosolids Assurance Scheme standard, in compliance with ISO 14001.

Our sludge treatment process produces biogas, a methane-rich gas which we use to power combined heat and power engines, exporting any remaining electricity back to the national grid. This year, we produced 94,983 MWh of electricity. This process results in fossil fuel reductions, saves customers money and supports local farmers.

However, we recognise that there are risks to this process, which we are actively addressing through the delivery of our bioresources 2025-2050 strategy. These risks include the potential tightening of legislation around the suitability of land spreading as the potential risks posed by forever chemicals, such as PFAS, become better understood, alongside an increase in the volume of sludge production as the population in our region grows, and reduced landbank availability as crop coverage and nutrient need changes.

Case study

Developing recovery options to reduce emissions

We are focused on developing alternative byproduct recovery options. Advanced Thermal Conversion processes have the potential to produce a suite of valuable products, and we are involved in a number of technology innovation trials to achieve this.

Another alternative, being developed by Firefly Green Fuels, seeks to use biosolids through Hydrothermal Liquefaction to produce sustainable aviation fuel, offering more than 80% GHG emission saving compared to conventional aviation fuels.

We supported the delivery of a pilot plant in late 2025, and are working with Firefly as they work to prove the technology further through full-scale demonstration in the coming years.



Waste production and diversion in 2025/26

In 2025/26, 98.3% of the waste we created was diverted from landfill (2024/25 94.6%). Our recycled waste percentage, outlined below, includes biosolids. Collectively, our partners produced 309,766 tonnes of waste, of which 96.1% was diverted from landfill (2024/25: 72%).

Anglian Water Services waste data

	Disposed	Recycled	Anaerobic digestion	Incineration	Recovered/treatment	Reuse
Tonnes	8760	444,969	15	1,250	65,390	0
Percentage	1.7%	85.5%	0.01%	0.24%	12.6%	0

Anglian Water framework delivery partners' waste data

	Disposed	Recycled	Recovered/treatment	Reuse
Tonnes	11,987	178,930	12,055	106,795
Percentage	3.9%	57.8%	3.9%	34.5%

We have seen positive developments in our waste management on our construction activities, through an innovative waste and resources tracking system that allows us to repurpose aggregates and soils across different schemes and partners. A pilot project showed that this new approach could save up to 80% in financial and carbon costs. We will extend this approach across our major infrastructure projects.



Our approach to the climate and nature crises

As a water company, our relationship with the environment is fundamental. Our Purpose is to bring environmental and social prosperity to the region we serve through our commitment to Love Every Drop. The health and condition of the natural environment both affects, and is affected by, what we do. Around the world, climate change is intensifying risks, with more frequent and severe droughts, extreme storms and rising sea levels. In the UK, these impacts are already being felt. We have seen increased flooding, particularly during the winter of 2023/24, and in 2022 the highest temperature ever recorded in the UK was reached in Lincolnshire, in our region.

Section contents		Key:
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Strategy	65	 CFD – Climate related (mandatory)
Risk and impact management	86	
Metrics and targets	87	 TNFD – Nature related

These challenges are not new to us. As far back as 2007, in our Strategic Direction Statement, we identified climate change and population growth as the most significant challenges we would face to 2035. They have shaped our long-term approach to resilience and driven a wide range of climate-related commitments.

More recently, a United Nations report published in January 2026 reinforced the scale of the challenge, confirming that ‘water insecurity has emerged as a systemic risk that increasingly constrains progress... water systems are under unprecedented pressure’, with degrading rivers and wetlands, over-abstracted groundwater and rapidly retreating glaciers.

While we have always taken a long-term view, climate-related impacts are increasingly affecting our ability to provide safe, clean drinking water and to safely return used water to the environment. Adapting to these risks means working across sectors to understand interdependencies, manage trade-offs and plan for resilience at a system level. We see adaptation as an ongoing journey. We must find ways to work with our changing climate, in a way that isn’t detrimental to nature and works harmoniously with it – and that means our approach needs to be flexible too.

In this report, we cover our approach via two reporting frameworks: the Task Force on Climate-related Financial Disclosures (TCFD) and the Companies Act 2006. We have reported against the TCFD since 2017. Our approach is consistent with all 11 TCFD recommendations and is compliant with the requirement of LR 9.8.6R, by including climate-related financial disclosures. This disclosure also complies with the requirements of the Companies Act 2006, as amended by the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022 (CFD). Additionally, this disclosure also includes reporting that follows the principles of the Task Force on Nature-related Financial Disclosures (TNFD). We will continue to develop our disclosures as our approach matures.



We look and learn from global frameworks and leaders to manage our business sustainably. Read more about our alignment with the United Nation Sustainable Development Goals in our [Sustainable Finance Impact Report](#).



Climate-related governance



a. Describe the Board's oversight of climate-related risks and opportunities.



a. Describe the Company's governance arrangements, in relation to assessing and managing climate-related risks and opportunities.



a. Describe the Board's oversight of nature-related dependencies, impacts, risks and opportunities.

Board oversight

The Anglian Water Services Limited (AWS) Board retains overall oversight of climate and nature-related risks and opportunities. The Board discusses climate and nature-related issues through many aspects of our strategic planning, for example in approving our Pollution Incident Reduction Plan (PIRP), in March 2026. Climate and nature-related risks are also included within the Company's risk registers, which are managed through risk management and internal controls systems with oversight from senior leadership.

The Board meets between six and eight times per year, discussing climate and nature-related matters, including topics such as pollutions, flow investigation, water resources and the PIRP.

The Board receives performance reports at each Board meeting, detailing progress against our most important climate- and nature-related commitments and targets. The Board has embedded accountability for delivery against our Purpose as set out in our Articles of Association.

In 2017, the Board led the business to become one of the first utility companies to raise finance through a Green Bond.

The Board drives and oversees our climate and nature-related commitments, including:

- Anglian Water's commitment to achieve net zero carbon, covering our Scope 1 and 2 emissions, together with the Scope 3 emissions we're required to report on.
- Our commitment to reducing our capital carbon emissions (Scope 3 emissions that arise as a consequence of building and maintaining our assets) by 70%, against a 2010 baseline.
- A 46% reduction in total pollutions and a 72% reduction in serious pollutions by 2030.
- First interconnectors delivered and integrated into our water network alongside progress on two new reservoirs to build water resilience. For more information on these projects, see 'Enabling sustainable growth and resilience in an environmentally significant region': pages 53-59.

Leadership

The Company's Board offers a diverse set of skills and backgrounds, including experience in environment and sustainability. Our Chief Executive Officer, Mark Thurston, is a Visiting Professor at the Bartlett School of Sustainable Construction at UCL and the School of Complex Project and Programme Leadership at Loughborough University. He is also a Fellow of the Institution of Civil Engineers.

Our Chair, Dr Ros Rivaz, is Chair of Anthropy's East of England Alliance, a regional sub-group of Anthropy, which is a national membership network for leaders to convene to foster a stronger, fairer and more sustainable future for Britain. The group's current focus is around building regional collaboration on green skills, to tackle climate change and social mobility.

An overview of our Board members' experience, with regards to the environment, can be found in Board of Directors, pages 112-115.



The role of the Audit and Risk Committee

The Audit and Risk Committee plays a key role in monitoring the Company’s financial reporting, reviewing the material financial judgements and assessing the internal control environment; ensuring information is accurate, timely, reliable and compliant. The Committee provides effective oversight of both financial and non-financial disclosures, including climate-related financial disclosures. The Committee reviews Principal and Top Tier risks bi-annually – more in Risk management: pages 96-106.

The role of the Remuneration Committee

The Remuneration Committee plays a key role in ensuring that climate change and our impact on the environment – along with other Environmental, Social and Governance issues – are considered at the top of the organisation. 50% of variable executive remuneration is already aligned to our Purpose and selected ESG measures. These measures include pollutions, leakage, abstraction compliance, water quality compliance, customer support and per capita consumption. Performance metrics are agreed by the Committee at the start of the financial year, or performance period. See the Remuneration Committee report: pages 137-160 for more detail.

The role of the Nomination Committee

The Nomination Committee’s primary function is to advise the Board, in relation to the appointment of executive and non-executive directors. The Committee is responsible for monitoring that the Board has the right balance of skills, experience, and knowledge and makes recommendations to the Board accordingly.

Prior to commencing the search for new directors, the Committee reviews the Board skills matrix – which covers Environment and Sustainability, including climate change. This matrix informs the recruitment process for new independent non-executive directors.

The role of the Regulatory Compliance Committee

The Regulatory Compliance Committee, established in July 2025, supports the Board by providing leadership, assurance and oversight of the Company’s compliance with key regulatory requirements and regulatory risk areas. A full report on the work of the Regulatory Compliance Committee can be found on pages 135-136.

Six Capitals framework

The Six Capitals framework for decision making is an approach we first introduced back in 2015. This framework helps us balance natural capital, alongside social, people, intellectual, manufactured and financial capital, to shape investment decisions. The six capitals framework also informed the development of our Purpose Impact Assessment, which we developed to help us understand and report honestly and transparently on our impacts on the environmental and social prosperity of the region we serve. Read Embedding our Purpose: pages 27-28, for more information.

Diagram 1: Climate and nature-related governance at Anglian Water



1 Contains Water Recycling, Water, Customer, Operations and Capital Delivery performance reviews

2 Includes delivery of our Enterprise Strategy

3 A new Regulatory Compliance Oversight Committee

4 These groups are related to our climate/nature governance



b. Describe management's role in assessing and managing climate-related risks and opportunities and nature-related dependencies, impacts, risks and opportunities.

Executive Committee

Our Executive Committee is made up of Anglian Water's leadership team. The Committee meets monthly where they discuss issues related to climate and nature-related impacts and dependencies.

These meetings are often shaped by the agendas and outcomes of groups across the organisation. The Committee consists of our Chief Executive Officer, along with key decision makers, who chair many of the groups cited throughout this report.

The Executive Committee plays a key role in ensuring the delivery of our performance commitments, which include climate and nature-related targets. Responsibility for delivery of targets is cascaded throughout the Company, as everyone has a role to play in delivering on our Purpose.

The Risk, Assurance and Disclosure Executive Committee reviews principal and top-tier risks registers regularly. Climate and nature-related impacts and dependencies are key elements of this review.

Dr Robin Price is responsible for leading Anglian Water's Environment Strategy and associated ambitions and targets. He is Director of Quality, Environment and Assurance at Anglian Water on our Executive Committee. He holds a degree in Biological Sciences and a PhD in advanced water treatment, and has more than 20 years' experience in scientific and environmental roles. Prior to his role at Anglian Water, he served as Managing Director of Water Resources East, where he co-created a multi-sector, regional integrated water management plan for the East of England. Dr Price brings a strong track record in collaborative, catchment-based planning, supporting the Company's ambition to protect the environment, enhance water quality and build long-term resilience.

Environment and Sustainability Sub-committee

Robin chairs the Environment and Sustainability sub-committee, which meets quarterly and governs matters relating to our Purpose, environmental impact, sustainability, climate change and related matters. A summary of the discussion and actions is shared with the full Executive Committee, with an update shared onwards to the Board. A number of groups report into the Environment and Sustainability Committee, including the Climate and Carbon Steering Group, which Robin also chairs.

Carly Leonard is Sustainability and Environment Director at Anglian Water and is a member of our Senior Leadership Team, providing strategic leadership on sustainability and environmental performance within the Quality, Environment and Assurance directorate.

Sustainable Growth Sub-committee

The Sustainable Growth Sub-committee provides strategic direction and leadership on growth, overseeing business-level risks linked to political and external drivers while ensuring that priority workstreams progress at pace. Meeting every six weeks, the committee sets the organisation's overarching growth narrative, aligns cross-business input, and supports decision making on key growth priorities. It reviews escalations from the Sustainable Growth Steering Group, considers performance and information papers, and agrees actions, key decisions and onward escalations to the Executive Committee.

The Climate and Carbon Steering Group

The Climate and Carbon Steering Group is responsible for progress against climate change mitigation and adaptation. The group meets monthly to discuss specific themes, including our AMP8 carbon reduction investments. The group also monitors our plans to develop renewable energy generation and consumption. Updates are provided to the Environment and Sustainability Committee when required, for example on our net zero carbon trajectory. This group has been integral to the development of our climate adaptation investment plans for 2025-2030, our Climate Change Adaptation Report and progress against our carbon commitments.

Water Quality and Environmental Compliance Group

This group meets weekly and monitors tactical and short-term operational strategies. It receives and reviews reports on matters relating to environmental issues, such as water recycling performance, supply/demand, biosolids and drinking water quality. The group is responsible for commissioning work, providing assurance to the business and external stakeholders, identifying lessons learned and ensuring they are communicated.

Nature-based Solutions Strategy Group

The Nature-based Solutions Strategy Group is accountable for developing and implementing Anglian Water's nature-based policies in line with long-term business plans, advising portfolio delivery on strategic direction and championing nature-based solutions across the business and beyond. The strategy group comprises those key stakeholders from across the business invested in the design, delivery and maintenance of nature-based solutions. The Group collectively explores opportunities for nature-first solutions across both Water and Water Recycling, ensuring to support operational readiness, defining a clear framework for funding and overcoming the challenges associated with a nature-first approach. The Group regularly reviews industry best practice and innovation and works together to increase the appetite for nature-based solutions.

Sustainability Community



Anglian Water's Sustainability Community allows Anglian Water employees and alliance partners to engage with sustainability-related activities. This ensures that input into the climate change, carbon and sustainability agenda is open to all. This community aims to harness these ideas and the widespread commitment to sustainability across Anglian Water and our partners.



c. Describe the organisation's human rights policies and engagement activities, and oversight by the Board and management, with respect to indigenous peoples, local communities, affected and other stakeholders, in the organisation's assessment of – and response to – nature-related dependencies, impacts, risks and opportunities.

Stakeholder considerations and engagement

Our Articles of Association require Anglian Water to conduct its business and operations for the benefit of shareholders, while delivering long-term value for the Company's customers, the region and the communities it serves, alongside seeking positive outcomes for the environment and society.

Engagement with stakeholders is central to shaping, informing and challenging our strategic plans. We have set out, in detail, how we have engaged with our customers and community in the Section 172 statement: pages 90-93.

In the development of our Drainage and Wastewater Management Plan (DWMP), we worked in collaboration with a range of stakeholders, including county and district councils, the Environment Agency, the River and Wildlife Trusts and Natural England, to identify catchment risks and any partnership working opportunities.

Our Water Resources Management Plan (WRMP), updated in April 2025, has been guided by the water needs of our region – taking into consideration customer and stakeholder views to develop an affordable, sustainable pathway that will benefit our customers, society and the environment. We also work with key partners in our region to contribute to the Water Resources East Regional Plan.

We encourage and gather views from customers and communities through a wide range of engagement approaches, including research, direct conversations and formal forums such as our online community and Customer Board. Read more about our customer engagement in 'Embedded in our communities and valued by customers' pages 32-40.

We work with other stakeholders outside of the business to challenge us on our plans. For example, our Independent Challenge Group (ICG) is made up of a group of independent subject experts and regulators. The Chair of the ICG is Craig Bennett, Chief Executive Officer of The Wildlife Trusts, who acts in this role in a personal capacity. He is an Honorary Fellow of the Chartered Institute of Water and Environmental Management (CIWEM) and was recently awarded an OBE for services to the environment. As Chair, Craig has committed to attending a full Anglian Water Board meeting at least once a year and Dr Ros Rivaz, Anglian Water Chair, has attended one ICG meeting. Our Chief Executive Officer, Mark Thurston, is engaged with ICG. Board engagement is critical to the success of the ICG and now reflected in their terms of reference, which were re-written at the end of 2025 to reflect the group's growing role and increased board-level engagement.

We are in the process of establishing our A-WINEP Steering Group, which will provide challenge and scrutiny on our environmental investments. The first meeting took place in March 2026 and focused on bringing the group up to speed on progress and key decisions made to date regarding the structure and outputs of

the programme, including activity beyond our regulatory commitments. The meeting also covered governance arrangements and explored how the group would like to be involved going forward, including the types of updates they would find most valuable and how their influence can help support the programme.

Human rights

Through the Anglian Water Group [Human Rights Policy](#), (which draws upon the International Bill of Human Rights and the International Labour Organisation (ILO) Declaration on Fundamental Principles and Rights at Work), we seek to prevent or mitigate adverse human rights' impacts and continue to look for ways to support the promotion of human rights within our operations.

Our [Whistleblowing Policy and Procedure](#) is there for when an employee or someone working on our behalf wishes to raise a concern on a range of matters, including damage to the environment.

See our Non-financial and sustainability information statement, pages 94-95, for more on the relevant policies, documents and reports that govern our approach to human rights.

Nature-related advocacy

We are keen to input, influence and shape the external political and regulatory environment, to enable us to deliver environmental benefits.

This engagement is coordinated through our Policy and Public Affairs team and focuses on supporting policy frameworks that enable positive outcomes for nature.

Our advocacy and engagement includes contributing to policy discussions and consultations on persistent pollutants, such as PFAS, where we support approaches that prevent environmental harm at source and strengthen waste and chemical management.

We also engage on emerging issues such as microplastics, providing technical input to support evidence-led policy development. In addition, we engage on water efficiency and demand management, including policy discussions related to product labelling, building standards and water reuse. This engagement aims to support long-term resilience of water resources and reduce pressure on the natural environment.

We also argued strongly in favour of government action to enable water companies to make more ambitious use of nature-based solutions, in our submissions to government consultations, the work of the Independent Water Commission and now the Clean Water Bill.

Through this activity, we seek to ensure that nature-related considerations are reflected in policy development and that regulatory frameworks support the protection and enhancement of the natural environment over the short, medium and long term.

Find out more about how we engage with local and national government in 'Trusted by government and regulators to meet our commitments' pages 29-31.



Strategy



a. Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.



d. Describe the principal climate-related risks and opportunities arising in connection with the Company's operations and the time periods, by reference, to which risks and opportunities are assessed.

Our region is one of the driest in the UK, and also low-lying, which makes us prone to both drought and flooding. In recent years, we have experienced the impacts of climate change, with hotter, drier summers, including heatwaves and drought, and warmer, wetter winters which have caused flooding. We have known for many years that we are in a climate emergency. In the summer of 2022, the temperature in Coningsby in Lincolnshire exceeded 40 degrees Celsius – the highest temperature ever recorded in the UK. Without rapid action, we know that this could evolve into a climate disaster. This makes it impossible to ignore the need to tackle our emissions, alongside building resilience across our asset base to weather the climate impacts we are already experiencing.

Transition to a low-carbon business

We first began our decarbonisation journey at Anglian Water in 2010. We came early to the realisation that we had a clear duty to tackle our emissions – not just because the water sector is generally one of the most energy-intensive, but because the rural nature and flat landscape of the region we serve means we need to use more energy than most to pump water to where it is needed. In 2021, we made a commitment to reach net zero by 2030. This is defined as net zero emissions, where we have operational control, as set out in our Net Zero 2030 Strategy.

We've since been implementing actions, as outlined in our Net Zero strategy, alongside adapting to changing circumstances. The Covid-19 pandemic and the conflict in Ukraine have had significant impacts, in particular on energy and commodity markets, which have changed the affordability of some of our actions. Recognising current national and international dialogue around net zero targets, continued scientific advances around the quantification of greenhouse gases such as nitrous oxide, and the associated funding needs, we are currently reviewing our carbon reduction approaches and targets. This will enable us to be clear as to what we will have achieved by 2030, based on our current plans, and what work will need to continue beyond that date. We will do this while striking a balance between government expectations, funding and investment opportunities alongside affordability for customers.

We remain committed to decarbonising our business. Our ambition is to build resilience to a changing climate, enable the region we serve to adapt and to continue to be regarded as a climate leader in the water sector, and across the UK. Our strategy contains more detail on the risks associated with transitioning to a net zero carbon business. Overall, we have a comprehensive approach to climate change, of which our transition risks form a key part. Read more in our [Climate Transition plan](#).

Climate-related risk and adaptation

In 2024, we submitted our Climate Change Adaptation Report to the Department for the Environment, Food and Rural Affairs (Defra), under the Adaptation Reporting Power of the UK Climate Change Act (2008). This is the fourth submission we have made. Its purpose is to outline progress we have made in adapting to our climate change risks since 2021, contribute to the Government's understanding of the UK's level of preparedness to climate change and inform other ongoing work on climate adaptation.

Since 2020, we have observed increased risks related to raw water quality and sewer flooding. Raw water quality relates to the quality of the water we clean and put into supply. Sewer flooding risks have increased in response to the heavy rainfall and stormy weather experienced in recent years, and we have seen the damaging impact on both our assets and performance. Our strong adaptation progress has reduced our risk related to interruptions to supply from extreme weather events.

Our changing climate is also impacting nature. For example, changing cropping patterns are impacting the types of crops being grown and sold, the use of different pesticides and changes to the chemical run-off into waterways, alongside biodiversity impacts. Furthermore, warmer water and transferring water resources across the region could put us at greater risk of invasive non-native species.

We have identified greater risks across our operations that impact both climate and nature:

- A hotter, drier climate will reduce water available for abstraction, whilst hotter temperatures will increase customer demand
- Saltwater intrusion, due to sea level rises, will put an increased number of water sources at risk, alongside a loss of assets due to coastal erosion.
- Increasingly intense rainfalls will put pressure on sewer systems.
- Wetter winters will lead to rising groundwater levels, which could also impact water quality and increase infiltration into our sewer network.

We use climate scenario analysis to test how our strategy performs under different future conditions, including more extreme drought and flooding scenarios. Where these scenarios indicate increased risk, we would accelerate investment in resilience, including water resource capacity and flood protection, and prioritise nature-based solutions where these deliver long-term value.

Understanding the impacts of multiple hazards, compound and cascading risks are all essential to maintaining services to our customers and to meet our environmental objectives.

Climate-related risks and opportunities are already reflected in our long-term investment plans. Under more severe scenarios, this could increase the scale and timing of investment required, particularly in relation to asset resilience and environmental protection. Read more about the climate modelling we use as part of our long-term plans on pages 76-77.



Physical Risks

We have aggregated our climate risks into five key headline themes, as shown in Table 1. Short term is defined as within the next five years. AMP cycles last five years, the current cycle being 2025-2030, so short term is broadly aligned to the current AMP. Medium term covers the following AMP, and long term addresses a maximum time horizon of 25 years. Our five-year investment plans and associated Ofwat Performance Commitments (PCs) provide one lens through which we can understand the financial implications of climate-related risks, particularly in the short term. However, as climate risk affects the full breadth of our operations, it is embedded across our entire investment programme rather than isolated to individual measures. PC performance and associated incentives or penalties reflect a range of operational and service factors, and therefore should not be interpreted as a direct measure of the cost of climate risk itself. Instead, they measure our short-term response and performance against the quality of service targets that Ofwat establishes through its Price Review, while the overall cost of managing climate risk is captured more holistically through long-term planning and investment strategies.

Table 1: Key physical risks



(S) short-term (0-5 years) **(M)** medium-term (5-10 years) **(L)** long-term (10-25 years)

Key risk	Principal Risks	Drivers	Potential impact	Response to risk	Related metrics and targets	Cost of response to risk
Security of public water supply (S) (M) (L) Chronic risk¹	Climate Change Adaptation Asset Performance and Investment Asset Resilience	Hotter, drier summers, increasing drought severity and frequency, combined with forecast population growth.	On customers: • Increase in interruptions to supply. • Low water pressure issues. • Drought restrictions more commonplace. On Anglian Water: • Impact on our financial penalty/reward position. • Increase in operating costs, to deal with periods of drought. • Increase in capital investment required.	We maintain a 25-year Water Resources Management Plan (WRMP), which quantifies needs and recommends investment to maintain supply-demand balance and avoid water shortages in the context of drought, population growth, and abstraction reductions for environmental protection. This 25-year plan is refreshed every five years to incorporate short-, medium-, and long-term actions.	The most relevant Ofwat PCs for this key risk are: • Per capita consumption • Leakage • Water supply interruptions • Business demand	Annual Impact Performance against PCs linked to Security of public water supply showed we were in a net penalty of £10.96 million. Read more about our annual performance on pages 16-20. Planned investments Over the AMP, we have £1.7 billion worth of supply resilience projects in development. C.£700 million is related to our strategic water grid interconnectors, and £800 million on two reservoirs and the development of two major desalination schemes. £200 million is earmarked for other short-term supply-side improvements.

¹ Chronic risks are defined as longer-term challenges that erode our economy, community, way of life and/or national security, in line with the UK's Chronic Risks Analysis.



Key risk	Principal Risks	Drivers	Potential impact	Response to risk	Related metrics and targets	Cost of response to risk
Risks to our assets from flooding (S) (M) (L)	Climate Change Adaptation Asset Performance and Investment Asset Resilience	Increased frequency of periods of heavy rainfall, combined with wetter, warmer winters.	On customers: • Increase in interruptions to supply. On Anglian Water: • Impact on our financial penalty/reward position as well as environmental penalties. • Increase in operating costs, to deal with heavy rainfall and associated flooding. • Increase in capital investment required. • Reputational damage.	As set out in our Drainage and Wastewater Management Plan (DWMP), the next 25 years will increase flood risk in many catchments in the East of England, due to more intense rainfall, resulting from climate change. The risk is particularly acute for coastal areas, considering 28% of our region is low-lying. Our long-term approach to addressing hydraulic flooding is outlined in our DWMP strategic planning framework. The DWMP presents a catchment-level long-term strategy for addressing flooding over a 25-year horizon and recognises that hydraulic flood risk is the collective responsibility of a wide number of stakeholders, including the water sector. This approach delivers over a short, medium and long-term timeframe.	The most relevant Ofwat PCs for this key risk are: • Water supply interruptions • Unplanned outage • Pollution incidents • Treatment works compliance • Bathing waters attaining excellent status	Annual Impact Performance against PCs linked to Risks to our assets from flooding showed we were in a net reward position of £5.06 million. Read more about our annual performance on pages 16-20. Planned investments Climate change will increase the frequency and severity of heavy rainfall events, with warmer, wetter winters. Our AMP8 Business Plan includes a proposed allowance of £29 million for flooding resilience and broader climate resilience, such as power. Our plan also includes investments to mitigate against the impacts of surface water flooding at key water production assets, including boreholes, which are highly susceptible to flooding. This is to ensure that the impacts of heavy rainfall and sea level rises can be mitigated in the medium to long term.
Risks to sewer flooding from extreme rainfall (S) (M) (L) Chronic risk	Climate Change Adaptation Asset Performance and Investment Asset Resilience	Increased frequency of periods of heavy rainfall, combined with wetter, warmer winters.	On customers: • Internal and external sewer flooding and impact on customers' homes. On Anglian Water: • Impact on our financial penalty/reward position as well as environmental penalties. • Increase in operating costs to deal with heavy rainfall and associated flooding. • Increase in capital investment required. • Reputational damage.	As set out in our DWMP, the next 25 years will increase flood risk in many catchments in the East of England, due to more intense rainfall, resulting from climate change.	The most relevant Ofwat PCs for this key risk are: • Internal sewer flooding • External sewer flooding	Annual Impact Performance against PCs linked to Risks to our assets from flooding showed we were £11.44 million in net reward. Read more about our annual performance on pages 16-20. Planned investments Our AMP8 Business Plan included proposed capital investment of c.£108 million over the next five years to help mitigate the risk of flooding of properties. This investment will enhance resilience across our sewerage network, to reduce the risk to properties and external flooding.

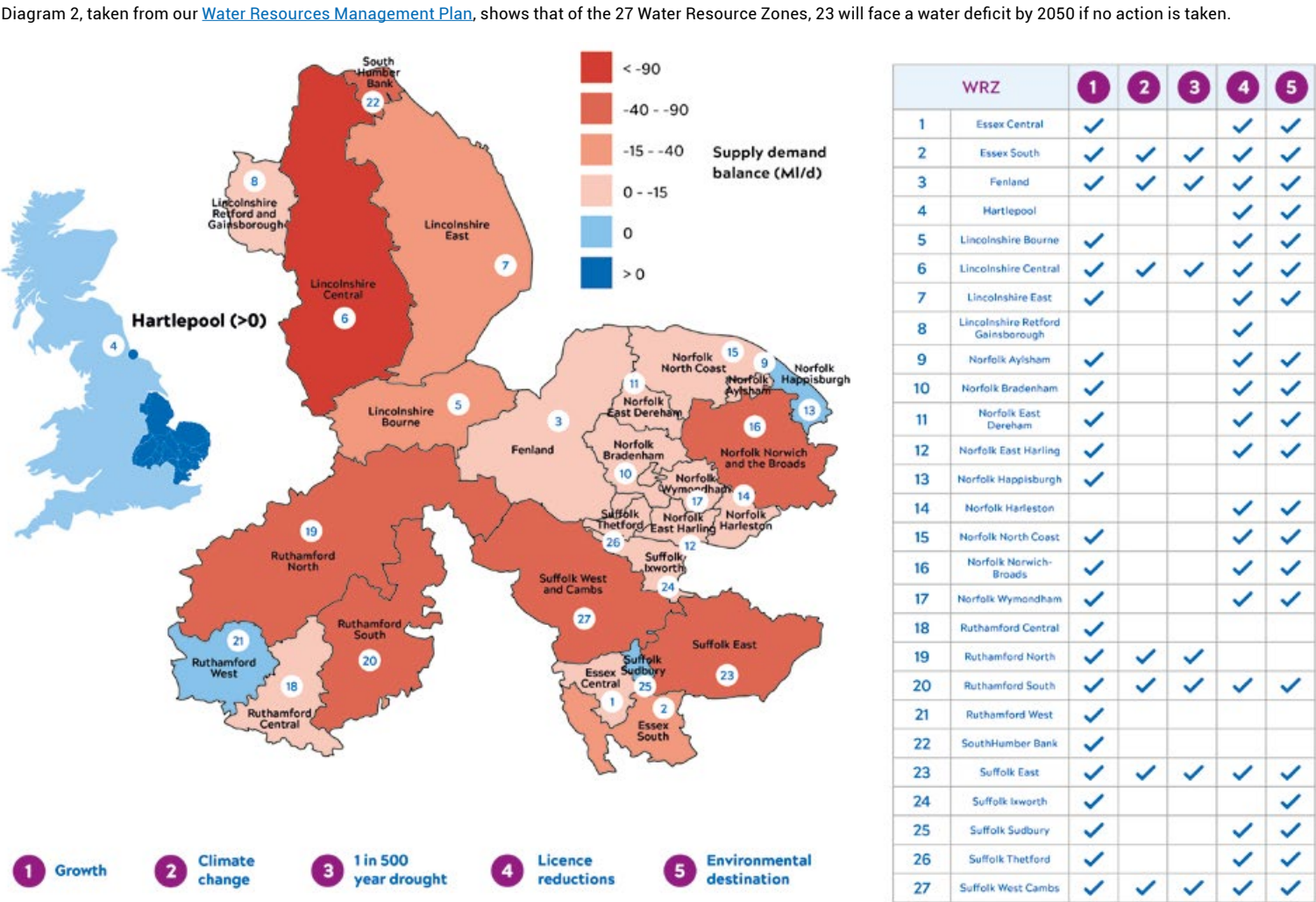


Key risk	Principal Risks	Drivers	Potential impact	Response to risk	Related metrics and targets	Cost of response to risk
Risks to raw water treatment from reduced water quality (S) (M) (L) Chronic risk	Climate Change Adaptation Asset Performance and Investment Asset Resilience	High intensity rainfall events are accelerating soil erosion, leading to increasing concentrations of nutrients in raw water supplies. High temperatures lead to increased algal blooms, which can result in treatment challenges and reduce the efficiency of our treatment.	On customers: • No impact On Anglian Water: • Impact on our operating costs due to increased treatment costs. • Reputational damage.	Wet weather can negatively impact the quality of water we take out of rivers, reservoirs and our groundwater, due to higher turbidity and sediment-bound pollutants. To tackle this in the short-term, we have instigated a programme to use weather station data to plan our abstraction regimes. Catchment management provides a longer-term solution. We are sharing local data with other water users and land managers, to make informed decisions to protect our water resources.	Our raw water quality is shaped by a complex mix of factors, including climate-driven weather extremes, agricultural activity and emerging contaminants. We respond through catchment management, targeted investment in treatment, and smarter, weather-responsive abstraction.	Annual Impact Performance against PCs linked to Risks to raw water treatment from reduced water quality showed we were £2.62 million in net penalty. Read more about our annual performance on pages 16-20. Planned investments Although climate change is not the primary driver of water quality - in particular, PFAS is unrelated - the impacts will be worse in the future if left unmanaged. We have £212 million planned over AMP8 to protect raw water quality through schemes that will remove nutrients such as nitrates and PFAS from raw water.
Risk of service interruptions and interdependent risks (S) (M) (L) Chronic risk	Climate Change Adaptation Asset Performance and Investment Asset Resilience	Hotter, drier summers and warmer, wetter winters could lead to prolonged drought and wetter periods, impacting the performance of our assets and those other infrastructure assets (e.g. power infrastructure), on which we rely.	On customers: • Increase in interruptions to supply. On Anglian Water: • Impact on our financial penalty/reward position, as well as environmental penalties. • Increase in operating costs to deal with heavy rainfall and associated flooding. • Increase in capital investment required. • Reputational damage.	We have moved from a reactive to a coordinated and proactive incident management system, embedded across our whole business, to manage and mitigate the impact of any disruptive event, including those from prolonged and extreme weather events. We are active participants in the Climate Resilience Demonstrator (CReDo) project, which aims to prevent cascade failure with the interconnected infrastructure network. We have gone beyond simply undertaking a study into climate-vulnerable mains. Building on this work, we successfully made the case for additional expenditure allowances to fund a targeted replacement programme, which is now being delivered. Our study identified mains that are vulnerable to bursts, as a consequence of drought-induced soil shrinkage. It further highlighted the pressing need to make vital assets resilient and fit for the future. A tool has been developed to assess the potential failure of assets due to extreme high temperatures – likely to be more common in the future.	The most relevant Ofwat PCs for this key risk are: • Water supply interruptions • Unplanned outage • Serious pollutions • Total pollutions • Internal sewer flooding • External sewer flooding • Discharge permit compliance	Annual Impact Performance against PCs linked to Risks of service interruptions and interdependent risks showed we were £16.52 million in net penalty. Read more about our annual performance on pages 16-20. Planned investments Proposed investments within the 'Risks to our assets from flooding' are relevant here. These investments will make the network more resilient and reduce the risk of interruptions to supply.

Mapping risks to public water supply

Our Water Resources Management Plan 2024 shows the scale of the challenge: by 2050, reductions in available water and increasing demand could create a daily deficit of 593 megalitres – around half of today’s supply. As the driest region in the UK, combined with limited capacity to store increasing winter rainfalls, less water will be available. Increased demand for water from households, agriculture and businesses is also likely in a drier, warmer climate. Left unmanaged, this results in one of our most significant, climate-related risks and without action, will negatively impact the environment.

Guided by the water needs of our region and our customer and stakeholder views, we have developed a three-tiered strategy, to ensure safe and secure water resources into the future. We recognise that driving down water consumption in our region is critical to long-term resilience. Demand management is a key element, and our goal remains to offset the demand requirements needed to serve new housing and population growth, through effective demand-side measures – including leakage reduction and educating our customers to be waterwise. Through our long-standing engagement work, we have one of the industry’s lowest levels of water usage per person. Our reductions are underpinned by our consistent work to encourage water efficient behaviours, coupled with smart metering and our framework to encourage behaviour change.





Transitional Risks

Transitional risks arise from the shift to a low-carbon and greater environmental regulation, supported by changes in policy, regulation, technology and market expectations. For our business, these risks include the pace of decarbonisation of the energy system, evolving environmental standards, and the need to respond to changing customer and stakeholder expectations.

Our approach is to mitigate these risks over the short, medium and long term through our adaptive planning and investment programme. Our Business Plan sets out the investments needed to both adapt to and mitigate these changes, while ensuring we remain flexible to evolving requirements. However, we recognise that some residual risk will remain. Our robust, risk-based approach ensures we focus on the areas that are most material and pervasive, aligning our response with our long-term ambitions. This adaptive approach allows us to respond to changing circumstances while limiting bill impacts by only investing where and when solutions are needed.

Table 2: Key transitional risks



Key risks	Principal Risks	Drivers	Potential impact	Response to risk	Related metrics and targets	Cost of response to risk
The pace of grid decarbonisation 	Changing Regulatory Landscape Financeability and Investability	Future energy policy direction, impacting future electricity markets. Premiums for green electricity. Grid pricing mechanisms. Planning challenges for onshore wind and solar PV. Grid capacity issues affecting renewables grid integration.	Changes in the pace of grid decarbonisation will impact the magnitude of our residual emissions, as well as the cost effectiveness of future energy-efficiency measures. Uncertainty in the future financial balance between the cost of investing in energy efficiency and the cost of low-carbon energy.	Continued wider market engagement to better understand future grid electricity tariff scenarios, in particular green electricity and energy sleeving, to have a more informed electricity procurement strategy. Continued engagement with our solar investors, EPC contractors and distribution network operators, to ensure solar portfolios are delivered. Engagement with Government consultations on the future of electricity generation, supply and markets. Monitoring of planned solar investments in our region (outside of our own land), to identify and benefit from annual solar generation by 2030 and beyond. Continued engagement with local authorities, to monitor planning risks for onshore wind in our region. Encouraging employees to challenge and report areas where energy efficiency can be improved.	The most relevant Ofwat PCs for this key risk are: - Greenhouse gas emissions (water) - Greenhouse gas emissions (wastewater)	Demand for green energy has been rising in recent years, with both domestic and non-domestic customers driving this increase. For companies to report on the amount of green energy they have procured and used from the grid, they need to demonstrate that the energy used has been generated from renewable sources. Renewable Energy Guarantees of Origin (REGO) certificates are obtained to show this. Prices are prone to volatility, which is expected to continue into the future. We have 'front of meter' corporate purchase power agreements to procure renewable energy, directly from generators, to reduce our reliance upon standard 'brown' grid energy, where the generation mix is dominated by fossil fuels.



Key risks	Principal Risks	Drivers	Potential impact	Response to risk	Related metrics and targets	Cost of response to risk
Societal and legislative views on environment and net zero carbon (S) (M) (L)	Changing Regulatory Landscape General Legislative Non-Compliance Financeability and Investability	Increased media interest and changing public attitudes to environmental issues may increase focus on improved environmental policies. Changing Government tax income may lead to a focus on carbon as a mechanism to raise tax income.	Potential for increased investment in environmental protection schemes. As an energy-intensive sector and with GHG emissions associated with water treatment, potential for increased costs.	The delivery of infrastructure affords the opportunity to deliver other positive environmental outcomes – for example nature-based solutions and through our partnership work, such as Future Fens. Strong relationship with delivery partners to deliver low-carbon solutions, as seen through our historic and ongoing commitment to reducing the capital carbon in our assets. Regular engagement with the UK Government, regulators and other stakeholders to shape policy outcomes.	The most relevant Ofwat PCs for this key risk are: - Greenhouse gas emissions (water) - Greenhouse gas emissions (wastewater) - Lower carbon concrete assets	Following consultation with our customers and other key stakeholders, our AMP8 Business Plan, submitted in 2023, included a proposed allowance of £7 million towards net zero carbon. This is in addition to the proposed £75 million for Nitrous Oxide reduction projects. We have proposed investments over the longer term. This reflects wider societal priorities and identification of the need to invest in the environment for long-term prosperity. Customers want us to ensure a sensible balance between ambition, affordability and intergenerational fairness.
Investment levels required (S) (M) (L)	Changing Regulatory Landscape Financeability and Investability Climate Change Adaptation	Higher levels of investment required to meet more stringent environmental standards, improve resilience, adapt to climate change and meet long-term targets. The current regulatory model means that such investment will ultimately be funded through customer bills.	Increase to how much customers will have to pay, has the potential to affect affordability for those struggling financially.	Taking affordability into account, as part of the planning and investment process – through customer consultation and macro-economic analysis. Assisting the most vulnerable customers, through a range of packages. Carefully planning investments, to deliver optimum outcomes, while keeping costs to a minimum.	The most relevant Ofwat PCs for this key risk are: - Customer measure of experience (C-MeX) - Developer measure of experience (D-MeX) - Business and Retail measure of experience (BR-MeX)	While necessary increases to investment will raise bills in the long-term, we have tested our proposals with customers and stakeholders, to make sure they reflect the things that matter most to them and that they represent the best value for our region. For customers who are struggling to pay, we have a wide range of support available.
Nitrous Oxide emissions (S) (M) (L)	Data Quality and Reporting	Uncertainty over the emissions factor for Nitrous Oxide emissions.	Potential increase in reported Nitrous Oxide emissions, resulting in an increase in overall reported CO₂e emissions.	A change in the N₂O emissions factor has increased process and fugitive emissions across the sector. From 2026, the UK Government Greenhouse Gas inventory has adopted the 2019 refinement to the 2006 Intergovernmental Panel on Climate Change (IPCC) N₂O emissions factor for secondary wastewater treatment of 1.6% – an increase from 0.4%. Secondly, the IPCC refinement has led to an increase to the nitrogen load figure from 8g total nitrogen per population equivalent a day to 17.74g, based on UK government statistics for average protein consumed per capita. Overall, this has resulted in an approximate seven-fold increase in reported N₂O emissions from this year.	The most relevant Ofwat PCs for this key risk is: - Greenhouse gas emissions (water) - Greenhouse gas emissions (wastewater)	Our Business Plan for AMP8 contains proposed enhancement investments in various Nitrous Oxide reduction approaches. Ofwat confirmed £75 million for the delivery of Nitrous Oxide reduction projects. Our aim is to reduce emissions and provide valuable understanding that can be applied to our various sites, if reductions can be achieved in a cost-effective way. If the Nitrous Oxide emissions factor increases, the investment improves in tonnes CO₂e saved/£ invested, but the size of reported emissions increases.



Transition to a low-carbon business

Recognising the impact of the Covid-19 pandemic and the conflict in Ukraine, in particular, on energy and commodity markets, this has changed the affordability of some of our decarbonisation actions. We are still taking positive actions to reduce our emissions. Over the next five years, we will be instigating a number of carbon-reduction approaches, including:

Nitrous Oxide (N₂O) reduction technologies

Under the Net Zero challenge fund at PR24 we secured c.£75 million of investment to introduce 17 N₂O reduction projects at 16 sites across four technology types – liquor recovery, containment and treatment, real time control and Membrane Aerated Biofilm Reactor (MABR). These approaches will deliver CO₂e savings, while providing valuable insights and learnings as to the most appropriate technologies to be employed in the various wastewater treatment contexts. This learning will be shared with the wider water sector, to inform post 2030 N₂O reduction approaches and investments.

Electric HGVs

We will be introducing a number of electric HGVs and associated charging infrastructure across our operations in 2025-2030. These vehicles afford large scale CO₂ reductions, compared to traditional diesel vehicles. In 2021, when our Net Zero 2030 Carbon

Routemap was published, we did not envisage the introduction of electric HGVs, instead believing that Hydrogen HGVs would be available post-2030. However, electric vehicle technology has moved forward more quickly than expected. This is a small example of retaining flexibility in our net zero approaches – adopting unforeseen technologies when they arise.

Methane (CH₄) capture

We will be developing a number of projects to capture further CH₄ at our sludge treatment centres. CH₄ has a much higher Global Warming Potential (GWP) than CO₂ and capturing this CH₄ will have a large benefit on our overall emissions.

Gas to Grid

Currently, at our sludge treatment centres, biomethane generated from the sludge treatment process is processed through Combined Heat and Power (CHP) engines, which generate heat for the treatment process and renewable electricity that is either used on site or exported to the electricity grid. As these CHP engines reach the end of their life, we are investigating the development of gas-to-grid schemes, where the biomethane generated is injected into the gas grid. This approach delivers greater carbon savings than the current CHP approach.



Our Climate Transition Plan, published in 2025, sets out how we will achieve carbon reductions, with our reduction strategy covering seven key areas:

- Maximising energy efficiency and renewable energy generation and storage.
- Procuring green electricity.
- Decarbonising our fleet.
- Maximising the value of our biogas.
- Managing our process emissions.
- Opting for alternative fuels.
- Developing our offsetting strategy.





Opportunities

Our governance structure enables us to identify climate and nature-related opportunities. This has allowed us to develop strategies for success, for example, through the green/sustainable financing that we undertake as discussed in the section below. We are encouraged to innovate and seek sustainable solutions that deliver environmental and societal benefits. We collaborate with many organisations, including: working with the aviation industry to understand the role of biosolids in the development of sustainable aviation fuels; recovering waste heat from our sludge treatment processes in line with circular principles; hosting battery boxes on our sites to deliver increased renewable electricity to the grid and improve network resilience; and leading the development of a framework to increase uptake of green steel. Our key opportunities are centralised and reviewed within the Climate and Carbon Steering Group and outlined in Table 3.

Table 3: Key opportunities



Key opportunity	Top Tier Risk	Drivers	Impact on business	Strategy to realise opportunity	Related metrics and targets
Spend to save programme (S) (M)	Climate Change Mitigation	Increased cost of energy.	- Reduction in operating costs. - Reduction in operational and capital carbon. - Reduction in energy consumption. - Reduction in reliance on grid power, increasing grid resilience.	We have a dedicated initiative to identify opportunities to reduce energy, carbon and cost. Funding is made available for this initiative, providing it pays back in five years or less. We also consider investments that may pay back over a longer period of time.	The most relevant Ofwat PCs are Greenhouse gas emissions (water), Greenhouse gas emissions (wastewater).
Correlation of reducing, carbon reduces cost (S) (M)		Need to reduce carbon footprint and align with our net zero target.	- Reduction in capital investment required on projects. - Reduction in operational and capital carbon.	Our strategy is consistent with the international standard for capital carbon management, PAS 2080, which we assisted BSI to develop. The PAS 2080 standard aims to achieve a systematic process for infrastructure delivery, in which carbon management — under the direct control of the value chain — is the main focus. The introduction of electricity and gas smart meters at many of our sites is giving us a better understanding of consumption, allowing us to optimise energy reduction solutions.	The most relevant Ofwat PCs are Greenhouse gas emissions (water), Greenhouse gas emissions (wastewater).
Uptake of renewable energy (S) (M) (L)		The rising cost of grid power and the increasing appetite for renewable power.	- Reduction in operating costs. - Increase in green-energy consumption. - Reduction in the energy required to be imported and opportunities to export.	Investment in the optimisation of our combined heat and power (CHP) programme, biomethane programme and solar photovoltaic installations on and adjacent to our sites. Long-term renewable energy procurement.	The most relevant Ofwat PCs are Greenhouse gas emissions (water), Greenhouse gas emissions (wastewater).



Key opportunity	Principal Risk	Drivers	Impact on business	Strategy to realise opportunity	Related metrics and targets
Uptake of catchment and nature-based solutions (S) (M) (L)	Asset Resilience Asset Performance and Investment Climate Change Adaptation	The need to protect and restore natural ecosystems, while minimising our carbon footprint. The need to maintain water quality and availability.	• Supports net zero commitment, by reducing the need for carbon intensive infrastructure and offsetting opportunities. • Potential cost savings over transitional infrastructure solutions, particularly through reduced operational expenditure. • Improves resilience of water treatment assets.	• We are investing in additional treatment wetlands, to reduce reliance on expensive, carbon-intensive infrastructure and conventional chemical dosing, and are currently progressing 17 wetlands through various stages of design and land negotiation, with the first wetland at Everton delivered in Year 1.	The most relevant Ofwat PCs are Bathing water quality, River water quality, Storm overflows, discharge permit compliance.
Multi-partnership approach and use of digital innovation to improve ecological quality (S) (M) (L)	Data Quality and Accuracy Asset Performance and Investment Changing Regulatory Landscape	The need for a catchment approach, to tackle environmental challenges in the region. Development of digital innovation as a solution to concerns around environmental quality.	• Drives more efficient environmental outcomes. • Use of digital innovation through working with partners unlocks new opportunities to monitor, understand and improve river water quality.	• Partnership working continues across our Advanced WINEP programme and our community and partnerships programme to support targets on surface water and spill management, e.g. our multi-agency approach. • Working with Government and nutrient dischargers in catchment, to develop plans to reduce nutrient loads to unlock opportunities to enable sustainable economic and housing growth, while improving ecological quality. • Continue to explore partnerships for innovation, e.g. Headstart Ofwat Innovation Project.	The most relevant programme for this work is our Water Industry National Environment Programme and our Advanced Water Industry National Environment Programme.
Diversify revenue streams, utilising by-products of water and wastewater treatment (S) (M) (L)	Financeability and Investability Asset Performance and Investment	The need for resource efficiency and a circular transition.	• More efficient use of resources, producing environmental benefits. • Revenue generation, through utilising by-products of wastewater treatment.	• Continue to explore opportunities and innovate with partners to utilise by-products of water treatment and water recycling, e.g. through our Bioresources Strategy. This includes exciting opportunities to use sewage sludge as a feedstock for advanced thermal conversion processes, such as production of sustainable aviation fuel to help the UK meet targets to decarbonise the aviation industry, or ammonia/ biogas recovery through HTO. The latter of these is part funded through the Ofwat innovation fund Water Breakthrough Challenge. • Our award-winning Triple Carbon Reduction Project aims to create a circular system to reduce carbon and recover resources through a innovative solution combining green hydrogen generation and an alternative wastewater treatment process.	As part of our zero waste to landfill ambition, we aim to ensure that 100% of our biosolids are recycled, meaning zero end up in landfill.



- 

b. Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning.
- 

e. Describe the actual and potential impacts of the principal climate-related risks and opportunities on the Company's business model and strategy.
- 

b. Describe the effect nature-related dependencies, impacts, risks and opportunities have had on the organisation's business model, value chain, strategy and financial planning, as well as any transition plans or analysis in place.

Our dependencies and impacts on climate and nature lie at the core of our business. Our business model is structured to create long-term value for customers, investors, business partners and the wider community. Our strategic priorities are linked to our impact and dependence upon natural capital and underpin all our plans.

Financial impact

Our sector is facing unparalleled demand for investment in both the near and long-term future. We continue to ring-fence an element of the OPEX budget centrally, to ensure this is available when we incur additional costs as a result of weather events.

Over the past year, we incurred £10.2 million of extreme weather-driven costs, reflecting emergency tankering during the winter period and higher burst rates caused by prolonged low soil moisture during the hot summer. Alongside this, we faced increased power costs associated with replacing water lost through leakage and refilling reservoirs, following heatwave-driven demand. This excludes any impacts on our Ofwat-related PCs. If we fail to meet our targets which have a financial reward or penalty associated, the costs to our business can increase. See more in our Ofwat-related Performance Commitments: pages 16-20.

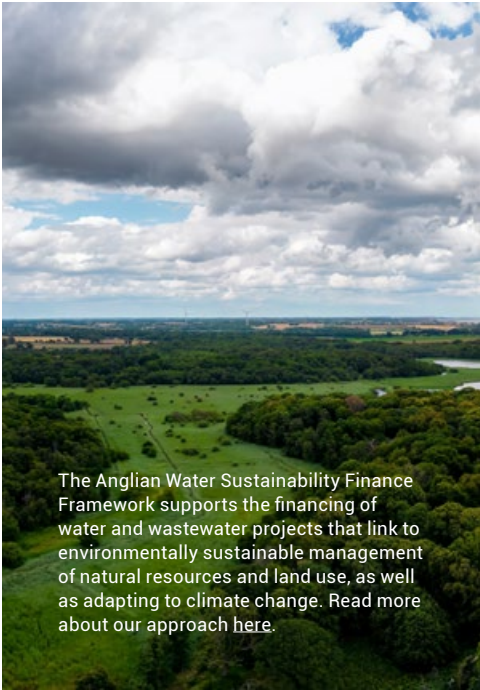
The impact of climate change is incorporated into our key assumptions and significant judgements in Table 1. This discusses the risks in relation to our water mains network, in conjunction with the investment required for climate vulnerable mains.

Sustainable finance

In 2017, the Board led the business to become one of the first utilities to raise sustainable finance through a Green Bond. Sustainable/ green finance covers investments that meet ESG standards and ensures funds are used to pay for projects that drive sustainable growth, protect or enhance the environment, or help us deliver against our Purpose.

Green Bonds financed in line with our latest framework (2024) will contribute to four eligible sustainable categories: sustainable water and wastewater management, terrestrial and aquatic biodiversity, renewable energy and affordable basic infrastructure.

The sustainable debt we have raised to date includes both use of proceeds debt and sustainability-linked financing. For more information on how the proceeds have been allocated and our progress against these targets, please refer to the Sustainable Finance Impact Report.



The Anglian Water Sustainability Finance Framework supports the financing of water and wastewater projects that link to environmentally sustainable management of natural resources and land use, as well as adapting to climate change. Read more about our approach [here](#).

- c. Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.
- c. Describe the resilience of the organisation's strategy to nature-related risks and opportunities, taking into consideration different scenarios.
- f. Analyse the resilience of the Company's business model and strategy, taking into consideration different climate-related scenarios.

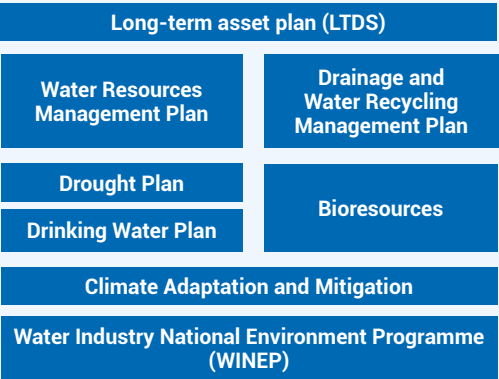
Anglian Water's overall resilience to climate and nature-related risk is addressed through various strategies and plans. These plans are always evolving; many are updated every five years. An overview of the several plans and strategies we are responsible for are outlined across, with an explanation of key plans below.

Table 4: Key strategies and plans

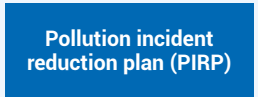
	Drainage and Wastewater Management Plan	Water Resources Management Plan and Drought Plan	Long-Term Delivery Strategy
Overview	Our Drainage and Wastewater Management Plan (DWMP) sets out our plans to manage and recycle water in our region and includes the scale of investment needed to reduce the risks and impacts of sewer flooding over the next 25 years. In our DWMP, we address the triple challenge we face from our rapidly changing climate, a fast-growing population and the need to protect our region's environment. Based on analysis tools, such as hydraulic modelling, we set out interventions that are needed across water recycling catchments to ensure our infrastructure is fit for the future. In our plan we highlight how we have assessed risk and carefully balanced the needs of our customers and the environment – for example, additional storm storage and nature-based solutions to reduce the risk of hydraulic overload. Our DWMP is updated every five years, with the second cycle under preparation for publication in 2028. This next DWMP is now a statutory requirement and must meet guidance issued by the Government. Our technical approaches will be refined further and continue to use an adaptive planning approach to test our plans against a range of climate scenarios. In addition, the new plan will be subject to an annual review, to understand material changes that could impact on the effectiveness of our interventions. Should the review reveal substantial changes (e.g. higher population and housing development), large parts of the plan will be reviewed. Through this approach, our strategy will continue to track and respond to changing risks and ensure we stay focused on the right priorities. The implications for future investment – including where climate change may alter the scale, timing or type of interventions required – will be assessed through ongoing monitoring and review.	Our long-standing statutory Water Resources Management Plan (WRMP) and Drought Plan set out how we will manage water supply and demand in our region. Both plans provide a comprehensive framework for modelling and assessing uncertainties, including climate change, to plan future water supplies. Our WRMP24 accounts for new challenges, such as increased resilience to enhanced drought. It also provides a long-term strategy for environmental improvement, focusing on the abstraction reductions needed to improve river flows. Our adaptive plans recognise that certain supply-side options take significant amounts of development time and will allow us to develop our understanding of water reuse, desalination and aquifer storage and recovery. Our WRMP will be updated every five years, setting out our plan for the next 25 years. This review will be undertaken using climate scenario modelling. In addition, the existing plan will be subject to annual review, which will include reference to the climate scenario analysis. As a consequence, the strategy may change to address identified risks and opportunities, as a consequence of the five-yearly (or sooner) revision. The impact of any changes related to climate change will be assessed as to the financial implications. Assessing our environmental impact The environmental assessments undertaken, alongside the development of our WRMP24, are Strategic Environmental Assessment (SEA), Habitats Regulation Assessment (HRA), Water Framework Directive (WFD) assessment, Invasive Non-Native Species (INNS) assessment, Biodiversity and the Natural Capital Approach via Ecosystem Services Assessment (NCA via ESS).	Our Long-Term Delivery Strategy (LTDS) looks ahead to 2050 and the 'core pathway' of investments and interventions required. It draws in information from our other long-term plans such as WRMP and DWMP. Our LTDS identifies key internal and external factors that could slow or advance reaching our ambition. The LTDS also considers the implications of uncertainty and extreme projections (such as a changing climate) through a series of 'alternative pathways', which we may need to switch to, should trigger points be reached. The completion of our LTDS was an Ofwat requirement for the PR24 process. We are required to monitor our current LTDS at least every five years. We expect our understanding of the risks – particularly over the long term – to continue to improve, including on the financial implications of challenges like climate change and growth.

Regulatory Required Strategic Plans*

25 year+ outlook



Annual – five-year outlook



*pre-government-strategy transition arrangements



	Drainage and Wastewater Management Plan	Water Resources Management Plan and Drought Plan	Long-Term Delivery Strategy
Modelling assumptions	Climate scenario A range of climate change scenarios, including UKCP18 RCP2.6 and RCP 8.5, plus six storm return periods (1:30, 1:75, 1:100, 1:250, 1:500 and 1:1,000). This plan covers a 25-year time horizon and is refreshed every five years. The climate scenario analysis undertaken every five years enables us to respond to updated climate risks and opportunities.	Climate scenario Based on UKCP18, through 12 bias-corrected Regional Climate Model (RCM) factors for RCP8.5. This modelling was carried out for each Water Resources Zone (WRZ) within our system. This plan covers a 25-year time horizon and is refreshed every five years. The climate scenario analysis undertaken every five years enables us to respond to updated climate risks and opportunities.	We have developed six alternative pathways, using Ofwat's common reference scenarios (climate change, demand, abstraction and technology) and our wider scenarios (water for energy and landbank availability), to identify higher-regret investment, not included in our core pathway. They are split into 'high' and 'low' assumptions about the future. Climate scenario For climate change, Ofwat expects companies to use UKCP18 projections for RCP2.6 and RCP8.5, to explore how these different climate futures affect their strategies – including their potential impacts on water resources, wastewater loads, flooding, and biodiversity – and to ensure the strategy is appropriate given these alternative climate assumptions. Ofwat considers that using the 50th percentile probability level for each projection offers plausible high and low assumptions for setting common reference scenarios. The LTDS was an Ofwat requirement at PR24 and it is currently unclear whether this document will be required at PR29. We will be producing a long-term investment driven strategy, which will include climate scenario analysis.
Timeframe	Four time horizons: 2025, 2030, 2035 and 2050.	To meet current and future needs over a 25-year period (2025-2050).	Aligned with our existing strategic frameworks and the Government's long-term objectives to 2050 (2025-2050).
Key findings from modelling	The results clearly show the impact of climate change, as we look ahead to 2050. Using the RCP8.5 scenario (broadly equivalent to a 4 degree C temperature rise), we can see that fluvial flood risk (when a river bursts its banks) reduces slightly, while pluvial flooding (when heavy rainfall overwhelms the ability of the ground to absorb or drain water) increases slightly.	The results of the climate change scenario analysis identified that two of our 27 WRZs are particularly vulnerable to climate change and that there would be a material impact on the supply demand balance in another five WRZs. Climate change impacts were combined with other factors, such as growth, to understand the total impact on the supply/demand balance in each WRZ. This has helped inform better resilience strategies for the WRZs (as shown on page 70).	Our LTDS represents the best value plan for our region and we have extensively tested it, to ensure our core pathway is efficient, affordable and fair in both the short- and longer-term, setting us up for a range of plausible futures. We have considered numerous solutions to create value across all components of the plan and we are clear how we will use base maintenance provision, alongside enhancement funding, in the long term.

Addressing climate-related challenges in our supply chain and wider sector

We work closely with our supply chain to deliver our capital programme. It is fundamental that we work together to reduce emissions. We began engaging with our supply chain on climate change in 2007, when we invited our key partners to HRH The Prince of Wales' first Mayday Summit. Since then, we've worked with our design and construction partners to reduce capital carbon by more than 66%, by 2025 against a 2010 baseline.

In 2016 we became the first organisation to be verified against PAS 2080, the world's first standard for managing carbon in infrastructure. In 2025, we were verified against the updated PAS 2080, which incorporates more issues around working with supply chains to reduce carbon.

At PR24 we were successful with the introduction of a bespoke Outcome Delivery Incentive for the delivery of lower-carbon concrete assets. Cement (the 'bonding' agent in concrete) and rebar (steel reinforcement) are amongst the highest carbon materials we use. Given this, and the high volumes of concrete we use in the construction of our assets, reducing the carbon associated with concrete presents a sizeable opportunity for the delivery of capital carbon savings. To deliver these reductions will require partnership working with a number of actors in our supply chain – designers, material suppliers, contractors and procurement – the concrete supply chain is complex and localised and to deliver the management of the various stakeholders will be key. We will also be working with the wider water sector in sharing best practice. The approach also affords opportunities to work with other infrastructure providers who have similar high demands for concrete.



Case study

Triple Carbon Reduction



Anglian Water is leading a first-of-its-kind innovation to transform how the water sector tackles process emissions, energy use and clean fuel generation.

The Triple Carbon Reduction project brings together Membrane Aerated Biofilm Reactor (MABR) technology and onsite hydrogen generation to cut carbon, improve treatment efficiency and produce renewable energy. Funded through the Ofwat Innovation Fund, the project responds directly to the Water UK Net Zero Routemap and focuses on three major sources of wastewater emissions: nitrous oxide from biological treatment, electricity use in aeration and reliance on fossil fuels.

Triple Carbon Reduction explores a new treatment that combines MABR technology with an electrolyser that generates hydrogen and oxygen. The oxygen is used within the MABR to enhance biological treatment and cut nitrous oxide emissions, while the hydrogen offers a new low carbon fuel source. The demonstration plant is located at Cambridge Water Recycling Centre and delivered through a consortium of 15 partners across academia, industry and the water sector.

Together, this integrated approach aims to:

- Eliminate nitrous oxide emissions, one of the sector's most challenging residual greenhouse gases.
- Reduce energy use in secondary treatment by up to 85% compared with conventional activated sludge.

- Generate green hydrogen to replace diesel use and support wider regional decarbonisation.

Despite global supply chain challenges and the complexity of this project, it has already delivered significant progress, including the world's first use of electrolyser generated pure oxygen in a full MABR system. We have also completed technical studies, including gathering public engagement insights from the University of East Anglia and final effluent pretreatment research by Cranfield University. Through this, we are generating new insights into oxygen transfer performance, nitrous oxide dynamics and the practicalities of preparing a treatment site for hydrogen. Through the process, we have also created set internal standards for hydrogen related design, documentation and risk management, shaping future innovation projects.

Onsite activity restarted in March 2026, where we began running a six-month trial to test how different oxygen enrichment levels influence treatment performance, carbon savings and operational costs. The electrolyser is expected to produce around 90kg of hydrogen and 730kg of oxygen each day, with hydrogen supplied to an external partner for vehicle trials.

Data from the demonstration will feed into a Life Cycle Assessment with Imperial College London, a full hydrogen business case, delivered with Environmental Resource Management and we will capture insights to inform PR24 delivery, PR29 investment and future net zero planning.

Case study

Project TORCH



We are supporting others to reduce their carbon emissions through heat energy recovery. In 2025, we were awarded a share of Ofwat's Water Breakthrough Challenge innovation competition for Project TORCH. TORCH stands for 'Tool for Optimising decisions for Recovery of sewer Catchment Heat' and consists of an AI-assisted decision tool to optimise heat energy recovery from sewers and Water Recycling Centres.

It identifies and prioritises heat source location, heat energy recovery technology and transmission route to gain an understanding of where and how residual heat could be extracted and used by others to reduce the carbon associated with their provision of heat. This must be achieved whilst maintaining the performance of water recycling assets. The project is being led by Anglian Water in partnership with Thames Water, Severn Trent, BMA, Noventa, University of Sheffield, Exeter University and Peterborough City Council.





a. Describe the nature-related dependencies, impacts, risks and opportunities the organisation has identified over the short, medium and long term.

Our relationship with nature

We address the ways in which we rely on and have an impact on natural capital and ecosystem services through our plans. Our nature-related dependencies and impacts are summarised below. We will continue to evaluate and assess our exposure to accelerating environmental change, exploring our value chain, to develop our understanding and inform our management of nature-related issues.

Our dependencies

We rely upon several ecosystem services to provide water and water recycling services to the region we serve. Most materially, these are the provision of surface water and ground water for a safe and resilient supply of drinking water, which is also enabled by the maintenance of water and soil quality and water flow (i.e. the hydrological cycle). In addition, ecosystem services can help mitigate the impact of these operations, for example through bioremediation (i.e. the ability of living organisms to degrade, reduce/detoxify contaminants) and filtration (i.e. the filtration, sequestration, storage and accumulation of pollutants).

Healthy soil is important. Its ability to hold onto water (slow the flow) and provide an aerobic environment for microbiology to thrive in (releasing nutrients for crops to uptake and degrading pesticides) reduces losses to watercourses and contributes to healthy water. Healthy soils lead to healthy crops, which require fewer inputs (pesticides and nutrients), which leads to better water quality. The link between soil health and land use is clear, and in the East of England the agricultural economic contribution

is roughly twice the national average. This is why we work closely with farmers and landowners in the region.

Nature also has the ability to provide climate regulation and flood and storm protection. However, the region we serve has just 7% of woodland cover, below the national average of over 10%. Low levels of tree cover contribute to a range of challenges: less shading and cooling, increased thermal heating and evapotranspiration from soils and plants, less biodiversity and increased flood risk. We use partnership working to manage surface water and flooding more effectively. We will be investing further in upstream management of surface water, through the provision of sustainable drainage systems, regulation and flood and storm protection.

Our impacts

We are permitted to abstract water from the environment and to return used water once it has been treated, through permit conditions imposed by our environmental regulator. These permits ensure that environmental impacts are either eliminated or are reduced over time.

Abstraction

We recognise that the water we take from the environment must be abstracted sustainably. Abstraction can have associated impacts on sensitive habitats and ecosystems, such as chalk streams, if levels exceed a sustainable threshold. One of the best ways we can protect watercourses in our region is by reducing the amount of water we take from the environment.

Environmental destinations

The concept of an environmental destination is a long-term vision for the environment, most notably for reducing the impact of abstraction on water flow and restoring, protecting and enhancing waterbodies.

As a water company – and the largest abstractor in the region – we have worked closely with other abstractors and environmental regulators, as part of Water Resources East (WRE), to define a set of region-specific and locally verified environmental destination scenarios, included in our WRMP. Having a set of environmental destination scenarios enables water companies, regulators and stakeholders to understand the types of interventions required to achieve sustainable abstractions.

Reasons for poor river health

River health is affected by many factors, including agricultural and road runoff (rainwater that runs off fields and roads with pesticides, chemicals and other harmful materials in it), industrial wastewater, wildlife, climate change and low river flows. Our main impacts on rivers are related to phosphate which comes from Water Recycling Centres, and from abstraction for drinking water, which can contribute to low river flows. We are continuing to make positive improvements against the causes of poor river health, including an 80% reduction in phosphorus across our delivered and planned investments.

Permitted discharges

Permitted discharges can contain high nutrient levels. By the end of 2025, our phosphorus programme had improved river health across 104 waterbodies, addressing 165 confirmed, probable, or suspected Reasons for Not Achieving Good Status (RNAGs). We are continuing to drive further improvements to remove phosphorus RNAGs across our wider catchments across AMP8. In 2026, we delivered an additional 10 phosphorus schemes as the first step towards wider RNAG reductions in AMP8, supporting the Anglian Water strategy to remove our share of the phosphorus challenge in line with the Environment Act. We are continuing to explore innovative technologies such as treatment wetlands and algal technology. We have an I-Phyc Algal Biological Reactor at a WRC in Bedford, leveraging natural processes to improve the efficiency and sustainability of our water recycling process. The reactor is designed to reduce phosphorous levels to below or equal to 0.5mg/l. This innovative initiative not only reduces the need for chemicals, but also lowers sludge production, reducing carbon emissions and enhancing safety on site.



Invasive species

Recreation at our Water Parks and how we operate flows in our reservoirs can increase the spread of invasive species. These species include Quagga Mussel, Killer Shrimp and Himalayan Balsam. The risk is likely to increase with warmer conditions and with increased raw water transfers between regions as a solution to drought. To prepare, we have trained our operational teams, rolling out guidance on how to maintain biosecurity through a network of Biodiversity Champions across the region. For AMP8 we have a range of WINEP investments to help mitigate the harm caused by invasive non-native species. This includes the rapid response fund, to help identify and eradicate new invasive species before they establish (up to £30,000 each year), improve the biosecurity at our water parks (£390,000 for the whole of AMP8), supporting the removal of Himalayan Balsam from the River Wensum (£110,000 for the whole of AMP8), and investigations into raw water transfers and invasive species surveillance (£570,500) over the whole AMP8 period.

Within the Strategic Pipeline Alliance (SPA), the approach to Invasive Species is captured within their Construction Environmental Management Plan (CEMP) and follows the use of standard good practice invasive species control. In practice, this looks like:

- Invasive species encountered are removed from site and get taken away as controlled waste with the requisite waste code.
- Invasive species found on site that don't need to be excavated get demarcated and signed, so that they are not inadvertently spread across site.
- Any vehicles and personnel working in these areas go through a wheel wash/boot wash to remove any debris and prevent contamination of other sites.

Our impacts and dependencies on nature

As a water company, we have an intrinsic relationship with the environment, the health of the which both influences and is impacted by our operations and climate change. In preparing this disclosure, we ran a series of workshops with subject matter experts from across the business. These were informed by the Locate, Evaluate, Assess and Prepare (LEAP) approach, outputs from the ENCORE tool and our strategic planning, to identify our nature-related impacts and dependencies, and the risks and opportunities that these present. We have summarised them in Table 5. We will continue to use the LEAP approach to inform our future assessments.

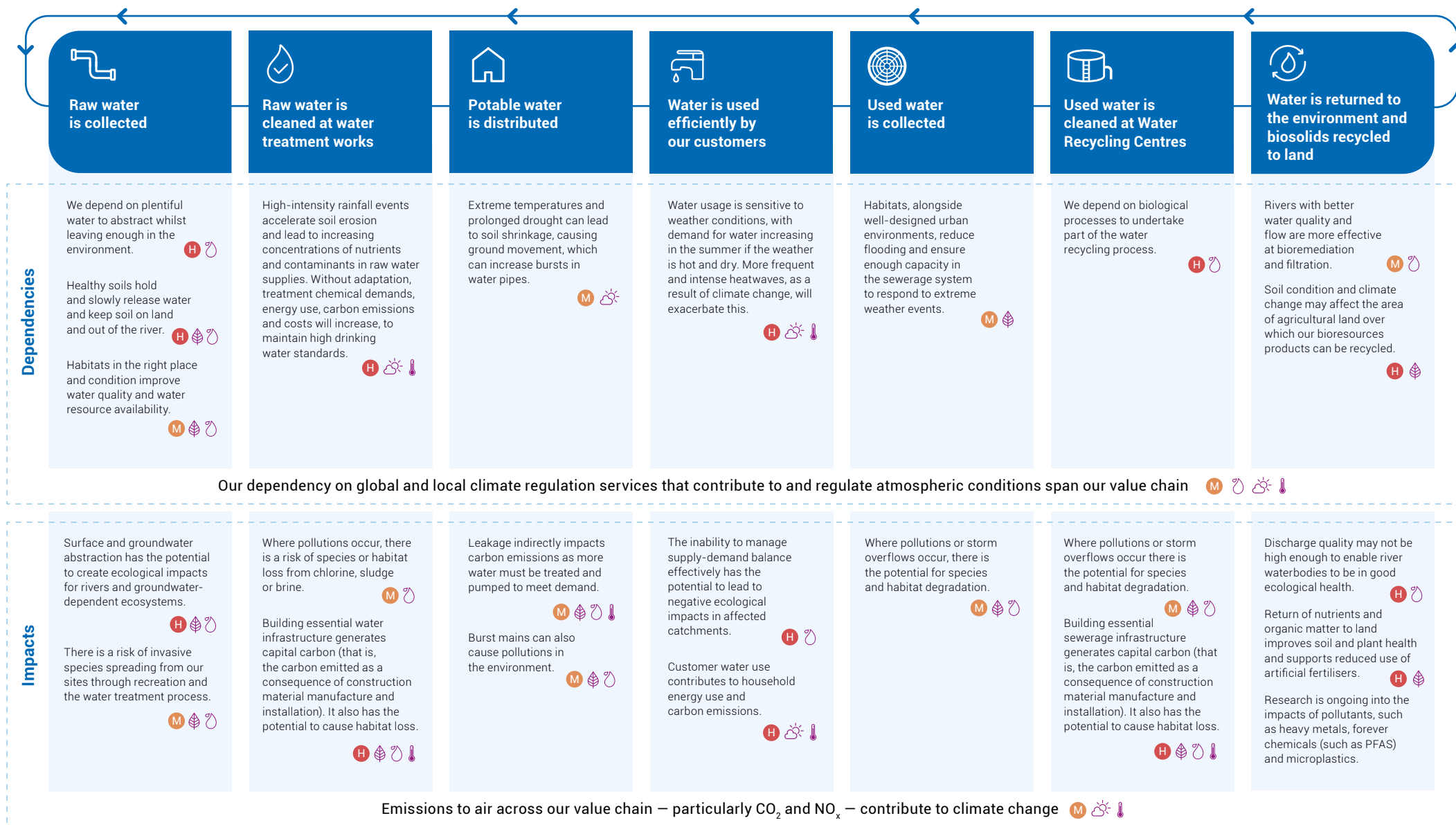


Our wetland in Everton works with natural biological and chemical processes to enhance water quality before it is returned to the environment. Image courtesy of Vesi Environmental.



Table 5: Our impacts and dependencies on climate and nature

High impact: **H** Medium impact: **M** Biome key: Land Freshwater Atmosphere Climate



Note: The materiality ratings are derived from the materiality ratings in ENCORE (encorenature.org) and informed by expert internal insights. In ENCORE, 'material' is interpreted as synonymous to significant or important to consider in the decision-making process. We will continue to review materiality in future years.



Embracing nature-based solutions

Nature-based solutions are a key part of our vision for the future. They provide wider benefits for the environment and communities than more traditional 'grey' solutions, avoiding the need to add more chemicals into our treatment processes or build carbon-intensive infrastructure.

Our Water Industry National Environment Programme (WINEP) is worth £2.4 billion this AMP. Through this, we seek to reduce the impact of storm overflows, investing over £700 million to manage flows across catchments, install nature-based solutions alongside traditional infrastructure such as storage to reduce the pressure on sewers. We will also invest c.£1 billion to remove harmful nutrients entering rivers, removing pollutants from treated water and investing in wetlands to absorb nutrients.

Case study

Wetlands



We plan to deliver a range of wetlands over the next five years. Wetlands are a low-carbon method of treating used water and also act as a natural flood defence, by slowing the flow of water re-entering rivers and supporting biodiversity. Out of the 12 wetlands to go through feasibility assessments last year, nine have passed and are currently undergoing land investigations.

We have been exploring the many possibilities of using Mycelium – the intricate root-like network beneath mushrooms – to create biological filters to help remove pollutants in local waterways and rivers. Mycelium networks can absorb nutrients, capture microorganisms, and break down pollutants and pathogens by up to 90%. We have been working with different partners to install these biological filters to improve water quality, the environment and support thriving ecosystems.

At our Water Recycling Centre in Benfleet, we propose to use this natural technology to provide an extra stage of treatment for recycled water. This Recycling Centre borders Benfleet Creek, which is a Site of Special Scientific Interest (SSSI).

The salt marshes are a crucial habitat for local biodiversity, but they are slowly being degraded by blooms of algae. Although our existing water recycling processes already clean and treat the water to a high standard, by passing the water through Mycelium, we can cleanse the water further and benefit this crucial environment.

Working in partnership with Catchment To Coast, the Department for Environment, Food and Rural Affairs, Southend-on-Sea City Council and the University of Essex, we will be monitoring the efficiency of mushroom-powered wetlands through water quality testing. Our ambition is to scale the benefits of green projects across the region. Our new Mycofiltration project, awarded funding in the latest round of the Water Innovation Fund, will harness the filtration power of fungal Mycelium to improve water quality and address increasing public concerns about river health. We will install fungal based filtration methods at areas like storm overflows and runoff sites to remove pollutants, e.g. bacteria, nutrients naturally by up to 90+%. This nature-based solution aims to deliver cleaner water and environmental benefits in a low carbon and cost effective way.

We have a similar wetland adjacent to our Everton Water Recycling Centre, which is a small treatment works in Bedfordshire serving a population of c.479. The new wetland is designed as a nature-based treatment system. The wetland incorporates approximately 111,000 native plants, working with natural biological and chemical processes to enhance water quality before it is returned to the environment. The wetland will reduce phosphorus levels below 1 milligrams per litre and provide additional treatment for ammonia, suspended solids, pathogens and emerging pollutants such as pharmaceuticals and microplastics.

With planting now established, full growth and system maturity are expected by Spring 2027. Beyond improving river health, the wetland creates valuable habitats for wildlife, delivers an 84% reduction in carbon emissions, supports carbon capture and demonstrates how natural infrastructure can deliver resilient, low-maintenance treatment solutions.

To further understand the power of wetlands, we're supporting Cranfield University's research into how treatment wetlands can play a role in reducing levels of PFAS entering the wider environment.

Case study

Sustainable Urban Drainage Systems



We work in partnership to deliver Sustainable Urban Drainage Systems (SuDS), combining drainage materials, plants and soil, to help retain water and allow it to soak away naturally. This helps to keep rainwater out of our sewers, further reducing the risk of flooding and reducing storm overflow spills. March in Cambridgeshire has experienced flooding in recent times. To help solve this issue, we have assisted in creating a 60m³ SuDS to intercept, capture and store excess surface water flows. This water can be used to fill sewer cleansing jetters and road sweepers, instead of using potable water.

The SuDS create capacity by emptying what is required to cope with an incoming rainfall event, based on the catchment area and how much space it needs to empty water into the surface sewer. This is a smart solution which will reduce the risk of flooding for residents and reduce the use of potable water for non-potable means.





Biodiversity Performance Commitment

During AMP8 we will be working towards achieving the Ofwat Biodiversity Performance Commitment. This commitment applies to all water companies and aims to reduce species extinction risks, increase resilience to climatic and water resource changes, and provide ecosystem services such as improved water quality and cleaner air. We have been set a target of delivering 363 biodiversity units within this AMP, measured using the Biodiversity Metric. Our work on creating/enhancing grasslands, hedgerows, and scrub is underway to achieve this ambitious target.

Access to green and blue spaces

We manage 49 Sites of Special Scientific Interest (SSSI) and we are proud that 99% are considered to be in favourable condition by Natural England. 6 of these sites are reservoirs, the rest are a wide variety of Anglian Water sites, many of which are also operational water supply or water recycling sites with important habitats, species, or geology present. Some of these sites are at our seven waterparks, which play an important role in conserving and enhancing our region's wildlife. Our five largest parks hold Green Flag status – the benchmark standard for the management of recreational outdoor spaces. We are also working with Beyond Swim to ensure all our parks can be certified as safe-swim locations.

At Anglian Water, we're proud that our region's bathing waters are the cleanest in the country, with more than 96% of our designated bathing waters rated 'good' or 'excellent' by the Environment Agency in November 2025. 19 of our beaches have Blue Flags status for excellent water quality and environmental education, and 18 have been awarded Seaside Awards by Keep Britain Tidy.



d. Disclose the locations of assets/activities in the organisation's direct operations and (where possible) upstream and downstream value chain(s) that meet the criteria for priority locations.

Areas important for biodiversity, owned by Anglian Water

Our estate covers diverse habitat types. We work hard to ensure, where possible, we are managing our land to benefit habitats and species, as well as supporting broader environmental objectives. We have many areas important for biodiversity in the region, including the National Site Network, which covers Special Areas of Conservation (SAC) and Special Areas of Protection (SPA). Data available to us shows we have:

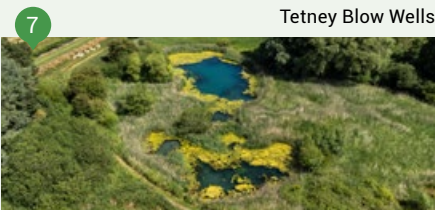
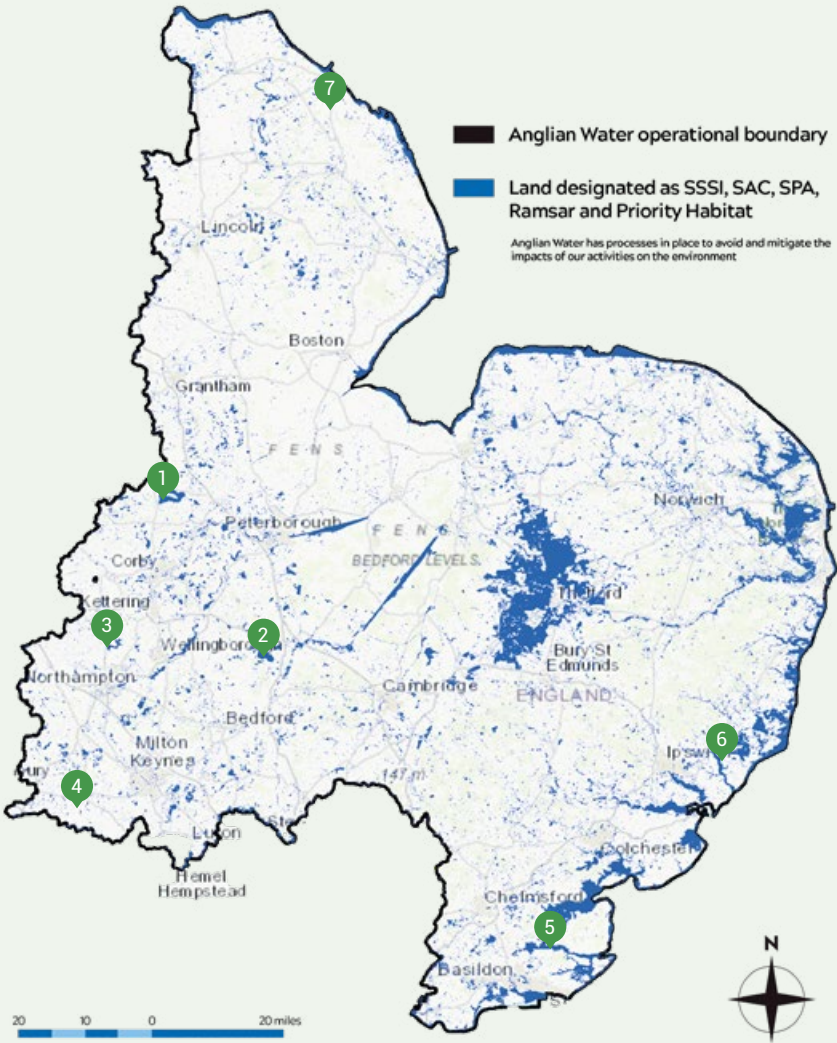
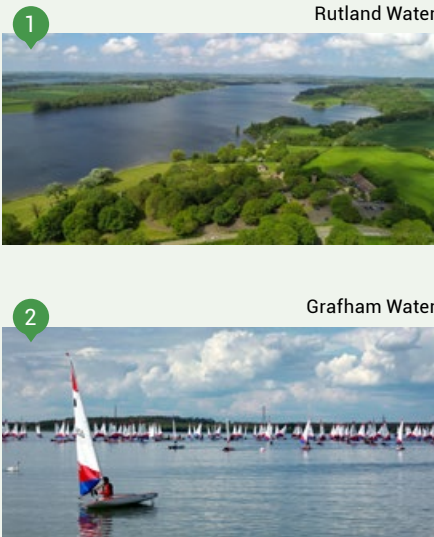
Table 6: Areas important for biodiversity

Hectares	Type of land
2,846 hectares of SSSIs	A site of special scientific interest (SSSI) is land notified under the Wildlife and Countryside Act (1981). They are sites rich in wildlife and natural features in England, supporting many characteristic, rare and endangered species, habitats and natural features. Our patch includes significant areas, if not all, of Foxcote Reservoir and Wood, Grafham Water, Newbourne Springs, Pitsford Reservoir, Rutland Water and Tetney Blow Wells.
1,575 hectares of Special Protection Areas (SPAs)	These are protected areas for birds in the UK. Rutland Water accounts for a significant proportion of the SPAs we own. SPAs, together with Special Areas of Conservation (SACs), form the UK's national site network.
1,366 hectares of Ramsar land	This is wetland of international importance, designated under the criteria of the Ramsar Convention on Wetlands for containing representative, rare or unique wetland types, or for their importance in conserving biological diversity.
890 hectares of priority habitat	Priority habitats, identified in the UK Biodiversity Action Plan, are considered as being of principal importance for the purpose of conserving or enhancing biodiversity, under Section 41 of the Natural Environment and Rural Communities Act (2006).
755 hectares of local wildlife sites, local geodiversity sites and roadside nature reserves/verges	Areas of land with substantive nature conservation value. They support both locally and nationally threatened wildlife, with many supporting important Section 41 habitats and species.
50 hectares of ancient woodland	Natural England has mapped 50 hectares of our estate as ancient woodland, this data still requires ground-truthing. Ancient woodlands are often very diverse and provide important habitats for wildlife.
12 hectares of Special Areas of Conservation (SACs)	We own a small amount of SACs. These are protected areas for habitats and species (fauna and flora), in the Habitats Directive. SACs, together with SPAs, form part of the UK's national site network.

Diagram 3: The most important nature sites in the Anglian Water region

Anglian Water operates over an area of 2,705,700 hectares and owns approximately 7,000 hectares of land. A range of assets reside on our owned land and we have some land with no defined use. The land is under various ownership types, including leases e.g., for livestock grazing.

On the map, we have plotted the sites where Anglian Water own more than 10 hectares of the SSSI. There are a number of smaller SSSIs which Anglian Water either own or are responsible for part of.

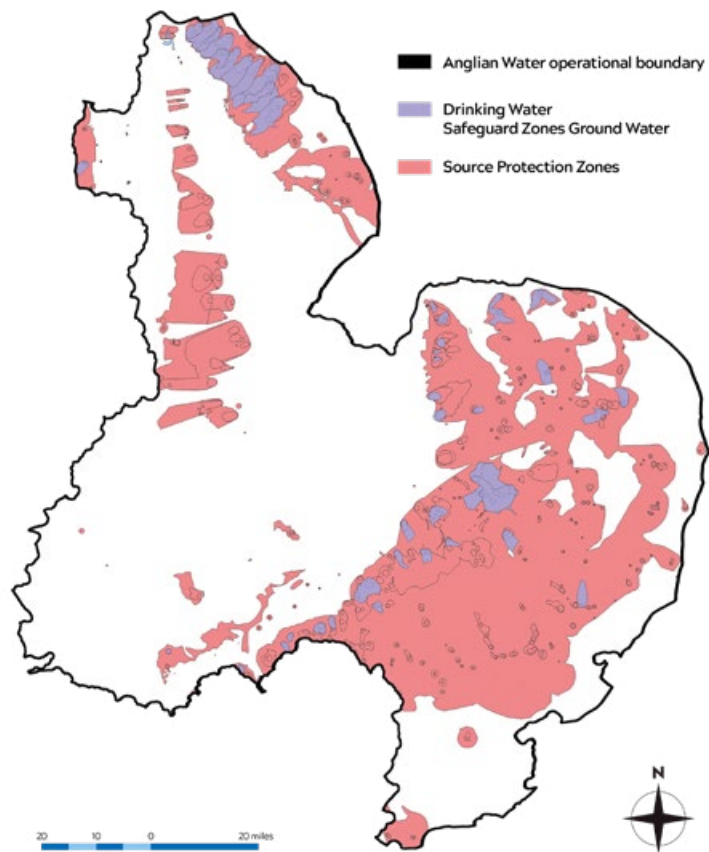


The information on this map is based on data currently recorded, but the position must be regarded as approximate. The plan is produced by Anglian Water Services Ltd from Ordnance Survey Crown Copyright.

Drinking water safeguard zones and source protection zones

Groundwater Source Protection Zones (SPZs) and Drinking Water Safeguard Zones (SgZs) are defined by the Environment Agency. SPZs show the level of risk from contamination to a ground water source used to supply drinking water. This could be from any activity that might cause pollution in the area. SgZs are established around public water supplies, where additional pollution control measures are needed.

Diagram 4: Drinking water safeguard zones and source protection zones

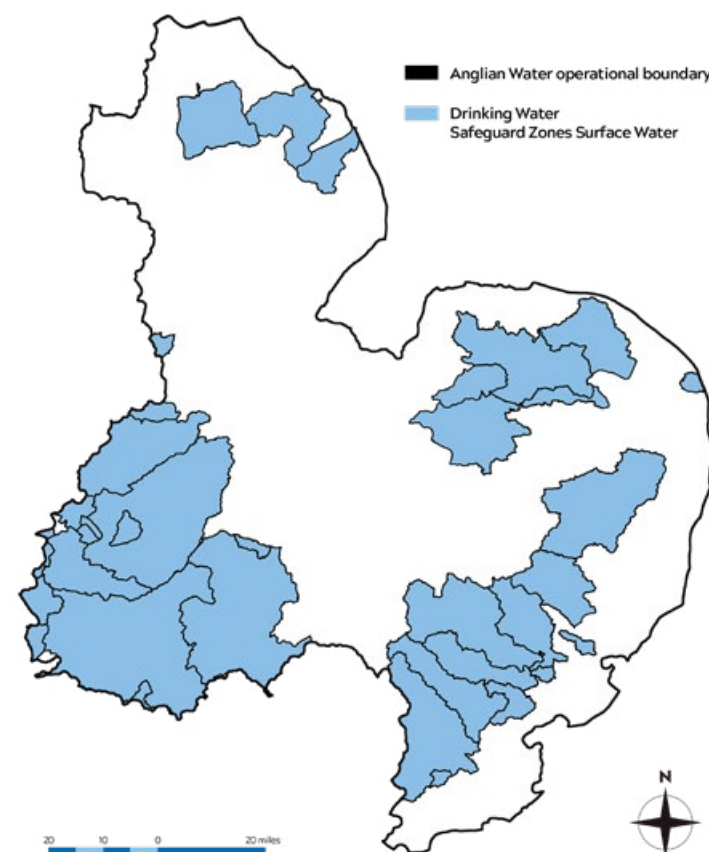


The information on these maps is based on data currently recorded, but the position must be regarded as approximate. The plan is produced by Anglian Water Services Ltd from Ordnance Survey Crown Copyright.

Drinking water safeguard zones (surface water)

Drinking Water Safeguard Zones (Surface Water) are catchment areas that influence the water quality for their respective Drinking Water Protection Area (Surface Water). They are identified where the protected area has been assigned as being “at risk” of failing the drinking water protection objectives of the Water Environment (Water Framework Directive) (England & Wales) Regulations 2017.

Diagram 5: Drinking water safeguard zones (surface water)





Risk and impact management



This section describes the Company's processes to identify, assess, monitor, manage and prioritise climate and nature-related risks, dependencies, impacts and opportunities. It covers how we identify risks and opportunities, the management of these risks and their integration into the Company's overall risk management process.

Identifying, assessing and prioritising climate and nature-related risks

Anglian Water considers climate change adaptation to be a Principal Risk. This means that it could cause significant impact to the provision of our services. See more on Risk Management: Principal Risks, pages 103-105.

While climate adaptation is a principal risk on its own, our approach to climate and nature-related risks is fully integrated within our overall risk strategy. Within this system, we define what constitutes substantial financial and strategic impact to the business.

Each risk is assessed based on its likelihood and potential impact, including financial exposure, operational disruption, and consequences for customers and the environment.

The assessment and management of climate and nature-related risks is consistent with the approach used to manage risk throughout the business. Climate and nature-related risks are also identified and managed through the preparation of long-term plans — covered in Table 4 — and the delivery of individual investments. We review the current risk level, as well as how our controls provide confidence and assurance around our management of that risk.

Being a regulated business, not all the categories of example risks and opportunities identified within the TCFD guidance (tables A1.1 and A1.2 (pages 75-76 of TCFD guidance) are relevant to us. We have considered them as necessary and disclosed as appropriate.

We also consider both existing and emerging regulatory requirements. This includes current obligations set by Ofwat and the Environment Agency, as well as anticipated changes in policy relating to climate resilience, emissions and environmental standards. These considerations are factored into our scenario analysis and inform how risks are prioritised and managed.

Our Climate Transition Plan, published separately, contains transitional risks.

Our latest Climate Change Adaptation Report covers our climate-related risks. We assessed 40 risks in relation to climate change adaptation and aggregated these into five key headline themes, as shown in Table 1. Each of these 40 risks are linked to our risk registers, integrated into our corporate risk register, and form part of our business planning processes.

Climate-related risks are managed through our enterprise risk management framework. Once identified and assessed, risks are addressed through a combination of mitigation, transfer, acceptance, depending on their nature and materiality. Decisions on how to respond are based on financial impact, operational risk, and alignment with our risk appetite, with oversight from Executive management and the Board.



a. ii. Describe the organisation's processes for identifying, assessing and prioritising nature-related dependencies, impacts, risks and opportunities in its upstream and downstream value chain(s).

Our Commercial Procurement team has developed materiality heatmaps, which provide a holistic view of the identified ESG risks and opportunities for each sub-category of spend.

The heatmaps are integrated within sourcing strategies and discussed, to enable inclusion of relevant ESG assessment questions for suppliers, ensuring consideration is given to relevant areas of the framework or contract for the goods or services being procured. By engaging with our suppliers around these topics early and by sharing and encouraging environmentally positive and ethical behaviour in line with Anglian Water's Supply Chain Code of Conduct, we aim to drive sustainability best practice.

We work closely with our capital delivery alliances, for example, involving them in our Climate and Carbon Steering group, to ensure we can identify and address environmental challenges as one team.



Metrics and targets



We aim to reduce our carbon emissions, where we have operational control, as set out in our Net Zero Carbon 2030 Routemap.

This year, our process and fugitive emissions (Scope 1) have increased considerably due to changes in the N₂O emissions factor used in 2025/26. This change has been made for two reasons. Firstly, from 2026, the UK Government Greenhouse Gas inventory has adopted the 2019 refinement to the 2006 Intergovernmental Panel on Climate Change (IPCC) N₂O emissions factor for secondary wastewater treatment of 1.6%. Historically the water sector has used a figure of 0.4%. Secondly, the nitrogen load figure (total nitrogen per population equivalent a day) has increased from 8g to 17.74g. This uses UK Government statistics for average protein consumed per capita.

Taken together, this has resulted in an approximate seven-fold increase in reported N₂O emissions in 2025/26 over 2024/25. This increase is as a consequence of a methodological change in the way emissions are calculated and has been adopted across the sector as a more accurate representation.

The table restates the 2024/25 emissions using the new 2025/26 emissions factor for comparison, alongside our prior year performance without the emissions factor.

Where relevant, we have also aligned with industry best practice for emissions measurement and reporting. Emissions have been calculated using Carbon Accounting Workbook v.20 (2026), 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 2025 to calculate the above disclosures. There have been no methodological changes - aside from the N₂O emissions factor - in the way emissions have been calculated in financial year 2025/26 against 2024/25.

The reporting boundary covers the emissions within the regulated activity of Anglian Water Services Limited, 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.

Our strategy for operational carbon reduction has been verified against ISO 14064 since 2010.

The table across meets requirements of the Streamlined Energy and Carbon Reporting (SECR) regulations and b. of the CDP disclosure.

Table 7: Scope 1, Scope 2 and relevant Scope 3 Greenhouse gas emissions (GHG)

	Units	2024/25	2024/25 (N ₂ O emissions factor applied)	2025/26 (N ₂ O emissions factor applied)	Inclusions
Energy consumption used to calculate emissions kWh	kWh	1,100,697,958	1,100,697,958	1,079,246,513	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	17,988	17,988	11,277	Fossil fuel combusted, natural gas and biogas
Scope 1 – Process and fugitive emissions	Tonnes CO ₂ e	85,250	318,787	313,784	Water and wastewater treatment, biogas
Scope 1 – Owned transport	Tonnes CO ₂ e	22,216	22,216	23,232	Fleet vehicles and company cars
Scope 1 – Total	Tonnes CO ₂ e	125,454	358,991	348,293	
Scope 2 – Purchased electricity	Tonnes CO ₂ e	133,989	133,989	118,042	Grid electricity – location-based electric for vehicles
Scope 2 – Total	Tonnes CO ₂ e	133,989	133,989	118,042	
Scope 3 – Business travel	Tonnes CO ₂ e	809	809	1,486	Private cars, public transport
Scope 3 – Outsourced transport	Tonnes CO ₂ e	25,074	25,074	27,030	Outsourced tankers
Scope 3 – Purchased electricity	Tonnes CO ₂ e	11,828	11,828	12,358	Transmission and distribution
Scope 3 – Total significant	Tonnes CO ₂ e	37,712	37,712	40,873	We have not included commuting, capital carbon and emissions from use of water in customers' homes
Total annual gross emissions	Tonnes CO ₂ e	297,156	530,692	507,207	
Exported renewables	Tonnes CO ₂ e	-8,739	-8,739	-3,731	Exported renewables REGO certified
Green tariff	Tonnes CO ₂ e		0	0	
Total annual net emissions	Tonnes CO ₂ e	288,417	521,953	503,476	
Intensity ratio – water treated	Kg CO ₂ e per Ml	186.7	194.8	159.03	
Intensity ratio – recycled water	Kg CO ₂ e per Ml	461.1	514.2	949.48	



c. Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.



g. Describe the targets used by the Company to manage climate-related risks and to realise climate-related opportunities, and performance against those targets.

Organisational targets to manage climate-related risks and opportunities

Our key short-term climate-related targets are as set out below. We frequently monitor and forecast our position towards our net zero commitments. The below targets include progress towards our net zero targets, alongside our Ofwat related Performance commitments set for this AMP (2025-2030).

Our carbon emissions related targets were not achieved this year, primarily due to our operations requiring more power. We have plans in development to revise our approaches in light of the many changing circumstances and challenges to ensure we can significantly improve performance going forward.

Across water services, more electricity was used to pump water around the region to meet demand during the dry spell, and to pump water back into the reservoirs to refill them. Across water recycling, we saw increased tankering and pumping activity. This was to mitigate flooding impacts and spills during the wet winter. Alongside this, we did not generate as much electricity from our Combined Heat and Power engines due to outages on critical assets.

Table 8: Anglian Water's carbon targets and performance

Related targets	2024/25	2025/26	Metric category/definition
2030 net zero pathway (operational carbon)	26.6%	9.4% decrease	This is calculated using a market based methodology with current year compared to our 2018/19 baseline. The new N ₂ O emissions factor has not been applied here.
70% reduction in capital carbon by 2030, against our 2010 baseline	66.1%	58.4% decrease	The aggregated performance of all standalone construction schemes reaching detailed design or later in year 1 of AMP8 compared to a baseline position of how the scheme would have been delivered in 2010.
Greenhouse gas (water)	N/A	6.98% increase (Target: 9.34% decrease)	These are Ofwat Performance commitments and are calculated using emissions factors from 2022 (CAWv17) against a base year of 2024/25. Fixed emissions factors will apply for each year of AMP8 (2025-2030) greenhouse gas performance commitment reporting. Each year, the base performance data (kWh electricity consumed, litres diesel consumed, etc) is applied to using this Ofwat methodology to arrive at the performance commitment outcome. As the emissions factors are fixed, the outcome from the base data is different from each year, as emissions factors for 2025/26 are different to those from 2024/25. Therefore the carbon emissions reported under the performance commitment cannot be compared year-on-year.
Greenhouse gas (waste water)	N/A	3.45% increase (Target: 0.55% decrease)	
Lower-carbon concrete assets (5% reduction by end AMP)	N/A	99% (Target: 5% reduction by 2030)	This metric applies to all AMP8 standalone schemes completed AMP to date, in this case by the end of year 1. As we are only in year 1 there has only be a single relevant scheme completed. A baseline concrete carbon position is created when each scheme is conceived. As each scheme progresses through design and construction the concrete carbon performance measured. The aggregated performance of all schemes completed AMP to date is then compared to the aggregated baseline position to arrive at final performance

Low-carbon concrete assets is a new Performance Commitment for this AMP. Our target is to reduce the greenhouse gas emissions associated with concrete and reinforcement used in the construction of capital assets by 5%, by 2030. So far one scheme has already contributed to our target, but this result is not indicative of our performance across the AMP.

Our Ofwat-related Performance Commitment Levels are one way we track our progress. Due to the nature of our business, many of these commitments are inherently linked to our impacts and dependencies on climate and nature. Information on how we monitor our progress and how we've performed against our targets during the reporting year, can be found in our Ofwat-related Performance Commitments: pages 16-20

We've developed a process to assess and manage the climate resilience of our investments — via our Six Capitals framework — and integrate our LTDS with our water and wastewater strategic planning frameworks, to inform efficient investment decisions against long-term need.

Since 2022/23, a proportion of senior leader remuneration has been linked to performance against climate-related targets. For AMP8, 50% of the performance contract will relate to our environmental performance, covering metrics including storm spills, pollutions, leakage and abstraction compliance. Find out more in our Remuneration Committee report: pages 137-160.



Nature-related metrics and targets

A combination of the Environment Agency's Environmental Performance Assessment (EPA), Ofwat Performance Commitments and other obligations.

Key

Physical Risk **P** Transition Risk **T** Opportunity **O**



a. Disclose the metrics used by the organisation to assess and manage material nature-related risks and opportunities, in line with its strategy and risk management process.

b. Disclose the metrics used by the organisation to assess and manage dependencies and impacts on nature.

c. Describe the targets and goals used by the organisation to manage nature-related dependencies, impacts, risks and opportunities and its performance against these.

Table 9: Nature-related metrics

Metric No.	Driver of nature change	Metric		2024/25	2025/26	Related targets and progress
C1.1	Extent of land use change	SSSIs managed in favourable condition Percentage of SSSIs (Sites of Scientific Special Interest) we manage, by area, which are considered in favourable condition by Natural England.	P	99%	99%	99% of the 49 SSSIs we manage by area are considered to be in favourable condition by Natural England.
		Trees planted Total number of trees planted since 2018.	P	12,139	33,771	We will continue to monitor our tree planting progress in AMP8.
C2.1	Wastewater discharged	Spills from storm overflows Sometimes referred to as Combined Sewer Overflows (CSOs), storm overflows are relief valves built into the combined sewer systems, to allow excess water into rivers, lakes, or the sea when rainfall exceeds capacity. This permitted discharge protects properties from flooding and prevents sewage backing up into streets and homes during heavy storms.	P	31	12	In our second year with 100% monitoring, the average number of spills per storm overflow has reduced significantly, from 31 in 2024 to 12. This reduction is encouraging and reflects both enhanced focus and the drier summer experienced in 2025. While this progress represents an important step in the right direction, our vision is that storm overflows will no longer be required by 2050. See Action on Storm Overflows - Our plan to 2050 .
		Self-reporting of pollution incidents to the EA Percentage of category 1 to 3 pollution incidents self-reported by a water company to the Environment Agency.	T	88%	93%	In 2025, we delivered our strongest self-reporting performance to date, achieving 93% overall self-reporting (94% on telemetered assets) – comfortably exceeding the Environmental Performance Assessment “green” thresholds and reinforcing our commitment to transparency with the Environment Agency. Our 2025 performance shows that self-reporting is not a compliance exercise for Anglian Water, it is a core part of how we protect the environment, build trust with our regulator, and drive better operational outcomes
C3.0	Water withdrawal and consumption from areas of water scarcity	Abstraction licence compliance Percentage compliance for our annual drinking water abstraction licences with the Environment Agency.	P	100%	99%	The EPA brought in additional new metrics to monitor against in the 2025-26 reporting period.



Section 172 statement

In July 2019, with the approval of our Board and shareholders, we became the first major utility company to enshrine our Purpose into how the business operates, by amending our Articles of Association. This amendment means that the Company has enshrined, for the long-term, the principles set out in section 172 of the Companies Act 2006 – making us accountable for delivering on our long-standing commitment to working in the public interest (see page 7).

Section 172(2) states that, where the purposes of a company consist of purposes other than, or in addition to, benefiting the company's shareholders, the section 172 duties will take effect, as if the reference to promoting the success of the company for the benefit of shareholders were a reference to achieving those alternative purposes. The purpose of the Company (our Purpose) is to conduct its business and operations for the benefit of members, while delivering long-term value for its customers, the region and the communities it serves, seeking positive outcomes for the environment and society. It follows that the directors of the Company have a duty to act in a way that can be considered as most likely to promote our Purpose.

The following disclosures demonstrate how the Anglian Water Services Limited Board has regard to the matters set out in section 172(1) (a) to (f) and includes cross-references to other sections of the report for further information.

S.172(1)(a) The likely consequences of any decision in the long term

Anglian Water's long-term strategy has been driven by our 25-year Strategic Direction Statement (SDS). Since the SDS was first published in 2007 it has been refreshed, with Board support, in both 2017 and 2023 covering the period to 2050. During the financial year, the Board continued to develop and refine the Company's long-term strategy, leading to the creation of the Enterprise Strategy, which sets out Anglian Water's long-term direction through to 2055. Further details on the Enterprise Strategy can be found in the case study on page 91. The five key strategic priorities set out in our Enterprise Strategy are also shown in our business model on page 4.

Our Long-Term Delivery Strategy (LTDS) was published in 2023 and looks ahead to 2050. It shows how we will deliver our purpose and ambition, and the 'core pathway' of investments and interventions required. It draws on information from our other long-term plans such as the Water Resources Management Plan (WRMP) and the Drainage and Wastewater Management Plan (DWMP). In March 2026, following Board approval, we submitted our long-term Flow Compliance Plan to Ofwat, which contains our long-term plan for flow compliance. The plan outlines how the Company will ensure all of its Water Recycling Centres and network assets are designed, built, operated and maintained so they have sufficient capacity under normal operating conditions and can manage flows effectively and remain compliant with relevant legal requirements. The Board has been closely engaged with each of these strategic plans and has provided assurance to Ofwat where required.

Much of the Board's focus over the year has been on the final report of the Independent Water Commission, led by Sir Jon Cunliffe, and the subsequent Water White Paper, which was published by Defra in January 2026. Such was the importance of this matter; the Board held a number of standalone sessions over the year to consider both Sir Jon's recommendations and the White Paper.

During the year, the Board was engaged in the development of the Leakage Improvement Plan. In response to the unprecedented period of hot weather and drought experienced in year one of the AMP, which significantly impacted leakage performance, a leakage review was undertaken. This led to the development of a Leakage Improvement Plan that was subsequently reviewed and supported by the Board.

The Board receives regular updates regarding water resources. The WRMP ensures we have a long-term plan to be resilient to extreme drought across our region. Our leading approach to demand management, our ambitious supply-side programmes and our commitment to developing strategic regional options is critical to improving our long-term drought resilience.

A key element to securing the long-term future of water supplies is the continued development of two new reservoirs in the East of England, one in the Cambridgeshire Fens and another in Lincolnshire. The Board continued to be closely engaged in the development of these projects, and during the year a number of Board members visited the sites of both reservoirs.

To ensure appropriate Board oversight of this key strategic initiative, Ian Funnell, an Independent Non-Executive Director, attends meetings of the Reservoirs Programme Board (an Executive Committee sub-committee). Following these meetings, Ian provides the Board with a progress update on the two new reservoirs. Further information on the two new reservoirs can be found on page 55.

The Board has also approved Anglian Water's long-term viability statement (see pages 107-109), within which the directors have assessed the Company's prospects over the next ten years.



Enterprise Strategy

During the year, work began on creating the Anglian Water Enterprise Strategy. We focused on defining our ambitions and aspirations by mapping four identified themes of focus against the following three-time horizons: Horizon 1: focusing on near-term priorities to 2030, Horizon 2: spanning transformational goals from 2030 to 2055, and Horizon 3: addressing long-term aspirations to 2055. Feedback from Board members on the four themes, alongside a review of how they are used across the Company, have contributed towards an amended set of five strategic priorities, which represent what is important to deliver against our Purpose across the three-time horizons.

- Trusted by government and regulators to meet our commitments.
- Embedded in our communities and valued by our customers.
- Enabling sustainable growth and resilience in an environmentally significant region.
- Our people and partners are proud to deliver excellence and be Safer Every Day.
- A high-performing organisation that is financially resilient and attracts investment.

We are in the process of a rationalisation of the strategies necessary to support the overarching Enterprise Strategy, looking to simplify the structure and reduce the number of strategies and strategic plans across the organisation. We anticipate a series of functional strategies, several cross-cutting strategies and several regulator-driven strategies and strategic plans, that will in the future be anchored in our Enterprise Strategy.

Following feedback from supply chain CEOs and the Independent Challenge Group, the Enterprise Strategy will be approved by the Board in April 2026.



Board decisions

When making decisions, the Board takes into consideration the interests of all relevant stakeholders. To enable the Board to make well-informed decisions, high-quality and detailed Board papers are provided in advance of meetings through a secure Board portal, allowing directors plenty of time for thorough review and consideration prior to Board meetings. Board paper templates specifically include the stakeholders impacted by each paper, ensuring directors consider the views of each relevant stakeholder in their decisions. Additionally, the Company maintains a forward planner that outlines the standard agenda items for each Board meeting, along with additional topics that need to be addressed in the year.

The Board includes an appropriate combination of executive and non-executive (and in particular independent non-executive) directors. During Board meetings there are open discussions, where the non-executive directors constructively challenge, provide strategic guidance and offer specialist advice, while holding management to account. The Board benefits from the diverse skills, knowledge and experience of all directors, all of whom understand the importance of their section 172 duty to act in good faith to promote the success of the Company.

S.172(1)(b) The interests of the Company's employees

The welfare and development of our employees and of the Company's culture, values and behaviours, are key areas of focus for the Board and its committees, with employee-related issues covered at every Board meeting. Areas considered by the Board and committees range from health, safety, wellbeing and security to inclusion, employee engagement and succession planning.

The Board meets with the Head of Safety at least twice a year, which enables the monitoring of key safety trends and challenges to performance, where appropriate. Since its launch in March 2025, the Board has been fully engaged in Safer Every Day and receives regular updates on progress from the Chief Executive Officer. The Board was also supportive of the Welfare Improvement Plan, designed to improve welfare provision, inclusion, dignity and morale for our frontline colleagues. Further information on Safer Every Day can be found on pages 42-44.

Throughout the year, members of the Board undertook several site visits, which enabled them to engage with a wide-range of employees. In December 2025, Ros Rivaz, Batiste Ogier and Tony Bickerstaff visited the Sludge Treatment Centre at Cotton Valley Water Recycling Centre, with a particular focus on asset health and safety, and supporting effective oversight of operational and employee safety matters. Kath Durrant visited Ingoldisthorpe Wetlands, and a number of Board members visited the Cambridge Water Recycling Centre and the site of the Fens Reservoir.

In July 2025, the AWG and AWS boards attended a market stall event, with presentations from the @one Alliance, the Strategic Pipeline Alliance (SPA), the Customer and Operations Services team, the Risk and Compliance team, the Water Services team and Water Recycling



Services team. This event was an effective way for Board members to engage directly with colleagues across the business, enhance their understanding of operational activities and support effective long-term decision-making.

In line with the Anglian Water Services Limited Corporate Governance Code 2025, the Board has appointed John Barry as the non-executive director responsible for engaging with the workforce. In this role, John is supported by the independent non-executive directors. During the year, John Barry met with participants from the Senior Talent Development programme for an informal, discussion-led session. The conversation focused on reflections from the programme, including what had been most valuable and impactful for participants. It also explored the leadership behaviours that make the greatest difference to performance within the organisation, alongside a broader discussion on how, following a period of significant structural change, leaders can continue to engage, motivate and retain their people.

Tony Bickerstaff also joined the Rising Stars cohort during a masterclass on strategic leadership. In this session, Tony shared insights into the role of a non-executive director, offering his perspective on the organisation and its wider context. The informal discussion created space for participants to exchange views on leadership and to think more strategically, including reflecting on the key issue they would raise if given five minutes of the Board's attention.

Love to Listen, the all-employee survey, gives everyone across the business the opportunity to share their views. The survey is hosted on an independent platform, allowing our people to provide open and honest feedback in confidence. The insights we gather help us understand our colleagues' experience and work together to continually improve. A short pulse check survey was carried out in July 2025,

which was completed by over 1,000 colleagues across the business. In March 2026, the annual Love to Listen survey was undertaken, with the aim of seeking and acting on the views of our employees. The results of the survey, together with plans to address its findings, were considered by the Board at its meeting in April 2026 and can be found on page 46.

Employees are kept informed of changes in the business and general financial and economic factors influencing the Company. This is achieved through a systematic approach to employee communication, which includes regular briefings, presentations and electronic newsletters and emails. Weekly Newstream bulletins provide employees with a round-up of important news across the Company. The Company's intranet is also an extensive source of information. The Company's regular virtual all-staff meetings are a chance for employees to hear directly from members of the Executive Committee and senior leaders about the business, receive progress updates and ask any questions. The sessions take place throughout the year and are recorded, so employees can watch them at a later date.

As part of the Company induction process, new employees are invited to join 'Meet the Chief Executive' calls with Mark Thurston. This provides a valuable opportunity for them to be personally welcomed into the business by Mark and share how they've been settling in. Mark also holds monthly calls with the Senior Leadership Team to provide an update on key business matters.

During the year, the Remuneration Committee receives updates on wider workforce remuneration matters such as the impact of the budget and the annual pay review. Further information on the work of the Remuneration Committee can be found on pages 137-160.

The Nomination Committee also regularly reviews the work undertaken around senior management succession, development and inclusion. Further information on the work of the Nomination Committee can be found on pages 131-134.

Board engagement with stakeholders

Our Board has set out to define discrete stakeholder groups, but it recognises that, in many cases, they have complementary interests and shared priorities. On occasion, their concerns may even conflict with one another. The Board's duty in reviewing, challenging and shaping plans and setting strategic direction, is to consider and balance the impact of its decisions on a wide range of stakeholders.

There are some key issues, of such strategic importance, that the Board judges it should engage directly with relevant stakeholders. However, much of our engagement happens at an operational level. Where the Board has not engaged directly with stakeholders, it receives regular reports from management, so the directors can understand and take account of the key issues to which they must have regard.

More information on our business model, including how we use Six Capitals framework to shape decisions and measure outcomes, can be found on page 4. Information on our key stakeholders can be found throughout this Strategic report.

S.172(1)(c) The need to foster business relationships with suppliers, customers and others

Our most important supply chain relationships are with our alliance partners, who play a crucial role in the delivery of our infrastructure and services. The Board receives regular updates on the progress of the capital investment programme at Board meetings. This update provides an opportunity for the directors to review and challenge progress across the different delivery routes.

In April 2026, the Board considered and endorsed a new Future Delivery Strategy (FDS), which will set out how we will deliver our AMP9, 10 and 11 programmes in a way that is strategically aligned with the Enterprise Strategy. The FDS will now be further developed to ensure that the extensive and complex work necessary to achieve operational readiness is completed before AMP9. The Board will continue to review the development of the FDS in detail.

Under Anglian Water's Scheme of Delegation, the Board must approve the procurement approach prior to the award of contracts with suppliers, where the anticipated spend exceeds a certain value. This ensures there is an appropriate level of oversight of these key contracts. During the year, the Board approved the procurement strategy for the Major Projects Framework and the procurement strategy for Mechanical, Electrical and DSEAR Services. In November 2025, the financial thresholds in the Scheme of Delegation for contracts requiring Board approval were increased to reflect the Company's growth, the impact of inflation over the years and to ensure the Board's focus remains on genuinely strategic procurement matters.

Each year, the Board also approves Anglian Water's Modern Slavery and Human Trafficking Statement, which details the steps we have undertaken to ensure that slavery and human



trafficking are not taking place in any part of the business, or within Anglian Water's supply chain.

The Board recognises the importance of fostering strong and constructive relationships with our customers. In September 2025, the Board attended the Operational Management Centre in Lincoln, which was an opportunity for Directors to listen to customer calls, hearing first-hand the support we provide day in, day out to customers. Feedback was positive, with the Board commenting on the professionalism of our staff and the customer-focused service we deliver every day.

During the year, the Company regularly convened the Independent Challenge Group (ICG), as well as the Customer Board. Both forums were well attended by relevant senior managers, including Mark Thurston. Ros Rivaz also attended an ICG meeting and Kath Durrant attended a Customer Board meeting during the year, and provided direct feedback to the Board. Craig Bennett, Chair of the ICG, attended the Board meeting in November 2025 to discuss the ICG's role in providing independent scrutiny and challenge. Following this discussion, a programme of attendance for non-executive directors at these forums has been established, alongside members of the Senior Leadership Team, to support transparency, learning and effective challenge. Further information can be found on page 17.

During the year, the Board considered the development of Ofwat's Customer Involvement Rule, which came into effect on 1 April 2026. At its meeting in early June 2026, the Board approved the Customer Involvement Plan. In advance of the introduction of the Consumer Involvement Rule, it has been agreed that all of the independent non-executive directors would have responsibility for consumers.

The Board also engages with our different regulators including Ofwat, the Environment Agency (EA) and the Drinking Water Inspectorate (DWI). During the year, both the Chair and

Chief Executive Officer regularly engaged with their respective counterparts. Part of this engagement took the form of regular calls and meetings between our Chair, Dr Ros Rivaz, and the Chairs of Ofwat and the EA. As well as these meetings, Dr Ros Rivaz hosted site visits with Iain Coucher (Chair of Ofwat) in Norfolk, visiting Dereham Water Recycling Centre and the Ingoldisthorpe Wetlands, and visits with Alan Lovell (Chair of the EA), visiting the site of the proposed Fens Reservoir. Dr Ros Rivaz also hosted a site visit at the Fens Reservoir with the Chair of Natural England. Further information regarding engagement with our regulators can be found on pages 30-31.

Another important stakeholder group includes debt investors, banks and rating agencies. Engagement is key to understanding their requirements, demonstrating our long-term, sustainable vision and helping them to understand what makes Anglian Water a sound investment. In September 2025, we hosted representatives from our banks and debt investors for a Capital Markets Day at Rutland Water. We set out our investment plans for AMP8, our financial strength, and our approach to addressing some of our performance challenges. Further information regarding engagement with our debt investors can be found on pages 52-53.

During the year we have strengthened our long-term relationships with political and government stakeholders at both regional and national level. This year, we engaged with more than 900 political stakeholders. As part of this engagement both the Chair and Chief Executive Officer meet with Government ministers, MPs and special advisers.

S.172(1)(d) The impact of the Company's operations on the community and environment

The environment is at the heart of our Purpose, and our Enterprise Strategy is fully aligned with the Government's 25-year Environment Plan.

The Board retains overall oversight of, and responsibility for, climate-related issues and regularly considers issues that impact both the environment and local communities. During the year, the Net Zero Strategy to 2030 was replaced with a Climate Transition Plan, reflecting evolving understanding of emissions, particularly across the sector, and to set out our carbon reduction plan going forward, in line with the UK 2050 net-zero target.

In 2025, the Company's total pollutions reduced by 15%, to 371 (2024: 437). However, there was an increase in serious pollution. Recognising the importance of this issue, over the year, the Board regularly reviewed and challenged pollution performance, its root causes and closely monitored the actions designed to reduce pollutions, which were supported by the decision made by the Company's shareholders in January 2024 to invest £100 million to support pollution performance. As part of this work, the Board approved the Pollutions Incident Reduction Plan 2026, which was published in March 2026.

In April 2025, we launched our Advanced Water Industry National Environment Programme (A-WINEP) to test new approaches to address water quality, water resources and deliver environmental benefits at catchment scale. We are one of only three water companies to secure regulatory approval for this approach.

In November 2025, we launched the £5.8m shareholder-funded Thriving Communities Fund. The fund will support projects within the region that will create environmental and social benefit. The Fund is delivered in partnership with Cambridgeshire Community Foundation and open to not-for-profit organisations across the Anglian Water region.

In January 2026, we launched our Catchment Regeneration Fund, an £11 million investment to accelerate nature-based solutions that improve water quality and strengthen water resources. The fund is open to partners and projects in 11 rural catchments and will see us collaborate with a range of organisations.

S172(1)(e) The desirability of the Company maintaining a reputation for high standards of business conduct

We seek to maintain high standards in all that we do as a business. We have robust risk-management and internal control processes, which are reviewed by the Board or the relevant Board committee. Our code of conduct, 'Doing the Right Thing', applies to all employees and sets out what is expected from our people in different situations.

Under its Articles of Association, Anglian Water is required to adopt a set of Responsible Business Principles, more information can be found on pages 27-28.

S.172(1)(f) The need to act fairly between members of the Company

The Anglian Water Group is owned by a consortium of five, long-term investors, representing millions of long-term pension holders in the UK and overseas. These shareholders are represented on the Board of our ultimate parent company, Anglian Water Group Limited. There are also shareholder representatives on the Board of the Company. In this way, we ensure that we treat all shareholders fairly and that their views are heard when making key decisions. These directors bring with them a broad range of skills and experience. This is extremely valuable during Board discussions. Our shareholders have made a long-term commitment to our organisation and have a shared interest in, and responsibility for, its success. As the ultimate shareholders are the source of equity investment, it's vital that we engage them in strategic planning and share our progress and results with them.

Further information on our Company structure and ownership can be found on page 5 and in Board biographies on pages 112-114.



Non-financial and sustainability information statement

The statements below reflect our commitment to and management of employees, communities, the environment, human rights and anti-bribery and anti-corruption in the last 12 months, as required by sections 414CA and 414CB of the Companies Act 2006.

We integrate this information throughout this report. The information is designed to help you find key elements on non-financial matters. Our website contains further information about our current activities, alongside our policies, standards and relevant documents: anglianwater.co.uk.

Environmental and climate matters

Our commitment to protecting and enhancing the environment is enshrined in the Articles of Association of Anglian Water, through our stated Purpose: To bring environmental and social prosperity to the region we serve, through our commitment to Love Every Drop.

Relevant policies, documents or reports that govern our approach:

- Articles of Association
- Long term strategic statements
- Integrated Management System Framework Policy
- Water Resources Management Plan
- Drought Plan
- Water Recycling Long-Term Plan
- Drainage and Wastewater Management Plan
- Long-term plan for Flow Compliance
- Pollution Incident Reduction Plan
- Climate Change Adaptation Report
- Net Zero Strategy 2030
- Climate Transition Plan
- Sustainable Finance Impact Report

Sections within the Annual Integrated Report where you can read more about our current activities and risk management:

- Chair's welcome: pages 8-9
- Chief Executive Officer's statement: page 10
- The year in context: pages 11-15
- Evidencing our strategic priorities and delivering for our stakeholders: pages 29-59

- Embedding our Purpose: pages 27-28
- Our approach to the climate and nature crisis: sustainable finance: page 75
- Climate-related financial disclosures: pages 60-89
 - (a) governance arrangements: pages 60-64
 - (b) how climate-related risks and opportunities are identified, assessed and managed: pages 65-89
 - (c) how processes for identifying, assessing and managing climate-related risks are integrated within the Company's overall risk-management framework: pages 65-89
 - (d) description of: (i) principal climate-related risks and opportunities (ii) time periods to which these are assessed: pages 65-89
 - (e) actual and potential impacts of the principal CR risks and opportunities on the business model and strategy: pages 65-89
 - (f) resilience of the business model and strategy, taking into consideration different climate-related scenarios: pages 60-89
 - (g) targets used to manage climate-related risks and realise opportunities and performance against targets: pages 60-89
 - (h) KPIs used to assess targets above and calculations on which these are based: page 17
- Section 172 statement: pages 90-93
- Risk Management: Principal risks: pages 103-105

Employees

Our approach to our employees is guided by the values that drive our continued progress: Together we: build trust; do the right thing; are always exploring.

Relevant policies, documents or reports that govern our approach:

- Values Framework
- Doing the Right Thing – Code of Conduct
- Inclusion Plan
- Health and Safety Policy
- Dignity at Work Policy and Procedure
- Personal Relationships at Work Policy
- Drug and Alcohol Policy and Procedure
- Grievance Policy and Procedure
- Acceptable Use of IT Policy
- Gender and Ethnicity Pay Gap Report
- Whistleblowing Policy and Procedure
- Board Diversity Policy

Sections within the Annual Integrated Report where you can read more about our current activities and risk management:

- Chair's welcome: pages 8-9
- Chief Executive's statement: page 10
- Evidencing our strategic priorities and delivering for our stakeholders: pages 29-59
- Section 172 statement: pages 90-93
- Corporate Governance report: pages 115-123
- Nomination Committee report: pages 131-134
- Remuneration Committee report: pages 137-160

Human rights

Our policies and processes are underpinned by our values, in particular: 'do the right thing'.

Relevant policies, documents or reports that govern our approach:

- Doing the Right Thing – Our Code of Conduct
- Dignity at Work Policy
- Data Protection Policy
- Data Retention Policy
- Customer Privacy Notice
- Employee Privacy Notice
- Modern Slavery and Human Trafficking Statement
- Human Rights Policy

Sections within the Annual Integrated Report where you can read more about our current activities and risk management:

- Evidencing our strategic priorities and delivering for our stakeholders: pages 29-59
- Nomination Committee report: pages 131-134



Social matters

Our commitment to serving our customers and our communities is enshrined in the Articles of Association of Anglian Water through our stated Purpose: To bring environmental and social prosperity to the region we serve, through our commitment to Love Every Drop.

Relevant policies, documents or reports that govern our approach:

- Articles of Association
- Long term strategic statements
- Employee Volunteering Guidelines – Love to Help

Sections within the Annual Integrated Report where you can read more about our current activities and risk management:

- Chair's welcome: pages 8-9
- Chief Executive's statement: page 10
- The year in context: pages 11-15
- Embedding our Purpose: pages 27-28
- Evidencing our strategic priorities and delivering for our stakeholders: pages 29-59
- Section 172 statement: pages 90-93

Anti-corruption and bribery

Our policies and processes are underpinned by our values, in particular: we do the right thing.

Relevant policies, documents or reports that govern our approach:

- Doing the Right Thing – Code of Conduct
- Anti-Bribery Policy
- Anti-Fraud Policy
- Corporate Hospitality Policy
- Whistleblowing Policy
- Board protocol for dealing with conflicts of interest
- Tax and Transparency Policy

Sections within the Annual Integrated Report where you can read more about our current activities and risk management:

- Risk Management: Principal Risks: pages 103-105
- Audit and Risk Committee report: pages 124-130

Non-financial key performance indicators

Relevant policies, documents or reports that govern our approach:

- Non-financial performance, measured against a set of commitments agreed with Ofwat
- Health and Safety measures and targets
- Environmental Performance Assessment

Sections within the Annual Integrated Report where you can read more about our current activities and risk management:

- Ofwat-related Performance Commitments: pages 16-20
- Evidencing our strategic priorities and delivering for our stakeholders: pages 29-59

Description of principal risks and impact of business activity

Sections within the Annual Integrated Report where you can read more about our current activities and risk management:

- The year in context: pages 11-15
- Risk management, including Principal Risks: pages 96-106
- Long-term viability statement: pages 107-109

Description of the business model

Sections within the Annual Integrated Report where you can read more about our current activities and risk management:

- About our business: Our business model: page 4
- Board statement of Company direction and performance can be found in our Annual Performance Report (available [here](#))

A copy of our Whistleblowing policy, our Anti-bribery policy and our current Modern Slavery and Human Trafficking statement, can be found on our website at anglianwater.co.uk. Our customer privacy notice can be found at anglianwater.co.uk/about-us/legal/privacy-notice.



Maintaining a resilient business and managing our risks

Building resilience across our business is a core part of how we plan, operate and deliver our services. It underpins our Purpose and ensures we can continue to provide safe, reliable water and water recycling services for customers over the long term.

Resilience is our ability to anticipate change, cope with disruption and recover quickly, while maintaining essential services.

At Anglian Water, we manage resilience through three interconnected lenses:

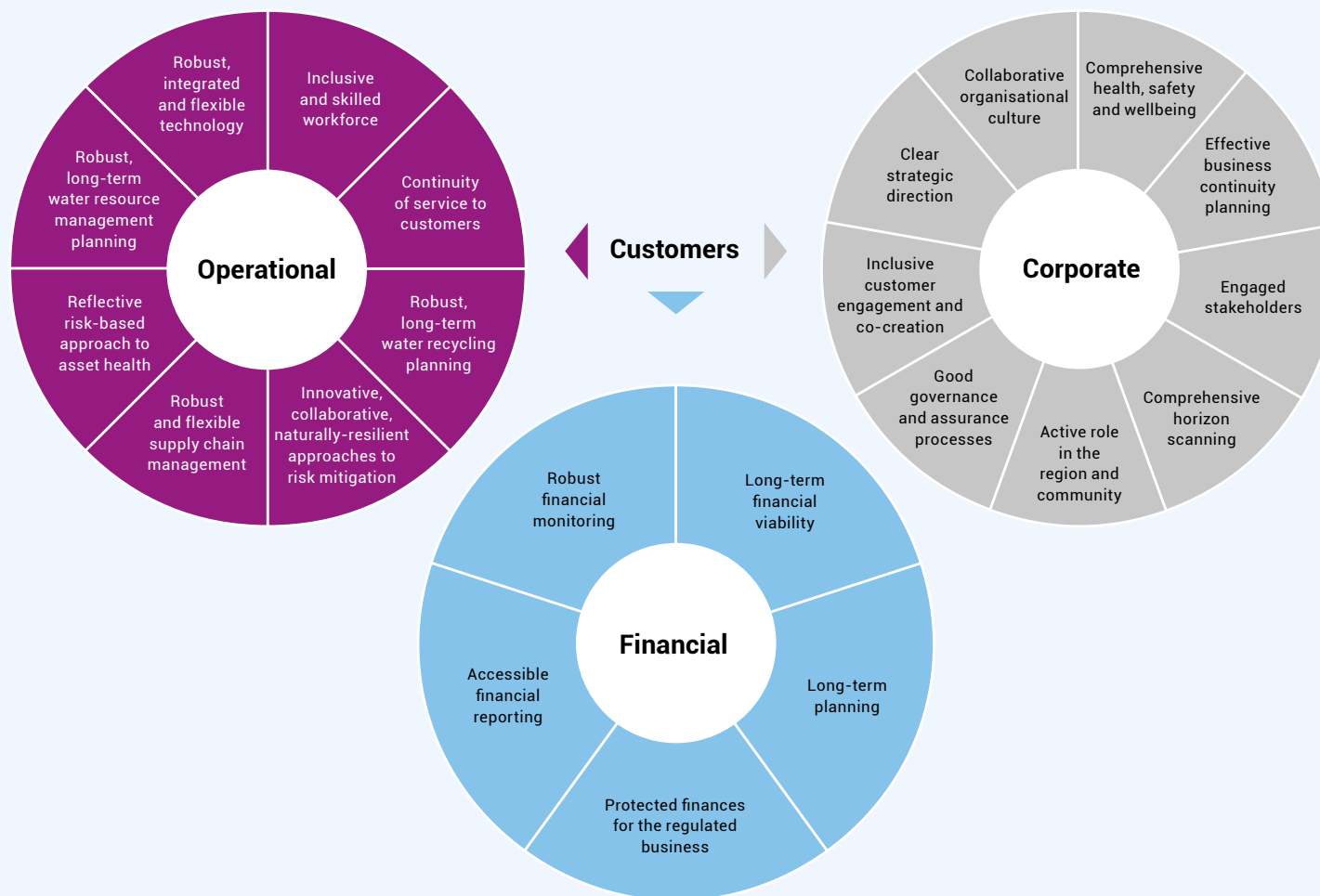
Corporate resilience focuses on strong governance, accountability and assurance arrangements. These enable us to anticipate trends and variability, avoid disruption where possible, and respond and recover effectively when incidents occur.

Financial resilience reflects our ability to withstand, manage and recover from financial disruption, ensuring long-term viability and the continued delivery of our regulated services.

Operational resilience is about having the right infrastructure, skills and resources in place so we can maintain critical services for customers in the face of operational disruption.

Together, these elements form our resilience framework and guide how we identify risks, plan for uncertainty and respond to incidents.

Our resilience framework





Over the past year, we have continued to operate in an increasingly complex risk environment shaped by geopolitical uncertainty, economic volatility, climate pressures and rapid technological change.

Like other industries, we have faced significant and increasing economic, geopolitical, and environmental challenges, and continue to respond to the impacts of global unrest, including tensions between the US and Iran, and the ongoing Russia-Ukraine conflict, which are creating spikes within global energy markets and impacting supply chains. **We have also witnessed disruption to UK and European chemical supply chains and extreme weather events leading to widespread flooding, alongside increased risk of national and local power outages.**

We encountered additional stressors such as increased risk of cyber and physical threats to critical infrastructure, heightened geopolitical tensions affecting the reliability of energy supplies and more frequent natural disasters.

We also saw heightened domestic unrest, which has left water companies at increased risk of protest and sabotage-related crime, further heightened by increased media coverage. These challenges required us to further strengthen our resilience strategies and adapt to the evolving risk landscape.

Testing and strengthening our resilience

We carried out 55 resilience exercises during the year, ranging from full business-wide scenarios to localised tests within our emergency response teams, including the Operational Services Control Centre and pollution response teams.

Security is integral to our resilience strategy and covers people, cyber and information, and physical security. We comply with Protective Security Guidance under the Security and Emergency Measures Directions (SEMD), align with the 'Security at Home' element of the UK National Security Strategy (2025), and maintain our standards through regular audits.

Our approach to risk management is closely aligned with our strategic priorities. Risk management is fully embedded within our governance framework, with clear accountabilities, authority limits and policies guiding behaviour across the organisation. We consider global megatrends, use the National Risk Register and adopt an all-hazards approach to preparedness. Customer engagement informs our understanding of priorities and helps us communicate risks and challenges clearly.

We have updated our processes in line with the revised SEMD (2024) and planned further enhancements to strengthen protection at vulnerable sites.

We continue to hold ourselves to account through recognised standards, including ISO 22301 for Business Continuity Management and ISO 55001 for Asset Management, which demonstrate the maturity and effectiveness of our resilience arrangements.

Incident response capability

During the year, we experienced an unprecedented increase in incident escalations and successfully responded to more incidents than in any previous year. We are now focusing on further strengthening maturity across incident escalation, governance, customer management and organisational awareness.

We have enhanced leadership capability during incidents through a Senior Leadership Standby roster and targeted training. In addition to 24/7 first-responder cover in the Operational Services Control Centre, we have expanded resilience through on-call Incident Managers and Deputy Incident Managers, providing additional capacity when incidents escalate.

Targeted training for critical incident roles continues, alongside water and water recycling scenario exercises and regular briefings for 24/7 teams on security and business continuity processes.

We are also reviewing roles, systems and processes with subject matter experts to ensure our incident response arrangements stay aligned with regulatory and legislative changes.

Emergency planning

We continue to meet all emergency planning obligations under SEMD. During 2025/26, we submitted a green self-assessment return to the Drinking Water Inspectorate for the emergency planning element of SEMD.

Our comprehensive suite of emergency response plans covers current and emerging risks, critical assets, reasonable worst-case scenarios and vulnerable customer groups, including hospitals, prisons, Priority Services Register customers and critical non-household users. These plans support our response during incidents – for example, through the delivery of bottled water to vulnerable customers during supply interruptions.

We continue to work with an external logistics provider to strengthen our national bottled water provision and enhance our emergency response capability.

In addition to maintaining our current incident response structures and processes, we've further developed our ability to manage risks, through a risk based cell structure that supports and aligns with our existing impact structure and response.



Collaborating with others

Collaboration is central to resilience. We work with multiple agencies, including regulators, Local Resilience Forums, police, emergency services, other utilities and water companies. Our dedicated 24/7 Incident Response team is supported by Anglian Water Force – more than 3,500 trained employees – providing strong, company-wide readiness to respond to incidents.

We take a leading role in national Water UK groups, including Platinum Incident Management (PIM) and National Incident Management (NIM), which coordinate planning and response across the industry.

During the year, we participated in critical thinking workshops and events led by the National Preparedness Commission, supporting a whole-system approach to resilience and contributing to the UK Government Resilience Action Plan (2025).

We are active members of the Emergency Planning and Security Network and its specialist sub-groups, for example the Alternative Water Working Group and Local Resilience Forums (LRF), sharing insight and working closely with Defra and the Drinking Water Inspectorate.

Through the Strategic Alternative Water Working Group, we support mutual aid arrangements to manage large-scale incidents, pooling resources across the industry to ensure customers receive alternative water supplies when needed. We participate in industry emergency planning with our regulator, Defra, to plan for large-scale/ national incidents.

At a regional level, we work closely with 13 Local Resilience Forums across our operating area and participate in Civil Contingencies Act Category 2 forums in the East of England and East Midlands, supporting multi-agency planning, information sharing and scenario-based exercises. Planning is in line with the national risk register and for incidents such as storm events that lead to flooding.

Business continuity

This year, we refreshed our approach to business continuity planning by introducing the concept of the Minimum Viable Company (MVC), allowing us to focus on protecting the business from intolerable harm and strengthening preparedness.

We also launched a new Business Impact Analysis application to improve consistency and insight across the business. The tool enables teams to better understand the impacts of disruption, identify dependencies, analyse critical paths and highlight single points of failure, supporting more effective resilience planning.

Organisational incident management

We continue to refine our organisational incident management arrangements, including the adoption of 'J Cell' structures for major and prolonged incidents. This flexible, agile approach strengthens co-ordination across the business and ensures the right expertise is engaged as risks evolve. This approach, based on practices employed on military operations, allows the business to respond to both emerging risks and incidents in a flexible and agile way, ensuring that relevant areas of the business are sighted and involved.

Power resilience

Power resilience remains a key focus. We continue to work with Distribution Network Operators to understand the impacts of demand management, using our power prioritisation tool to model potential outcomes.

To strengthen our response during power outages or communications failures, satellite phones have been allocated across key roles. Following the roll out and training, three exercises have been carried out – allowing users both in and outside of Anglian Water to become familiar with the technology. We have also carried out a company-wide exercise, testing the response to a national power outage scenario.

Supply chain resilience

Geopolitical events have continued to influence global supply chains. During the past year, the business has applied learnings from critical supply chain disruptions, applied new planning arrangements and tested our risk and impact-based methodology to positive effect. The application of MVC will further enhance our resilience to supply chain disruption.

To maintain operational resilience, we have:

- Reviewed and aligned our corporate governance.
- Embedded an incident management structure to manage company-wide and longer-term incidents, using military J-cell elements for improved threat visibility and clear command structures.
- Created a dedicated, competent and confident 24/7 incident response capability within our Control Centre team, with support from key roles and a wider volunteer force.
- Trained our Incident Community to handle major incidents.
- Developed emergency plans, focusing on service resilience.
- Reviewed Business Impact Assessments for resource prioritisation and begun to develop a MVC approach, to assure minimum standards of resilience against critical components.
- Mapped interdependencies related to chemicals and supplies.
- Supported diverse customer profiles.
- Agreed a new contract to ensure robust and timely support to provide alternative supplies to our most vulnerable customers, in the event of a large-scale interruption to supply.
- Enhanced training programs for resilience.



Our management system framework policy

Our Purpose is to bring social and environmental prosperity to the region we serve through our commitment to Love Every Drop.

Quality	Protecting water from source to source, providing assurance that our drinking water and recycled water is always safe and clean.
Environment	Water is intrinsic to a healthy environment, natural capital and ecosystems. We work hard to minimise environmental risk from our operations.
Asset health	We have a programme of work to enhance and upgrade our assets, so they are fit for today's and tomorrow's customers.
Resilience	Effective planning and preparation to manage and mitigate the impact of any disruptive event, so we can rapidly respond, continue operations and recover.
Customer	Provide an inclusive service for all our customers, delivering a personal, trusted and effortless experience.

Our Health, Safety and Wellbeing Charter
Being Safer Every Day puts safety and wellbeing at the heart of every decision, moment by moment, choice by choice.



In addition to our Health, Safety and Wellbeing Charter and new Environmental Charter, we have defined management-system arrangements for chosen standards, assessment schemes and specifications.

Our Integrated Management System (IMS) unifies our management system processes into a single framework, aligned with our Purpose, values and behaviours. We have undertaken a review of our IMS to ensure it remains relevant and continues to provide value. The Annual Assurance Programme, undertaken by the Quality Assurance team, provides an important source of second-line assurance.

We are committed to:

- Executive leadership team that leads and is accountable for achieving intended business outcomes.
- Delivering excellent drinking water quality.
- Zero pollutions mindset while protecting and enhancing the quality of the recycled water that we treat and return to the environment.
- Maintaining our laboratory's UKAS accreditation.
- Identifying and managing our risks.
- Making the most of our employees' knowledge and experience, by recognising the contribution they make.
- Continually improving the efficiency and effectiveness of our operating processes and this management system framework.

We comply with relevant legislation, regulations and other business needs including the requirements of:

- ISO 45001 Health, Safety and Wellbeing.
- PAS 808 Purpose Driven Organisations.
- ISO 9001 Quality Management.
- ISO 14001 Environmental Management.

- ISO 17024 & CMS (Competence Management Systems).
- ISO 22301 Business Resilience (Continuity).
- ISO 22458 Inclusive Service and Customer Vulnerability.
- ISO 55001 Asset Management.
- PAS 2080 Carbon Management.
- MCERTS Environment Agency Monitoring Scheme.

We will:

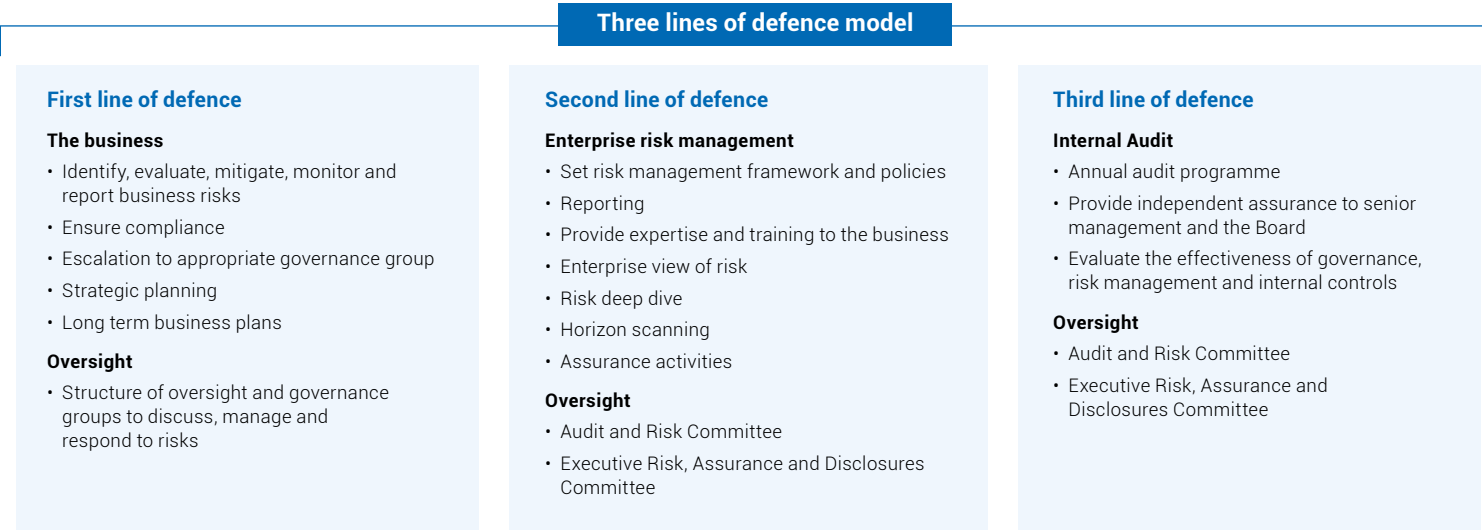
- Take account of the needs of our customers, stakeholders and interested parties.
- Live by our Purpose, values and behaviours.
- Create a culture of care and concern, by supporting team and personal resilience, promoting health, safety and wellbeing.
- Communicate and promote strategic priorities, business goals and positive outcomes throughout our business and the alliances that work with us.
- Effectively manage our assets to deliver optimal whole-life value.
- Assess all aspects of our operational activities and their potential impact upon the environment.
- Undertake business impact analysis, to determine critical products or services and ensure that robust controls are in place to manage them if disrupted.
- Maintain and protect data to meet our obligations and have reliable, accurate and complete auditable information on our assets, performance and business activities.

Our risk management framework

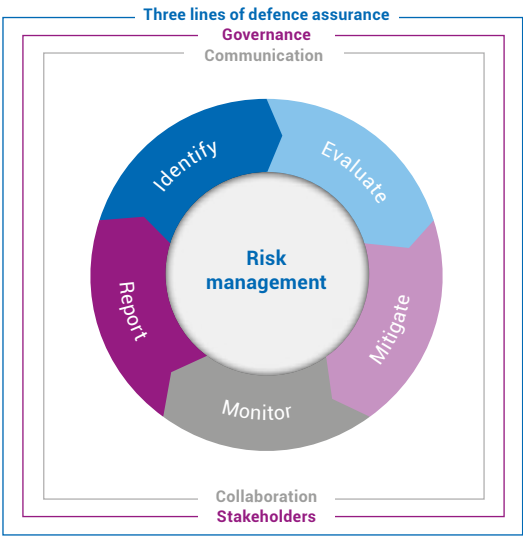
Anglian Water is exposed to a variety of uncertainties which could affect the achievement of our strategic objectives, potentially impacting operational performance, financial stability, programme delivery, business resilience and/or reputation. We carefully identify, assess and prioritise the risks we are facing and consider them in relation to our strategic priorities.

To ensure risks are effectively managed, we adopt a risk management approach within the Three Lines of Defence framework:

Anglian Water's three lines of defence



We support the three lines of defence model through strong governance and the implementation of the second line of defence ongoing risk management cycle where risks are identified, evaluated, mitigated, monitored and reported on an ongoing basis.





Risk governance

We manage risk across our business through a number of formal and informal processes. These risk management processes sit within our overall governance framework, which includes clear accountabilities, delegated authority limits and well-defined policies and procedures that govern employee conduct. Risk management is directly linked to our strategy and the level of risk we are prepared to take is carefully considered, with controls in place to make sure we do not inadvertently exceed our tolerance levels.

Our Executive leadership team, with oversight from the Audit and Risk Committee and the Anglian Water Services (AWS) Board, is responsible for developing our risk management strategy. Our strategic planning process aims to ensure we have developed clear objectives and targets and identified the actions needed to deliver on our commitments, including the management of risk.

We have a structured approach to risk assessment, with the Board reviewing and challenging management's assessment of risk and seeking assurance that appropriate mitigation measures are in place to manage our biggest and most significant risks, in the context of our obligations to keep employees safe, provide an essential and efficient service to customers and protect the environment. Both the Audit and Risk Committee and the Regulatory Compliance Committee assist the Board to discharge its duties and responsibilities around risk. In addition, the Risk, Assurance and Disclosure Committee (which is a sub-committee of the Executive Committee) reviews and challenges the work around risk prior to it been reviewed at Board level.

Anglian Water's risk governance framework



Principal Risks oversight		
1. Evolving health and safety	6. Cyber security	11. Supply chain capacity and resilience
2. Asset performance and investment	7. Data quality and accuracy	12. Volume and complexity of capital projects
3. Asset resilience	8. Skills and capabilities requirements	
4. Changing regulatory landscape	9. Financeability and investability	
5. Climate change adaptation	10. General legislative non-compliance	



AWS Corporate Governance Code 2025 – Provision 4.6

Anglian Water is committed to the highest standards of corporate governance. The Anglian Water Services Corporate Governance Code 2025 (the 2025 Code) came into effect on 1 April 2025 and incorporates most of the provisions of the UK Corporate Governance Code 2024 (the 2024 UK Code). Provision 4.6, in relation to risk management and the internal control landscape, came into effect on 1 April 2026 (in line with Provision 29 of the 2024 UK Code). In order to ensure compliance against Provision 4.6, reporting is being streamlined through the use of standardised dashboards, clearer risk appetite alignment, and more explicit linkage between strategic objectives, key risks, and performance indicators.

The Board is supported by more comprehensive assurance mapping, drawing on insights from management, the risk and compliance functions, and Internal Audit, enabling a more robust evaluation of the effectiveness of the control environment. These improvements have enhanced transparency, strengthened oversight, and supported the Board in making well-informed decisions while meeting evolving governance expectations. We are confident in meeting the Provision 4.6 requirement whereby the Board is responsible for monitoring the effectiveness of Anglian Water's risk management and internal control systems. The Company anticipates reporting in full against this provision in next year's Annual Integrated Report.

Controls and assurance

Anglian Water maintains a robust system of internal controls embedded across all levels of the organisation to manage our principal and emerging risks effectively. This framework is aligned to the Three Lines of Defence Model, ensuring clear accountability and segregation of duties. The first line, comprising operational

management, is responsible for implementing and maintaining effective day-to-day controls. The second line, including risk and compliance functions, provides oversight, guidance, and challenge to ensure consistency with policies and regulatory expectations. The third line is delivered through the independent Internal Audit function, which provides objective assurance on the design and effectiveness of controls. In addition, a coordinated assurance function integrates insights from across the organization to provide a holistic view of control effectiveness and risk exposure.

Control activities include both preventive and detective measures, with clear ownership assigned and performance regularly monitored through management review, assurance activities, and reporting to the Board and its committees. Where control weaknesses are identified, timely remediation plans are implemented and tracked to completion, supporting continuous improvement and strengthening the Company's overall control environment.

Risk identification process

Anglian Water maintains a structured and continuous risk identification and assessment process to support resilient and sustainable water, and water recycling, services. Risks are identified through a combination of operational monitoring, regulatory engagement, stakeholder feedback, and periodic strategic reviews, ensuring both emerging and existing threats are captured. These risks are then evaluated using a standardised framework that considers likelihood, potential impact on service delivery, environmental and public health consequences, financial exposure, and regulatory compliance. Cross-functional teams validate assessments to ensure a holistic view across assets, supply systems, and customer operations.

Prioritised risks are recorded in centralised risk registers, with clear ownership assigned and mitigation plans developed in line with our risk appetite. The process is regularly reviewed and updated to reflect changing conditions, including climate variability, infrastructure resilience challenges, and evolving regulatory expectations, ensuring proactive management and long-term value protection.

Risk management is embedded in decision-making across the organisation through the integration of risk considerations into strategic planning, capital investment, and day-to-day operational processes. Significant decisions are supported by structured risk assessments that evaluate potential impacts on service reliability, regulatory compliance, environmental outcomes, and financial performance. Our governance framework requires that key risks and mitigation strategies are clearly articulated in business cases and reviewed at appropriate management and board levels before approval.

Performance management systems further reinforce this integration by linking risk indicators to operational and strategic objectives, enabling timely escalation and response where thresholds are approached or exceeded. This approach ensures that risk-informed thinking is consistently applied, supporting balanced, transparent, and resilient decision-making aligned with the company's long-term objectives and stakeholder expectations.

To assist with understanding which risks are the most important, the Board has determined the Anglian Water Risk Appetite.

Risk Appetite defines the opportunities and associated risks that Anglian Water is willing to accept, in the pursuit of achieving its strategic objectives. While each area of the business has its own risks, and therefore its own risk appetite, Anglian Water operates in an overarching risk appetite position of:

“The Board expects a disciplined and transparent approach to risk-taking, reflecting the operating region and its environmental sensitivities. Anglian Water has a low appetite for risks that could cause serious harm to customers, the environment, employees, or public trust. We have a moderate appetite for well-managed risks associated with innovation, collaboration, and investment where this supports long-term resilience, environmental improvement and affordability.”

While considering the overall risk appetite, the Board has determined Anglian Water's Principal Risks, defined as those uncertainties that, if they materialise, could have a significant adverse impact on the company's ability to achieve its strategic objectives, maintain service delivery, meet regulatory obligations, or protect its financial and operational resilience. The Board's assessment of risk determines what level of risk it is willing to accept, which helps senior management to understand the mitigating activities required to control risk likelihood and impact to acceptable levels.

Flowing on from the Principal Risks, Anglian Water has a further list of Top Tier Risks, the management and oversight of which is vital to the ongoing delivery of our strategic objectives, and a further layer of risks that relate to operational performance and areas of the business, which are critical to delivery but have a less significant impact should they materialise. All risks are regularly reviewed, with the frequency determined by the level of risk presented, and all have allocated owners and relevant associated controls.



Principal Risks

At Anglian Water, we carefully assess the Principal Risks facing the business. These risks centre around the critical nature of our infrastructure, the importance of our customers and our people, climate change and the environment, health and safety in our service delivery, cyber security and our ability to finance our business appropriately. These are reported regularly to Audit Committee and the Board. Each Principal Risk has a defined risk appetite statement agreed which is underpinned by a series of thresholds and measures to assist us in providing a view to whether we are operating within our appetite.

At the start of AMP8 we took the opportunity to refresh and re-evaluate our Principal Risks to make sure they fully align to our enterprise strategy. This has resulted in a revised set of Principal Risks which will support Anglian Water throughout AMP8. While these risks were already well-understood, some have now been broken out where they were previously part of a broader risk (for example, cyber security was part of a wider technology risk) and there is therefore not a direct year-on-year comparison of the risk position.

All risks map to one of our AMP8 strategic priorities:

A high performing organisation that attracts investment and creates lasting value

Embedded in our communities, and valued by our customers

Enabling sustainable growth and resilience in an environmentally significant region

Our people and partners are proud to deliver excellence and be Safer Every Day

Trusted by government and regulators to meet our commitments

Risk profiles High risk Medium risk Medium – Low Risk Low risk

Risk movement Stable Risk increasing Risk decreasing Revised Principal Risk

1. Evolving health and safety

Oversight: Safety, Well-being and Environment Committee

As our work volume and complexity increase, we may face challenges in evolving our health and safety culture and processes, potentially leading to serious incidents, harm or death to staff or contractors, HSE prosecutions, fines, reputational damage, and operational disruption. Additionally, inadequate safety processes and insufficient change controls could further exacerbate these risks, resulting in legal action, loss of staff trust, and regulatory scrutiny from the HSE.

To manage this risk we...

- Draft policies to ensure a consistent approach
- Actively manage issues as they arise
- Embed training, skills and competency
- Ensure contracts are in place and properly enacted
- Conduct regular risk assessments

2. Asset performance and investment

Oversight: Asset Management Committee

Due to population growth and other external factors, or incorrect / incomplete asset data our asset base may be required to perform at a higher standard than expected or deteriorate at a greater rate than investment allowances or modelling assumptions. This could result in a failure to meet customer needs (e.g. catastrophic asset failure, pollutions or supply disruptions) and/or inefficient investments and/or a requirement to make unplanned investments in assets.

To manage this risk we...

- Perform operational performance monitoring
- Set minimum asset standards and promote industry alignment
- Engage with regulatory reform and regulators
- Perform asset management system and maintenance modelling
- The Asset management Executive Committee provides oversight of investment prioritisation, delivery risks and resilience plans

3. Asset resilience

Oversight: Asset Management Committee

Limited / insufficient resilience and redundancy could lead to instances of service interruption where assets experience input issues (e.g. black outs / brown outs). This could result in regulatory fines and delays or failures to deliver services to customers.

To manage this risk we...

- Conduct performance management and monitor responses
- Conduct regular asset health assessments
- Embed a corporate resilience framework
- Set minimum asset standards and promote industry alignment
- Conduct asset system resilience appraisals
- Promote industry influence – national Operational Resilience Working Group (ORWG)



4. Changing regulatory landscape



Oversight: Regulatory Compliance Committee

Changes to the way water industry regulators interpret regulations could mean we become non-compliant or face an increased compliance burden if we are unable to sufficiently anticipate, influence and respond to future regulations, laws, permits and/or stakeholder sentiment. This could lead to fines and further regulatory scrutiny.

To manage this risk we...

- Promote legislative influence through strategic external engagement
- Conduct evidence-based policy influence via research partnerships
- Have in-house legislative expertise for adaptive response
- Engage in internal regulatory impact assessments and integration

5. Climate change adaptation



Oversight: Environment and Sustainability Committee

An inability to sufficiently adapt to a changing and increasingly volatile climate may lead to damage to assets, pollutions, flooding and/or water supply and drought issues. This could result in instances of non-compliance, or unforeseen regulatory changes, as well as loss of public trust and serious reputational damage.

To manage this risk we...

- Attend governance forums and Executive Oversight
- Implement integrated strategic planning
- Promote cross-sector collaboration and stakeholder engagement
- Conduct climate resilience assessments in scheme design and permitting

6. Cyber Security



Oversight: Risk, Assurance and Disclosure Committee

An inability to respond to existing and evolving cyber threats may result in a breach of systems either operational technology or information technology. This could lead to significant reputational damage, confidential data loss, business disruption, financial loss due to fines, and/or negative customer impact.

To manage this risk we...

- Communicate and monitor the security risk management strategy, governance structure, expectations and policy
- Establish and maintain an accurate understanding of assets, services, dependencies, threats, and vulnerabilities
- Implement and maintain safeguards that minimise the likelihood and impact of cyber events
- Ensure timely discovery of cyber events through monitoring, alerting, threat detection, and anomaly identification
- Define and execute actions to contain, mitigate, and communicate cyber incidents
- Restore services, capabilities, and data following a cyber event

7. Data quality and accuracy



Oversight: Risk, Assurance and Disclosure Committee

AWS's failure to effectively collect and manage an increasing volume of data, along with inconsistencies in data quality, could lead to sub-optimal decision-making, misallocation of resources, higher costs, and delays in delivering priorities. Increased demand for asset data transparency and data quality issues could cause the public to misinterpret data and demand action, leading to more reactive responses instead of prioritising asset health.

To manage this risk we...

- Ensure appropriate governance – Risk and Disclosure Committee
- Carry out both internal and third-party assurance on Financial and regulatory submissions
- Ensure accuracy, consistency, and compliance via a structured data quality assurance process
- Validate capital delivery data and information – assess the data quality provided by alliance partners during performance evaluations
- Provide data accessibility via processes and technology platforms to enable data providers to access and curate trusted data required by our external regulators
- Embed data competence – data quality and reporting are underpinned by knowledgeable and experienced subject matter experts (SMEs) and data providers who understand the operational and regulatory implications of reported figures



8. Skills and capability requirements



Oversight: People Committee

Ineffective learning and development planning and execution could lead to AWS being unable to keep pace with skills and competence requirements to manage the business effectively (e.g. green skills, technological advances / AI etc.). This could result in a failure to deliver against our long-term strategy, an inability to meet future operational demands and a detrimental impact on performance.

To manage this risk we...

- Have an embedded talent strategy
- Engage with alliance & preferred delivery partners
- Support off-shoring specialist skills
- Promote upskilling initiatives
- Identify and develop talent early

9. Financeability and investability



Oversight: Finance and Commercial Committee

AWS and the sector more widely may be seen as an unattractive investment by investors, which could make it difficult to obtain the levels of funding required to deliver on our objectives, resulting in missed ODIs, a reduction in operational capacity and dissatisfied customers and staff. Negative changes in our performance and/or credit ratings may make it difficult to secure sufficient financing at an acceptable cost. This could impact our profitability and threaten our financial viability.

To manage this risk we...

- Conduct Business Plan review
- Have an active debt engagement programme
- Clear equity stakeholder engagement
- Embed enterprise-wide Treasury policies
- Conduct debt covenant monitoring

10. General legislative and regulatory non-compliance



Oversight: Risk, Assurance and Disclosure Committee, Regulatory Compliance Oversight Group

Limits on resources and insufficient oversight mechanisms and monitoring could lead to instances of non-compliance with laws and regulations resulting in fines, legal proceedings or regulatory enforcement action (e.g. by the ICO or the CMA).

To manage this risk we...

- Implement governance and oversight
- Have robust legal policies
- Undertake compliance training
- Conduct an annual assurance process
- Have an established Whistleblowing process
- Conduct regular fraud assessments

11. Supply chain capacity and resilience



Oversight: Asset Management Committee

The capacity, capability and motivation of the supply chain may not keep pace with the requirements needed to deliver future priorities within the available investment envelope; in addition, the complexity of the supply chain could create performance and resilience challenges. These may lead to delays in infrastructure delivery, resulting in higher costs, regulatory penalties and reputational damage.

To manage this risk we...

- Actively manage key supplier relationships
- Support the @one Alliance
- Are an active Programme Delivery Partner
- Embed a culture of workforce development and diversification
- Support off-shoring specialist skills

12. Volume and complexity of capital projects



Oversight: Performance Capital Delivery Committee

The increasing volume and complexity of capital projects may cause us to be unable to meet operational and health and safety expectations or requirements, resulting in delays, additional cost, serious injury to staff/contractors, fines and reputational damage.

To manage this risk we...

- Embed a programme of governance and oversight
- Promote an Operational Interface Function
- Understand and meet contractual handover requirements
- Conduct regular milestone reporting



Emerging/evolving risks and future requirements

While understanding our current risk landscape is critical, it is also essential to look to the future. Emerging risks are new or evolving uncertainties that are not yet fully understood but have the potential to materially impact Anglian Water and our customers over the medium to long term. These risks often arise from changes in the external environment, such as technological advancements, climate trends, regulatory developments, or shifting stakeholder expectations, and may develop rapidly if not identified early. Known elements of these risks may be picked up in the Principal Risks but, as there are areas where the risk is constantly evolving and we need to remain vigilant, particularly to external factors, they are also deemed to be emerging or evolving risks.

Horizon scanning is therefore a key component of effective risk management, enabling us to systematically monitor external signals, identify potential threats and opportunities at an early stage, and assess their relevance to the business. By proactively considering emerging risks, we can strengthen resilience, inform strategic planning, and take timely action to mitigate potential impacts or capitalise on opportunities before they fully materialise.

Emerging Risks at Anglian Water

Short term: 0-5 years Medium term: >5-10yrs Long term: >10 years

Cause	Event	Consequence	Trajectory / time horizon	Linkage to Principal risks
Geopolitical instability	Disruption to critical services or supply chains	Increased operating and capital costs; reduced supply chain resilience; deterioration in service delivery to customers	Medium term – Increasing	Supply Chain Capacity and Resilience; Financeability and Investability; Volume and Complexity of Capital Projects
Heightened cyber threat activity	Cyber security incident affecting IT or OT systems	Loss or compromise of data; service interruption; regulatory enforcement action; financial penalties; reputational harm	Short to medium term – Increasing	Cyber Security; Data Quality and Accuracy; General Legislative and Regulatory Non Compliance
Regulatory and policy uncertainty	Failure to anticipate or respond to regulatory change	Non compliance with statutory or licence obligations; increased regulatory scrutiny; financial penalties; reputational impact	Short term – Increasing	Changing Regulatory Landscape; General Legislative and Regulatory Non Compliance
Global economic and political volatility	Interruption to the availability of goods, materials or services	Programme delays; increased delivery costs; reduced operational resilience	Short to medium term – Increasing	Supply Chain Capacity and Resilience; Financeability and Investability
Population growth and demographic change	Sustained increase in demand for water and wastewater services	Pressure on asset capacity and performance; service disruption; increased investment requirements; customer dissatisfaction	Long term – Increasing	Asset Performance and Investment; Asset Resilience
Emerging contaminants and evolving water quality standards	Deterioration in treated water quality or compliance standards	Increased treatment costs; heightened risk of non compliance; regulatory action; reputational damage	Medium to long term – Increasing	Asset Performance and Investment; General Legislative and Regulatory Non Compliance
Extreme Weather	Increased frequency and severity of weather related events	Service interruption; increased pollution risk; accelerated asset deterioration; increased operational and capital costs	Short to long term – Increasing	Asset Resilience; Climate Change Adaptation; Asset Performance and Investment
Artificial Intelligence (AI) and Big Data	Data is increasingly being used to provide meaningful insights for companies, to support decision making	The fast-paced evolution of generative AI tools, and the opportunities AI brings, raise concerns around data privacy, security, ethics, accuracy and reliability	Short to medium term – Increasing	Cyber Security; Data Quality and Accuracy
Increased interdependency with other critical sectors	Loss of interdependent services or unanticipated demand escalation, e.g. energy, digital infrastructure	Capacity constraints; service interruption; requirement for additional resilience investment	Medium term – Increasing	Asset Resilience; Cyber Security; Volume and Complexity of Capital Projects
Disruption to Critical National Infrastructure	Failure or interruption of essential third party infrastructure	Inability to maintain essential services; regulatory intervention; significant reputational damage	Low probability / High impact – Persistent	Asset Resilience; Supply Chain Capacity and Resilience; General Legislative and Regulatory Non Compliance
Misinformation/disinformation	Inaccurate or misleading information during incidents or periods of change	Erosion of public trust; increased customer contact and complaints; weakened effectiveness of incident response; reputational damage	Increasing	Data Quality and Accuracy



Long-term viability statement

Background

The Directors are responsible for ensuring the resilience or viability of the Group's water and water recycling services to meet the needs of its customers in the long term. This means the Group must be able to avoid, manage and recover from disruptions to its operations and finances.

The Directors' review of the longer-term prospects and viability of the Group is an extension of our business planning process, which includes financial forecasting, a robust risk management assessment, regular budget reviews and scenario planning. This activity is strengthened by a culture throughout the Group of review and challenge. Our vision and business strategy aim to make sure that our operations are resilient and our finances are sustainable and robust.

As part of Anglian Water's approach to defining risk appetite, each year the Directors review our specific risk tolerance levels and consider whether our decision-making behaviours over the past year have been consistent with these risk levels. The Directors confirmed that the Group's behaviours over the past year had been in line with our risk appetite.

How the business is financed

Every five years the Company, along with all other Water and Sewage Companies, submits its business plan to the regulator Ofwat setting out what it believes it needs to run the business for the next five year period, or AMP cycle.

Ofwat then assesses these plans in order to determine the revenue it will allow companies to charge customers. This determines the efficient operating costs of the business.

In order to fund the significant capital investment of the business it would be unfair to expect the current customers to fund the costs of assets that will deliver services for many years, especially as these costs can fluctuate year-on-year. Companies therefore raise money from both debt and equity investors to fund this investment. The investment, set out in the business plan, forms what is known as the Regulatory Capital Value (RCV) of the Company. Ofwat allows companies to recover the value of RCV through revenues via a depreciation charge. In addition, Ofwat allows a fair return on the investment to be included in those revenues.

In determining that fair return, Ofwat has a duty under the Water Industry Act to ensure that the sector is financeable in the long term and is able to attract that investment.

Through this regulatory regime, the Group generates operating cash flow to service the day to day operations of the business, including capital maintenance and servicing of debt and equity. The Group seeks external investment from both debt and equity markets to fund growth (capital enhancement) and refinance existing debt in order to maintain a desired net debt to capital value ratio. Given the structure of the funding arrangement and relatively stable customer base, which includes a level of inflation protection, the business generates stable operating cash flows.

Assessment period and key considerations

As one of the 10 regional water and sewerage services companies operating in the UK, Anglian Water's prices are set by the industry regulator Ofwat across AMP periods, which support the Group's underlying costs. This provides the basis for future tariffs, revenues, costs and cash flows over this current AMP (April 2025 to March 2030).

The Directors have assessed Anglian Water's financial prospects over the next 10 years from April 2026 to March 2036. A 10-year period has been chosen to ensure that our business plan for the current AMP does not impact on the longer-term viability of the Group:

- The first four years are aligned to AMP8 was determined following the outcome of the referral of the PR24 Final Determination (FD) to the CMA. Our assumptions for AMP8 align to this.
- The remaining six years of the period will be determined by the PR29 and PR30 determination, for which uncertainty exists. Our assumptions for AMP9 and AMP10 align to the longer term view we submitted in our Long Term Delivery Strategy.
- The Board considered whether there are specific, foreseeable risk events relating to the Principal Risks that are likely to materialise within a 10-year period, and which might be substantial enough to affect the Group's viability and therefore should be taken into account when setting the assessment period. These events were modelled appropriately within our downside scenarios.
- The Board has considered the impact of the wider activities of other Group companies and transactions and of the overall Group structure.
- The Board considers the maturity profiles of debt and the availability of new finance over 10 years as part of its review of financial modelling and forecasting, as well as considering the credit ratings of the debt.
- Finally, we take note of the Water Industry Act, which requires Ofwat to ensure that water companies can (in particular through securing reasonable returns on their capital) finance the proper carrying out of their statutory duties.

Principal Risks

We have set out the details of the Principal Risks facing the Group on pages 102 to 106, described in relation to our ability to deliver our 10-year outcomes. We identify our Principal Risks through a robust assessment that includes a continuous cycle of bottom-up reporting and review, and top-down feedback and horizon scanning. Through this assessment, priorities are elevated appropriately and transparently. This process is described in more detail on pages 96 to 102.

The Directors regularly review business plans that show projected cash flows for the current AMP period, and long-term cash flow modelling projections which extend into AMP9 and beyond. This includes reviewing the expected outcome relating to the Principal Risks with this impact included in our business plans.

Stress testing the business plan

In reviewing its financial viability, Anglian Water considers the stringent covenant tests required under its securitised structure as well as the metrics used by rating agencies to provide comfort to our bondholders that our business is viable to the end of the current AMP period and beyond, and to ensure an investment grade credit rating to enable the business to finance Anglian Water's investment programme.

At each regulatory price review and throughout the AMP, the Board satisfies itself that the agreed five-year business plans ensure adequate covenant and rating agency headroom throughout the AMP period and beyond. This includes extensive downside scenario testing at both Anglian Water and Group level from severe, plausible and reasonable scenarios chosen because they pose the greatest risk to the business.



The following scenarios have been used individually and in combination to model the impact on the overall performance of the business, the ability of the business to service its debt and the impact on its credit rating:

Principal risk	Scenario	Impact modelled	Potential mitigations required	Principal risk	Scenario	Impact modelled	Potential mitigations required
• People • Technology • Financial • Asset infrastructure • Business resilience • Commercial and third party • Strategic execution	Material TOTEX underperformance against the Final Determination allowance	Overspend of 10% across an AMP CAPEX overspend of 5% OPEX overspend of 5%	No mitigations required No mitigations required No mitigations required	• Financial • Reputation • Strategic execution	Cost of debt increases	2% above base level assumptions across an AMP	No mitigations required
• Customer proposition • Environment • People • Reputation • Asset infrastructure • Business resilience • Strategic execution	Material Outcome Delivery Incentive (ODI) penalties	Up to £144 million per year	No mitigations required	• Customer proposition • Financial • Asset infrastructure • Commercial and third party	Significant inflation fluctuations	1% above and below base level assumptions for each AMP 2% below base level for each AMP	No mitigations required No mitigations required
• Environment • Technology • Water supply and quality • Health and safety • People • Reputation • Legal • Regulatory	Regulatory fines and legal penalties Impact of a cyber attack	Up to 6% of turnover applied in a single year	No mitigations required	• Customer proposition • Environment • People • Technology • Financial • Reputation • Asset infrastructure • Business resilience • Commercial and third party • Strategic execution	Combined scenario based on TOTEX underperformance for a whole AMP, along with a significant ODI penalty and a revenue penalty	Overspend of 10% across an AMP, combined with an ODI penalty of 1.5% of RORE in each year plus a financial penalty of 1% of revenue in a single year	No mitigations required
• Financial	Unfunded pension liabilities	Up to £15 million applied per annum	No mitigations required	• Customer proposition • Financial • Asset infrastructure • Commercial and third party • Reputation • Strategic execution	Combined scenario based on low inflation and high cost of debt	Inflation 2% below base level for the AMP combined with cost of debt 2% above base level assumptions across an AMP	No mitigations required
• Customer proposition • Financial • Business resilience	Risks associated with the disruption caused by cost-of-living crisis, potential reductions in revenue collection	Up to 5% decrease in cash collection 20% increase in bad debt	No mitigations required No mitigations required	• Customer proposition • Environment • People • Technology • Financial • Reputation • Asset infrastructure • Business resilience • Commercial and third party • Strategic execution	Combined scenario based on low inflation, an OPEX cost shock plus a significant ODI penalty	Inflation 1% below base for the AMP combined with 2.5% OPEX cost shock in AMP7 and a £50 million ODI penalty in each year	No mitigations required
• Financial • Reputation • Strategic execution	The potential impact of credit rating agencies downgrading the debt for any companies in the Group	2% increase in cost of new debt	No mitigations required				



In deciding on appropriate downside scenarios and corresponding stress tests, management have considered the required modelling set out by Ofwat as part of the financial resilience testing for PR24. Management have taken the view that where the PR24 scenarios were more severe it would be prudent to align to these.

Management have also considered the current business performance, in particular in respect to Totex spend versus the allowance and ODI penalties, and how this impacts on the range of potential downside scenarios that could occur in future. In addition to the performance of the business, management have considered the performance of the sector in relation to increasing frequency of penalties and fines ensuring the downside testing provides an appropriate level of prudence. Finally, management have considered the potential impacts from a failure of another company in the sector and how this may impact of the availability and cost of financing our operations.

As part of our stress tests for the downside scenarios we have considered the potential impacts of cost shocks resulting from climate change. Such cost shocks include the 'Beast from the East' extreme cold weather event, followed by a rapid thaw, experienced in early 2018, and the extreme wet weather events experienced in our region during the past 18 months.

The cost impacts of these events (including longer term recovery impacts such as leakage reduction), were in the order of £7 million for 'Beast from the East' and £3 million for each extreme wet weather event. During the previous year, as a result of the severe wet weather experienced, we saw costs increase by £9.3 million. Our modelled downside scenarios include cost shocks equal to experiencing several of these events in continuous years across the AMP; we are therefore confident that we can

withstand the financial impacts of extreme weather events, predicted to increase as a result of climate change.

In April 2019 Ofwat issued Information Notice IN 19/07 setting out its expectations for companies in issuing long-term viability statements. In our Annual Performance Report (available on the Anglian Water Services website) we will provide additional detail on the processes and assumptions underpinning our long-term viability statement and demonstrate our compliance with IN 19/07.

Mitigating actions

For each sensitivity and combined scenario, we identify, where required, the appropriate mitigations against the potential risks. In the event that the situations used for stress testing were to result in an unacceptable level of deterioration in the Group's financial metrics, management's principal actions would include further reducing the level of shareholder distributions, potential shareholder equity injections, reviewing the financing structure and identifying further opportunities to reduce the Group's cost base or reduce financing costs.

In May 2025 the shareholders of Anglian Water's ultimate parent company subscribed to £500 million of new equity commitments demonstrating their commitment to the Group reflecting confidence in the strength of our case to the CMA and the government commitment to make the sector more attractive to investors.

As a further mitigation, we have a significant portfolio of insurance cover in place to provide protection against many catastrophic scenarios such as dam failure, pluvial and fluvial flood, terrorism, and public and employer's liability. There would still be a short-term liquidity impact from such events due to the time it would take between incurring the expenditure and recovering this through the insurance claim; however, it is

an important consideration in terms of medium-term liquidity. The Board formally reviews the output of the stress testing twice a year.

Benefits of the securitised structure

The highly covenanted nature of our financing arrangements (often described as a whole business securitisation) enhances our financial resilience by imposing a rigorous governance framework. This requires continuous monitoring and reporting of our financial and operating performance by senior management, through a well-established business process, to ensure compliance with our financing arrangements, and provides an additional layer of control over how we transact with our stakeholders, including suppliers, business partners, customers, shareholders and lenders, compared to the regulatory frameworks by which we are governed.

Assurance

Robust internal assurance is provided by the Board reviewing and challenging the stress test scenarios selected and the risk mitigation strategies. The Directors also obtain annual independent third-party assurance on the integrity of the long-term cash flow model which underpins the financial projections. In addition, our external auditor, Deloitte, reviews this viability statement and the outputs of our stress testing as part of its normal audit procedures. It considers whether these are consistent with the Directors' conclusion with respect to business viability, and if the processes undertaken are sufficient to support the statements made.

Directors' statement

In making this statement, the Directors have assumed that funding for capital expenditure in the form of capital markets or bank debt will be available in all reasonable market conditions.

As discussed above, this is based on a history of raising debt competitively, strong credit ratings, long term recovery of RCV and Ofwat's statutory duty to make an efficient notional company financeable. They have also considered the impact of the Group structure, namely the support from ultimate shareholders, demonstrated by equity injections, intra-Group transactions and any other Group activities on the viability of the regulated business.

The Directors can be satisfied that the business has a reasonable expectation of being able to continue in operation and meet its liabilities as they fall due at least to March 2036, and is financially resilient in the face of severe but plausible downside shocks that reflect the current and potential future regulatory environment.

This is based on the reasonable certainty of its future revenue stream, the strength of the balance sheet (in particular the substantial cash balance and strong net assets), the availability of undrawn debt facilities in the unlikely event that debt markets were temporarily restricted, and by reviewing the business plans and strategic models, combined with the robust risk management process and mitigations described above.

This Strategic report was approved by the Board of Directors and signed on its behalf by

Celia Gough
Company Secretary
9 June 2026



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Introducing the Board's approach to governance and its key areas of focus this year



Dear Stakeholder

I am pleased to present the Corporate Governance report for the year ended 31 March 2026. This report provides you with a more detailed look at the Board's approach to governance and its key areas of focus this year.

As I set out in my welcome, this year's strong financial performance and shareholder backing has helped us strengthen our resilience, support customers who need extra help, invest in our people, and continue the work to build trust.

Transparency and governance

For the first time, this report details our compliance against the Anglian Water Services Limited Corporate Governance Code 2025 (the 2025 Code). As described in more detail in this report, the 2025 Code incorporates both Ofwat's Board Leadership, Transparency and Governance Principles (which are incorporated into the Company's Licence) and most of the provisions contained in the 2024 UK Corporate Governance Code.

Engagement with stakeholders

As discussed elsewhere in this report, including in our Section 172 statement, the Company's relationship with its stakeholders is extremely important. This is a critical time for the water sector as it goes through a period of generational reform. Therefore, during the year, the Board spent a significant amount of time considering the proposals associated with sector reform and engaging with government and other stakeholders to support purpose-led delivery. As a Board, we also met with Craig Bennett, Chair of the customer Independent Challenge Group (ICG) and in turn I have attended an ICG meeting. The Board welcomes the challenge and engagement of the ICG, which will have an increasingly important role under the new Consumer Involvement Rule.

During the year I have continued my personal programme of stakeholder engagement and have met regularly with the Chairs of our key regulators. I have also attended multiple site visits over the year, and I always enjoy meeting with our people.

Board committees

As ever, our Board continues to be supported by the work of our committees: Audit and Risk, Nomination and Remuneration. This year we also established the Regulatory Compliance Committee, in response to an action which arose during our 2024/25 external Board performance review. So far, this Committee has overseen major regulatory submissions, monitored delivery of undertakings and enforcement activity, and supported management in responding to an evolving and demanding regulatory landscape. I would like to thank the Regulatory Compliance Committee Chair, Ian Funnell, and the other committee members for giving their time to this new Committee over its first few months of operation.

Board changes

This year, Tony Bickerstaff, who was previously Chief Financial Officer at Cadent Gas Limited, joined the Board as an Independent Non-Executive Director. In October 2025, Tony replaced Zarin Patel as Audit and Risk Committee Chair when she retired from the Board. I would like to thank Zarin for her valuable input during her tenure on the Board, particularly in her role as Senior Independent Non-Executive Director.

Board performance review

The Board considers the annual review of the Board, its committees and directors to be an essential part of good corporate governance. This year the Board undertook an internal review. More information on the review process and its results can be found in the Nomination Committee report on page 131-134.

Annual Performance Report

As in previous years, the Annual Performance Report is being published as a separate document. See more on our website [here](#). This report contains a statement from the Board, which focuses on how Anglian Water has set its long-term ambitions and targets, and how the Company is delivering for everybody that it serves.

Dr Ros Rivaz

Chair
9 June 2026



A Audit and Risk Committee **R** Remuneration Committee **N** Nomination Committee **RC** Regulatory Compliance Committee Denotes Committee Chair

Anglian Water Services Limited Executive Committee

The Executive Committee oversees the day-to-day running of the business and develops long-term strategies for approval by the Board of Directors.

Michael Bradley
Chief Financial Officer

Amanda Bridger
Group People Director

Richard Eadie
Anglian Water Services Finance Director

Brian Ebdon
Director of Strategic Planning
and Performance

Celia Gough
General Counsel and Company Secretary

Don Maher
Director of Customer and
Operational Services

Dr Robin Price
Director of Quality, Environment
and Assurance

Ian Rule
Director of Water Services

Emma Staples
Director of Corporate Affairs

Dr Sian Thomas
Director of Strategic Asset Management

Mark Thurston
Chief Executive Officer

Emily Timmins
Director of Water Recycling Services

Jason Tucker
Director of Commercial Operations

Independent Chair

N
R



Dr Ros Rivaz
Independent Chair

Appointed

- Chair and Chair of the Nomination Committee in January 2024
- Chair Designate in November 2023

Skills, competencies and experience

Ros has a wide range of experience in executive and non-executive roles in blue chip companies, predominantly in highly-regulated and high-hazard environments, both in the UK and internationally.

Ros was previously Chief Operating Officer of Smith & Nephew plc and held senior management positions in global companies including Exxon, Diageo, ICI and Tate & Lyle Group.

She was Chair of the Nuclear Decommissioning Authority from September 2020 to August 2023.

Ros has also held a range of other board roles with private and listed companies, including ConvaTec plc, Boparan Holdings, RPC Group plc, Ceva Logistics and Rexam plc. She was also a non-executive director of Defence Equipment and Support, an arm's length body of the Ministry of Defence.

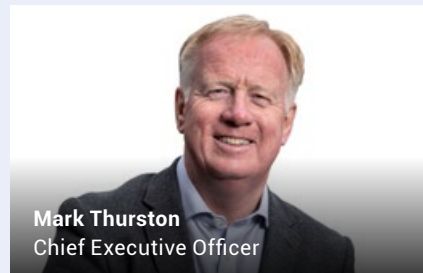
Ros plays important roles in the charity sector and academia. She was Deputy Chair of the Council of the University of Southampton for ten years and was a non-executive director of the 'Your-Life' initiative, which was a campaign, to increase take up of maths and physics among 14 to 16 year olds.

Other roles

Ros has recently been appointed as the Chair of Companies House and an Independent Non-Executive Director of the International Cricket Council. She is Lead Independent Director at Aperam SA and Senior Independent Non-Executive Director at Victrex plc. Ros is also on the board of the community interest company Eton Community CIC and an advisor to Partners in Performance, Structural Repairs and Tharsus.

Ros is also Chair and director of Anglian Water Group Limited.

Executive Directors



Mark Thurston
Chief Executive Officer

Appointed

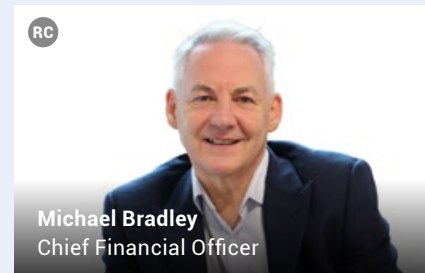
- Chief Executive Officer of Anglian Water Group in August 2024

Skills, competencies and experience

Mark is an engineer and highly experienced leader who, for more than 30 years, has held leadership roles in the infrastructure sector. Mark was previously European Managing Director of the engineering and projects company CH2M and played a key role in the growth of the business. While at CH2M he worked on both the London 2012 Olympics and Crossrail. Most recently, he was Chief Executive Officer of High Speed Two Limited from March 2017 to September 2023. During his tenure, he oversaw the development of an organisation and joint venture partnership model, with the largest supply chain of any infrastructure project in the UK. With deep experience in both public and private sectors, Mark has a strong track record across projects and businesses requiring complex stakeholder engagement, including a high-profile regulatory and government interface.

Having started his career as a technician apprentice on the London Underground, Mark is a chartered electrical engineer, an honorary fellow of the Association for Project Management, a fellow of the Institution of Civil Engineers and a member of the Institution of Engineering and Technology.

Mark is a visiting professor at both the Bartlett School of Sustainable Construction at UCL and the School of Complex Project and Programme Leadership at Loughborough University. He has received an honorary Doctorate of Technology from the University of East London (UEL) and Loughborough University. In October 2023 Mark became a member of Council at Loughborough University and in September 2024 became a board member of Water UK.



Michael Bradley
Chief Financial Officer

Appointed

- Chief Financial Officer in November 2024

Skills, competencies and experience

Michael is a qualified management accountant with more than 25 years' experience operating at board level, supporting companies in both the public and private sectors. He has led Finance, IT and business-wide transformation in large complex organisations.

Michael was previously at EG Group, where he led the Finance team, supporting a global business with over 50,000 employees, and successfully navigated EG Group through a complex financial restructuring. Between November 2018 and August 2022, Michael was Chief Financial Officer at High Speed Two Limited and he has also held senior roles at Defence Equipment and Support (DE&S), Enterprise and Alstom Transport.

Michael was appointed Companion of the Order of the Bath (CB) in the 2017 New Year Honours.



Independent Non-Executive Directors



Appointed

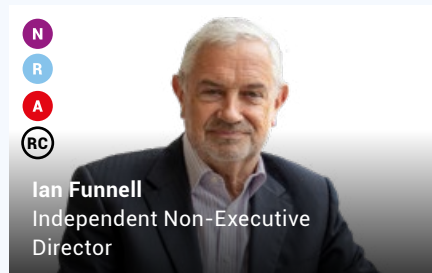
- Chair of the Remuneration Committee in June 2024
- Independent Non-Executive Director in March 2024

Skills, competencies and experience

Kath has more than 30 years' Human Resources experience, with a strong operational and strategic track record, gained at a number of large global manufacturing companies. As well as working at GlaxoSmithKline plc and AstraZeneca plc she has served as the Group Human Resources Director of Rolls-Royce plc and was most recently Group HR Director of Ferguson plc and Chief HR Officer of CRH plc. She served as a non-executive director and Chair of the remuneration committee of Renishaw plc from 2015 to 2018 and of Calisen plc from 2020 to 2021. Kath was also an independent non-executive director and Chair of the remuneration committee of Vesuvius plc from 2020 to 2024.

Other roles

Kath is Senior Independent Director and Remuneration Committee Chair at SIG plc and a non-executive director and Remuneration Committee Chair of Essentra plc.



Appointed

- Chair of Regulatory Compliance Committee in July 2025
- Independent Non-Executive Director in August 2024

Skills, competencies and experience

Ian has extensive experience in the energy sector in both executive and non-executive roles in the UK and international power sectors. He has also worked in the digital industry and global oil and gas sectors and on the delivery of major infrastructure projects. Ian's track record includes a focus on business performance, a strong stakeholder engagement ethic and an extensive network across businesses at board level, senior levels of government and academia both in the UK and internationally.

Ian originally joined ABB in 1999 – a global technology company that works closely with utilities, industry, transportation and infrastructure customers – and was appointed CEO of ABB UK and Ireland in January 2015. In January 2020, he was appointed CEO of Hitachi Energy Ltd in the UK and Ireland, where he contributed widely to sector initiatives in support of decarbonisation. He stepped down from his executive role in July 2022.

Ian has held positions on the Made Smarter Commission, the UK Government's Advisory Board of Innovate UK (Energy Revolution), the CBI President's Committee, Chair of the CBI's Northwest Regional Council and the Covid Recovery Commission, where he helped shaped recommendations for the Government's levelling up and building back better programmes. Most recently, Ian was Chair of the UK's National Nuclear Laboratory, advisor to the President of Hitachi Europe, an Ambassador of the Women Leaders Association and Chair of the Energy Futures Laboratory at Imperial College London.

Other roles

Ian was appointed Non-Executive Director of the NG Bailey Group in August 2022 and Chair of the Group in February 2023.



Appointed

- Senior Independent Non-Executive Director in October 2025
- Independent Non-Executive Director in November 2022

Skills, competencies and experience

Alistair joined SSE plc (Southern Electric) in 1997 and was Chief Executive between 2013 and 2025. He has held a range of senior roles across multiple business areas within the SSE Group. Prior to joining the board in 2002 as Energy Supply Director, Alistair was Director of Corporate Finance and Business Development. In 2010, he became Generation and Supply Director, before becoming Deputy Chief Executive in 2012.

Prior to joining SSE plc, Alistair worked for HSBC and National Westminster Bank in corporate finance and business development roles, in London and New York. Alistair is also a former vice president of Eurelectric and former director of Energy UK. Most recently, he was a member of the Scottish Energy Advisory Board, UK Govt Hydrogen Advisory Council and UK Govt Net Zero Council. Alistair was also Co-Chair of Utilities for Net Zero Alliance and a fellow of the Energy Institute.

Other roles

Alistair is a chartered accountant, chair of the SSEN Distribution board and Clean Power Commissioner of the Department for Energy Security and Net Zero. Alistair is also a non-executive director of Calisen plc, a smart metering infrastructure owner, a strategic adviser for Oxera and a strategic advisory committee member of the Transition Finance Council.



Appointed

- Chair of Audit and Risk Committee in October 2025
- Independent Non-Executive Director in June 2025

Skills, competencies and experience

Tony has had a successful executive and non-executive career and is an experienced finance professional with commercial, strategic and financial expertise across the infrastructure, energy, utilities, transportation and logistics sectors. Tony also has significant experience of working with the Government in infrastructure investment and low-carbon energy generation.

Between February 2022 and September 2024, Tony was the Chief Financial Officer of Cadent Gas Limited, the UK's largest gas distribution network. Between 2006 and 2020, Tony was the Chief Financial Officer of Costain Group plc, the FTSE All-Share infrastructure solutions company and he has also held a number of senior management and financial positions at Taylor Woodrow. He has also served as a non-executive director and Chair of the audit and risk committee at Wincanton plc.

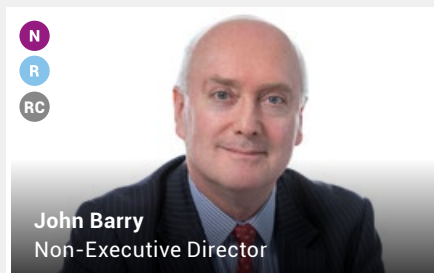
Tony is a fellow of the Association of Chartered Certified Accountants (ACCA).

Other roles

Tony is currently a non-executive director of Pantheon Infrastructure Plc and Non-executive Chair of Low Carbon Contracts Company Limited and Electricity Settlements Company Limited.



Non-Executive Directors



John Barry
Non-Executive Director

Appointed

- Non-Executive Director in November 2020

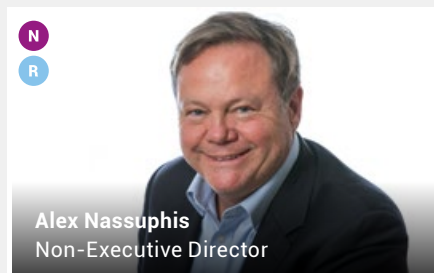
Skills, competencies and experience

John is a chartered accountant and serves on a number of boards in the infrastructure sector. He started his career at Ernst & Young, spending seven years specialising in mergers and acquisitions and private equity transactions. He then worked at 3i Group for 12 years, firstly in private equity and then as a founding member and director of 3i Infrastructure. Thereafter he was a managing director of First Reserve, where he was one of the founders of its global energy infrastructure business. During his time at First Reserve he oversaw numerous investments into the energy sector, including energy from waste, wind and solar power plants, gas-fired power plants, utilities and oil and gas midstream, as well as energy backup. John holds a BSc (Hons) in Physics from the University of Southampton.

John is a director of Anglian Water Group Limited.

Other roles

John is Non-Executive Chairman of Cory Group, where he also chairs the remuneration and developments committees. He is a non-executive director and Chair of the Audit and Risk Committee of North Sea Midstream Partners and an independent member of the Investment Committee for SUSI Energy Transition Fund, as well as for the MML Capital Keystone Infrastructure Fund.



Alex Nassuphis
Non-Executive Director

Appointed

- Non-Executive Director in October 2022

Skills, competencies and experience

Alex is a managing director of Igneo Infrastructure Partners, based in London. Alex joined Igneo Infrastructure Partners in 2015, prior to which he spent over 15 years in European investment banking at HSBC, Dresdner Kleinwort Benson and CSFB.

Alex holds a Dipl. Engineering from the National Technical University of Athens and an MBA from Manchester Business School.

Alex is an alternate director of Anglian Water Group Limited.

Other roles

Alex is on the board of directors of Hoegh Evi Limited and City Green Light SRL. He is also on the supervisory board of MVV Energie AG.



Batiste Ogier
Non-Executive Director

Appointed

- Non-Executive Director in November 2021

Skills, competencies and experience

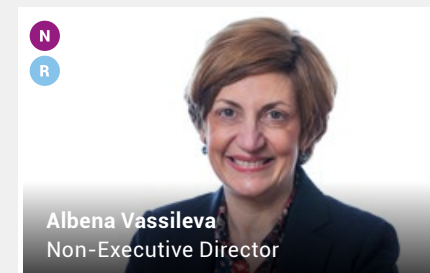
Batiste is a Managing Director at CPP Investments, where he leads the European infrastructure investments team, with responsibility for total investments of over £10 billion. CPP Investments is one of the largest direct investors in infrastructure assets globally. Prior to joining CPP Investments in 2019, Batiste was an Investment Director at First State Investments' European infrastructure team. Over his 20-plus year career in infrastructure, Batiste has made and overseen multiple investments across water, energy, transport, digital and the circular economy.

Batiste studied at Kings College London, LSE and Sciences-Po Paris. He is a Fellow Chartered Accountant (ICAEW), qualifying with KPMG in 2007.

Batiste is a director of Anglian Water Group Limited.

Other roles

Batiste is a director of FCC Env Midco, S.A., FCC Servicios Medio Ambiente Holding, S.A.U. in Spain and Fibercop S.A. in Italy. He is also a voting member of CPP Investments' global infrastructure investments committee.



Albena Vassileva
Non-Executive Director

Appointed

- Non-Executive Director in January 2024

Skills, competencies and experience

Albena is an executive director at the Infrastructure Investment team of IFM Investors. At IFM, Albena is responsible for the sourcing, execution and management of infrastructure investments across Europe, as well as the development of key industrial relationships and energy transition initiatives. At IFM, Albena has served on the boards of Veolia Poland Group companies and serves as Chair of IFM Investors Netherlands BV.

Before joining IFM, Albena led the mergers and acquisitions advisory team for energy at ABN AMRO Bank. Prior to that, she was a managing director at Advent International — one of the largest global investment funds — and senior investment manager with ABN AMRO Capital. Throughout her investment career, Albena has served as a non-executive director on multiple boards and board committees in a range of industries and geographies.

Albena is a director of Anglian Water Group Limited.



Corporate Governance report

Principles of corporate governance

Anglian Water is committed to the highest standards of corporate governance.

In March 2025, the Board approved the updated Anglian Water Services Limited Corporate Governance Code 2025 (2025 Code), which incorporates new requirements of the 2024 UK Corporate Governance Code along with Ofwat's Board, Leadership, Transparency and Governance (BLTG) Principles and supporting provisions. Provision 4.6 on risk management and internal controls (in line with Provision 29 of the 2024 UK Corporate Governance Code) applies to Anglian Water from 1 April 2026. The Company anticipates reporting in full against this provision in next year's Annual Integrated Report. Only the parts of the 2024 UK Code that cannot sensibly be applied to a company in private ownership have been omitted.

This report details compliance with the 2025 Code and complies with the requirement contained in Anglian Water's Licence, to meet the objectives contained in the BLTG Principles and to explain – in a manner that is effective, accessible and clear – how Anglian Water is meeting the four objectives, as detailed in this report.

The 2025 Code and the previous corporate governance codes applied by Anglian Water can be found at anglianwater.co.uk/governance. The Company Secretary keeps compliance with the relevant corporate governance standards under review and any changes recommended are subject to approval by the Board.

Company purpose, values and culture

Ofwat Principle: The Board of the Appointee establishes the Company's Purpose, strategy and values and is satisfied that these and its culture reflect the needs of all those it serves.

The Board recognises that, as a monopoly provider of an essential public service, Anglian Water has a duty to deliver wider benefits to society, above and beyond the provision of safe, clean water and the effective recycling of wastewater. In 2019, Anglian Water's Articles of Association were amended to enshrine the Company's long-standing commitment to a social and environmental purpose. As a consequence of this change in its constitution, Anglian Water must conduct its business and operations for the benefit of shareholders, while delivering long-term value for its customers, the region and the communities it serves and seeking positive outcomes for the environment and society.

As part of the change to the Articles of Association, the Board has also made an explicit commitment to consider, as part of its decision-making process:

- the impact of Anglian Water's operations on communities and the environment;
- the interests of Anglian Water's employees;
- the need to foster good relationships with customers and suppliers;
- the need to maintain a reputation for high standards of business conduct; and
- the consequences of decisions in the long term.

Anglian Water's Articles of Association require the directors to adopt a Statement of Responsible Business Principles (the SRBP) and – to the extent not covered in the Non-financial Information and Sustainability Statement – explain any steps that have been taken to ensure that the business of the Company has been carried out in accordance with the SRBP.

In 2025/26, the SRBP took the form of the British Standards Institution (BSI) PAS 808 framework, for purpose-driven organisational worldviews, principles and behaviours for delivering sustainability. PAS 808 was originally launched in July 2022 and Anglian Water was involved in its development alongside BSI. The Company was first assessed against the standard in 2023, and then again in 2024/25.

In 2025/26, BSI undertook a further review to assess the Company's alignment against the standard. Through structured interviews with leadership and management and across a broad range of operational processes and functions, the assessment explored how Anglian Water is responding and adapting to both internal and external drivers of change and whether these responses remain aligned with, and guided by, the organisation's defined purpose.

The assessment identified small changes to the initial assessment score, with continued evidence of Anglian Water's ongoing commitment to purpose. Peter Hickmott, of BSI, concluded that "Based on the evidence gathered through structured interviews, support by the review of documented discussion summaries and

identified improvement opportunities, the assessment concludes that Anglian Water continues to demonstrate a strong and maturing alignment with the principles of PAS 808: Purpose-Driven Organisations". Read more about the assessment and outcome in 'Embedding our Purpose' pages 27-28.

The Company's Purpose is the north star of Anglian Water's business model, which also includes the Company's ambitions and values. The Board is committed to continuing to embed the Company's Purpose and the implementation of the business model.

To ensure that colleagues understand the standards expected of them, they all have access to the Company's code of conduct (Doing the Right Thing) via the corporate intranet. The booklet summarises key Company policies, in a clear and concise way, to ensure that Anglian Water's values and standards are clear to colleagues from their very first day.

A statement from the Board, detailing how the Company has set its aspirations and how it performs for all those it serves, can be found in the Company's Annual Performance Report.

The Board regularly reviews the Company's culture, taking an active interest in the feedback from employees, provided in response to the Company's Love to Listen survey. More information on how the Board engages with different stakeholder groups, including employees, can be found in the Section 172 statement on pages 90-93.



Corporate governance arrangements resulting from the Aligned Debt Programme

In 2002, the Company established a debt programme that underpins all of its borrowing (including bonds and private placement). All of this borrowing is based on a single set of contractual provisions (a covenant package) and a shared security arrangement that binds all debt providers. The debt programme is 'structured' in that the Anglian Water Services Financing Group (ASWFG) is separated and ring-fenced; provides security (to the extent allowed by the regulatory framework); and has built-in protections (such as cash management regimes and contractual standstill provisions). The comprehensive package of commitments – or covenants – is contained in a single document that applies to all debt providers, called the Common Terms Agreement (CTA). The debt providers are bound by an intercreditor arrangement, contained in a document called the Security Trust and Intercreditor Deed (STID).

The Company's debt programme (an Aligned Debt Programme) has been designed to align with and enhance the regulatory protections contained in the Water Industry Act 1991 and the Company's Licence, in order to support and enhance Anglian Water's credit rating. This structure is based on the principle of Regulated Asset Base (RAB) based financing, which assumes that, if the regulated company's

operations are confined to running its regulated business and the company is largely protected from non-regulated business risk and external risks, then Ofwat's regulatory framework will remunerate RAB, so that sufficient revenue is available to pay for the cost of servicing the company's debt. Debt providers that provide RAB-based financing also want to ensure that the company they are lending to is focused entirely on its regulated business, carries out this business in accordance with its regulator's requirements and is largely protected from external risks to that business. Therefore, the interests of the debt providers under Aligned Debt Programmes are fully aligned with the interests of customers (and the regulator).

Debt providers under Aligned Debt Programmes are also aligned with customers and the regulator, in that the programmes are structured to support the principle that a provider of a vital public service must continue the uninterrupted delivery of that service during any default, insolvency or financial distress. In these circumstances, it is in the interests of both the company and the regulator to resolve the situation, such that the company is able to return to being able to properly finance its functions and to service its debts. Aligned Debt Programmes provide for a contractual standstill upon the occurrence of an event of default. This has the aligned intention of enabling Ofwat to deal with any problems, without having to deal with defaulted or accelerated debt.

The commitments, or covenants, which are a feature of the Company's Aligned Debt Programme, help to de-risk the business, because the Company undertakes that it will only carry on a regulated water business and that it will conduct this business in a prudent manner. These covenants include:

- (a) Non-Permitted Business Limits (i.e., to minimise limits on the amount of non-regulated business that can be carried out).
- (b) A restriction on tax transactions and a positive obligation to pay all taxes when due.
- (c) Minimum insurance requirements (including requirements on the creditworthiness of the insurers).
- (d) A hedging policy to require prudent hedging of interest rate and foreign exchange exposure, to prohibit speculative use of derivatives and to ensure swaps are only entered into with highly-rated counterparties (so as to reduce counterparty risk).
- (e) A requirement to maintain and hold all required IP rights.
- (f) An obligation to act in accordance with 'Good Industry Practice' in all areas of the business.



The composition of the Board and its role in relation to the Company's strategy

Ofwat Principle: The Appointee has an effective Board with full responsibility for all aspects of the Appointee's business for the long term.

The Board is ultimately responsible for the strategy and for overseeing the performance of the Company. As explained in our Business Model, the Company's strategic priorities are for the Company to be:

- **A high performing organisation that attracts investment and creates lasting value**
- **Embedded in our communities and valued by our customers**
- **Enabling sustainable growth and resilience in an environmentally significant region**
- **Our people and partners are proud to deliver excellence and be Safer Every Day**
- **Trusted by government and regulators to meet our commitments**

These priorities are underpinned by our values. Together we: do the right thing; build trust and are always exploring.

Further information on our business model can be found on page 4.

A clearly defined framework of roles, responsibilities and delegated authorities is in place, which are designed to facilitate the achievement of the Company's key goals. The Board has a formal governance matrix, which sets out the matters that are specifically reserved for its decision, thus ensuring that it exercises control over appropriate strategic, financial, operational and regulatory issues. A full list of matters reserved to the Board appears at anglianwater.co.uk/governance. Matters delegated to management are set out in a Scheme of Delegation. Typically, these matters comprise financial approvals at levels that are not considered by the Board to be material, as well as routine operational decisions and minor regulatory approvals.

Anglian Water's investors are represented on the Board. However, independent non-executive directors form the largest single group on the Board. All directors are required, under Anglian Water's Articles of Association, to take decisions in good faith and in a way that is most likely to promote the Company's Purpose.

When making decisions, directors must have regard (among other matters) to the interests of and impact on the Company's key stakeholders (including customers, employees, suppliers, communities and the environment), as well as the interests of shareholders. Further information can be found in the Section 172 statement on pages 90-93.

The Board acts independently and in the best interests of the Company as a whole, while considering the views of shareholders in its deliberations. Anglian Water values the particular contribution of the investor representatives who sit on the Board.

As is explained below, a number of matters require the approval of the Board of Anglian Water Group Limited (AWG). However, any matters requiring AWG Board approval are also considered by the Anglian Water Services (AWS) Board (or by the relevant Board committee). This approach means that, where relevant, both the Company's Board and the AWG Board carefully consider and debate key decisions.

The investor representatives who sit on the AWS Board are also members of the AWG Board. Therefore, the substantive debate on all matters takes place in the course of AWS Board meetings. It follows that, where AWG Board approval is required, the AWG Board is effectively asked to endorse a decision already taken in principle by the AWS Board. The close liaison between the two boards — and the fact that investor views are considered by the AWS Board — means that both boards have reached the same conclusion around key decisions. This is particularly important where additional equity funding might be required, in order to implement a strategy proposed by the AWS Board. Provisions in the AWG Investors' Agreement ensure that AWS directors will not take any action that would cause Anglian Water to breach either the terms of its Licence or any of the Company's obligations under the Water Industry Act.

The decisions requiring formal approval by the AWG Board include:

- material changes to the Company's strategy;
- material changes to the annual operating and capital expenditure budget;
- extension of the company's activities into new business or geographic areas;
- any decision to cease to operate all or any material part of the company's business;

- material changes relating to the Company's capital structure, including reduction of capital, share issues and share buy-backs;
- approval of accounting and treasury policy and practices;
- approval of procurement strategy for the award of new contracts by the Company, where the contract value (over the life of the contract) is expected to be in excess of £100 million;
- approval of remuneration policy;
- approval of the total pay received by each director;
- approval of director appointments;
- approval of the appointment of the Company's auditors; and
- agreeing to refer any matter (including any proposed Licence modification or Final Determination) to the CMA.

During the 2025/26 financial year, the following matters required approval by the AWG Board, under the terms of the governance matrix:

- the approval of the annual business plan;
- the appointment of a new independent non-executive director and changes to Committee membership;
- formation and terms of reference for the Regulatory Compliance Committee;
- certain remuneration matters; and
- the procurement strategy for a number of high-value contracts.

Board composition

The Board is satisfied that the composition of the Board and its committees are such that there is an appropriate balance of skills, experience, independence and knowledge. The executive and non-executive directors are equal members of the Board and have collective responsibility for the Company’s strategy and performance. As is explained above, independent non-executive directors make up the largest single group on the Board. The Board considers that the combination of executive and non-executive directors is such that no individual or small group of individuals can dominate the Board’s decision making.

The directors who held office during the year and up to the date of signing the financial statements were as follows:	
Dr Ros Rivaz Independent Non-Executive Chair	Ian Funnell Independent Non-Executive Director
Mark Thurston Chief Executive Officer	Alistair Phillips-Davies Senior Independent Non-Executive Director
Michael Bradley Chief Financial Officer	John Barry Non-Executive Director
Tony Bickerstaff Independent Non-Executive Director (appointed 3 June 2025)	Albena Vassileva Non-Executive Director
	Alex Nassuphis Non-Executive Director
Kath Durrant Independent Non-Executive Director	Batiste Ogier Non-Executive Director

The following directors resigned from the Board during the year:

Zarin Patel
Senior Independent Non-Executive Director
(resigned 30 October 2025)

At the date of these financial statements, in addition to the Independent Chair Dr Ros Rivaz, there were four independent non-executive directors, two executive directors and four non-executive directors. None of the directors has a formally appointed alternate.

The Company’s Chair is also the Chair of the Company’s ultimate parent company, AWG. The 2025 Code does not prohibit chairship of other companies in the group.

The independence of all the independent non-executive directors was considered by the Board at its meeting in January 2026. At that meeting, the Board concluded that all the independent non-executive directors remain independent of management and are not party to any business or other relationship that could materially interfere with the exercise of their independent judgement, in accordance with the 2025 Code. Due to existing (or existing within the last three years) business relationships, further consideration was required to the independence of Dr Rivaz and Mr Alistair Phillips-Davies.

Dr Rivaz is independent of investors and management and has no relationship with any of the Company’s shareholders, except for her Chairship of AWG. None of the other situations listed in provision 2.3 of the 2025 Code, which might otherwise call into question independence, apply. The Board therefore considers Dr Rivaz to be independent in judgement and character, notwithstanding her chairship of AWG. Until 30 September 2024, Dr Rivaz was a non-executive director of Computacenter plc, a subsidiary of which entered into a non-exclusive framework agreement with Anglian Water in 2021. However, the financial spend under the framework has not been material and Dr Rivaz did not have any direct or indirect involvement in the framework agreement whilst she was a director of Computacenter plc.

Mr Phillips-Davies was the Chief Executive Officer of SSE plc (SSE) and is Chair of the SSEN Distribution Board, a subsidiary of SSE that supplies electricity and gas to the Company. However, this relationship would only be considered a barrier to independence if it could be classed as ‘material’. When considering the independence of Mr Phillips-Davies, the Board reviewed the details of the contracts in place, including their value and whether they could be considered material. The Board noted that all of the contracts were tendered and commenced prior to Mr Phillips-Davies’ appointment and concluded that Mr Phillips-Davies remains independent.

If a conflict did arise, it would be dealt with via the Board protocol for dealing with conflicts of interest, a copy of which can be found at: anglianwater.co.uk/governance.

The Chair and each of the independent non-executive directors have letters of appointment with the Company rather than service contracts, which include the expected time commitment of the appointment. Copies of these letters can be found at anglianwater.co.uk/governance.



Board structure and effectiveness

Ofwat Principle: The Board of the Appointee and their committees are competent, well run and have sufficient independent membership, ensuring they can make high-quality decisions that address diverse customer and stakeholder needs.

It is the Company's policy that the roles of the Chair and Chief Executive Officer are separate, with their roles and responsibilities clearly divided. A document that clearly sets out the respective responsibilities of the Chair and the Chief Executive Officer (which was approved by the Board) can be found at anglianwater.co.uk/governance. The Chair's commitment to the Company and to its ultimate parent company is usually three to four days per month. Her other significant commitments are disclosed in her biography. The Board considers that these commitments do not hinder her ability to discharge her responsibilities to the Company effectively.

On 31 October 2025, Alistair Phillips-Davies was appointed Senior Independent Non-Executive Director, following Zarin Patel's resignation. A document setting out the role and duties of the Senior Independent Non-Executive Director has been agreed by the Board and can be found at anglianwater.co.uk/governance.

No director may vote on any contract or arrangement between the Company and any other Anglian Water group company if he/she is also a director of that Anglian Water group company. In accordance with the relevant provisions of the Companies Act 2006, all of the directors are required to disclose details of all conflicts of interest to the Board.

On appointment to the Board, all directors are required to declare all their interests; any new interests held by directors are considered at the start of each Board meeting and (where relevant) interests are declared prior to any substantive discussions. In addition, a further review of all directors' interests is undertaken annually.

Recommendations for appointments to the Board are made by the Nomination Committee. Appointments are made on merit and against objective criteria, with due regard to skills, knowledge, experience and diversity. There is an approved Board Diversity Policy, which is available at anglianwater.co.uk/governance. Appointments are also made with reference to the Board skills matrix. Non-executive appointees are required to meet with Ofwat prior to their appointment to the Board and are also required to demonstrate that they have sufficient time to devote to the role. The directors' key responsibilities are set out in the table overleaf.

Board committees

The Board has an Audit and Risk Committee, a Nomination Committee, a Regulatory Compliance Committee and a Remuneration Committee.

Audit and Risk Committee

Details of the terms of reference of the Audit and Risk Committee, its membership and its activities during the year, are contained in the Audit and Risk Committee report. All members of the Audit and Risk Committee are independent non-executive directors. The Chair of the Audit and Risk Committee is Tony Bickerstaff.

Nomination Committee

Details of the terms of reference of the Nomination Committee, its membership and its activities during the year, are contained in the Nomination Committee report. The majority of the members of the Nomination Committee are independent non-executive directors. The chair of the Nomination Committee is Dr Ros Rivaz.

Remuneration Committee

Details of the terms of reference of the Remuneration Committee, its membership, activities, the Company's remuneration policy and the remuneration paid to directors during the year are contained in the Remuneration Committee report. The majority of the members of the Remuneration Committee are independent. The chair of the Remuneration Committee is Kath Durrant.

Regulatory Compliance Committee

The Regulatory Compliance Committee was formed in July 2025. Details of the terms of reference of the Regulatory Compliance Committee, its membership and activities during the year, are contained in the Regulatory Compliance Committee report. The majority of the members of the Regulatory Compliance Committee are independent. The Chair of the Regulatory Compliance Committee is Ian Funnell.

The Board believes that committees have sufficient independent membership, to ensure that high-quality decisions can be made that best address diverse customer and stakeholder needs.



Board processes

The Chair is responsible for ensuring that directors receive timely, accurate and clear information. To ensure adequate time is available for Board discussion and to enable informed decision making, briefing papers are prepared and circulated to directors in the week prior to scheduled Board meetings. The structure of the Board paper template ensures that papers provide clarity to the Board around what the expected Board requirement was arising out of each paper, impacted risk areas, its link to the Company's long-term strategy and impacted stakeholders.

All non-executive directors are encouraged to make further enquiries, as they feel appropriate, of the executive directors and senior management. In addition, Board committees are provided with sufficient resources and the power to co-opt such additional support as they may require, from time to time, to undertake their duties. The Company Secretary is available to all directors and is responsible for the flow of information to the Board and advising the Board on corporate governance matters. This ensures compliance with Board procedures and applicable laws and regulations. The Board has responsibility for the appointment and removal of the Company Secretary.

During the year, the Chair held meetings with the independent non-executive directors, without the presence of the executive directors.

All new directors receive a thorough induction programme on appointment, which includes receiving a full background information pack, making visits to operational sites and receiving briefings from executive directors and senior managers.

To ensure that there is a clear understanding of the responsibilities attached to being a non-executive director in the sector, all non-executive directors attended a pre-appointment meeting with representatives from Ofwat.

The Company offers the directors in-house briefings, as necessary, to aid their professional development and awareness of business and sector-specific issues. The Company also offers to fund participation on externally-provided training courses. All directors are entitled to receive, at the Company's expense, independent professional advice, on any matters relating to their responsibilities as a director.

During the year, members of the Board have visited a range of different business locations, including water treatment centres, Water Recycling Centres and the proposed sites of the new reservoirs. These visits enable the directors to meet a range of employees and to update and maintain their knowledge of and familiarity with the Company's operations. At an event in July 2025, Board members had an opportunity to meet with employees from different business units to better understand their focus areas for the first year of AMP8. In September 2025, the Board visited the company's Operational Management Centre in Lincoln during which they had a tour of the Centre and were given an opportunity to talk to call centre agents and listen to customer calls.

Information on the Board, committee and director performance review can be found in the Nomination Committee report, pages 131-134.

Board composition and roles

Independent Chair • Dr Ros Rivaz

Responsible for leading the Board and for its overall effectiveness in directing the Company. Ensuring Board members are aware of and understand the views of key stakeholders. Helps set the tone from the top, in terms of our Purpose, goals, vision and values — for the whole organisation. Responsible for ensuring that the directors receive accurate, timely and clear information.

Chief Executive Officer • Mark Thurston

Responsible for the leadership and day-to-day functioning of the Company, with a scope covering operations, asset management, customer services, human resources, corporate communications and legal.

Chief Financial Officer • Michael Bradley

Supports the Chief Executive Officer in developing and implementing strategy and in relation to the financial and operational performance of the Company. Responsible for regulation and information services within the Company.

Senior Independent Non-Executive Director • Alistair Phillips-Davies

Responsible for providing a sounding board for the Chair and to serve as an intermediary for other directors, where necessary. Available to shareholders of the Company, if they have concerns that contact through the normal channels of Chair, Chief Executive Officer or other executive directors, has failed to resolve the relevant situation, or for which such contact is inappropriate.

Independent Non-Executive Directors • Kath Durrant • Tony Bickerstaff • Ian Funnell

Responsible for bringing independence to the Board and its decision-making processes. They particularly provide constructive challenge and strategic guidance, offer specialist advice and hold management to account.

Non-Executive Directors • John Barry* • Alex Nassuphis • Batiste Ogier • Alben Vassileva

Responsible for providing constructive challenge to the Board's decision-making processes.

*Non-executive director responsible for engaging with the workforce.

How Board engagement shaped the outcome of the Enterprise Strategy

Over the financial year, the Board was closely involved in the development of the Company's Enterprise Strategy (which the Board approved in April 2026). Initially, Board members attended a workshop in July 2025, alongside key members of senior management. This enabled the Board to input into the potential success measures as well as the proposed time horizons at an early stage of its development. Over the following months the Board was given multiple opportunities to shape and challenge the scope of the Enterprise Strategy. Their inputs around: digital and innovation; the customer and people and skills, ultimately further enhanced the final strategy.



Board diversity and skills

The Board has a diverse set of skills and backgrounds, which supports the Company in the delivery of its long-term strategy. During the 2024/25 financial year, the Board developed a revised Board skills matrix, to support the appointment of additional independent non-executive directors.

The Nomination Committee has used the skills matrix to inform the recruitment process for new independent non-executive directors.

Further information on the skills and experience of the directors can be found in the directors' biographies. The skills matrix is regularly reviewed and updated as appropriate.

Industry skills/knowledge in relation to Anglian Water – has direct experience of working in the following:	Independent Chair	Executive Directors		Independent Non-Executive Directors				Non-Executive Directors			
	Ros Rivaz	Mark Thurston	Michael Bradley	Tony Bickerstaff	Alistair Phillips-Davies	Kath Durrant	Ian Funnell	John Barry	Alex Nassuphis	Batiste Ogier	Albena Vassileva
Infrastructure delivery/large capital programmes	●	●	●	●	●		●	●			●
Operational/manufacturing/engineering	●	●	●	●	●	●	●				
Digital technology/cyber	●	●	●	●	●	●	●		●	●	●
Supply chain and procurement	●	●	●	●	●	●	●				
Complex delivery models		●	●	●	●		●				
Environment, climate change, bioresources, CO ₂ roadmap	●	●		●	●	●	●	●	●	●	●
Health and Safety	●	●			●	●	●				
Complex regulatory environments with multiple regulators	●	●	●	●	●		●	●	●	●	●
Financial governance and reporting at scale, including marrying of financials with performance		●	●	●	●			●	●	●	●
Proven Chair of Audit Risk and Assurance Committee				●	●			●			
Compliance, ethics, audit/assurance, membership of financial or relevant external bodies	●		●	●	●	●	●	●		●	●
Risk management from board through to execution in multiple sectors	●	●	●	●	●	●	●	●	●	●	●
Proven chair of Remuneration Committee	●	●			●	●	●	●			●
Customer behaviour and expectations	●	●			●	●	●	●			●
Setting strategic direction	●		●	●	●	●	●	●	●	●	●
Corporate governance	●	●	●	●	●	●	●	●	●	●	●



Board leadership and transparency

Ofwat Principle: The Board of the Appointee's leadership and approach to transparency and governance engenders trust in the Appointee and ensures accountability for their actions.

Board meetings

The Board held six scheduled meetings during the year ended 31 March 2026. In addition, the Board held two further scheduled meetings between 31 March 2026 and the date of signing this report. With the exception of Mr Barry, who was unable to attend the meeting on 28 April 2026, all directors attended these meetings. Further Board meetings were held on 30 April 2026 and 21 May 2026, which a number of directors could not attend due to short notice, but they provided input into the matters discussed in advance of the meeting.

The Board received regular reports on business and financial performance, regulatory issues, health and safety performance, employee issues and the management of key business risks. The chairs of the Audit and Risk, Nomination, Regulatory Compliance and Remuneration committees also provided reports on matters discussed by those respective committees, since the previous Board meeting.

Where directors have concerns about the operation of the Board or the management of the Company that cannot be resolved, these would be recorded in the Board minutes, but no such concerns have been raised.

Board and Committee attendance

The attendance by individual directors at scheduled meetings of the Board and committees, during the year ended 31 March 2026, is shown in the table opposite.

All decisions made by the Board during the year were unanimous. A number of further committee meetings were held between 1 April 2026 and the date of this report.

During the year, two other Board meetings were held, to consider different matters, including the approval of the Annual Performance Report and to consider matters relating to the final report by the Independent Water Commission.

Board committees are authorised to engage the services of external advisors, as they deem necessary, in the furtherance of their duties, at the Company's expense.

Director	Board	Audit and Risk Committee	Nomination Committee	Remuneration Committee	Regulatory Compliance Committee
Ros Rivaz	6/6	3/3*	3/3	6/6	2/2*
John Barry	6/6	-	3/3	3/6	3/3
Tony Bickerstaff*	5/5	1/1	3/3	2/2	5/5***
Michael Bradley	6/6	2/2*	2/2*	4/4*	3/3
Kath Durrant	5/6	0/1	2/3	5/6	-
Ian Funnell	6/6	3/3	3/3	6/6	2/3
Alex Nassuphis	6/6	-	3/3	6/6	-
Batiste Ogier	6/6	-	3/3	6/6	-
Alistair Phillips-Davies	6/6	3/3**	3/3	6/6	2/3
Mark Thurston	6/6	1/1*	3/3*	3/3*	-
Albena Vassileva	5/6	-	2/3	5/6	-

Former directors who served during the year	Board	Audit and Risk Committee	Nomination Committee	Remuneration Committee	Regulatory Compliance Committee
Zarin Patel*	4/4	2/2	1/1	3/4	-

* Not a member of the committee, but attended by invitation.

** Alistair Phillips-Davies attended one of the Audit and Risk Committee meetings by invitation, after he stepped down as a member on 31 October 2025 and became a member of the Regulatory Compliance Committee.

*** Tony Bickerstaff attended three Remuneration Committee meetings by invitation before becoming a member on 31 October 2025.

* Denotes a director who joined/stepped down from the Board part way through the year. See page 159 for details of dates of appointment and resignation.



Risk management and internal control

Detailed disclosure regarding the Company's risk management approach, risk appetite and principal, as well as emerging risks, is included in the Strategic report. The Company also has in place systems and procedures for exercising control and managing risk — in respect of financial reporting — and the preparation of consolidated accounts. These include:

- The formulation and deployment of Company accounting policies and procedures.
- Policies governing the maintenance of accounting records, transaction reporting and key financial-control procedures.
- Monthly operational review meetings, which include, as necessary, reviews of internal financial reporting issues and financial control monitoring.
- Ongoing training and development of appropriately qualified and experienced financial reporting personnel.

For the year ended 31 March 2026, the Company's internal and financial controls included the following:

- A regular review by the Board and its Committees of the Company's principal and top tier risk risks, associated risk appetite statements and the mitigations that are in place.

- A programme of internal-assurance visits, undertaken by our quality and systems team, which provide the business with assurance that our accredited quality management systems are supporting the delivery of key business objectives and Performance Commitments. The Company's Integrated Management System Framework Policy is published on our website.
- An internal audit programme — led by the Head of Internal Audit, with support provided by external specialists where necessary — takes into account the Company's Principal Risks as well as organisational objectives and priorities. Inputs include critical business processes and current areas of focus, legal and regulatory compliance requirements, events and incidents. During the year there is a comprehensive review of internal controls within each auditable area on the plan.
- A detailed process of assurance in relation to the data submitted to Ofwat in our Annual Performance Report, which follows the approach set out in the Company's assurance framework and which includes review by an independent assurance provider where appropriate (and in accordance with the risk-based approach set out in our framework).

The Board, in conjunction with the Audit and Risk Committee, reviews the effectiveness of the risk management and internal controls in place across the Company.

Other disclosures

Information on the following can be found in the Strategic report:

- the Group's structure;
- dividend policy; and
- dividends paid.

The Remuneration Committee report explains the Company's executive pay policy.

Compliance with the BLTG Principles and the 2020 Code

As detailed earlier in this report, the Board had incorporated the BLTG Principles (and its supporting provisions) into the 2025 Code. Therefore, by reporting against compliance with the 2025 Code, the Board is also reporting against compliance with the BLTG Principles. The Board confirms that it has complied with the 2025 Code throughout the 2025/26 financial year.

This report was approved by the Board of Directors on 9 June 2026.

Celia Gough
Company Secretary
9 June 2026



Audit and Risk Committee report



Committee members

Chair
Tony Bickerstaff

Members
Kath Durrant
Ian Funnell

Meetings
3

Meetings also regularly attended by:
Chief Executive Officer; Chief Financial Officer; members of the Anglian Water Group Limited Audit and Risk Committee*; representatives of the external auditors; Group Financial Controller; AWS Finance Director; Head of Internal Audit; and Company Secretary

* members of the AWG Audit and Risk Committee include representatives from the Group's ultimate investors, who have significant infrastructure and utility experience. This experience gives greater strength and depth to Committee meeting discussions.

View the Audit and Risk Committee's terms of reference, the Anglian Water Services Limited Corporate Governance Code 2025 and Whistleblowing Policy at anglianwater.co.uk/governance

Chair's letter

As Chair of the Audit and Risk Committee, I am pleased to present the Committee's report for the year ended 31 March 2026.

This is my first report as Chair of the Audit and Risk Committee, having joined the Board of Anglian Water as an Independent Non-Executive Director in June 2025. I was appointed as Chair of the Committee in October 2025, to replace Zarin Patel, when she retired from the Board. I would like to thank Zarin for her hard work over the years as Chair and the thorough handover she undertook prior to leaving.

The Committee continues to monitor the integrity of the Company's financial statements, challenging management, where necessary. The Committee has been closely engaged in the Company's maturing approach to internal controls, risk management and developing its risk maturity. During the year, the Committee has continued its oversight and reviewed the Company's principal and top tier risks alongside the associated risk appetite statements. As well as this oversight, there are a number of high-profile specific risks the Committee keeps under regular review, which include cyber and IT disaster recovery.

In advance of the first release of a phased transition to SAP 4/HANA (enterprise resource planning software) in November 2025, the Committee was regularly briefed on the plans, timescales and associated risks for the roll-out. The first phase focused on our Enabling Functions activities around Finance, Logistics, Procurement and Development Services.

Following the successful implementation, the Committee was kept updated on progress and sought to understand its impact on the year-end audit process.

In March 2025, the Board approved the updated Anglian Water Services Limited Corporate Governance Code 2025 which incorporates the new requirements of the 2024 UK Corporate Governance Code. All provisions of the 2025 Code have been applied, except for Provision 4.6 on risk management and internal controls (in line with Provision 29 of the 2024 UK Code), which applies to Anglian Water from 1 April 2026. The Committee anticipates reporting in full against this provision in next year's Annual Integrated Report.

The Committee continues to be closely involved in the approval and monitoring of the internal audit programme and ensures it has appropriate breadth across the business and aligns with the Company's principal and top tier risks as well as emerging risks.

During the year, the new Regulatory Compliance Committee (the RCC) was formed with the purpose of providing oversight of the Company's compliance with key regulatory reporting requirements and risk areas. I am a member of the RCC and am working closely with its Chair, Ian Funnell to ensure that the two committees work together efficiently.

All members of the Audit and Risk Committee are independent non-executive directors and my fellow Committee members and I have no hesitation in seeking a full explanation from management or Deloitte LLP (the Company's external auditor), on any matter we feel necessary. Since my appointment as Chair, I have maintained regular dialogue with the Chief Financial Officer and other members of management, to make sure that the Committee is provided with the necessary information to enable it to undertake its work effectively.

I also meet regularly with the Head of Internal Audit and the Lead Audit Engagement Partner at Deloitte.

The following pages outline how the Committee has discharged the responsibilities delegated to it by the Board over the course of the year and the key topics it considered in doing so.

Tony Bickerstaff

Audit and Risk Committee Chair

Membership and attendance

The Committee held three meetings during the year. The meeting attendance table is shown on page 122. The Committee Chair regularly holds separate one-to-one meetings with the Chief Financial Officer, senior members of the Finance team – including the Head of Internal Audit, the AWS Finance Director (who is responsible for risk management) and representatives from the Company's external auditor – outside the Committee's meetings, to better understand any issues or areas for concern. The Committee meets without management present and meets privately with the Head of Internal Audit and external auditor on a regular basis.

The Board believes Committee members have the necessary range of financial, risk, control, capital delivery and commercial expertise required, to provide effective challenge to management. All members of the Committee are considered to have competence relevant to the sector in which the Company operates. Tony Bickerstaff is considered, by the Board, to have recent and relevant financial experience. Details of the Committee members' skills, experience and qualifications can be found in the biographies on pages 112-114. The Company Secretary is Secretary to the Audit and Risk Committee.



Summary of key Committee activities during the year

Financial reporting	External audit	Regulatory and legal disclosures	Risk and material control framework
- Reviewed the financial results for the year ended 31 March 2025 and interim results for the half-year ended 30 September 2025 (see below). - Considered the Company's going concern and long-term viability statements. - Considered key issues and areas of judgement, in relation to the financial statements as well as the integrity of the external audit process. - Reviewed the mandatory TCFD disclosures (Taskforce for Climate-related Financial Disclosures) for inclusion in the Annual Integrated Report.	- Agreed and kept under review the audit plan, including key audit risks and level of materiality applied by the external auditor, as well as agreeing the statutory audit fee. - Considered audit reports from the external auditor on the financial statements and the areas of particular focus for the audit. - Assessed the quality and effectiveness of the external auditor. Following this assessment, the Committee made a recommendation to the Board on the reappointment of Deloitte LLP as the external auditor for the financial year ended 31 March 2026. - Approved the appointment of the new lead external audit partner.	Reviewed the integrity of key regulatory and legal statements and certificates, as required by the Company's Instrument of Appointment, the Water Industry Act, the Companies Act 2006 and Ofwat for the year ended 31 March 2025. This includes the statement as to disclosure of information to auditors; Ring-Fencing Certificate; Board statement on accuracy and completeness of data and information and the risk and compliance statement; and recommended their approval to the Board.	- Considered and supported the work to refresh the Company's principal and top tier risks, updates on the Company's top tier risk register and management's proposals to update the Company's approach to risk management for AMP8. - Reviewed the Company's approach to identifying material controls to be compliant with provision 4.6 of the 2025 Code (equivalent to provision 29 of the 2024 UK Corporate Governance Code). The Company anticipates reporting in full against this provision in next year's Annual Integrated Report. - Conducted a review of the effectiveness of the internal control environment and the risk management framework, supported by the Annual Statement of Responsibility, as self-certified by management. - Reviewed and supported the Company's approach to IT risk and controls, including technical debt, cyber security and the roll-out of SAP S/4 HANA, to support the work of the Finance function as well as other business units.
Internal audit and assurance	Other		
- Reviewed progress against the 2025/26 Internal Audit Plan and agreed the scope of the Plan for 2026/27. - Where areas of improvement had been identified during the internal audit process, the Committee closely reviewed implementation of associated action plans.	- Reviewed the findings and action plan following the External Quality Assessment undertaken on the Group Internal Audit Function. - Approved changes to the Internal Audit Charter.	- Monitored whistleblowing allegations and the associated investigations undertaken by management. - Considered actual and potential material litigation. - Review of Committee performance undertaken as part of the wider Board performance review.	



Review of financial statements and significant matters and judgements for the year ended 31 March 2026

The Committee reviews the financial statements of the Company and assesses whether suitable accounting policies have been adopted and whether management has made appropriate estimates and judgements. In order to assist with this review, the Committee requested that management present detailed papers, explaining and substantiating the basis for the Group's accounting policies and key areas of judgement and estimation. The Committee also recognises the importance of the views of the external auditor and consequently made enquiries, to ensure that suitably robust challenges and audit procedures had been performed on these judgements, during the course of the audit. There were no significant differences between management and the external auditor.

Management exercises judgement and accounting estimates on the classification of certain items in preparing these financial statements. Prior to the approval of the Annual Integrated Report, the Committee receives and considers a detailed paper prepared by management, covering the following issues and key areas of judgement. In conclusion, the Committee agrees with the accounting treatment and disclosure of these items in the Annual Integrated Report.

Critical Accounting Judgements

Key sources of estimation uncertainty

Other sources of estimation uncertainty

Details of Committee review	Reference to financial statements
Area of focus – Recognition of grants and contributions	
The Committee considered the rationale for recognising the income from grants and contributions as revenue, when new properties are connected to the network.	Notes 1(e), 2(a)iii
Area of focus – Classification of costs between operating and capital expenditure	
The Committee considered the policy for classifying operating and capital expenditure and the basis on which overheads are capitalised.	Notes 1(l) and (a)i
Area of focus – Depreciation of property, plant and equipment	
The Committee considered the range of asset lives applied, when calculating the depreciation charge. In addition, the Committee reviewed the assumptions applied to assets commissioned but still to be transferred out of Assets Under Construction. These assumptions also represent a key source of estimation uncertainty.	Notes 1(l), 2a(ii), 2b(iii) and 11
Area of focus – Retirement benefit obligations	
The Group operates a defined benefit pension scheme, which was closed to future accrual on 31 March 2018. The Committee reviews the key assumptions that underpin the actuarial valuation of the scheme, in accordance with International Accounting Standards (IAS) 19 'Employee benefits'.	Notes 1(w), 2(b)i and 19
Area of focus - Level 3 derivative financial instruments	
The Committee reviewed management's assumptions in relation to CPI swaps classified as Level 3 instruments to ensure the appropriate estimates have been made based on available information.	Note 2b
Area of focus – Measured income accrual	
Estimating unbilled household income: the Committee reviewed the methodology and outcome of the estimate for measured income for the year ended 31 March 2026, which was consistent with that used in previous years. Measured income accrual is an estimation of the amount of mains water and water recycling charges unbilled at the end of the period and represents approximately 37.5% (2025: 38.5%) of measured household revenue. While the methodology for calculating this accrual is well established, judgement is required in terms of the level of customer consumption. Given the level of sensitivity to changes in assumptions, the Committee concluded this was not a key judgement or estimate.	Notes 2(c)ii and 4
Area of focus – Bad debt provision	
The Committee reviewed the assumptions underpinning the provision for bad debts and how this is consistent with recent debt-recovery experience, current conditions and estimates of future economic conditions. Management calculates the bad debt provision, by firstly evaluating the estimated recoverability of trade receivables. A provision is recorded, based on experience – primarily cash collection history – and then adjusts, as necessary, for forward-looking factors such as a change in economic conditions. In its forward-looking review, the Committee considered management's assessment of the potential impact of macroeconomic conditions – such as the cost-of-living crisis – on the bad debt charge, based on market data and a review of post year-end cash-collection rates. Given the level of sensitivity to changes in assumptions, the Committee concluded this was not a key judgement or estimate.	Notes 2(c)i and 13



Going concern and viability statement

The Committee supported the Board in its assessment of both viability and going concern, by considering whether — in the challenging but plausible risk scenarios identified — the Company had adequate liquid resources to meet its obligations (as they fell due over the next 12 months) and to remain financially viable over the 10-year period to 31 March 2036. The Committee reviewed papers (presented by management) on its assessment of the Company's going concern and longer-term financial viability — based on budgets, business plans, cash-flow forecasts and stress testing three downside scenarios — based on the Company's principal risks and the current macroeconomic environment, including the potential impacts of adverse weather and cyber events. The Committee considered the appropriateness of the scenarios modelled and the feasibility of management to deliver any required mitigations and was satisfied that the going concern basis of preparation is appropriate.

The Company's business model requires the continual refinancing of debt it maintains and — given the strong credit rating — the Committee does not have any specific concerns in relation to refinancing of debt as it falls due. The Committee believes a period of at least 12 months is therefore appropriate in assessing going concern and does not see the need to extend this for any specific refinancing requirements. The Committee carefully considered the assumptions underpinning the viability statement. The Committee was satisfied that the Company is financially viable over the duration of its assessment period for the reasons set out in the Long Term Viability Statement.

Annual Integrated Report (AIR)

At the request of the Board, the Committee considers whether, in its opinion, the AIR (taken as a whole) is fair, balanced and understandable and whether it provides the information necessary for shareholders to assess the Company's position, performance, business model and strategy. During the 2025/26 financial year and up to the date of signing the AIR, the Board and its Committees considered many components of business performance to ensure they had a full understanding of the operations of the company. Key matters considered by the Committee, including elements presented at Board meetings comprise:

- Board approval and assurance of key strategic documents, such as the Enterprise Strategy and the Pollution Incident Reduction Plan.
- Approval of the annual business plan.
- Receipt and review of regular reports from the Chief Executive Officer and Chief Financial Officer covering key areas of business, operational and financial performance.
- Understanding the Company's key risks and associated mitigations.
- Reviewing, understanding and challenging the key judgements taken and estimates made.
- Ensuring an appropriate balance of Generally Accepted Accounting Principles (GAAP) and non-GAAP financial measures, reconciliations and rationale for using Alternative Performance Measures.
- Recognising the internal coordination and extensive review process of the AIR, which runs alongside the formal audit process run by Deloitte.

At its meeting on 3 June 2026, the Committee also received and discussed a paper on whether the AIR could be considered to fair, balanced

and understandable. Through all of the above, alongside its monitoring of the effectiveness of the Company's controls, internal audit and risk management, the Committee maintains a good understanding of business performance, key areas of judgement and decision-making processes within the Company. As a result, the Committee advised the Board that it considers the Annual Integrated Report to be fair, balanced and understandable.

Risk management, material internal control and internal audit

Risk management

Detailed disclosures regarding the Company's approach to maintaining a resilient business, risk identification process, management methodology, principal and top tier risks are included in the Strategic Report, followed by an assessment of the future viability of the business. The Board has overall responsibility for setting the Company's risk appetite, approving the risk management policy, ensuring that there is an effective risk management framework in place and regularly reviewing the Company's principal and top tier risks. The Committee focuses on ensuring that frameworks, processes and controls are working as intended by:

- Commissioning internal audit reviews, on both risks and controls.
- Reviewing progress made to ensure compliance against Provision 4.6 of the 2025 Code (which is in line with Provision 29 of the UK Corporate Governance Code 2024) within the appropriate timescales. In order to ensure compliance, reporting is being streamlined through the use of standardised dashboards. Board approved risk appetite statements and more explicit linkage between strategic objectives, key risks, material controls and performance reporting will support compliance.

- Overseeing the framework for assessing the effectiveness of internal control systems, in relation to material controls (including, but not limited to, approving the scope and prioritisation of the internal audit programme).
- Oversight of the management of the effectiveness of principal risks, in conjunction with the Board, and commissioning deep dives in areas such as:
 - financial risks (including fraud/bribery etc.);
 - legal risks (including data protection and litigation);
 - IT risks (including cyber); and
 - Operational risks (including Health and Safety).
- Recommending actions that might be needed to improve the effectiveness of material controls, in relation to the above risks.
- Reporting to the Board on its discussions/conclusions.

The Committee reviews the effectiveness of the Company's risk management and internal control systems throughout the year, to ensure their effectiveness. This is achieved through a number of activities, as follows:

- The Executive Committee's Risk, Assurance and Disclosures Committee (which is Chaired by the Chief Financial Officer) meets regularly and oversees the identification, evaluation, managing, monitoring and reporting of risks.
- This year, management has undergone detailed review of risk best practice, to ensure that risk management has strong foundations and is aligned to AMP8 — which will see significant growth in delivery and spend. In addition, a new Senior Group Risk Manager has been appointed, reporting into a member of the Executive Committee.



- Risks are managed using a comprehensive system of risk registers, which operate at a number of levels across the business.
- The Company's principal and top tier risks are regularly reviewed by the Board, Audit and Risk Committee and the Executive Committee. Throughout the year, the Board and Audit and Risk Committee receive presentations or papers from management, regarding the management of key risks.
- The Regulatory Compliance Committee, which is Chaired by an Independent Non-Executive Director was formed during the year. The Regulatory Compliance Committee has oversight of key regulatory compliance risk areas.
- The Committee reviews and approves the risk-based internal audit plan each year, with regular meetings to assess progress and reprioritise audits (if necessary), to review the Head of Internal Audit's recommendations and to monitor progress in implementing those recommendations.
- The external auditor reports annually on the findings of its review of the internal control environment to the Committee.
- All control improvement recommendations are followed up by audits, the reports on which enable monitoring by the Committee.

Internal audit

The Internal Audit function is an integral and independent part of the Company's internal control framework. The provision of internal audit services is undertaken by an internal audit team, with support provided by external specialists, as necessary. The work undertaken by the Internal Audit function provides key insights into the practices, processes, systems and controls of the Company. As such, the Internal Audit plan is approved, on an annual basis, at the start of the financial year. The Head of Internal Audit then provides a detailed update on progress against the plan to the Committee, regularly over the course of the year. This update provides insight into the results of the audits, including management plans in place to address any actions.

Each audit is rated, by reference to the materiality of any weaknesses in governance, risk management or internal control that have been identified in the process or system that is the subject of the audit. Specific actions are agreed with management, to address any weaknesses, together with a timetable for completion of actions. The Committee receives a summary of all completed audits. However, if an audit receives a classification other than 'satisfactory' or 'satisfactory with exceptions', the Committee receives the full audit report, reviews the associated actions, tracks progress and requests management to attend Committee meetings and address audit actions, where necessary. If appropriate a follow-up audit will be scheduled as part of a future audit plan. Over the 2025/26 financial year there were 16 individual internal audits carried out. The scope of the 2025/26 Internal Audit Plan was reduced over the course of the year, with the approval of the Committee.

Audits were only removed from the plan where an audit was postponed to the following financial year due to timing or where management action was already underway, following external assurance reviews and little value would be added by an internal audit. Of the audits completed under the 2025/26 Internal Audit Plan, 60% were rated as 'satisfactory' or 'satisfactory with exceptions'. In addition to reviewing the detailed progress against the internal audit plan, the Committee also seeks to understand from the Head of Internal Audit, the key issues, themes and insights identified as part of the team's work.

The Internal Audit plan for 2026/27 is aimed at providing depth and quality assurance, taking into account the principal and top tier risks as well as considering key factors such as business strategy, performance, the regulatory environment and other assurance activity. Prior to approval by the Committee, the 2026/27 Internal Audit Plan was discussed with all members of the Executive Committee before being approved by the Risk, Assurance and Disclosure Committee (a sub-committee of the Executive Committee). The 2026/27 Internal Audit plan includes 23 audits and plans for emerging risks. A review will take place halfway through the financial year, to ensure it remains current and fit for purpose. Included in the plan are areas where significant expenditure occurs, as well as operational compliance work. The 2026/27 Internal Audit plan consists of internal audits that cover eight out of 12 of the company's principal risk areas and five of eleven top tier risks. It also includes one follow-up audit relating to process safety.

Audit work across both the 2025/26 and 2026/27 Internal Audit plans can be grouped into the following focus areas:

- Compliance;
- Asset;
- Financial;
- People; and
- Technology.

The Committee considers the control environment to be effective, by virtue of the active contribution of the Committee to the development of the annual Internal Audit plan, the regular monitoring of progress against the plan and the implementation of recommendations for improvement and continued discussions with the Internal Audit function and comparison to best practice.

During the year the Internal Audit function undertook an External Quality Assessment (the Assessment) as required by the Global Internal Audit Standards (the Standards). The Internal Audit function was assessed as 'generally achieves' against the Standards. On conclusion of the Assessment, the Committee reviewed the full report which had been issued by the external assessor and will monitor progress against the action plan, with completion expected by the end of the financial year.



Whistleblowing, anti-fraud and anti-bribery processes

Whistleblowing

The Company's Whistleblowing Policy and Procedures were approved by the Board in January 2024. The Board has delegated responsibility to the Committee for reviewing the adequacy of the arrangements that are in place, to enable the Company's employees, alliance partners and contractors to raise concerns — in confidence — about possible wrongdoing.

The Committee is also responsible for ensuring that these arrangements support appropriate and independent investigation of such matters and that follow-up actions are undertaken, where necessary. The Group has a whistleblowing process, whereby an individual can, in confidence, raise a concern relating to any wrongdoing or malpractice which may have an impact on Anglian Water's business, such as: a criminal offence (e.g. fraud or bribery); a failure to comply with any legal obligations; a miscarriage of justice; danger to the health and safety of an individual or the public; and damage to the environment. Under the policy, individuals are encouraged to raise their concerns with line management or, if this is inappropriate, to raise them with the externally facilitated helpline or confidential email address, which are managed by an independent provider.

The independent provider maintains a register of all allegations made to the helpline and — following receipt of an allegation — will notify the General Counsel, Group People Director, Head of Employee Relations and Head of Internal Audit (or other nominated persons, where those representatives are inappropriate) to decide whether there are grounds for further investigation.

If further investigation is warranted, allegations are then escalated to an appropriate designated

person for investigation. Under the policy, the whistleblower must be notified within 10 days of the decision to carry out an investigation, or not. An official written record will be kept regarding each stage of the procedure. Wherever possible, the individual's identity will remain confidential. However, it is inevitable that in certain circumstances, to investigate the matter properly and effectively, the source of the information may have to be revealed. Should this be the case, the individual will be told prior to their name being released and will be offered advice and support. Over the course of the year, 40 whistleblowing allegations were raised and were investigated using the above process.

Employees are regularly reminded about how they can raise a whistleblowing concern. All whistleblowing allegations and the subsequent investigation and conclusion are reported to the Committee.

Anti-fraud and anti-bribery

The Company has policies in place to address the risk of bribery and failure to prevent criminal facilitation of tax evasion. It sets out mandatory standards of conduct in relation to the acceptance of gifts and corporate hospitality.

All employees must comply with these policies and the Bribery Act 2010. Employees are required to complete training on these policies. An annual review of compliance against these policies and processes is undertaken. Any allegation of fraud or bribery that was raised through the whistleblowing system, would be investigated and reported to the Committee, via the process described above.

Ahead of the introduction of the Economic Crime and Corporate Transparency Act 2023, an internal audit was undertaken to assess how the Company was managing fraud risk and a new Anti-Fraud Policy was approved by the Board. Following the audit, PwC's specialist fraud

team supported the completion of a fraud risk assessment. Following this assessment, controls were captured in the Company's risk and control monitoring system, with controls coverage being in place for all high risks.

External auditor quality and independence

The Committee has primary responsibility for overseeing the relationship with Deloitte LLP, the external auditor — including assessing its performance and audit quality, independence and effectiveness and making a recommendation to the Board in respect of the auditor's appointment or removal. Deloitte was awarded the contract for external audit services in September 2016, following a competitive tender process. Following a tender process during 2021/22, the Committee recommended to the Board that Deloitte be reappointed as external auditor, on a four-year contract, to commence from September 2023, with the option for four, successive one-year extensions.

The Committee considered the quality, effectiveness and objectivity of the external auditors through the review of all reports provided, regular contact and dialogue — both during Committee meetings and separately without management. The Committee also considered the firm's Audit Quality Indicators such as the experience of the audit team and their sector and listed company experience and reviewing FRC's Audit Quality Inspections. The Committee was satisfied that, taken together, Deloitte had performed their audit effectively, efficiently and to a high quality.

There are two main ways in which the Committee assesses the independence of the external auditor. Firstly, the Committee takes into account the information provided by Deloitte (as part of the statutory audit process), that the audit engagement team and others in the firm (as appropriate) are independent of the Company.

In addition, Deloitte confirmed that it had not identified any relationships with the Company, directors, senior management and affiliates that Deloitte considers may be reasonably thought to bear on its objectivity and independence. The audit engagement partner also rotates every five years. Kate Hadley, who has extensive water and wider-sector experience, has held the position of audit engagement partner since 2021 and will rotate off the audit on the completion of the 2026 year-end audit, on the completion of her five-year term. Ms Hadley will be replaced by Marianne Milnes as audit engagement partner, in advance of her appointment Ms Milnes met with the Committee Chair, the Chief Financial Officer and the Financial Controller, all of whom recommended her appointment to the Committee. Ms Milnes focuses on large and complex businesses in the power and utilities sector as well as co-chairing the Water UK Financial Controllers Forum.

Secondly, the Committee recognises that a key factor that may impair the external auditor's independence and objectivity, is a lack of control over the volume/value of non-audit services. The fees paid during the year, in respect of non-audit services, largely related to non-audit-related assurance services. However, if the external auditor were to provide other non-audit services, they would need to comply with the policy for fees on non-audit work carried out by the external auditor, as approved by the Committee. Any request to use the external auditor to carry out non-audit work must be authorised by both the Chief Financial Officer and the Committee Chair. In addition, there is a limit on the level of fee that could be paid to the external auditor for non-audit work. Under the policy on fees for non-audit services, only work permitted by the FRC's 'whitelist' may be undertaken by the external auditors. And the level of non-audit fees is restricted to 70%, or less, of the average of the previous three years' audit fees.



The fees paid to the external auditor during the year are set out in Note 5 to the Financial Statements. Audit-related assurance services predominantly relate to regulatory reporting to Ofwat, review of the Group's half-year results and other agreed-upon procedures throughout the year.

Taking into account the findings, in relation to the effectiveness of the audit process and in relation to the independence of Deloitte, the Committee was satisfied that Deloitte continues to be independent and free from any conflicting interest with the Company.

The Committee confirms that for the year ended 31 March 2026, it has complied with the Audit Committees and the External Audit Minimum Standard (the Standard). The Committee, in conducting its recent audit tender in 2023, disclosed the criteria in the 2023 Committee Chair's report. Elsewhere in this report, we have explained how significant issues and accounting policies are considered, how independence and objectivity is assessed and how audit quality is actively monitored.

Forward agenda

Over the coming year the Committee will continue:

- To monitor the work being undertaken to develop the principal and top tier risks and to undertake "deep dives" on any risks as appropriate.
- To develop our internal controls framework and monitor progress of the internal controls project ahead of our compliance date of March 2027. The Committee will ensure that the Company develops its audit and assurance policy, which provides a framework as to how the Company is obtaining assurance on reporting, beyond that required by the statutory external audit.

- To review the Company's approach to cyber risk.
- To review and assess progress against the internal audit plan, to ensure it is aligned to the principal risks of the business. It will continue to review action plans where areas of improvement have been identified.
- Monitor the integrity of the Company's financial statements to ensure the Company's compliance with appropriate legislation and corporate governance requirements.

Role of the Committee

The Committee's roles and responsibilities are covered in its terms of reference, which are available at anglianwater.co.uk/governance. The principal role of the Committee is to examine matters relating to the financial affairs of the Company and to provide effective oversight and governance of the Company's internal control and risk management processes, which exist to identify, assess, mitigate and manage risk. Internal audit supports the Committee in evaluating the design and effectiveness of internal controls and risk mitigation strategies, implemented by management.

The Committee's primary functions are to:

- Monitor the integrity of the financial statements, including significant financial reporting issues and the significant accounting judgements and estimates they contain.
- Review the annual and interim results and (where requested by the Board) review the content of the Annual Integrated Report as a whole.
- Consider the appropriateness of the going concern assumption.

- In conjunction with the Regulatory Compliance Committee, review the Annual Performance Report, to ensure it is fair, balanced and understandable, as well as reviewing significant financial returns to regulators and associated covenant certificates.

- Review and approve the statement concerning internal control and the viability statement, to be included in the Annual Integrated Report.

- Oversee the framework for assessing the effectiveness of internal control systems, in relation to material controls.

- Review both the Company's procedures for detecting fraud and the Company's systems and controls for the prevention of bribery and receive reports arising from the whistleblowing process.

- Following approval by the Board of the Risk Management Policy, review the effectiveness of the risk management framework and associated policies.

- Oversee the effectiveness of material controls, including financial risks, legal risks, IT risks, reporting and reputational risks.

- Develop and keep under review the Audit and Assurance Policy.

- Monitor and review the effectiveness of the Internal Audit function and review the actions taken by management to implement the recommendations made by the Internal Audit function.

- Oversee the relationship with the external auditor, monitor the independence and objectivity of the external auditor and consider the effectiveness and quality of the audit process.

- Review and approve the annual internal and external audit plan.

- Work with the AWG Audit and Risk Committee to consider and make recommendations in relation to the appointment, re-appointment or removal of the Company's external auditor.

- Monitor the provision of non-audit services by the external auditor.

Committee performance and effectiveness

An internal Board and Committee performance review was undertaken during the year. The review considered that the Committee was operating effectively. More information on the performance review can be found on page 131 of the Nomination Committee report.

This report was approved by the Board of Directors on 9 June 2026.

Tony Bickerstaff
Audit and Risk Committee Chair
9 June 2026

Nomination Committee report



Committee members

Chair

Dr Ros Rivaz

Members

John Barry
Tony Bickerstaff
Kath Durrant
Ian Funnell
Alex Nassuphis
Batiste Ogier
Alistair Phillips-Davies
Albena Vassileva

Meetings

3

Meetings also regularly attended by:

Chief Executive Officer, Group People Director and the Company Secretary

Chair's letter

Welcome to this year's Nomination Committee report. Once again the Committee has considered varying and interesting matters over the course of the year.

Independent non-executive directors

In June 2025, Tony Bickerstaff was appointed as a new Independent Non-Executive Director and in October 2025, he replaced Zarin Patel as Chair of the Audit and Risk Committee, when she retired from the Board. I would like to pass my heartfelt thanks to Zarin, who as both Chair of the Audit and Risk Committee and Senior Independent Director provided wise counsel to both me and the Board over a number of years.

Committees

During the year, the new Regulatory Compliance Committee (RCC) was established in response to an action arising from the 2024/25 external Board performance review. The purpose of the RCC is to assist the Board in providing leadership, direction, assurance and oversight of compliance with key regulatory reporting requirements and compliance with key regulatory risk areas. A full report on the work of the RCC can be found on pages 135-136 but I am delighted with the work undertaken by the RCC to date.

Workforce

As a Committee, we continue to take a close interest in succession for both the Board and Executive Committee and are pleased to note the extensive career and personal development opportunities that are offered across the organisation. Over the year, I have continued to enjoy meeting many people from across the business at multiple site and office visits.

Board performance review

I consider the annual Board performance review to be an essential part of good corporate governance. This year, we undertook an internal review, following on from the external review which was undertaken in 2024/25. Further information on the process and outcomes of the review can be found below.

Dr Ros Rivaz
Nomination Committee Chair

Changes to the Committee

30 October 2025

Zarin Patel resigned as a member of the Committee.

31 October 2025

Tony Bickerstaff was appointed as a member of the Committee.

Available to view on our website:

- [Nomination Committee terms of reference](#)
- [Board Diversity Policy](#)
- [Gender and Ethnicity Pay Gap Report](#)



Role of the Committee

The Committee's primary function is to advise the Board in relation to the appointment of executive and non-executive directors.

The duties of the Committee include:

- Reviewing the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board and making recommendations to the Board, with regard to any changes.
- Giving full consideration to succession planning for directors and other senior executives, taking into account the challenges and opportunities facing the Company, how to support the development of a diverse pipeline of talent and the skills and expertise needed on the Board in future.
- Keeping under review the leadership needs of the organisation, both executive and non-executive, with a view to ensuring its continued ability to operate effectively in the marketplace.
- Taking responsibility for identifying and nominating, for the approval of the Board, candidates to fill Board vacancies, as and when they arise.
- Before any appointment is made, evaluating the balance of skills, knowledge, experience and diversity on the Board and (in light of this evaluation) preparing a description of the role and capabilities required for a particular appointment.

- Reviewing the results of the Board performance evaluation process that relate to the composition of the Board.
- Making recommendations to the Board concerning succession plans for both executive and independent non-executive directors.

Only members of the Committee have the right to attend Committee meetings.

Main activities in the year

Board and Committee changes

During the year, the Committee considered a number of changes to the membership of the Board and committees. The Committee recommended to the Board that the following appointments should be made:

- Alistair Phillip-Davies should be appointed as Senior Independent Non-Executive Director, to replace Zarin Patel, with effect from 31 October 2025.
- Tony Bickerstaff should be appointed as Chair of the Audit and Risk Committee, to replace Zarin Patel with effect from 31 October 2025. In addition, Tony Bickerstaff should be appointed as a member of both the Nomination and Remuneration committees with effect from 31 October 2025.
- Kath Durrant should be appointed as a member of the Audit and Risk Committee with effect from 31 October 2025, to replace Alistair Phillips-Davies.

Independent non-executive director search and selection

As reported in last year's report, during the 2024/25 financial year the Committee undertook a thorough search and selection process for a new independent non-executive director who would have capability to replace Zarin Patel as Chair of the Audit and Risk Committee. In March 2025, the Committee recommended to the Board that Tony Bickerstaff be appointed as an Independent Non-Executive Director, with effect from 3 June 2025. Tony Bickerstaff replaced Zarin Patel as Chair of the Audit and Risk Committee on 31 October 2025.

All independent non-executive directors are appointed for a fixed term of three years. The fixed term can be renewed and (consistent with best practice) would not be extended beyond nine years, save in exceptional circumstances. In November 2025, Alistair Phillips-Davies completed his first three year term in office. On the Committee's recommendation, the Board resolved to appoint Mr Phillips-Davies for a further three-year term.



Inclusion

The Committee recognises that inclusion is vital to Anglian Water's success and as such, takes a keen interest in the Company's approach on this matter. The Company's inclusion aim is to foster a thriving culture where its people and partners are proud to deliver excellence and be Safer Every Day. This is achieved through a planned and consistent programme of measures to embed the Company's inclusive values throughout its people processes, to ensure the Company attracts, retains and develops a diverse workforce that feels welcomed, valued for who they are and empowered to do their best work. The Committee considers updates on inclusion at least annually. These updates provide an opportunity for the Committee to understand progress against the inclusion strategy. Achievements over the year include:

- Launching a redesigned careers website with a stronger focus on the Company's culture and Employee Value Proposition.
- Continuing to diversify the Company's graduate and apprentice intake by using independent assessors and providing interview questions in advance to candidates to support equitable performance.
- Launching a new work experience programme, which welcomed 100 young people into the business, with the aim of serving as a pipeline to improve social diversity and attract employees from different areas of the region.

- The Defence ERS Gold reaccreditation, in recognition of the company's sustained commitment to attracting and supporting ex-armed forces personnel.
- The continued growth of employee led communities, with each community having executive level sponsorship.

There is a Board Diversity Policy, which is available at anglianwater.co.uk/governance. This policy sets out Anglian Water's approach to diversity, which will inform the composition and recruitment of members of the Board. The Board will strive as a minimum to have a Board, which:

- Comprises at least 40% women.
- At least one of the Chair, Chief Executive Officer, Chief Financial Officer or Senior Independent Director will be a woman.
- At least one member of the Board will be from an ethnic minority background.

Pursuant to this policy, the Company makes the following disclosures. As at 31 March 2026:

- 27% of the directors were female. Of the independent non-executive directors appointed by the Company, 40% were female. Four of the directors were appointed by the Company's ultimate investors, one of whom is female;
- The Chair was female.
- There was no director from a minority ethnic background.

All the remaining data detailed above remains unchanged at the date of signing this report.

As at 31 March 2026, the gender balance of the Executive Committee and those employees who directly reported into executive members is detailed below:

Executive Committee



Senior Management



Succession planning

An important role of the Committee is to review the development, succession planning and talent pool for the Board, Executive Committee and other senior roles, to identify both talent strengths and gaps.

During the year, the Committee undertook a review of the succession plans for each of the Executive Committee members, including the Chief Executive Officer and Chief Financial Officer. The review included considering the succession plans on an emergency, current and future basis for each of the Executive Committee roles. Additionally, the Committee received an update on recently recruited external talent.

Initiated by the Chief Executive Officer in October 2024, the Executive Committee has been undertaking a structured programme to strengthen team effectiveness following significant leadership and membership changes. In addition to a focus on team effectiveness each individual member has completed behavioural assessment and traits and drivers assessment to support their own personal development journey. Progress on this work has been monitored and supported by the Committee.

The Committee also considered the Company's new development offer to support leaders at every level. This provides a core training offering for all managers and leaders. The Company also offers specific programmes for identified talent such as the Senior Development Talent Programme and the Rising Stars programme.

During the year, the Committee reviewed and supported the external recruitment process for the new General Counsel. After a thorough recruitment process, Celia Gough was appointed as General Counsel and Company Secretary in November 2025.

The Committee also has opportunities to engage with those individuals who are part of the succession plan at Board meetings, information sessions and site visits.



Board and committee performance review

The Board considers the annual performance review of the Board, its committees and directors, to be an essential part of good corporate governance. A thorough internal performance review of the Board and its committees was conducted during the year, following the external performance review undertaken in the 2024/25 financial year.

Although a review is undertaken on an annual basis, the Board considers it to be important to keep the resultant actions under regular review. Therefore, during the year the Board reviewed the progress made against the actions which had arisen following the 2024/25 Board and Committee performance review to ensure progress was on track. Actions which had been undertaken in response to the 2024/25 performance review included:

1. The establishment of the Regulatory Compliance Committee in July 2025. The duties of the Regulatory Compliance Committee include reviewing the Company's regulatory submissions, prior to Board approval (more information on the Regulatory Compliance Committee can be found on pages 135-136).
2. Ian Funnell, Independent Non-Executive Director, worked with the Company Secretary to streamline Board papers and management worked with the directors to further develop and evolve monthly Board performance reporting.
3. Amendments were approved to the Scheme of Delegation to increase financial thresholds for the procurement contracts that require Board approval, thus ensuring Board focus is reserved for the most strategic procurement matters.

The 2025/26 internal Board performance review comprised the following stages:

Stage 1: approval of process

The Chair and Company Secretary developed a proposed design and timeline for the 2025/26 Board performance review, which considered the requirements of the Anglian Water Services Limited Corporate Governance Code 2025 and that an external performance review had been undertaken the prior financial year. The Board reviewed and approved the proposal at its meeting in January 2026. The questionnaires were circulated to the Board in February 2026.

Stage 2: review design

Questionnaires for the Board, which included questions on individual director performance and its committees, were developed by the Company Secretary in consultation with the Chair. The questionnaires were developed considering feedback from the 2024/25 performance review, the 2025 Code and strategic matters considered by the Board during the year. Areas of focus included: the Company's strategy and purpose; the structure and processes around Board meetings; risk; relationships and performance of directors and induction processes. As the Regulatory Compliance Committee had only been established half way through the 2025/26 financial year it was decided that no performance review of this Committee would be undertaken.

Separately, the Senior Independent Director and Company Secretary developed a questionnaire to undertake a performance review of the Chair.

Stage 3: review process

Questionnaires were sent to directors via a secure anonymous online portal. Once completed, the responses were collated by the Company Secretary and reviewed by the Chair. Draft reports which summarised the findings and included proposed recommendations for discussion were prepared by the Company Secretary. These reports were reviewed by relevant Board and Committee Chairs for feedback and comment before being circulated to the Board and committee members.

Stage 4: discussion and decision

The reports setting out the findings were presented and discussed at each of the relevant Board and committee meetings (except the responses to the questionnaire concerning the Chair, which were reviewed by the Senior Independent Director).

Overall, it was the collective view of the directors that the Board and its committees are operating effectively. No material shortcomings in relation to the operation of the Board and its committees were highlighted by the evaluation. However, certain areas were identified during the review process as requiring additional focus. The following actions were among those agreed for implementation and monitoring:

- undertaking a further review of Board performance reporting during the 2026/27 year with a view to further developing and refining monthly reporting;
- undertaking more operational deep dives at Board level with a particular focus on regulatory matters;
- Board review of the recently approved Enterprise Strategy on an annual basis; and
- further engagement around the Company's Purpose at Board level.

All business discussed by the Committee during the course of the year was reported to the Board.

This report was approved by the Board of Directors and signed on their behalf by:

Dr Ros Rivaz
Chair of the Nomination Committee
9 June 2026

Regulatory Compliance Committee report



Committee members

Chair
Ian Funnell

Members
Michael Bradley
Tony Bickerstaff
John Barry
Alistair Phillips-Davies

Meetings
3

Meetings also regularly attended by:
Chief Executive Officer, Director of Quality, Environment and Assurance, Regulation Director and Company Secretary.

Chair's letter

I am pleased to present the Regulatory Compliance Committee's report for the year ended 31 March 2026.

The Committee was established in July 2025 in response to an action which arose as part of the 2024/25 external Board performance review. The Committee held its inaugural meeting in September 2025 and has since focused on embedding effective governance, oversight and assurance arrangements to support the Board's responsibilities in respect of regulatory compliance. The Committee's agenda is still evolving, and I am enjoying working with management and my fellow directors to ensure that the Committee adds value to the company and the Board. I am working particularly closely with Tony Bickerstaff, Chair of the Audit and Risk Committee, to ensure that the two committees are working effectively together. In order to support the work of the Committee, Dr Robin Price, Director of Quality, Environment and Assurance chairs a monthly Regulatory Compliance Oversight Group, in addition to the long-standing weekly Water Quality and Environmental Compliance Group, both of which are sub-committees of the Executive Committee.

During the year, the Committee has overseen major regulatory submissions, monitored delivery of undertakings and enforcement activity, and supported management in responding to an increasingly evolving and demanding regulatory landscape. The Committee's role and effectiveness have continued to mature over the course of the year, with strong engagement from management and constructive challenge from Committee members.

Ian Funnell
Regulatory Compliance Committee Chair

Role of the Committee

The duties of the Committee include:

- Prior to submission to the Board for approval, the Committee reviews the Company's regulatory submissions to regulators to satisfy itself (i) that the Company has taken all reasonable steps to meet the relevant regulatory reporting requirements; and (ii) as to the adequacy of the governance and assurance processes that are in place to support those regulatory submissions.
- Prior to submission to the Board for approval, the Committee reviews the Company's submissions to third parties in relation to major projects, such as the reservoirs.
- Oversight of key regulatory risk areas.
- Oversight of compliance with key duties under the Water Industry Act and associated legislation.
- Reviewing emerging regulations, regulatory risks and changes in the regulatory environment which are liable to lead to a requirement for new or revised compliance activity.
- Advising the Board on the implementation of regulations and regulatory changes.
- Receiving and reviewing reports (including where applicable, internal audit and assurance reports) on: compliance with key parameters in environmental permits; pollution incidents; dry day spills; and drinking water quality non-compliance.
- Reporting to the Board on any areas of non-compliance identified and, if appropriate, making recommendations regarding areas for consideration.



Main activities during the year

Flow compliance

In March 2026, the Company submitted its long-term Flow Compliance Plan to Ofwat, which contains the Company's long-term plan for flow compliance. The plan outlines how the Company will ensure all of its Water Recycling Centres and network assets are designed, built, operated and maintained so they have sufficient capacity under normal operating conditions and can manage flows effectively and remain compliant with relevant legal requirements. In advance of the submission to Ofwat, and in conjunction with the Board, the Committee reviewed the four separate submissions in detail, with a particular focus on the approach to assurance.

Following the submission to Ofwat, the Committee were provided with an update on the initial feedback from Ofwat.

In future, the Committee will review the six-monthly returns to Ofwat in advance of their submission to Ofwat.

Pollution Incident Reduction Plan (PIRP)

In March 2026, the Company published its PIRP 2026. The PIRP sets out a plan around how the Company intends to reduce the occurrence of Company-attributable pollution incidents. The PIRP is a statutory requirement under the Section 205A of the Water Industry Act 1991, as amended by the Water (Special Measures) Act 2025.

The Board reviewed the PIRP in detail in January 2026 and delegated authority to the Committee and the Chief Executive Officer to approve the final PIRP. In advance of its approval and publication the Committee reviewed and challenged the contents of the PIRP in detail including the methodology used in drafting the PIRP and the internal and external review process.

Charges Scheme

At its meeting in January 2026, the Committee reviewed in detail the 2026/27 Developer Charges scheme and recommended its approval to the Board. Part of their discussions considered the rationale for the proposed increase in charges, as well as the financial environmental incentive being offered to developers as part of the scheme to install greywater systems in new developments.

Compliance metrics

The Committee is supporting the work being undertaken by management to improve the mapping and governance around of water industry specific compliance obligations. The Committee has focused on the nature of the metrics, appropriate classification methods and assurance processes.

Other matters

The Committee has also received regular reports on specific areas of regulatory risk, including draft Enforcement Orders from the Drinking Water Inspectorate (DWI) and potential prosecutions.

Forward look

Over the 2026/27 financial year the Committee's role will continue to evolve. It will continue to closely monitor compliance with the Flow Compliance Plan and the development of PIRP 2027, as well as closely monitoring activity in response to enforcement activity by the DWI. In addition, it will have a role in reviewing the Annual Performance Report and future charges schemes.

All matters discussed by the Committee were reported to the Board.

Ian Funnell

Regulatory Compliance Committee Chair
9 June 2026



Remuneration Committee report

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Understanding Anglian Water Remuneration

While many readers will think of Anglian Water as the water and water recycling company for the East of England, it is actually a diversified group. It comprises three parts:

Anglian Water Group Limited (AWG)

This is the group holding company, responsible for raising finance, working with shareholders and bond holders, liaising with rating agencies and determining the capital structure at a group level.

AWG's commercial businesses held by its indirect subsidiary Anglian Venture Holdings Limited (AVH)

These are non-regulated commercial businesses operating in the Water, Energy, Bioresources, and Land & Recreation sectors across the UK and Ireland having combined revenues of circa £800 million (2025).

Anglian Water Services Limited (AWS)

This is the regulated water and water recycling services company serving the East of England. AWS generated annual revenues of £1,749.3million (2025).

The two Executive Directors (being the CEO and CFO) both have two separate contracts of employment reflecting their duties to each of AWS and AWG. Historically, this led to a 70% AWS and 30% AWG split of pay for the CEO (and 60:40 for the CFO) based on analysis of their respective duties and time commitments. From 1 April 2026, these have both been aligned at the 70:30 level.

There are two separate remuneration committees; the AWS Remuneration Committee (AWS Remco) deals with pay matters in the regulated business, while the AWG Remuneration Committee (AWG Remco) deals with remuneration at all other group entities.

AWS Remuneration Committee

Chair: Kath Durrant

Members: Albena Vassileva, Alex Nassuphis, Alistair Phillips-Davies, Batiste Ogier, Ian Funnell, John Barry, Dr Ros Rivaz, Tony Bickerstaff (from October 2025), Zarin Patel (until October 2025).

AWG Remuneration Committee

Chair: Kath Durrant

Members: Albena Vassileva, Alex Nassuphis, Batiste Ogier, John Barry, Zarin Patel (until October 2025).

There were six meetings of each committee across the year and these meetings are also regularly attended by: Amanda Bridger, People Director; Claire Russell (until November 2025), Company Secretary; Celia Gough (from November 2025), Company Secretary; David Williamson, Group Remuneration and Governance Manager, the Committees' independent advisor, John Lee, of FIT Remuneration Consultants LLP, Mark Thurston, Chief Executive Officer; Michael Bradley, Chief Financial Officer.

Neither members nor attendees join meetings when their own remuneration is being discussed.

Introduction from Remuneration Committee Chair, Kath Durrant

"Our two recently recruited Executive Directors have completed their first full year in office. The Board is pleased with their performance and transition into these critical roles. Both Remuneration Committees believe it is essential to retain these talented leaders who we believe are key to improving performance for customers and the environment over the long term."

I welcome the opportunity to share the Remuneration Committee report for the financial year 2025/26. This is my second year as Remuneration Committee Chair for both the AWG and AWS Remuneration Committees, having been appointed to the Committees in March 2024.

In this statement I set out some context, summarise the performance of the regulated business (AWS) and outline the key decisions made by both the AWS and AWG Remuneration Committees with regard to Executive pay. In the report, more detail is provided on the targets set for the regulated business and our performance in the year, as well as detail on the payments made to Executives. As is usual, we have included a section on workforce matters, including remuneration.



Context

We acknowledge the serious public concerns regarding the health of the UK water infrastructure and pollutions. As the largest water company in England and Wales by geographic area, we are committed to providing clean, safe water without interruption at the lowest cost possible, while avoiding pollution incidents and investing in current and future assets. Later in this report, you can review the progress we are making for customers, the environment and on our infrastructure. We measure a broad range of key performance indicators to target improvements.

The priorities expressed by the customers in our region are:

- Expectation of clean drinking water and dispersal of waste water without issue
- Cost / value for money
- Reduced / zero pollutions

We value the input of our customers in a number of forums. At a recent Customer Board meeting, it was evident that our customer representatives had a depth of understanding of the issues faced in achieving our goals and providing the service we all want.

Whilst no one likes to see bills rise, the consequence of the regulator keeping customer bills low for many years prior has contributed to an ageing infrastructure unable to cope with the modern world we live in. It has also led to large bill increases this year instead of gradual increases over time.

Every five years an Asset Management Plan (AMP) is agreed. It is a structured approach that water companies in England and Wales use to plan and manage their investments in infrastructure and services. It is overseen by Ofwat, the economic regulator of the water sector.

All water companies reach a settlement with the regulator that governs what we can spend operationally, on our assets, and what customers will pay.

In this current settlement, we welcome the fact that the government and regulator have recognised, to some extent, that more urgent change is needed. AWS is investing £11 billion.

Shareholders have supported the investment programme through raising a further £500 million in equity. £300 million of this was initially provided, with the remaining £200 million also now received. No dividends have been paid to ultimate Shareholders since December 2022.

In the East of England we have unprecedented population growth with a commensurate increase in demand for clean drinking water and water recycling services. At AWS and AWG, we have led industry discussions on why a greater and consistent focus on asset health is required and our arguments for more investment have been a key part of our appeal to the Competition and Markets Authority. We will continue to push for even more investment to upgrade our infrastructure.

You will note from the Chair and CEO statements that we also welcome the reform of the regulatory regime to support better outcomes for customers, the environment, investors and other stakeholders.

Every day we supply at least 1.2 billion litres of safe, clean drinking water to c.7 million customers. Over 900 million litres of used water is cleaned and returned to the environment every day.



Summary of our in-year performance

AWS measures performance through a performance contract which forms the mainstay of the annual bonus plan. This bonus plan covers many staff within the business, not just our Executive Directors. This is split into three categories: Environment (50%), Customer (30%) and Infrastructure (20%).

Environment

The first half of the year was characterised as one of the warmest and driest of the past 140 years with rainfall 56% lower than average, creating water supply challenges throughout a long, hot summer. The second half of the year has continued to be challenging, with milder than average temperatures overall, being coupled with a long and particularly heavy wet season between December and February. In this context:

- We managed to avoid temporary usage (hosepipe) bans over the summer months through carefully managing and rebalancing the network, and we also stayed within our abstraction limits. However, the shrink-swell characteristic of our soil in the region in these climate conditions led to more mains and pipe bursts than usual. This impacted our leakage performance, and interruptions to supply were greater than usual. Nevertheless, and while still striving for improvement, we are one of the best performing water companies in the UK for leakage.
- Our total pollutions reduced by 15%, in part driven by fewer spills from storm overflows as a result of the drier summer, but also from the many programmes and the significant additional investment supporting our Pollution Incident Reduction Plan taking effect. However, we experienced a category one pollution incident and 11 category two incidents.

Our climate is changing

Temperatures are increasing, winters and summers are statistically wetter, and with prolonged warmer spells, evaporation is increasing, meaning overall summer soil moisture levels are declining.



Our 2025 target was zero category one incidents, and fewer than 10 category two incidents. Having missed these important targets, the team continues to drive the reduction plan at pace, deploying new technology and additional resources.

- We agreed a £63 million redress package of improvements to address issues found in the Ofwat 'Flow to Full treatment investigation' and have put that money to work immediately.
- Our Environment Agency EPA rating is 2*.

19 of our beaches have Blue Flags status for excellent water quality and environmental education, and 21 have been awarded Seaside Awards by Keep Britain Tidy. Anglian Water has regularly been the best performer in the UK.





Customer

- Our customer performance for both household and business customers was strong as measured by the Ofwat C-MeX and BR-MeX feedback methods, placing us 4th and 7th in the industry.
- Our water quality compliance exceeded targets.
- Running an efficient organisation is important in keeping customer bills as low as possible. The business was re-organised to reduce the cost base and streamline management alongside introducing new technology and a capability improvement programme.

We're now supporting over
500,000 vulnerable households
through our Priority Services Register



Infrastructure

The Capital delivery programme is in a strong position to achieve all committed deliverables this AMP. The Board were able to release budgets earlier than planned due to good progress.

A talented and motivated team
is required to solve the problems
we have today and develop the
infrastructure future generations
will rely on, as climate change
and population growth impact both
capacity and service stability.



Our region is prone to both drought and flooding. Our topography is largely flat, with 28% of land low-lying and with a highly dispersed customer and agricultural base. Because of this, we rely on significantly more pipes and pumps than the standard water company to both distribute water and sewage and create the necessary pressure in the system. The region has high levels of shrink and swell soil characteristics that adversely affect underground infrastructure.



Remuneration decisions

As Remuneration Committees we must balance often competing voices: negative sentiment towards the sector, alongside the need to have the right leadership in place capable of delivering the outcomes and change we all want. A more balanced and better-informed public discourse is, in my view, required, otherwise we will continue to deter much needed talent from joining the sector.

To continue to invest significant sums, our shareholders require stable leadership of the highest calibre to drive these improvements. Talent retention at all levels is critical and we have a new Executive Director team who have been brought in to develop the infrastructure future generations will rely on.

New and changing legislation is making it increasingly difficult and challenging to recognise the immense scale of improvements to be made by our Executive Directors and their teams, when considering their performance. Whilst remaining sympathetic to the objectives of The Water (Special Measures) Act and the prohibition of performance-rated pay (PRP) rule proposed by Ofwat, we maintain our long-held, steadfast view that banning bonuses is not helpful. We believe it would be more effective to focus on rewarding improvement in the performance of companies on key matters in their performance scorecard, including pollutions – particularly in the context of a new management team and long-standing under-investment in asset health as a result of regulatory constraints.

As stated in last year's report, even with maximum focus, dedicated leadership, and additional funding, the infrastructure improvements we – and others across the sector – will make over this AMP will not guarantee that zero pollutions can be achieved in the near term. Consequently, AWS will remain exposed to the risk of prosecution. Any such prosecutions and subsequent financial settlements will only be to the detriment of the public, with past settlements contributing to the degradation of the ageing assets. We shall clearly comply with all the regulations, but it should be noted that this has caused the Committees to address the very real risk of not being able to recruit or retain executives of the calibre needed to oversee the magnitude of investments we are making.

This has required us to restructure our pay arrangements to create a greater focus on retention than would have been the case had we been able to link incentives to the delivery of improvements over this AMP.

This was the first full year in post for both our Chief Executive Officer, Mark Thurston, and Chief Financial Officer, Michael Bradley.

In his previous roles, Mark has delivered impressive major engineering and infrastructure projects, experience not lost on us when appointing Mark to lead the business and successfully deliver the largest infrastructure investment programme in our history. His passion for the environment and customers is perfectly aligned with our Purpose. He has implemented a 'Safer Every Day' initiative for all employees, reducing workplace accidents and injuries. He is passionate about delivering safe, clean water for our customers, addressing our asset issues to reduce pollutions and enhancing the environment for generations to come.

Appropriately, for an organisation that invests so much in developing our people, Mark began his career as a technician apprentice on the London Underground and progressed through hands on technical delivery roles whilst developing strong professional accreditations.

Against this backdrop, the Committees' approach to remuneration is grounded in realism and responsibility. Delivering the scale of transformation required at Anglian Water demands stable, experienced leadership over the long term.

Our decisions this year reflect compliance with an evolving regulatory framework, a strong focus on retention and continuity, and a clear commitment to supporting sustainable improvements for customers, the environment and future generations.



Executive Pay

Mark Thurston and Michael Bradley have contracts with both AWS and AWG (with their AWS contracts providing payment of 70% and 60% of their base pay respectively, consistent with long standing practice). Michael's contract split was aligned with Mark's from 1 March 2026.

They are both entitled to a variable pay opportunity of 200% of base pay. This compared to 300% (Chief Executive Officer) and 220% (Chief Financial Officer) for their predecessors. Please see full breakdown on page 151.

The Committees reviewed the variable pay arrangements for AMP8 which took effect from April 2025, with a potential opportunity of 200% of their salaries.

AWS operates an Annual Bonus Plan (ABP) equating to 200% of AWS base pay opportunity, and AWG operates a Medium Term Alignment Plan (MTAP) equating to 200% of AWG base pay.

These schemes replace the previous consolidated Deferred Bonus Plan.

Total remuneration is benchmarked and the Committees look at data for the top-half of the FTSE250, for other utilities and infrastructure businesses and for the FTSE100.

For both our Executive Directors, their total remuneration is substantially below the median for the FTSE 250 cohort. Please see details immediately following this statement on page 142.

Maximum performance for our Chief Executive Officer would allow for a total remuneration of £2,411,721 comprised of AWS £1,646,205 and AWG £765,516. For our Chief Financial Officer, maximum performance would allow for total remuneration of £1,522,168, comprised of AWS £884,501 and AWG £637,667.

As set out on page 151, actuals realised in 2025/26 are considerably less than the maximum earning potential.

Michael was awarded a pro-rated bonus related to the 2024/25 financial year, which was approved after the publication of the 2025 annual report, due to the timing of his probation period. Please see total single remuneration on page 151.

The AWS ABP is focused primarily on non-financial environmental, customer and capital delivery measures. This involves the use of a new scorecard, set out on page 144, assessing performance in the round and with suitable discretion, malus and clawback provisions to meet Ofwat's requirements.

The performance against this scorecard merited a payout of 72.2% for colleagues generally. However, the Committee exercised its discretion and applied a reduction of 5% to the formulaic outturn, agreeing a final outturn of 67.2%.

In accordance with the performance pay regulations, neither the Chief Executive Officer nor Chief Financial Officer will receive a payment related to the Annual Bonus Plan for 2025/26 due to a Category 1 pollution incident.

For the AWS Remuneration Committee, this raised serious concerns regarding our ability to retain our recently appointed Executive Directors for the clear improvements they are making in a range of other performance areas.

Decisions made – AWG Remuneration Committee

Base Pay

The 2026/27 base salaries attributable to Mark and Michael for AWG are £231,363 and £144,602 respectively, having also been increased by 2.5%, in line with increases for other AWG employees.

AWG Medium Term Alignment Plan (MTAP)

The AWG Remuneration Committee introduced the AWG MTAP at the end of AMP7 (2025) (a plan similar to a restricted stock plan vesting over three years) with annual awards equal to 200% of the AWG base salaries (or 60% of the aggregate salaries – for Michael the new 70:30, aligned with Mark, was used throughout). As this would not lead to any vestings for three-years, the plan

was launched with additional one and two-year awards to both Executive Directors. For more information on the MTAP please see page 158.

Mark and Michael will therefore receive MTAP payments from AWG in July 2026 of £451,440 and £282,150 respectively.

No dividends have been paid to AWG shareholders since December 2022.

AWG Retention Payments

In addition, the AWG Committee made the decision in July 2025 to make a retention payment to the Chief Executive Officer of £500,000, paid in July 2025, and repayable should Mark resign before July 2026. This retention payment is made at the AWG level, from funds designated for shareholders and, therefore, without any cost to customers. The AWG Committee carefully reviewed its compliance with the regulations and satisfied itself that the Company remained compliant, and that the retention payment was required to ensure ongoing stability in the leadership of the organisation.

We have the intention to make retention payments to Mark and Michael in July 2026 of £300,000 and £200,000 respectively, repayable should they resign before July 2027. This decision was taken to ensure stability of leadership. Retention payments are not anticipated to be a permanent feature and will be kept under review.

AWS and AWG Deferred Bonus Plan

No further payments will be made to previous Executive Directors for the Deferred Bonus Plan following the conclusion of the 2025/26 financial year. Please see single total remuneration table on page 151 for details.

Decisions made – AWS Remuneration Committee

AWS Base Pay

The 2026/27 base salaries attributable to Mark and Michael for AWS are £539,847 and £337,404 respectively, having been increased by 2.5%, in line with increases for other AWS employees, following union negotiations with a member ballot.

AWS Annual Bonus Plan (ABP)

For the Chief Executive Officer and Chief Financial Officer, 200% of AWS base pay (being 140% of total base pay) is targeted through the Annual Bonus Plan. 90% of this amount is measured against the Performance Contract of AWS, with the remaining 10% measured against Personal Objectives linked to AWS.



We've supported over 150,000 children and adults through our community outreach programmes.



We're leading the industry for smart meter installation with over 1.3 million in the ground so far – lowering demand, proactively identifying leaks and saving customers' money.



94% of AWS employees are eligible for a bonus



Looking ahead to 2026/27

Entering the second year of AMP8, the challenges we face remain unprecedented, with the delivery of our largest ever capital investment programme, and plans for significant operational improvement. These improvements are reflected in stretching targets for 2026/27 and will be reported against next year.

The Business Plan was created in collaboration with our customers and other stakeholders, with the mutual understanding of the need for greater investment both over this five-year period and in the decades following. This highlights the recognition of a shift towards capital investment in critical infrastructure and the changing landscape of our business.

The investment case is not viable without the credibility and longevity of our Executive Directors. It is important to retain and motivate our Executive Directors and their highly regarded team, who are tasked with bringing a step change in performance and all of whom have employment choices elsewhere.

We will continue to monitor the remuneration market for comparably sized organisations, utilities and other infrastructure organisations to ensure we remain competitive for Executive pay. We have noted that other organisations' reaction to Ofwat's prohibition on bonuses was to increase base pay. While we have again chosen not to make significant movements at this point, we will keep the matter under active consideration.

This was my second full year as Remuneration Committee Chair and I remain of the view that Anglian Water has a very strong leadership team, with an ambitious but achievable agenda for the future. We all recognise that there is significant work ahead of us across AMP8 to meet the needs and expectations of customers, regulators and the environment. Mark and Michael have our full confidence, having demonstrated their significant experience in delivering capital projects and recent improvements.

Kath Durrant
9 June 2026

Q&A with Kath Durrant

Q. How can you pay the Executive Directors so much?

A. We recognise that our CEO and CFO's pay will seem high to many of our customers, but as with many things there is a market for these large complex roles. We benchmark the roles against equivalent roles elsewhere.

This can clearly be seen through the benchmarking on page 142.

Q. Why has the ban on water executives' bonuses not prevented the MTAP or retention awards?

A. The regulated business – AWS – has not paid bonuses, in line with regulation. The MTAP and retention awards are not linked to AWS performance conditions and are permitted under the regulations. They are also not funded by customers.

We deem them essential to ensure retention and stability at the head of our business.

Q. Why did the CFO get a bonus for FY25 and why was it not included in last year's report?

A. The CFO received a pro-rated bonus reflecting the time when he joined the business. Under the regulations he was entitled to receive one. Due to the timing of his probation period, the bonus was not included in last year's annual report as it was approved by the Remuneration Committees and Board after the 2025 report was published. It is therefore disclosed in this year's report.

Q. When will pollutions end?

A. We anticipate a steady improvement trend to take shape over the AMP but our position may be influenced by regulatory developments, such as funding and changes to guidance.

Our long-term aspiration is to achieve zero untreated escapes, however, we need the time and resources to make changes across our entire network. We are taking steps forward now, investing in the right areas to deliver sustained improvements that reduce risk, protect the environment, build trust and secure the resilience of our services for the future. Please see our [Pollution Incident Reduction Plan \(PIRP\)](#) for full details.

Q. Why do you split out AWG and AWS pay, surely, it's one person doing one job?

A. We have sought to be as transparent as possible so everyone reading our reports can see how much each executive earned, what any payment was for and which entity bore the costs. In its broadest sense, AWS is the regulated entity, so costs borne by it are borne by a combination of shareholder funds and customer bills.

Costs borne by AWG are not in any way funded by customers, this includes the non regulated, commercial side of the business, generating annual revenues of circa £800 million.

AWS and AWG total single figure remuneration comparisons

The charts which follow show the actual realised pay for our Executive Directors versus a group of 12 UK listed utility and infrastructure companies in the FTSE350.

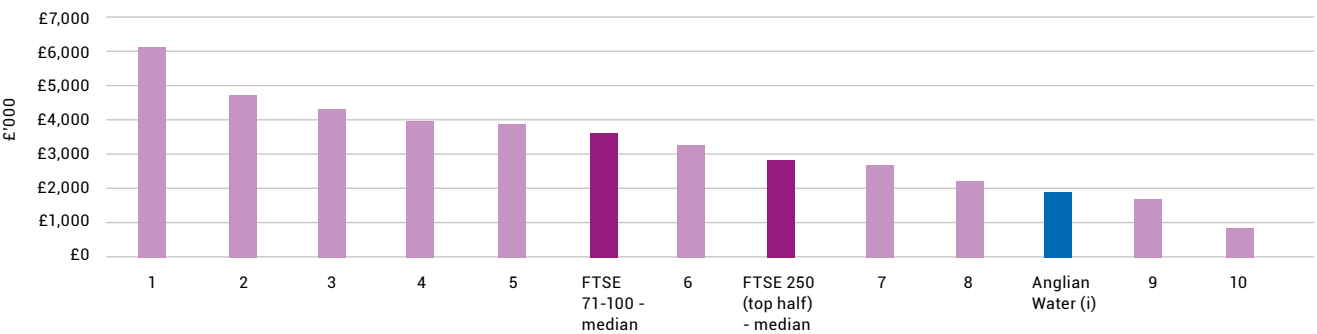
Data has been shown only for those Directors in post for at least three years to ensure their realised pay is comparable.

Our CEO is positioned 9th out of 11 and our CFO 9th out of 9 (assuming payment of no bonuses).

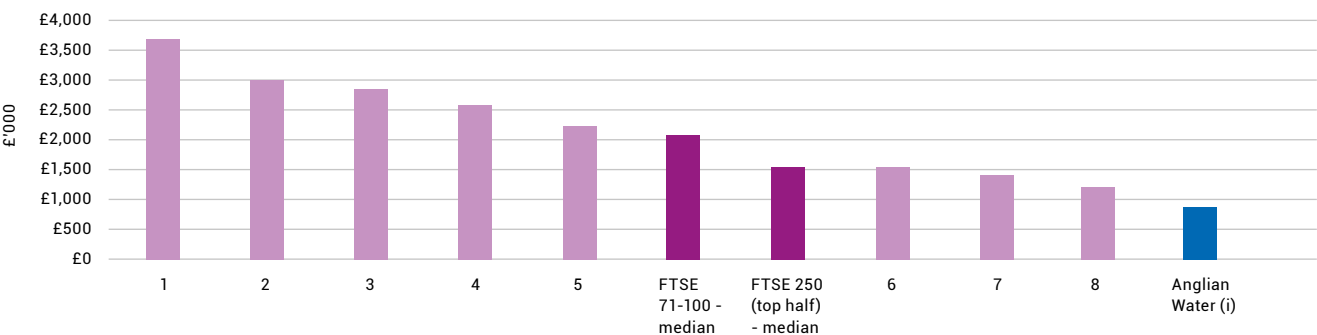
When benchmarking roles, the Remuneration Committee takes a conservative approach and looks at data for the top-half of the FTSE250, however, were the company to be listed we would expect to be in the range FTSE 71-100. This shows that the CEO was paid 34% below the median of the FTSE 250 while the CFO was paid 44% below (assuming payment of no bonuses). On this basis, in terms of the companies in this index, they were positioned 39th out of 55 and 46th out of 50 respectively.

For additional context, data for companies ranked FTSE 71-100 has also been shown.

Single total figure remuneration – CEO comparisons



Single total figure remuneration – CFO comparisons



Anglian Water (i): no annual bonus paid

AWS Performance Contract 2025/26

AWS Performance Contract 2025/26

In the light of the provisions regarding executive remuneration set out in the various reports, following new guidance from Ofwat since 2025, and as a direct consequence of Anglian Water having one Category 1 pollution event in August 2025, our Executive Directors will not receive a bonus in relation to the 2025/26 performance contract.

The performance contract consolidates performance commitments required by our stakeholders, covering aspects of delivery for customers, the environment and infrastructure delivery and efficiency. This Performance Contract forms part of the bonus schemes for most Anglian Water employees who are eligible for a bonus, aligning the goals of our people to delivering for customers and the environment over the long term. The measurement of the majority of commitments included are assured by external third parties.

2025/26 marked the start of a new AMP cycle for the business, which was accompanied by a record investment plan to improve performance over the long term, but in tandem, performance targets were set at significantly stretching levels.

The Performance contract has been weighted across three categories. Environment (50%), Customer (30%) and Infrastructure (20%).

The Executive team and business more broadly has had to balance its time and focus across a number of internal and external strategic and transformational activities, while at the same time maintaining focus on its core mission to successfully deliver water and waste-water services to the Anglian region.

Internally the business has re-established a Safer Every Day mindset into the organisation; successfully implemented the first tranche of SAP upgrades; formulated a new Enterprise Strategy for the business; and established a capability-based improvement programme, to ensure the business is fit for the long-term future.

From a climate perspective, the Anglian region has experienced an eclectic set of weather conditions throughout the year with extremes pushing the boundaries of normality at both ends of the scale. The first half of the year was characterised as one of the warmest and driest of the past 140 years, with rainfall 56% lower than average, creating water supply challenges throughout a long, hot summer. The second half of the year has continued to be challenging, with milder than average temperatures overall, being coupled with a long and particularly heavy wet season between December and February.

Overall, business performance has improved year-on-year and is aligned to a 2* EPA rating from the Environment Agency. The business has been successful in delivering approximately 60% of its pollution measures with strong performance in Total pollutions and self-reporting being offset by missed targets in Serious Pollutions across both Category 1 and 2. On average spills per overflow, we have seen a 60% reduction vs prior year, which is the lowest in the industry and one of the greatest improvements.

Leakage has unfortunately deteriorated and a remedial plan has been agreed with the Board. We remain the best in the sector at leakage in absolute terms.

Customer metrics have been positive this year with the majority reaching their target and on C-MeX we have moved to 4th place from 7th in previous year. The exception is our Interruptions to Supply measure which was materially impacted by the dry weather in the summer where water availability was a key focus. In the context of the wider sector, the business performed well and avoided a Temporary Usage Ban which others required.

The business has managed its infrastructure investment program carefully this year. Outputs are on target with no issues flagged in our ability to deliver on our Performance Commitment Deliverables (PCD). Despite Operational headwinds, the business has managed its Opex within range. The Capital Delivery Programme is in a strong position heading into year two.

The overall outturn of the Performance Contract for 2025/26 is 67.2% which is a significant improvement from last year.

Determining Performance Contract Outturns

In 2024/25 the AWS Remuneration Committee introduced a discretionary framework to support the decision making of performance contract outturns for different populations of Anglian Water employees.

As an input to this review, an independent assurance report is presented to the Committee to guide the discussion and actively consider whether any overrides are appropriate alongside options to apply malus or clawback. The framework enables the Committee to apply both upwards and downwards discretion to the formulaic outturn of the bonus contract.

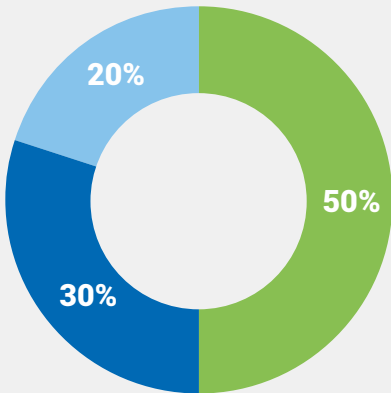
For the 2025/26 year the Committee decided to apply downward discretion, reducing the initial overall outturn of 72.2% by 5%, to give the final outturn of 67.2%.

Deferred Bonus Plan

There will be no payments under the DBP to current or previous Executive Directors for their tenure as Executive Directors.

For the wider workforce who are eligible for awards under the deferred bonus plan, the Committee applied downward discretion of 20% to both the second tranche of the 2023 deferred bonus scheme and the final tranche of the 2022 bonus scheme as a result of missing some of the secondary performance measures.

2025/26 Annual Bonus Plan elements



- 50% Delivery for the environment
- 30% Delivery for customers
- 20% Infrastructure



AWS Annual Bonus Plan – Year 1 of AMP8

The plan reflects key performance indicators (KPI's) and targets agreed at the start of the year and split into categories reflecting environmental, customer and infrastructure performance. Each category is assessed using performance against the targets measured at the end of the year, which are in most cases externally validated. Each category outcome is totalled to provide an overall bonus outcome for the Company. The Committee uses its discretion framework to determine whether the category outcomes, and overall outcomes are defensible and appropriate in the round.

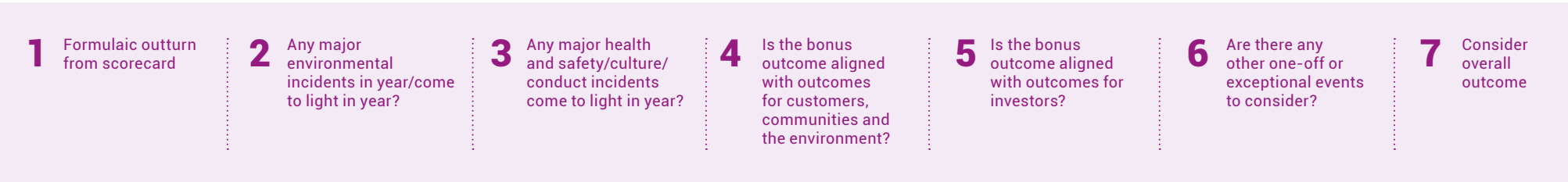
KPI	Payout range	This measure is important and stretching because	Performance outcome numeric	RAG	Performance outcome comments
Delivery for the environment: 25.4% out of 50% following AWS Remco downward discretion of 5.5% from formulaic outturn					
Pollutions					
a) Per 10,000km sewer length	58.2 - 50.8	Not polluting the environment is at the core of our purpose, but when we do, we should record them. Displaying the number per 10,000km number shows our performance relative to the size of our network. This allows cross company and year-on-year comparisons. The target set represents a decrease on the prior year.	49.5		The Committee noted an improved overall pollutions performance vs last year. The first year in the last five where we have significantly reduced numbers reflecting the investment in and focus on our pollution incident reduction plan. The outcome in spills performance was assisted by a relatively dry year coupled with a focus on blockage reduction. In spite of increased numbers of, and tightening of, (particularly) phosphate permits, we achieved a treatment works compliance performance within the targeted performance range. Improved monitoring and the deployment of new processes resulted in a significant improvement in self-reporting of incidents. Overall the Committee, acknowledged management's focus on environmental issues and determined that there were good signs of progress and improvement in important areas in our five year pollution incident reduction plan, but that the absolute number of serious pollutions in this year remained a cause of concern and would be further targeted in the next year.
b) Average spills from storm overflows	30.6 - 26.68	Spills should only occur when the networks are overloaded with rain. Reducing this number demonstrates our effectiveness at managing the network capacity, condition and blockages. Using the average spills figure enables us to compare with other companies and get a trend between years. As a new measure it has no previous year comparator. The target profile over coming years is aggressive reducing by over 50%.	12.9		
c) Treatment works compliance	98% - 99%	Treating waste water and returning it safely to the environment is at the core of our purpose. This measure demonstrates how well our recycling centres are performing that task. It also allows year-on-year and inter company comparison. Increasingly stringent conditions on our permits make achieving this typical range of compliance increasingly difficult.	98.18%		
d) Category 1 pollutions	0	These very serious pollution events should not occur. Measuring them and targeting zero is the only appropriate choice.	1		
e) Category 2 pollutions	0 - 10	These serious pollution events should not happen. We targeted an improved performance from last year as we work towards zero.	11		
f) Self reporting of pollutions	=>65% - =>80%	Awareness of what is happening in our own network is key to effective management, we therefore target a high level of self reporting of pollution incidents as a measure of our ability to understand and respond quickly to issues when they arise. We targeted an improvement on prior year performance.	93%		
Other environmental					
g) Leakage 3 year average	186.5 - 183.3	Reducing leakage is another core part of our purpose. It reduces the need to abstract water from the environment, it reduces the costs of treatment through lower volumes and it improves customer service. The target range encompasses our performance commitment level as agreed with Ofwat of 184.1.	195		The very dry summer and the nature of soil in the region led to record levels of soil moisture deficit and contributed to significant pipe movement and cracking leading to increased leakage. Repair efforts were hampered with resourcing issues amongst contractors which have been resolved. However, the Committee noted that we remain the best in the industry in absolute terms for leakage. The effective management of water supply and network balancing ensured that in spite of the circumstances above, hosepipe bans were avoided and abstraction compliance remained high.
h) Abstraction compliance	=>95% - =>98%	These abstraction licenses govern how much we can abstract from the environment. Exceedances should not occur.	100%		
i) Satisfactory sludge use	=>90% - =>98%	Our treated sludge products are safely used in agriculture. Non compliant product or incorrect disposal impacts this measure.	100%		



KPI	Payout range	This measure is important and stretching because	Performance outcome numeric	RAG	Performance outcome comments
Delivery for customers: 25% out of 30%					
a) C-MeX	8th - 5th	This is an external measure of customer perception and service levels. It directly measures what a sample of our customers are thinking about us and is comparable across the water industry.	4th		The Committee noted the strong performance in customer rankings, and improvements in per capita consumption, alongside the numbers of customers directly supported with lower bills and verified on our priority services register. Having recently spent time with our Customer Services team in Lincoln, the Committee was pleased that the Company's focus on our customers is showing positive outcomes. Water quality compliance was within the targeted range, though continuous improvement is always sought. However, the Committee noted that the consequence of the dry summer, soil conditions, increased pipe bursts and leakage reported in the environment section above had a direct effect on customers, with the average number of minutes of interrupted supply exceeding our targets.
b) Per Capita Consumption (PCC)	131.7 - 128.6	We have a duty to help customers reduce their water usage to both help their own bills and help reduce the impact of abstraction on the environment. This measure monitors that consumption.	126.2		
c) BR-MeX (Business and Retailer)	9th - 7th	This is an external measure of customer perception and service levels. It directly measures what a sample of our customers are thinking about us and is comparable across the water industry.	7th		
d) Supporting our customers	731,846 - 799,093	This is a measure of how many of our customers we support through special tariffs and our priority vulnerable customers register.	839,647		
e) CRI (Water quality compliance)	3.3 - 3	It monitors our water quality failures and thereby is a measure of another of our core purposes, supplying clean water to the population we serve.	2.95		
f) Interruption to Supply	00:08:00 - 00:05:00	It monitors the reliability of our water supply and thereby is a measure of another of our core purposes, supplying clean water to the population we serve.	00:09:30		
Infrastructure: 16.8% out of 20%					
a) Capex	(+3% to -7.5%) - (+1.5% to -3%)	We need to efficiently spend to our programme to deliver the maintenance and improvements that our customers asked for and our regulators require. This is our largest ever year one capital programme, and getting off to a good and controlled start in deployment is key.	£1.135bn		Overall the Committee noted a very well controlled financial and projects environment, with improved reporting year-on-year. Our significant capex expenditure and measures of timely delivery against multiple programme and project milestones is reflected positively in these key measures. Our PCD performance was within range, and following the delivery of a key change and cost redeployment programme our Opex performance was solid.
b) Opex	(on budget) - (-5%)	We need to operate efficiently and not spend money we do not have, to meet the bill payers' expectations and remain a financially well controlled business. The targets were set at a stretching level due to inflationary pressures and increasing regulatory requirements.	£984m		
c) Price Control Deliverable Position	(£10m) - £0m	These monitor the delivery of expected outputs from our business plan. Delivering them indicates progress and assures customers and regulators that we are doing what we said we would.	£4m		While the new OFWAT Asset Maturity process formally concludes early next year, the successful 2024 ISO accreditation in the year and the submission process to date indicates that AW will be placed in the top 4 in the industry (equal or higher to AWs previous position).
d) Asset Management Maturity Assessment	4.4 - 4.7	Monitors how effective and efficient we are in managing our asset base.	See comment to right		
e) Delivery on Time	100%	Demonstrates that we can deliver our promises on investment, utilising customer bill income in service maintenance and improvement. Performance at upper levels would substantially outperform construction industry average.	100%		
f) AMP Enhancement Efficiency	£260m - £310m	Utilising customer bills and shareholder investments efficiently demonstrates control of our supply chain and ensures meeting regulatory targets, enabling flexible reinvestment for any unexpected demands. Impacted significantly by weather and other macro-economic factors, mitigating these risks is immensely challenging, impacting achievement of upper levels.	£306.7m		

The discretionary framework – how we apply discretion

Stages to consider:



Consistent with regulatory guidance, the AWS Remuneration Committee has the discretion to reduce (including to zero) the outturn for any year and to recover bonus payouts (clawback) in the three years following such payout in the event of a material misstatement, individual misconduct, serious reputation damage, a material corporate failure, or other exceptional circumstances which the Company was not aware of at the time of payment which the Committee considers to warrant clawback. In addition, clawback may be invoked where required under Ofwat rules. These provisions are included in both the relevant plan rules and in the Executive Directors' service contracts. We consider three years to be an appropriate timeframe, reflecting the long-term nature of the business while maintaining a balanced and proportionate approach that is fair to the individual. There has been no malus and clawback recovery made within the financial year.

Safety performance is also included within our Performance Contract and our discretion framework.



Remuneration at a glance

External Advisors

FIT Remuneration Consultants (FIT) remain engaged by both Remuneration Committees to undertake independent benchmarking and insight on executive pay. FIT, which has no further connection to the wider Group, supported with our review of the variable remuneration arrangements ahead of AMP8, and structuring our Executive Directors' remuneration packages for the appointments made throughout 2024/25 and to ensure retention across AMP8 and beyond. Fees for the year were £83,326 + VAT.

Support for the Committees

In addition to the external consultants, the Chief Executive Officer, Chief Financial Officer, People Director, Group Remuneration and Governance Manager and Company Secretary also attend meetings, by invitation, to provide advice and respond to specific questions. Such attendance specifically excludes any matter concerning their own remuneration. The Company Secretary acts as secretary to the Committees.

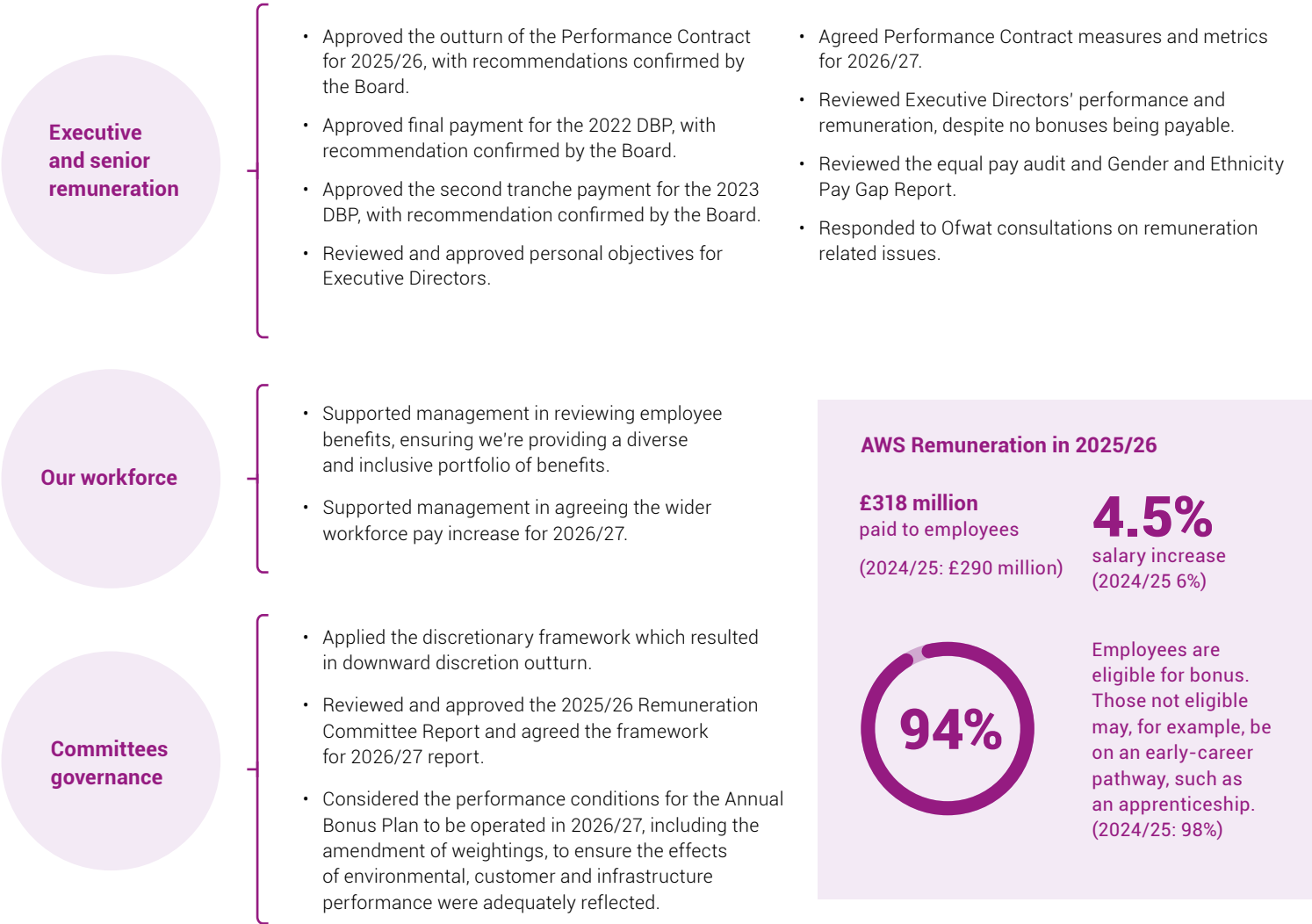
Committees performance and effectiveness

An external Board and Committees effectiveness evaluation was undertaken in February and March. All the questions relating to the Remuneration Committees attracted positive responses (Strongly Agree or Agree).

The review considered that the Committees continue to operate effectively and respondents are satisfied that our advisors, although engaged by other water companies, understand the context of the industry and are confident in their independence and confidentiality, such that there are no conflicts of interest.

Key areas of Remuneration Committees focus in 2025/26

A summary of the matters reviewed throughout the year by the Committees is set out below:



AWS Remuneration in 2025/26

£318 million
paid to employees
(2024/25: £290 million)

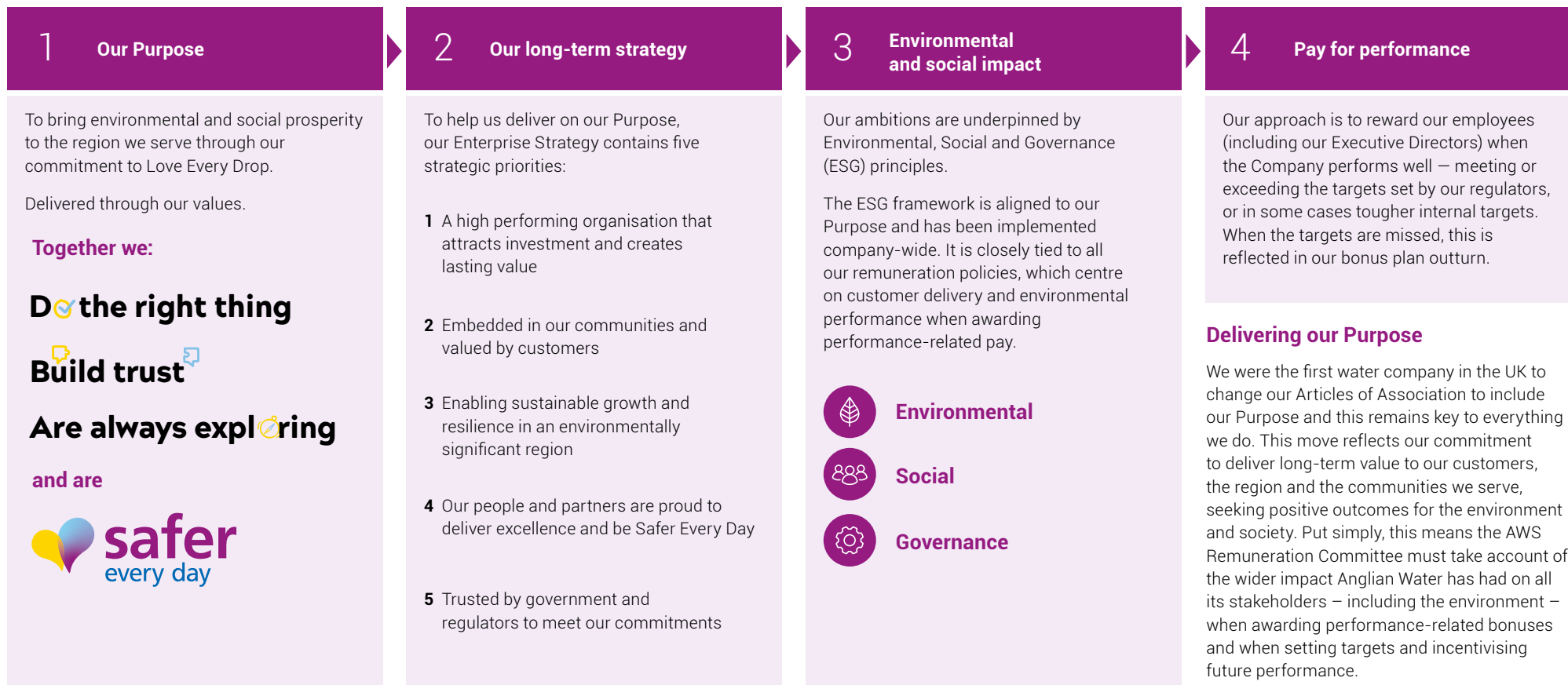
4.5%
salary increase
(2024/25 6%)



Employees are eligible for bonus. Those not eligible may, for example, be on an early-career pathway, such as an apprenticeship. (2024/25: 98%)



AWS Alignment to Purpose and strategy





AWS personal objectives and outcomes for Executive Directors - 2025/26

Mark Thurston

Objective	Measures	Outcome
Health and safety		
Deliver a strategy and operating plan to improve Health & Safety culture and performance across the employed and contract population.	Improvement in AFR metrics to AFR AMP avg target 0.10 and Potential AFR to AMP avg target 0.97.	PART ACHIEVED
Deliver a specific assessment of process safety, stand up a priority project to resolves issues in sludge treatment centres, and provide assurance on rapid progress to achieve and maintain compliance.	Quality of progress reports to the Board. Audit to assure progress and ultimate compliance.	
Pollutions		
Demonstrate personal leadership of the Pollutions Incident Reduction Plan.	Improvement in pollutions performance at least in line with the AMP8 plan.	PART ACHIEVED
Provide Board assurance, demonstrating a depth of knowledge and engagement with Water Recycling leadership and external advisors.	Feedback from Board and external advisors.	
Capital Delivery		
Demonstrate personal leadership and control of the capital delivery strategy.	Financial and programme controls in place and reported regularly.	ACHIEVED
Provide particular board assurance on the reservoir programme.	Early sight of issues and options.	
Resolve Cambridge Water funding issues or propose alternative economically viable strategies.	Feedback from the Board and Reservoirs Committee.	
Investability		
Develop an investable business through:	Comprehensive plan presented to the Board	ACHIEVED
- Fast adoption of CMA outcomes into the AMP8 Plan - Demonstrate personal leadership of critical re-openers to maximise opportunities - Lead in influencing Integrated Water Commission (Cunliffe Review) priorities and shaping implementation of critical areas - Continue to build influential relationships with priority stakeholders - Positioning Anglian accurately and appropriately in external communications	In the opinion of the Board in relation to the shareholder funding plan and feedback from external advisors.	
People and Purpose		
Actively sponsor and develop a skills strategy for Anglian Water positioning the company as a major player in the East of England in the growth of skills.	Skills strategy in place, evidence of Anglian Water leading the narrative on skills in the east of England.	ONGOING
Champion Anglian Water as a place people want to work for where knowledge and skills are valued.	Opportunities identified for AW to have a lasting legacy in the region over next 10-20 years.	
Board Governance and the role of the CEO		
Deepen understanding of Corporate governance and the new code.	In the opinion of the Chair and Board.	ACHIEVED
Deepen knowledge of OFWAT, EA, and DWI expectations of Boards, and the constitutional role of INEDS.		



Michael Bradley

Objective	Measures	Outcome
CMA Determination		
Secure successful outcome for our customers, the environment and shareholders from CMA redetermination.	CEO and Board view that “openers” have improved the final package from the CMA.	ACHIEVED
Stakeholder Deliverables		
Secure successful start to AMP8 with key metrics delivered for: • Our customers • The environment and shareholders • Financial metrics supported by a clean year end audit process	Business Plan TOTEX financial targets achieved and positive audit outcome. Any flex to TOTEX spend to enhance performance has been agreed with board. Year 2 Basecamp metrics delivered (includes Health and Safety, Pollutions and Leakage).	PART ACHIEVED
AWS Relationships		
Cement relationships with all Board members, understanding their priorities and perspectives whilst building trust and confidence with an active presence at AWS board.	Feedback from the Board.	ACHIEVED / ONGOING
AWS Governance and Controls		
Ensure governance and controls are in place to secure the operational efficiencies assumed in the AMP8 plan.	Year 1 efficiencies on track for delivery with improved confidence from Board around governance and controls.	ACHIEVED
AWS Risk Management		
Mature and develop Anglian Water’s approach to risk management, assurance, internal audit and to financial reporting and forecasting to enhance board understanding / decision-making.	Feedback from the Board.	ACHIEVED
AWS Reporting		
Develop improved monthly reporting metrics for the board (working in conjunction with Chair of the Regulatory Compliance Committee).	Reporting metrics implemented and working effectively.	ACHIEVED
AWS Capital Capabilities		
Implement plan to mature Anglian Water’s Capital Project capability in the Finance function to ensure strong financial disciplines are in place on key strategic programs (SPA/Reservoirs etc).	Major programmes being delivered to time, cost and quality.	ACHIEVED



AWS and AWG single total remuneration figure (audited)

The tables below outlines the remuneration for the Executive Directors.¹

AWS Remuneration

	Total Max Rem	Base pay		Taxable benefits		Pension, including cash in lieu		MTAP ³	Retention Payment ⁴	Bonus ⁵	Total Remuneration		Total Max Rem
	2025/26 ²	2024/25	2025/26	2024/25	2025/26	2024/25	2025/26	2025/26	2025/26	2024/25	2024/25	2025/26	2026/27
Mark Thurston	1,646,205	332,182	526,680	6,872	11,445	35,039	54,720	-	-	-	374,093	592,845	1,686,804
Michael Bradley	884,501	92,143	282,150	2,684	8,737	9,719	29,314	-	-	65,362	169,908	320,201	1,057,192
Total Exec Directors	2,530,706	424,325	808,830	9,556	20,181	44,758	84,034	-	-	65,362	544,000	913,046	2,743,996

AWG Remuneration

	Total Max Rem	Base pay		Taxable benefits		Pension, including cash in lieu		MTAP ³	Retention Payment ⁴	Bonus ⁵	Total Remuneration		Total Max Rem
	2025/26	2024/25	2025/26	2024/25	2025/26	2024/25	2025/26	2025/26	2025/26	2024/25	2024/25	2025/26	2026/27
Mark Thurston	765,516	142,364	225,720	42,491	64,905	15,017	23,451	451,440	500,000	-	199,871	1,265,516	782,916
Michael Bradley	637,667	61,429	188,100	18,170	53,825	6,479	19,543	282,150	-	43,574	129,653	543,617	501,082
Total Exec Directors	1,403,184	203,792	413,820	60,661	118,729	21,496	42,994	733,590	500,000	43,574	329,524	1,809,134	1,283,998

Total Remuneration

	Total Max Rem	Base pay		Taxable benefits		Pension, including cash in lieu		MTAP ³	Retention Payment ⁴	Bonus ⁵	Total Remuneration		Total Max Rem
	2025/26	2024/25	2025/26	2024/25	2025/26	2024/25	2025/26	2025/26	2025/26	2024/25	2024/25	2025/26	2026/27
Mark Thurston	2,411,721	474,545	752,400	49,363	76,349	50,055	78,171	451,440	500,000	-	573,964	1,858,361	2,469,720
Michael Bradley	1,522,168	153,571	470,250	20,854	62,561	16,199	48,857	282,150	-	108,936	299,560	863,818	1,558,274
Total Exec Directors	3,933,889	628,117	1,222,650	70,217	138,911	66,254	127,028	733,590	500,000	108,936	873,524	2,722,179	4,027,994

¹ 24/25 figures are prorated, Mark was appointed Chief Executive Officer on 5 August 2024 and Michael was appointed Chief Financial Officer on 26 November 2024. The former Executive Director's remuneration is not included for either year as they were not directors for 2025/26.

² The total potential maximum remuneration for 2025/26 and 2026/27 that would be paid if variable pay was paid out at maximum levels.

³ As expected the MTAP will pay in full in July 2026.

⁴ Retention Payment was made to Mark in July 2025 from funds that would otherwise have been paid to shareholders and seeks to ensure his retention until January 2027. The payment therefore crosses more than one financial year.

⁵ Michael was awarded a bonus related to the 2024/25 financial year which was approved after the 2025 report was published. 50% of this bonus was paid in July 2025 with the remaining 50% being payable in July 2026.

⁶ ABP would normally be payable in July 2026 at AWS level. The maximum opportunities forgone at AWS level by Mark and Michael are £1,053,360 and £564,300 respectively.

Bonus overview 2025/26

No Executive Directors received a bonus in relation to the 2025/26 Performance Year for the AWS Annual Bonus Plan⁶.

Chief Executive Officer total remuneration in comparison to the 25th, 50th (median) and 75th percentile full-time equivalent remuneration of AWS employees, effective from 31 March each year¹

	25 th percentile pay ratio	Median pay ratio	75 th percentile pay ratio
2021/22	44 to 1	33 to 1	26 to 1
2022/23	46 to 1	34 to 1	27 to 1
2023/24	26 to 1	19 to 1	14 to 1
2024/25	14 to 1	11 to 1	8 to 1
2025/26	14 to 1	10 to 1	8 to 1

Percentile comparison for Chief Executive Officer and the wider workforce

	CEO	25 th percentile employee	Median employee	75 th percentile employee
Salary	526,680	35,255	45,914	56,121
Total pay and benefits	592,845	43,330	56,738	69,846

¹ 2023/24 onwards is a representation of Anglian Water Services only and not representative of Anglian Water Group, in contrast to prior years. No CEO bonuses were paid from the regulated business in 2023/24, 2024/25 or 2025/26.

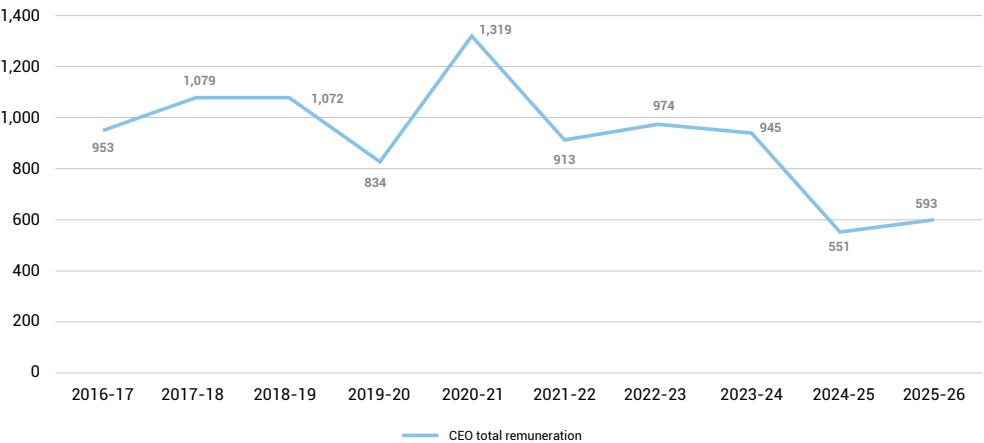
The methodology used was option A under the Companies Act, as it was deemed to be the most robust, transparent and accurate method available. The figures in the table above rely on estimated figures for the employee annual bonus figures at the time of writing. All pay elements have been used to calculate the total compensation for employees and have been adjusted to a full-time equivalent for those who work part-time or have joined part-way through the year. An adjustment has also been made for the hourly working employees, to represent full-time working.

The Company believes that the median pay ratio is consistent with its overall policies relating to remuneration and how these apply to the Chief Executive Officer and Anglian Water employees. In general, the pay and bonus policies applied across the group show that, as employees progress into more senior roles, they become eligible for an increase in overall remuneration, through eligibility for bonus schemes.

Change in Chief Executive Officer total remuneration for previous 10 years (2017-2026)

As outlined earlier in this report, executive remuneration throughout AMP7 was set to link closely with what matters for our customers, with a high percentage of total remuneration linked to performance-related outcomes. When performance was achieved, bonuses were paid; where performance targets were not achieved, payments were reduced, in some cases to zero. The table below shows the remuneration for the Chief Executive Officer, inclusive of fixed and performance pay relating to group performance over 10 years, including the AMP to date.

Change in Chief Executive Officer remuneration over ten years for AWS performance (2017-26)



As in prior years we are providing data that compares AWS only. As can be seen on page 151, we are disclosing payments from all sources including AWG to ensure transparency
The total remuneration for 2024/25 is an aggregated amount for Mark Thurston and our previous CEO Peter Simpson for their respective time in role.



AWS Workforce engagement

While undertaking its role in setting and applying the remuneration policy for Executives, the AWS Remuneration Committee considers broader remuneration for all colleagues. The Committee receives regular updates and feedback from various employee consultation and engagement channels, alongside summaries of activities for all colleagues throughout the year. It takes this information into account, to ensure the approach to setting pay and bonus levels for Executives is consistent with that for all colleagues.

In addition, the Board engages directly with employees through the year which includes attending new joiner calls, attending talent programme events and meeting early career employees.

Senior management meets regularly with lead representatives from the trade unions, to discuss and review relevant policies, in addition to formal consultation and negotiations, where applicable. In addition to the trade unions, Anglian Water operates a number of employee-led communities as well as workforce engagement events such as Town Halls and Values events. These communities meet frequently, with invitations sent to all employees and Early careers individuals are invited to the start of every Executive leadership meeting to give feedback and share perspectives. This approach allows us to discover and build new ways of working, alongside the development of policies, created with engagement from across the workforce.

In 2025 we introduced a network of Values Champions to help embed our values, alongside peer-nominated Values Awards held three times per year. Over the first three seasons, we received over 1,700 nominations, generating a cadre of outstanding individuals and inspirational stories.

Our Values Weeks, also held three times annually, provide engaging sessions to explore and celebrate our values and have been very positively received.

The need to celebrate the great work our people do day in day out is increasingly important in light of continued negative rhetoric about the industry and the rise of abuse, intimidation and harm to our people on a daily basis.



"When I joined I planned to stay for a year then move on. Many years later I am still here – two reasons – the passion of the people to do the right thing for our customers and the environment and our purpose to drive social and environmental prosperity for our region. I've worked in several industries and this one is the only one where the purpose is lived and focused on every day."

AWS Wider workforce pay

We remain committed to our approach to remuneration, ensuring that all our people are rewarded and incentivised to deliver what matters for our customers, our communities, our stakeholders and the environment.

For our wider colleague population, the majority are eligible to participate in our Company Purpose Award, with the outturn being 3.8% for the 2025/26 year.

All our managers and leaders must deliver against the Performance Contract as detailed above, focusing everyone on common goals. Similarly, we incentivise most of our people on a simpler set of metrics; pollutions, customer service ratings (C-MeX) and living within our budget, with a maximum award of up to 5% of pay.

The annual salary increase for 2026/27 will be a stepped award, starting at 4% for our junior colleagues with reducing increases for our more senior colleagues, culminating in a 2.5% increase for our Executive Directors. This was agreed following meetings between Anglian Water and the trade unions earlier this year, and a subsequent member ballot. This compares to a 4.5% uplift for all colleagues for 2025/26.

We make further discretionary salary increases, outside of the annual pay review, where there is a genuine business justification. For 2025/26 we benchmarked most of our roles as part of our operating model changes and have amended the salary levels of some critical skill roles to align to changes in the market and ensure the deliverability of our investment programme. This year we launched our largest ever graduate and apprenticeship intake.

We continue to review our offering of benefits designed to support financial security, health, safety, wellbeing and lifestyle for our employees and over the last twelve months have introduced the following new benefits; Check4Cancer, Spouse/Partner Life Assurance, Car Maintenance Scheme, Electric Vehicle Scheme, Tech Home Scheme.

"As a young family, with a new mortgage and all the stressors of modern life, the spousal insurance benefit was an absolute no brainer for me. The cover ensures that should the worst rock our little family I can ensure my little girl continues to have the life she deserves. Vice versa with the employee life cover, should the worst happen to me, I also know that she and my partner will be protected."

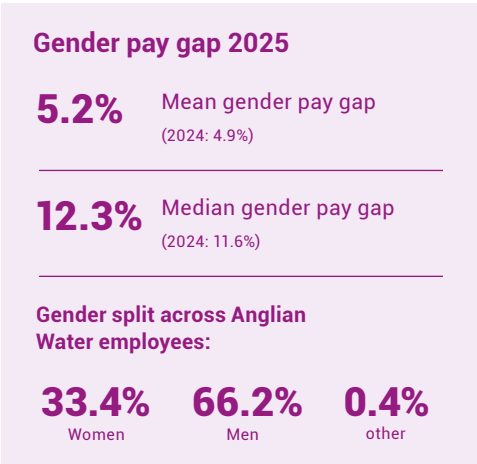
Gender and ethnicity pay gaps

Gender pay gap

As outlined in the report, our workforce composition – as of April 2025 – was 33.4% female, 66.2% male and 0.4% other. In comparison to 2024, our median gender pay gap has increased by 0.7% to 12.3% and our mean gender pay gap has risen by 0.3% to 5.2%.

It is disappointing to see the gap increase, albeit marginally. However, we remain mindful that significant and sustained change will only be possible through a substantial shift in gender balance at all levels of the business. Factors that continue to affect our pay gap include:

- A higher percentage of males than females in senior positions (59% versus 41% of the reporting population).
- High retention rates reducing opportunities for change through recruitment.
- Most operational roles (80%) are held by males. These roles attract additional pay in the form of allowances and standby rates compared to non-operational roles at a similar level, which has an impact on the pay gap results.

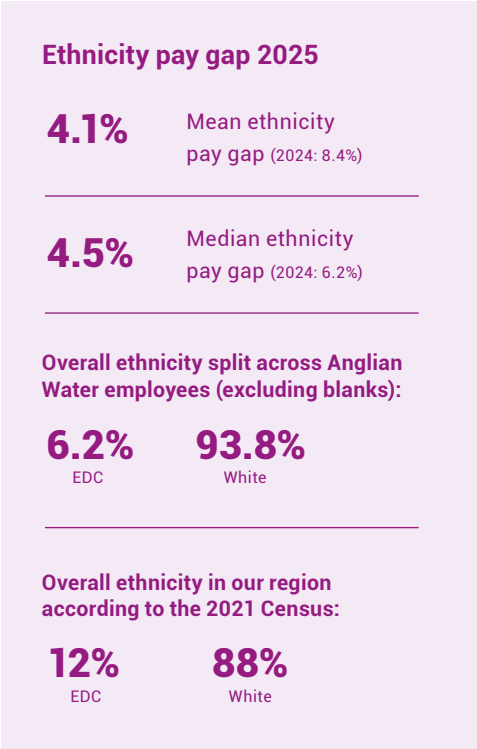


Ethnicity pay gap

Ethnicity pay gap reporting is completed on a voluntary basis and the proportion of employees who record their ethnicity has risen from 32% of employees in 2020 to 75.1% in April 2025.

Our ethnicity pay gap has seen a slight improvement as we get more visibility of our EDC population and is calculated using the same principles that are applied to statutory gender pay gap reporting.

The ethnicity pay gap shows the difference in the average pay between people from Ethnically Diverse Communities (EDC), which includes people who are Black, Asian and mixed race, compared to white employees (including those that identify as white other).



Addressing our pay gaps

Updating our Inclusion Strategy

In AMP8 (2025-2030), we've evolved our inclusion strategy to focus on creating a high-performing environment where everyone feels welcomed, valued for who they are, and supported to do their best work. This strategy is built around three core goals:

- improving our data so we can understand how best to support our people and track our progress
- building the diversity of our workforce to attract talent and reflect the communities we serve
- supporting and celebrating our people through our values-led culture

Early Careers

In 2024/25, we welcomed 58 apprentices across all programmes.

Of the accepted offers, 12% came from EDC candidates, and 19% were from women (marking a 4% increase in female representation compared to the previous year).

Employee-led community groups

Our employee-led communities have expanded to include:

- The Balancing Act (for parents and carers)
- Getting Men Talking (a new men's network).

This year our women's network evolved into WICA – Women Inspiring, Connecting and Advocating, and is now open to all Anglian Water and Alliance colleagues.

Our communities are open to all including allies, so WICA welcomes men and Getting Men Talking welcomes women.

Senior Leadership

Anglian Water has been placed among the UK's top companies for women in leadership, as recognised by the FTSE Women Leaders Review, which evaluates 400 leading organisations across the FTSE 350 and the UK's largest private companies. This is a result of our ongoing commitment to inclusive leadership and fostering a diverse and equitable workplace.

- 6 out of 14 Executive Committee members are women (43%)
- 4 out of 11 Board of Directors are women (36%), including our Chair, Dr Ros Rivaz

For more information, please see our [Gender and Ethnicity Pay Gap Report 2025](#).

ESG framework

The reward framework for our workforce reflects our wider business. This is mirrored in reward elements such as the Performance Contract, alongside standard reward policies and benefits, for instance private healthcare for all employees, double-matched contributions into our company pension scheme, and the Payroll Giving charity scheme available to our people.

Looking forward to 2026/27

The performance contract is based on KPIs as defined by our regulators as we understand them today. In the event that the regulators change KPIs and the definitions, the Committee will review and consider changes to the contract.

AWS Annual Bonus Plan

For 2025/26 and continuing for 2026/27 we introduced an Annual Bonus Plan ABP, aligned to AWS performance. Bonus payments for the ABP will be made following the conclusion of the performance year, with strong malus and clawback provisions in place.

The Performance Contract for 2026/27 for the ABP is listed below. Metrics and targets will change in quantum depending on of how our regulators change their metrics and definitions. For the two Executive Directors, the Performance Contract relates to 90% of their AWS bonus opportunity with the other 10% relating to personal objectives.

As previously stated on page 146 the ABP has malus and clawback provisions which permit the relevant Remuneration Committee to cancel or recoup payments for up to three years from payment.

Measures

Environmental

Social

Governance

* Calendar year metrics

Delivery for the environment	
Category	Measure
	Pollutions / 10,000km Sewer* Category 1-3 pollution incidents per 10,000km of sewer.
	Leakage (three-year average) This measure is the assessed annual leakage in megalitres per day (MI/d)
	Serious pollutions Category 1-2 Total number of category 1-2 pollutions in calendar year
	Average spills from storm overflows* Number of average spills recorded in a calendar year
	Bathing Water Quality New measure: Measures the percentage of designated waters attaining "Excellent" or "Good" status
	WINEP Delivery (EA) Percentage of relevant WINEP obligations cumulatively delivered AMP-to-date
	Abstraction Compliance
	Satisfactory Sludge use / disposal
	Treatment Works Compliance (TWC)* The % of Water Recycling works that are compliant.



Measures



Environmental



Social



Governance

* Calendar year metrics

Delivery for customers

Category	Measure
	C-MeX £m reward/penalty as a result of our relative customer experience in the industry (£0m is industry average)
	Interruption to Supply The average minutes lost per customer for interruptions that lasted three hours or more
	Per Capita Consumption (PCC) (three-year average) Per capita consumption (3 year average) is the average of the per capita consumption figure
	Smart metering delivery PCD The cumulative number of smart meters installed at household and non-household properties
	BR-MeX £m due to relative position in the industry (£0m is average)
	Supporting our customers The cumulative number of smart meters installed at household and non-household properties
	Water quality compliance (CRI)* A CRI score is calculated for every individual compliance failure in water quality

Delivery and finance

Category	Measure
	Capital efficiency forecast £m New measure
	% regulated CAPEX actual vs plan spent Calculated from £m of the actual spend vs. planned spend
	% regulated OPEX actual vs plan spent Calculated from £m of the actual spend vs. planned spend
	Price Control Deliverable (PCD) Position Price control deliverables (PCDs) are intended to offer customer protection to recover funding from companies for non-delivery
	Asset Management Maturity Assessment Capabilities, performance and ongoing assurance of assets checking they are fit for purpose to meet the current and future needs

Medium Term Alignment Plan

For 2025/26 and continuing for 2026/27 we introduced a Medium Term Alignment Plan (MTAP), aligned to Anglian Water Group (AWG).

The MTAP award in its entirety is not linked to personal objectives and relates only to the AWG business (AWG holding company and AWG unregulated businesses).



Directors' remuneration policy

For AMP8, the previous policy was updated to reflect the introduction of a new Medium Term Alignment Plan (MTAP) payable by AWG and an Annual Bonus Plan (ABP) payable by AWS, with a broader scorecard to assess performance to replace the previous Deferred Bonus Scheme. This remuneration policy was introduced to apply from the year ending 31 March 2026.

AWS Policy

Element and link to strategy	Operation and performance metrics	Maximum potential for 2026/27	Changes for 2026/27
A Base salary			
To attract and retain executive directors with appropriate experience, skills and competencies, relative to the role.	Reflects individual experience and role. Usually reviewed annually and fixed for 12 months, from 1 April. Decision influenced by: • Role, experience and performance. • Average change in broader workforce salary. • Total organisational salary budgets. • Salaries are independently benchmarked against the FTSE 250 and other comparable utility companies.	Annual increases will not exceed the general level of increases for the Company's employees, except where an individual changes roles, or where benchmarking indicates that an individual's salary requires realignment to remain competitive. For 2026/27, following extensive negotiations with the unions and subsequent member ballot, a stepped pay increase was agreed. Starting at 4% for our junior colleagues with reducing increases for more senior colleagues, culminating in 2.5% for Executive Directors,	Mark Thurston £539,847 (2.5% increase) Michael Bradley £337,404 (2.5% increase)
B Benefits			
To increase the economic security of employees and recruit and retain employees.	Directors are entitled to private medical insurance, car allowance and life assurance. Directors are also entitled the same benefits received by the wider workforce.	Uncapped	No changes envisaged
C Pension			
To attract and retain high-calibre individuals, by providing good-quality pension arrangements.	AWS operates a defined contribution pension arrangement, consistent across the wider workforce. Following the introduction of the annual and lifetime allowances, where the level of pension saving would exceed the allowances, a cash payment in lieu of company contribution to pension may be made. Only base salaries are pensionable.	In line with corporate governance best-practice, both Executive Directors' pension arrangements align to the wider workforce, with a maximum value enhanced to 14% of base pay but subject to periodic review. This amount may be paid into a registered pension or paid in cash.	Following negotiation with the unions and subsequent ballot of members, employer pension contributions will increase to a maximum of 14% across the company.
D Annual Bonus Plan			
To reward achievement of annual financial and strategic business targets and delivery of personal objectives aligned to AWG Group targets, outside Anglian Water.	Payment determined by the Committee following the year end. Performance is assessed by reference to a scorecard looking at a broad range of financial and non-financial indicators with the majority linked to non-financial indicators (with a key focus on pollution, environmental factors and water quality). Any targets are set and reviewed annually. Consistent with regulatory guidance, the Committee has the discretion to reduce (including to zero) the out-turn for any year/to recover bonus payouts (clawback) in the three years following such payout in the event of a material misstatement, individual misconduct, serious reputation damage, a material corporate failure, such as other exceptional circumstances which the Company was not aware of at the time of payment which the Committee considers to warrant clawback. In addition, clawback may be invoked where required under Ofwat rules. These provisions are included in both the relevant plan rules and in the Executive Directors' service contracts.	200% of AWS salary	No changes envisaged



AWG Policy

Element and link to strategy	Operation and performance metrics	Maximum potential for 2026/27	Changes for 2026/27
A Base salary			
To attract and retain executive directors with appropriate experience, skills and competencies, relative to the role.	Reflects individual experience and role. Usually reviewed annually and fixed for 12 months, from 1 April. Decision influenced by: • Role, experience and performance. • Average change in broader workforce salary. • Total organisational salary budgets. • Salaries are independently benchmarked against the FTSE 250 and other comparable utility companies.	Annual increases will not exceed the general level of increases for the Company's employees, except where an individual changes roles, or where benchmarking indicates that an individual's salary requires realignment to remain competitive. For 2026/27, following extensive negotiations with the unions and subsequent member ballot, a stepped pay increase was agreed. Starting at 4% for our junior colleagues with reducing increases for more senior colleagues, culminating in 2.5% for Executive Directors,	Mark Thurston £231,363 (2.5% increase) Michael Bradley £144,602 (2.5% increase)
B Benefits			
To increase the economic security of employees and recruit and retain employees.	Directors are entitled to private medical insurance, car allowance and life assurance. Directors are also entitled the same benefits received by the wider workforce.	Uncapped	No changes envisaged
C Pension			
To attract and retain high-calibre individuals, by providing good-quality pension arrangements.	AWG operates a defined contribution pension arrangement, consistent across the wider workforce. Following the introduction of the annual and lifetime allowances, where the level of pension saving would exceed the allowances, a cash payment in lieu of company contribution to pension may be made. Only base salaries are pensionable.	In line with corporate governance best-practice, both Executive Directors' pension arrangements align to the wider workforce, with a maximum value enhanced to 14% of base pay but subject to periodic review. This amount may be paid into a registered pension or paid in cash.	Following negotiation with the unions and subsequent ballot of members, employer pension contributions will increase to a maximum of 14% across the company.
D Medium Term Alignment Plan			
Aligned to performance of the AWG Group.	Designed with a default to payment, although the AWG Remuneration Committee may reduce payment if it considers that there has been considerable underperformance in the AWG unregulated business. Related to AWG only, the Committee has the discretion to reduce (including to zero) to recover payouts (clawback) in the three years following such payout in the event of a material misstatement, individual misconduct, serious reputation damage, a material corporate failure, such as other exceptional circumstances which the Company was not aware of at the time of payment which the Committee considers to warrant clawback. These provisions are included in both the relevant plan rules and in the Executive Directors' service contracts.	200% of AWG salary	No changes envisaged
E Retention / other payments			
Made in exceptional circumstances	Payments made in exceptional circumstances, as an example, as a retention mechanism to ensure key personnel are retained by the business to ensure long term stability	Not defined	No changes envisaged



Component	Policy on recruitment	Policy on exit
General	The Committees expect any new executive director to be engaged on terms consistent with the policy described in this report. The Committees also recognise that, where it is in the interests of the Company to secure the services of a particular individual, it may be necessary to take account of that individual's existing employment and/or their personal circumstances, including potentially compensating them for in-flight awards at their previous employer (buy-outs). When doing so, the Committees will seek to ensure that payment is not made on more favourable terms overall than the awards forfeited. In making any decision on the remuneration package for a new recruit, the Committees would seek to balance Company interests with the requirements of the new recruit and would strive to not pay more than is necessary to achieve the recruitment.	No executive director has any contractual rights to compensation for loss of office, apart from payment of salary and benefits in lieu of notice, where appropriate. The Committee's policy is that, in the event of a director's contract being terminated, poor performance will not be rewarded. When calculating any termination payment, the Committees take into account a range of factors, including the executive director's obligation to mitigate their own loss.
Base salary, pension and benefits	Salary is paid from date of joining, along with some benefits. Employees are automatically enrolled into our pension scheme, following two, full-calendar months of service. Employees can select to join the pension scheme from the date of joining if they wish.	Salary, pension and benefits will be paid over the notice period. The Committees have discretion to make a payment of salary in lieu of notice.
Medium term alignment plan / Annual Bonus Plan	Typically, where an eligible employee starts with the company, they will receive a reduced award based on their start date.	The rules of the MTAP and ABP (and legacy DBP awards) apply and contain provisions that allow for payment of a portion of the award, where the director is a 'Good Leaver' to reflect the director's actual period of service in that financial year. The Committees have agreed that, where the reason for leaving is retirement, no pro-rata should apply.

Service contracts

All executive directors appointed to the Board are currently employed on service contracts of no fixed term, with a notice period of 6 months by the Company and six months by the individual. Each executive director is entitled to pension provision and certain contractual benefits, details of which are summarised in the policy. Each executive director also participates in bonus or incentive arrangements, at the sole discretion of the Committees. Currently, each executive director participates in the MTAP and ABP, which are described further in the relevant sections of this report.

Appointed as an Executive Director	
Mark Thurston	5 August 2024
Michael Bradley	28 November 2024

External appointments

Executive directors are not permitted to hold external non-executive directorships, unless specifically approved by the Committees. Directors are permitted to retain the remuneration they receive in connection with any approved non-executive appointments. Neither of the executive directors who served throughout the year held external non-executive directorships.

At 31 March 2026, John Barry, Alben Vassileva, Alex Nassuphis and Batiste Ogier were non-executive directors of AWS representing the ultimate owners of the Company. Consequently, they do not have letters of appointment or service contracts, nor do they receive a fee from the Company for their services.

Independent Chair and independent non-executive directors' terms of appointment

The Chair and the independent non-executive directors have letters of appointment, rather than service contracts. Copies of these letters of appointment are available on the Anglian Water website at anglianwater.co.uk/governance.

Appointment and expiry of current terms for the independent Chair and independent non-executive directors

	Date of first appointment	Date of expiry of current terms	Date of expired terms
Dr Ros Rivaz	21 November 2023	20 November 2026	
Tony Bickerstaff	3 June 2025	2 June 2028	
Kath Durrant	26 March 2024	25 March 2027	
Ian Funnell	2 August 2024	1 August 2027	
Zarin Patel	31 October 2018		30 October 2025
Alistair Phillips-Davies	23 November 2022	22 November 2028	

These appointments may be terminated with six months' notice, by either party. Neither the Chair nor the non-executive directors has a right to receive compensation if the appointment is terminated before the end of their three-year term. In October 2025, Zarin Patel completed her tenure in office. Tony Bickerstaff was appointed to the Board in June 2025.

During the year Alistair Phillips-Davies' first three-year term of appointment expired and his appointment was extended for a further three-year period.



Policy for determination of fees

The fees for the independent non-executive directors are reviewed by the Chair and any changes are approved by the Board. Under the Articles of Association of the Company, increases to the fees of the non-executive directors require a resolution by the shareholders of the Company. Non-executive directors do not vote on their own remuneration.

The Chair's fee is set by the Board, based on a recommendation from the Remuneration Committees. The Chair is not involved in setting their own remuneration.

Element and link to strategy	Operation	Maximum potential for 2025/26	Changes for 2026/27
A Fees To attract high-calibre individuals to these roles and reflect the level of responsibility and time commitment involved.	For the Chair and independent non-executive directors, the Board's policy is to pay fees in line with those paid by other UK companies of a comparable size. Fees may include additional payments to independent non-executive directors who act as Senior Independent non-executive director (SID) or chair Board Committees, to reflect the significant additional responsibilities attached to these duties. The Chair and the independent non-executive directors do not participate in any of the Company's incentive or pension schemes.	N/A	It was agreed that the base fee for Chair and independent non-executive directors should be increased by 2.5%. This is in line with the standard increase received by our most senior employees.
B Benefits	The company covers the cost of travel between the directors' homes and the office, when carrying out duties. This includes payment of any tax due. Normal place of work is deemed to be the Company's head office in Huntingdon. Travel to any other location is reimbursed as normal business travel expenses.	N/A	No change.

Single total remuneration figure for Independent Non-Executive Directors (audited)

	Total fees all AWG £		
	2025/26		
	Fees	Mileage and expenses	Total
Dr Ros Rivaz ¹	334,400	7,209	341,609
Tony Bickerstaff ²	60,323	461	60,784
Kath Durrant	80,465	707	81,172
Ian Funnell	73,934	2,120	76,054
Zarin Patel ³	55,733	-	55,733
Alistair Phillips-Davies	71,378	373	71,751
Total Independent Non-Executive Directors	676,233	10,871	687,104

¹ 60% of Dr Ros Rivaz's remuneration is met by Anglian Water Services, with the remainder paid by Anglian Water Group

² Tony Bickerstaff was appointed to the Board on 3 June 2025.

³ Zarin Patel resigned from the Board on 30 October 2025.

This report was approved by the Board of Directors on 3 June 2026.

Kath Durrant

Chair of the Remuneration Committee

9 June 2026



Directors' report for the year ended 31 March 2026

The directors present their report and the audited financial statements of Anglian Water Services Limited (the Company) for the year ended 31 March 2026.

Certain information, required for disclosure in this Directors' report, is provided for in other appropriate sections of this Annual Integrated Report and the financial statements can be located as follows:

Information	Location in this Annual Report/further information
Business model and strategy	Our business model, page 4 Evidencing our strategic priorities and delivering for stakeholders, pages 29-59
Directors and Board changes in the year	Board of Directors, pages 112-115 Chair's welcome, pages 8-9 Corporate Governance report, page 118
Emissions, including carbon emissions	Climate-related financial disclosure, pages 60-89
Employees	
• Our people	Our people and partners, pages 41-49
• Employees with disabilities	Directors' report, page 162
• Engagement with employees	Our people and partners, pages 41-49 Section 172 statement, pages 91-92
Events occurring after the reporting period	Note 28 of the financial statements
Financial instruments disclosure	Note 17 of the financial statements
Health and safety	Our people and partners, pages 41-49 Section 172 statement, pages 90-93 Risk management, pages 96-106
Likely future developments	Strategic report, pages 3-107
Long-term viability statement	Long-term viability statement, pages 107-109
Ownership and structure	Ownership and structure, pages 5
Performance Commitment Levels	Ofwat-related Performance Commitments, pages 16-20
Political donations and expenditure	None made in the year (2025: Nil)
Principal activities	Strategic report, pages 3-107
Related party transactions	Note 26 of the financial statements
Results and dividends	Group income statement, page 165 Sustainable finance, page 75 Dividends, note 9 of the financial statements
Risk management – including principal risks and uncertainties – and financial risks	Risk management, pages 96-106
Section 172 statement	Section 172 statement, pages 90-93
Share capital	Directors' report, page 162
Stakeholder engagement	Delivering for stakeholders, pages 29-59 Section 172 statement, pages 90-93

Corporate governance statement

During the year, the Company has applied the Anglian Water Services Limited Corporate Governance Code 2025 (2025 Code), which is based on the 2024 UK Corporate Governance Code and incorporates Ofwat's Board leadership, transparency and governance principles published in January 2019. All provisions of the 2025 Code have been applied, with the exception of the new provision 4.6 on risk management and internal controls, which is effective for financial years beginning on or after 1 January 2026. These requirements under this provision will introduce a formal board declaration regarding the effectiveness of the Company's material internal controls, together with enhanced disclosures on how the Board has monitored and reviewed the internal control and risk management framework throughout the year. Although the Provision is not yet applicable to Anglian Water for this reporting period, preparatory work is underway. During the year ahead, the Anglian Water Board will continue to review and strengthen its risk management and internal control framework to ensure we are well positioned to meet the new reporting obligations, which will require boards to evidence how material controls have operated and to explain any areas requiring improvement. A full statement will be provided in the 2027 Annual Integrated Report.

Information on the requirements of the 2025 Code and how it was applied during the year can be found in the Corporate Governance report on pages 115-123. The 2025 Code – and the previous corporate governance codes applied by Anglian Water – can be found at [anglianwater.co.uk/governance](https://www.anglianwater.co.uk/governance).

Details of the corporate governance arrangements, resulting from the securitisation of the Company in 2002, can be found on page 116 of the Corporate Governance report, together with the disclosures that satisfy the requirements of paragraph 13 (2) (c) (d) (f) (h) and (i) of Schedule 7 of the Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008, resulting from the EU Takeover Directive (DTR 7.2.6R).

Directors' indemnities

During the financial year and up until the date of the signing of the financial statements, the Company has maintained directors' and officers' liability insurance, which gives appropriate cover for legal action brought against its directors. The Company has also provided an indemnity for its directors, which is a qualifying third-party indemnity provision for the purpose of section 234 ((2)–(6)) of the Companies Act 2006



Research and development

In 2025, the Company maintained its commitment to innovation through collaborative academic and market-focused research and development. Its research and development projects have significantly supported the Company's 'Always Exploring' value, by creating tools and spaces that foster an innovation climate and leadership culture. Our advanced portfolio of research and development includes projects in key areas, such as: biosolids and the circular economy; process emissions; water treatment resilience; green hydrogen; and climate change adaptation, digital and artificial intelligence or pollutions reduction through nature-based solutions. Through our collaborations with top universities, industry memberships and other water sector partners, we have strengthened our research capabilities and delivered outcomes that advance our Company, broader water industry knowledge and that provide cross-sector pollination opportunities.

Employees with disabilities

As a Disability Confident Employer (Level 2), we are dedicated to creating a welcoming and inclusive workplace for colleagues with disabilities. Our ongoing efforts have raised our Business Disability Forum Disability Smart score year-on-year, from 45% in 2022 to 81% in 2025. Being a Disability Confident Employer has helped give us direction and guidance in ensuring we are inclusive to candidates, customers and colleagues with disabilities. Our use of the Disability Confident scheme has been reflected in Company policies; our Supporting Attendance Policy and Procedure covers disability, reasonable adjustments, return to work and sickness and absence.

This policy is briefed to all managers and the Employee Relations and Occupational Health teams, to support employees and managers where needed.

Internally, we have a disability working group for people with disabilities or physical or mental health conditions. This is a work focused group, which brings together key stakeholders and representatives from the business to support with the creation and implementation of new services within Anglian Water, as well as piloting new innovations and giving feedback.

In addition, we have an Employee Resource Group – Ability Network, for colleagues with disabilities, neurodiversities and medical conditions, as well as colleagues who are parents and carers to these groups, to provide a supportive space for sharing experiences, offering advice and providing support. Our Ability Network now has over 150 members. Members of the community have worked with our inclusion and facilities management teams to improve accessibility for disabled colleagues in our offices. Including extending evacuation chair training so more colleagues are equipped to support people with mobility issues in an emergency, installing automatic doors, building new ramps and improving signage on disabled bays.

More information can be found in Evidencing our Strategic Priorities and delivering for our stakeholders on pages on 41-49.

Share capital

The Company's immediate parent company, Anglian Water Services UK Parent Co Limited, owns the entire issued share capital of the Company (32,000,003 ordinary £1 shares).

Share activity

During the year, the Company did not undertake any share buybacks, experience any share forfeitures, or acquire or purchase any of its own shares.

Significant agreements

During the year, the Company did not enter into any significant agreements that would materially impact its operations or financial position.

Branches

The Company does not operate any branches.

Registered office

Anglian Water Services Limited
Lancaster House
Lancaster Way
Ermine Business Park
Huntingdon
Cambridgeshire PE29 6XU
Registered in England and Wales
No 2366656

Going concern

The directors believe, after due and careful enquiry, that the Company has sufficient resources to continue in operational existence for the foreseeable future and therefore, consider it appropriate to adopt the going concern basis in preparing the 2025/26 financial statements. Further details of this review can be found in note 1 of the financial statements.

Directors' disclosures to auditors

Each of the persons, who is a director at the date of approval of this report, confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Auditor

The auditor, Deloitte LLP, has indicated its willingness to stay in office and is deemed to be reappointed.

Approved by the Board.

Celia Gough
Company Secretary
9 June 2026



The directors are responsible for preparing the Annual Integrated Report, the Directors' Remuneration report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year.

Under that law, the directors have prepared the Group financial statements (in accordance with section 474(1) of the Companies Act 2006) under international accounting standards, which are adopted for use within the United Kingdom, by virtue of Chapter 2 or 3 of Part 2 of the International Accounting Standards (IAS) and European Public Limited-Liability Company (Amendment etc.) (EU Exit) Regulations 2019. The financial statements have also been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). The financial statements also comply with IFRSs, as issued by the IASB. Under company law, the directors must not approve the financial statements, unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period. In preparing these financial statements, International Accounting Standard 1 requires that the directors:

- select suitable accounting policies and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;

- provide additional disclosures, when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records — that are sufficient to show and explain the Company's transactions — and disclose, with reasonable accuracy, at any time, the financial position of the Company and the Group and enable them to ensure that the financial statements and the Directors' Remuneration report comply with the Companies Act 2006 and (as regards the Group financial statements) Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom, governing the preparation and dissemination of financial statements, may differ from legislation in other jurisdictions.

Each of the directors, whose names and functions are listed in the Board of Directors section, confirm that, to the best of their knowledge:

- the Group financial statements, which have been prepared in accordance with IFRSs, as adopted for use within the United Kingdom, give a true and fair view of the assets, liabilities, financial position and profit of the Group; and
- the Directors' report and Strategic report contained in the Annual Integrated Report include a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces.

The directors consider that the Annual Integrated Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the company's performance, business model and strategy.

Celia Gough
Company Secretary
9 June 2026

The directors consider that the Annual Integrated Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

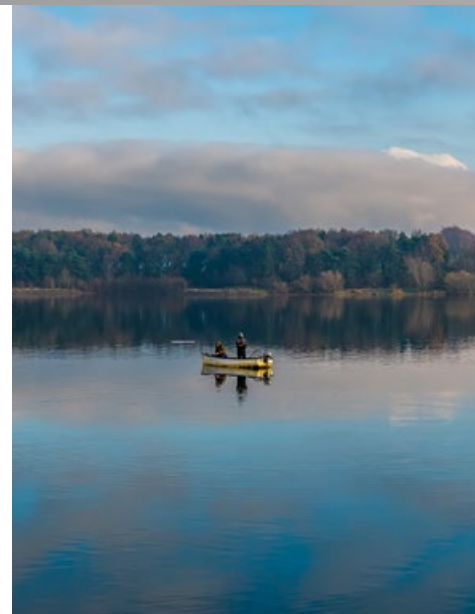


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Consolidated financial statements for the year ended 31 March 2026



Group income statement for the year ended 31 March 2026

Notes	Year ended 31 March 2026 £m	Year ended 31 March 2025 £m
4 Revenue	2,103.1	1,749.3
Other operating income	11.5	16.8
Operating costs		
5 Operating costs before depreciation, amortisation and loss allowance for expected credit losses	(956.6)	(809.8)
5 Depreciation and amortisation	(467.5)	(423.5)
5 Loss allowance for expected credit losses	(54.2)	(36.3)
5 Total operating costs	(1,478.3)	(1,269.6)
Operating profit	636.3	496.5
6 Finance costs	(452.4)	(418.6)
6 Finance income	37.0	48.2
6 Fair value (losses)/gains on derivative financial instruments	(96.2)	62.9
6 Net finance costs	(511.6)	(307.5)
Profit before tax from continuing operations		
Gains before fair value gains on derivative financial instruments ¹	220.9	126.1
Fair value (losses)/gains on derivative financial instruments	(96.2)	62.9
Profit before tax from continuing operations	124.7	189.0
7 Tax charge	(27.5)	(52.6)
Profit for the year from continuing operations	97.2	136.4

¹ As defined in note 27.

Notes 1 to 28 are an integral part of these financial statements.


Group statement of comprehensive income for the year ended 31 March 2026

Notes		Year ended 31 March 2026 £m	Year ended 31 March 2025 £m
	Profit for the year from continuing operations	97.2	136.4
	Other comprehensive (expense)/income		
	Items that will not be reclassified to income statement		
19	Actuarial (losses)/gains on retirement benefit obligations	(4.2)	29.1
7	Income tax on items that will not be reclassified	1.0	(7.3)
		(3.2)	21.8
	Items that may be reclassified subsequently to income statement		
21	(Losses)/gains on cash flow hedges recognised in equity	(4.5)	23.3
21	Losses on cost of hedging recognised in equity	(1.1)	(3.9)
21	Gains on cash flow hedges transferred to income statement	7.8	18.2
7	Income tax on items that may be reclassified	(0.4)	(9.4)
		1.8	28.2
	Other comprehensive (expense)/income for the year, net of tax	(1.4)	50.0
	Total comprehensive income for the year	95.8	186.4



Group balance sheet for the year ended 31 March 2026

Company number: 02366656

Notes	Year ended 31 March 2026 £m	Year ended 31 March 2025 £m
Non-current assets		
10 Intangible assets	494.9	317.3
11 Property, plant and equipment	12,766.8	12,114.2
17 Derivative financial instruments	111.1	168.3
19 Retirement benefit surplus	118.3	115.9
	13,491.1	12,715.7
Current assets		
Inventories	23.8	20.9
13 Trade and other receivables	760.7	658.2
14 Investments – cash deposits	200.0	430.0
14 Cash and cash equivalents	552.9	589.0
17 Derivative financial instruments	15.7	0.9
	1,553.1	1,699.0
Total assets	15,044.2	14,414.7
Current liabilities		
15 Trade and other payables	(745.7)	(701.4)
16 Borrowings	(489.1)	(704.5)
17 Derivative financial instruments	(1.7)	(8.3)
Provisions	(4.4)	(4.4)
	(1,240.9)	(1,418.6)
Net current assets	312.2	226.4

Notes	Year ended 31 March 2026 £m	Year ended 31 March 2025 £m
Non-current liabilities		
16 Borrowings	(8,556.9)	(8,035.6)
17 Derivative financial instruments	(833.2)	(781.6)
18 Deferred tax liabilities	(1,624.9)	(1,693.3)
19 Retirement benefit deficit	(25.2)	(26.6)
Amounts owed to group undertakings	(149.3)	(54.0)
Provisions	(21.2)	(3.2)
	(11,210.7)	(10,594.3)
Total liabilities	(12,451.6)	(12,012.9)
Net assets	2,592.6	2,401.8
Capital and reserves		
20 Share capital	32.0	32.0
Share premium	1,335.0	1,165.0
Retained earnings	1,181.1	1,162.1
21 Hedging reserve	48.6	46.0
21 Cost of hedging reserve	(4.1)	(3.3)
Total equity	2,592.6	2,401.8

Notes 1 to 28 are an integral part of these financial statements. The financial statements were approved by the Board of Directors on 9 June 2026 and signed on its behalf by:

Mark Thurston
Chief Executive Officer

Michael Bradley
Chief Financial Officer



Company balance sheet for the year ended 31 March 2026

Company number: 02366656

Notes	Year ended 31 March 2026 £m	Year ended 31 March 2025 £m
Non-current assets		
10 Intangible assets	494.9	317.3
11 Property, plant and equipment	12,766.8	12,114.2
17 Derivative financial instruments	111.1	168.3
19 Retirement benefit surplus	118.3	115.9
	13,491.1	12,715.7
Current assets		
Inventories	23.8	20.9
13 Trade and other receivables	760.7	658.2
14 Investments – cash deposits	200.0	430.0
14 Cash and cash equivalents	503.5	550.7
17 Derivative financial instruments	15.7	0.9
	1,503.7	1,660.7
Total assets	14,994.8	14,376.4
Current liabilities		
15 Trade and other payables	(752.7)	(717.0)
16 Borrowings	(489.1)	(704.5)
17 Derivative financial instruments	(1.7)	(8.3)
Provisions	(4.4)	(4.4)
	(1,247.9)	(1,434.2)
Net current assets	255.8	226.5

Notes	Year ended 31 March 2026 £m	Year ended 31 March 2025 £m
Non-current liabilities		
16 Borrowings	(8,556.9)	(8,035.6)
17 Derivative financial instruments	(833.2)	(781.6)
18 Deferred tax liabilities	(1,624.9)	(1,693.3)
19 Retirement benefit deficit	(25.2)	(26.6)
Amounts owed to group undertakings	(149.3)	(54.0)
Provisions	(21.2)	(3.2)
	(11,210.7)	(10,594.3)
Total liabilities	(12,458.6)	(12,028.5)
Net assets	2,536.2	2,347.9
Capital and reserves		
20 Share capital	32.0	32.0
Share premium	1,335.0	1,165.0
Retained earnings	1,124.7	1,108.2
21 Hedging reserve	48.6	46.0
21 Cost of hedging reserve	(4.1)	(3.3)
Total equity	2,536.2	2,347.9

The Company has not presented its own income statement as permitted by section 408 of the Companies Act 2006. The Company's profit for the year, was £94.7 million (2025: profit of £134.4 million).

Notes 1 to 28 are an integral part of these financial statements.

The financial statements were approved by the Board of Directors on 9 June 2026 and signed on its behalf by:

Mark Thurston
Chief Executive Officer

Michael Bradley
Chief Financial Officer



Group statement of changes in equity for the year ended 31 March 2026

Notes	Stated Capital £m	Share Premium £m	Retained earnings £m	Hedging reserve £m	Cost of hedging reserve £m	Total equity £m
At 1 April 2024	32.0	1,165.0	1,092.5	14.9	(0.4)	2,304.0
Profit for the year	-	-	136.4	-	-	136.4
Other comprehensive income/(expense)						
19 Actuarial gain on retirement benefit obligations	-	-	29.1	-	-	29.1
7 Income tax charge on items that will not be reclassified	-	-	(7.3)	-	-	(7.3)
21 Gain on cash flow hedges	-	-	-	23.3	-	23.3
21 Losses on cost of hedging relationships	-	-	-	-	(3.9)	(3.9)
21 Amounts on cash flow hedges transferred to income statement	-	-	-	18.2	-	18.2
7 Deferred tax movement on hedging reserves	-	-	-	(10.4)	1.0	(9.4)
	-	-	21.8	31.1	(2.9)	50.0
Total comprehensive income/(expense)	-	-	158.2	31.1	(2.9)	186.4
Dividends	-	-	(88.6)	-	-	(88.6)
At 31 March 2025	32.0	1,165.0	1,162.1	46.0	(3.3)	2,401.8

Notes	Stated Capital £m	Share Premium £m	Retained earnings £m	Hedging reserve £m	Cost of hedging reserve £m	Total equity £m
Profit for the year	-	-	97.2	-	-	97.2
Other comprehensive income/(expense)						
19 Actuarial loss on retirement benefit obligations	-	-	(4.2)	-	-	(4.2)
7 Income tax credit on items that will not be reclassified	-	-	1.0	-	-	1.0
21 Loss on cash flow hedges	-	-	-	(4.5)	-	(4.5)
21 Losses on cost of hedging relationships	-	-	-	-	(1.1)	(1.1)
21 Amounts on cash flow hedges transferred to income statement	-	-	-	7.8	-	7.8
7 Deferred tax movement on hedging reserves	-	-	-	(0.7)	0.3	(0.4)
	-	-	(3.2)	2.6	(0.8)	(1.4)
Total comprehensive income/(expense)	-	-	94.0	2.6	(0.8)	95.8
Issue of shares	-	170.0	-	-	-	170.0
Dividends	-	-	(75.0)	-	-	(75.0)
At 31 March 2026	32.0	1,335.0	1,181.1	48.6	(4.1)	2,592.6



Company statement of changes in equity for the year ended 31 March 2026

Notes	Share Capital £m	Share Premium £m	Retained earnings £m	Hedging reserve £m	Cost of hedging reserve £m	Total equity £m
At 1 April 2024	32.0	1,165.0	1,040.6	14.9	(0.4)	2,252.1
Profit for the year	-	-	134.4	-	-	134.4
Other comprehensive income/(expense)						
19 Actuarial gain on retirement benefit obligations	-	-	29.1	-	-	29.1
7 Income tax charge on items that will not be reclassified	-	-	(7.3)	-	-	(7.3)
21 Gain on cash flow hedges	-	-	-	23.3	-	23.3
21 Losses on cost of hedging relationships	-	-	-	-	(3.9)	(3.9)
21 Amounts on cash flow hedges transferred to income statement	-	-	-	18.2	-	18.2
7 Deferred tax movement on hedging reserves	-	-	-	(10.4)	1.0	(9.4)
	-	-	21.8	31.1	(2.9)	50.0
Total comprehensive income/(expense)	-	-	156.2	31.1	(2.9)	184.4
Dividends	-	-	(88.6)	-	-	(88.6)
At 31 March 2025	32.0	1,165.0	1,108.2	46.0	(3.3)	2,347.9

Notes	Share Capital £m	Share Premium £m	Retained earnings £m	Hedging reserve £m	Cost of hedging reserve £m	Total equity £m
Profit for the year	-	-	94.7	-	-	94.7
Other comprehensive income/(expense)						
19 Actuarial loss on retirement benefit obligations	-	-	(4.2)	-	-	(4.2)
7 Income tax credit on items that will not be reclassified	-	-	1.0	-	-	1.0
21 Loss on cash flow hedges	-	-	-	(4.5)	-	(4.5)
21 Losses on cost of hedging relationships	-	-	-	-	(1.1)	(1.1)
21 Amounts on cash flow hedges transferred to income statement	-	-	-	7.8	-	7.8
7 Deferred tax movement on hedging reserves	-	-	-	(0.7)	0.3	(0.4)
	-	-	(3.2)	2.6	(0.8)	(1.4)
Total comprehensive income/(expense)	-	-	91.5	2.6	(0.8)	93.3
Issue of shares	-	170.0	-	-	-	170.0
Dividends	-	-	(75.0)	-	-	(75.0)
At 31 March 2026	32.0	1,335.0	1,124.7	48.6	(4.1)	2,536.2



Cash flow statement for the year ended 31 March 2026

Notes	Group	Company		
	Year ended 31 March 2026 £m	Year ended 31 March 2025 £m	Year ended 31 March 2026 £m	Year ended 31 March 2025 £m
Operating activities				
Operating profit	636.3	496.5	636.3	496.5
Adjustments for:				
Depreciation and amortisation	467.5	423.5	467.5	423.5
Assets adopted for £nil consideration	(39.1)	(34.0)	(39.1)	(34.0)
Profit on disposal of property, plant and equipment	(1.1)	-	(1.1)	-
Difference between pension charge and cash contributions	(1.5)	(27.3)	(1.5)	(27.3)
Net movement in provisions	8.6	(2.4)	8.6	(2.4)
Working capital:				
Increase in inventories	(2.9)	(3.0)	(2.9)	(3.0)
Increase in trade and other receivables	(96.6)	(39.6)	(96.6)	(35.2)
Increase/(decrease) in trade and other payables ¹	42.8	(2.4)	33.9	(40.8)
Cash generated from operations	1,014.0	811.3	1,005.1	777.3
Incomes taxes paid	-	-	-	-
Net cash flows from operating activities	1,014.0	811.3	1,005.1	777.3
Investing activities				
Purchase of property, plant and equipment	(920.3)	(960.1)	(920.3)	(960.1)
Purchase of intangible assets	(218.2)	(109.6)	(218.2)	(109.6)
Proceeds from disposal of property, plant and equipment	3.6	1.5	3.6	1.5
Interest received	31.8	46.1	29.5	44.1
Proceeds from maturity of deposits	695.0	1,150.0	695.0	1,150.0
Decrease in short-term bank deposits	(465.0)	(1,050.0)	(465.0)	(1,050.0)
Net cash used in investing activities	(873.1)	(922.1)	(875.4)	(924.1)

Notes	Group	Company		
	Year ended 31 March 2026 £m	Year ended 31 March 2025 £m	Year ended 31 March 2026 £m	Year ended 31 March 2025 £m
Financing activities				
Interest paid	(332.4)	(235.8)	(332.4)	(235.8)
Debt issue costs paid	(11.8)	(25.6)	(11.8)	(25.6)
Interest paid on leases	(0.9)	(1.0)	(0.9)	(1.0)
Proceeds from amounts borrowed	920.0	950.0	920.0	950.0
Repayment of amounts borrowed	(744.9)	(349.3)	(744.9)	(349.3)
Repayment of principal on derivatives	(100.7)	(85.0)	(100.7)	(85.0)
Receipt of principal on derivatives	4.7	67.1	4.7	67.1
Repayment of principal on leases	(6.0)	(6.4)	(6.0)	(6.4)
Dividends paid	(75.0)	(88.6)	(75.0)	(88.6)
Proceeds from issue of ordinary shares	170.0	-	170.0	-
Net cash (used in)/from financing activities	(177.0)	225.4	(177.0)	225.4
Net (decrease)/increase in cash and cash equivalents	(36.1)	114.6	(47.2)	78.6
Cash and cash equivalents at 1 April	589.0	474.4	550.7	472.1
Cash and cash equivalents at 31 March	552.9	589.0	503.5	550.7

¹ Excluding movement in capital creditors which is presented in investing activities.



Notes to the financial statements for the year ended 31 March 2026

1. Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. Unless otherwise stated, these policies have been consistently applied to all of the years presented and are applicable to both Group and Company.

a) Basis of accounting

The Group and Company financial statements have been prepared (in accordance with section 474(1) of the Companies Act 2006) under international accounting standards which are adopted for use within the United Kingdom by virtue of Chapter 2 or 3 of Part 2 of the International Accounting Standards.

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain financial assets and liabilities (including derivative instruments) at fair value. The preparation in financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses for the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may ultimately differ from those estimates.

Adjusted profit before tax excludes the fair value gains and losses arising on derivative financial instruments and energy derivatives that the Group holds as economic hedges. These introduce volatility into the accounts due to the present value of future cash flows, which management believes is not representative of the underlying operational performance of the business. Alternative performance measures are defined in note 27.

b) Basis of preparation

The Anglian Water Services Group (the "Group") financial statements comprise a consolidation of the financial statements of Anglian Water Services Limited (the "Company") and its subsidiary, Anglian Water Services Financing Plc, at 31 March. Inter-company sales and profit are eliminated fully on consolidation.

Going concern

In preparing the financial statements, the Directors considered the Company's ability to meet its debts as they fall due for a period of one year from the date of this report. This was carried out in conjunction with the consideration of the Viability Statement and scenario analysis on page 107.

In assessing the appropriateness of the going concern basis of accounting the Directors have reviewed the resources available to the Group in the form of cash, and committed bank facilities headroom which stands at £1.8bn as at 31 March 2026. As a result, the group has sufficient liquidity to meet its operational needs in the 12 months post signing.

Whilst management note an on-going requirement to raise debt given the business model, management believe the business has sufficient access to capital markets and therefore they do not believe there to be a need to extend the period any further than 12 months.

The base forecast, which has been updated for the latest internal and external information, has been subjected to a range of severe but plausible downside scenarios aligned to the risks facing the business.

In assessing going concern, the Directors have considered a number of perspectives, including liquidity and debt covenants and tested these against both the base scenario and the downside scenarios.

The Directors are satisfied that the Group will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements, even under the severe but plausible downside scenarios considered.

For these reasons, the Directors believe it appropriate to continue to adopt the going concern basis in preparing the financial statements.

Standards, amendments and interpretations effective or adopted

In the current year, the Group has applied the following amendment, which became effective during the reporting period. The adoption of this amendment did not have a material impact on the disclosures or amounts reported in the Group's consolidated financial statements:

- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates titled Lack of Exchangeability

Standards, amendments and interpretations not yet effective and not early adopted

The following new standards and amendments have not been adopted in the Group's consolidated financial statements as they are not yet effective. These will be adopted at the beginning of the period they become mandatory:

- IFRS 18 Presentation and Disclosure in Financial Statements (applicable for annual periods beginning on or after 1 January 2027)
- IFRS 19 Subsidiaries without Public Accountability – Disclosures (applicable for annual periods beginning on or after 1 January 2027)
- Amendments to IFRS 9 and IFRS 7 Classification and Measurement of Financial Instruments (applicable for annual periods beginning on or after 1 January 2026)
- Annual Improvements – Volume 11 (applicable for annual periods beginning on or after 1 January 2026)
- Amendments to IFRS 9 and IFRS 7 Contracts Referencing Nature-dependent Electricity (applicable for annual periods beginning on or after 1 January 2026)



Notes to the financial statements continued

1. Accounting policies continued

b) Basis of preparation continued

Standards, amendments and interpretations not yet effective and not early adopted continued

The Directors do not expect the adoption of the new standards and amendments to the existing standards listed above will have a material impact on the consolidation financial statements of the group in future periods, except if indicated below.

- IFRS 20 Contracts Referencing Nature-dependent Electricity (applicable for annual periods beginning on or after 1 January 2026)

IFRS 20 sets out requirements for the application of IFRS Accounting Standards to contracts that reference nature-dependent electricity, including certain power purchase agreements (PPAs). The standard is intended to improve the usefulness of information provided to users of financial statements about the effects of these contracts on an entity's financial performance and cash flows.

The Group is currently assessing the potential impact of IFRS 20 on its consolidated financial statements. As this assessment remains ongoing, it is not yet practicable to reasonably estimate the full effect that adoption of the standard may have on the Group's financial statements.

- IFRS 18 Presentation and Disclosure in Financial Statements (applicable for annual periods beginning on or after 1 January 2027)

IFRS 18 replaces IAS 1, carrying forward many of the requirements in IAS 1 unchanged and complementing them with new requirements. In addition, some paragraphs from IAS 1 have been moved to IAS 8 and IFRS 7. Furthermore, the IASB has made minor amendments to IAS 7 and IAS 33 Earnings per Share.

IFRS 18 introduces new requirements to:

- present specified categories and defined subtotals in the statement of profit or loss;
- provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements;
- improve aggregation and disaggregation.

An entity is required to apply IFRS 18 for annual reporting periods beginning on or after 1 January 2027, with earlier application permitted. The amendments to IAS 7 and IAS 33, as well as the revised IAS 8 and IFRS 7, become effective when an entity applies IFRS 18. IFRS 18 requires retrospective application with specific transition provisions.

The Directors of the entity anticipate that the application of these amendments may have an impact on the Group's consolidated financial statements in future periods.

c) Foreign currencies

The Group's consolidated financial statements are presented in British pound sterling, which is also the parent company's functional currency individual transactions denominated in foreign currencies

are translated into local currency at the actual exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into local currency at the rates ruling at the balance sheet date. Profits and losses on both individual foreign currency transactions during the period and monetary assets and liabilities are dealt with in the income statement except for transactions where hedge accounting has been applied in accordance with IFRS 9 'Financial instruments'.

d) Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

e) Revenue recognition

Revenue is recognised to reflect the transfer of goods or services to customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

Principal source of income

The Group's principal source of income is from customers in respect of the provision of water and water recycling services within Anglian Water, the Group's regulated water and sewerage company, at a price determined annually by its regulatory tariffs.

The majority of Anglian Water's household customers have meters, but there are a significant number who are not metered. This is relevant to how the Group recognises the income over the year, since the unmeasured customers are billed at a flat rate based on the rateable value of the property, which reflects their right to an ongoing supply of water, while measured customers are billed in line with their usage, which tends to be seasonal.

Under IFRS 15, the performance obligation for measured customers has been assessed as the provision of water and sewerage services, and the performance obligation is met as water is supplied to the property. Accordingly, for the variable element, revenue is recognised as water is supplied, based on volumes supplied at the relevant reporting date.

Related non-volumetric, or standing, charges reflect our obligation to stand-ready to deliver water, as is the case with unmeasured supply (see below), and is accounted for accordingly.

In respect of unmeasured customers, the performance obligation has been assessed as standing ready to provide water and sewerage services when required by our customers, and accordingly revenue is recognised under IFRS 15 as the stand-ready obligation is fulfilled over time.

Non-household revenue is charged and recognised on the basis of volumes supplied, based on data submitted by the market operator.



Notes to the financial statements continued

1. Accounting policies continued

e) Revenue recognition continued

Secondary source of income

A secondary source of income for Anglian Water is from grants and contributions in respect of new connections for water and/or sewerage services. Judgement is required when applying IFRS 15 'Revenue from contracts with customers' in determining the customer and the performance obligations to that customer. Specifically, judgement is required as to whether the income is in relation to the provision of the connection to the Group's infrastructure, allowing the completion of the construction of the property and it to be approved for sale, or to facilitate the ongoing provision of water and wastewater services to the properties in question. Please see note 2 for further details. The significant components of grants and contributions, and their treatment, are as follows:

i New connection charges

The Group considers the performance obligation to be satisfied on making the connection. Income for new connection charges is therefore recognised as the connection is completed;

ii Self-lay, requisitions and adoption fees

Revenue recognition is consistent with new connection charges (see (i) above);

iii Fair value of assets adopted for £nil consideration

These are principally sewers and pumping stations that a developer has constructed and then contributed to the Group, on a £nil consideration basis, in exchange for being relieved of any future liability. Income is recognised on adoption based on the fair value of the asset adopted;

iv Infrastructure charges

Infrastructure charges are a developer's contribution to fund network reinforcement by the Group. While these charges are a contribution to reinforcement of the network, they have to be paid by the developer as a condition of obtaining connection to the network and, as such, the Group's performance obligation is satisfied by making the connection. As such, the income is recognised as the connection is made;

v Diversions

Diversions arise where a highways agency, or other authority, reimburses the Group for the majority of the costs incurred in diverting assets that represent an obstruction to the construction or upgrade of roads and railway lines. There is no performance obligation to the agency/authority beyond completing the diversion, therefore income is recognised immediately on completion.

Contract assets (accrued income)

Contract assets principally relate to accrued income where the Group has transferred goods or services to customers but has not yet billed the customer for the full amount recognised in revenue.

Contract liabilities

Contract liabilities arise where consideration is received from customers in advance of the Group satisfying the related performance obligations. Revenue is recognised when, or as, the performance obligations are satisfied, at which point the related contract liability is released to revenue.

Non-appointed activities

The Group also provides additional services which are not categorised as a regulatory appointed activity. These relate to non-water / wastewater services and for use of land for water supply beyond duties imposed by regulation. Activities largely relate to the provision of property searches, referrals for connecting customers to insurance providers, processing of septic tank waste from households not connected to main sewers and from the use of our reservoirs for recreational activity. Revenue is recognised in line with the delivery of each performance obligation, which is generally satisfied at a point in time as there is no ongoing obligation beyond the transaction date. The transaction price is determined based on contractual arrangements or published tariffs with customers and allocated to each performance obligation based on the stand-alone selling price of the relevant service.

Other sources of revenue

i Other operating income

The principal sources of other operating income are from the generation of power, the sale of biosolids to farms, rents received and other minor income associated with operating activities.

f) Research and development

Research expenditure is charged to profit and loss in the period in which it is incurred. Expenditure relating to development projects is capitalised as equipment or intangible assets and is written off over the expected useful life of the asset.

g) Exceptional items

Exceptional items are one-off items that individually or, if of a similar type, in aggregate need to be disclosed by virtue of their size or nature to enable a reader of the financial statements to understand the results for a particular period.

h) Operating profit

Operating profit is stated after charging operational expenses but before finance income and finance costs.

i) Taxation

Current income tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. The deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates enacted or substantially enacted by the balance sheet date and that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.



Notes to the financial statements continued

1. Accounting policies continued

i) Taxation continued

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

j) Dividends

Dividends are recognised as a liability in the period in which they are approved or committed. A corresponding amount is recognised directly in equity.

k) Intangible assets

Other intangible assets represent computer software and internally generated assets which mainly comprise capitalised development expenditure.

Other intangible assets are shown at cost less subsequent amortisation and any impairment. Amortisation of intangible assets is calculated on a straight-line basis over their estimated useful lives, which are primarily three to 15 years.

Expenditure on internally generated software and software development activities is capitalised only when the Group can demonstrate all of the criteria set out in IAS 38, including the technical feasibility of completing the asset, the intention and ability to complete and use the asset, the probability that the asset will generate future economic benefits, the availability of adequate technical, financial and other resources to complete the development, and the ability to reliably measure the expenditure attributable to the asset. Expenditure that does not meet these criteria is recognised as an expense as incurred.

Software-as-a-service (SaaS) arrangements

SaaS arrangements are service contracts providing the Group with the right to access the cloud provider's application software over the contract period. Costs incurred to configure or customise, and the ongoing fees to obtain access to the cloud provider's application software, are recognised as operating expenses when the services are received.

Some of the costs incurred relate to the development of software code that enhances or modifies, or creates additional capability to, existing on-premise systems and meets the definition of, and recognition criteria for, an intangible asset under IAS 38. In addition, where the Group acquires software licences that provide a separately identifiable software asset and the right to deploy and operate that software on infrastructure of its choosing, the Group controls the resulting software asset and recognises the associated costs as intangible assets. Such costs are capitalised and

amortised over the useful life of the software on a straight-line basis. The useful lives of these assets are reviewed at least at the end of each financial year, and any change accounted for prospectively as a change in accounting estimate.

l) Property, plant and equipment

Property, plant and equipment comprises:

- Land and buildings – comprising land and non-operational buildings;
- Infrastructure assets – comprising a network of systems consisting of mains and sewers, impounding and pumped raw water storage reservoirs, sludge pipelines and sea outfall;
- Operational assets – comprising structures at sites used for water and wastewater treatment, pumping or storage, where not classed as infrastructure, along with associated fixed plant;
- Vehicles, mobile plant and equipment;
- Assets under construction.

All property, plant and equipment is shown at cost less subsequent depreciation and any impairment. Cost includes expenditure directly attributable to the acquisition or construction of the items.

Borrowing costs incurred for the construction of qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the income statement as incurred.

Freehold land is not depreciated, nor are assets in the course of construction until commissioned. Depreciation of other assets is calculated at rates expected to write off the cost less the estimated residual value of the relevant assets on a straight-line basis over their estimated useful lives, which are primarily as follows:

Non-operational buildings	15–80 years
Infrastructure assets – water	50–120 years
Infrastructure assets – water recycling	50–160 years
Operational assets	30–80 years
Fixed plant, including meters	12–40 years
Vehicles, mobile plant and equipment	3–10 years

Items of property, plant and equipment that have no further operational use are treated as having been decommissioned and are written off immediately to profit or loss. In addition, property, plant and equipment is assessed for impairment, in accordance with IAS 36 'Impairment of Assets', if events or changes in circumstances indicate that the carrying value may not be recoverable.



Notes to the financial statements continued

1. Accounting policies continued

m) Leased assets

The Group assesses whether a contract is, or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (defined as leases for individual assets with a value of less than £5,000). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease, unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of the probability in exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate, or a change in expected payment under a guaranteed residual value, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used);
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

n) Investments – cash deposits

After initial recognition at fair value, financial investments are held at amortised cost. This is based on the business' practice of acquiring financial assets to collect their contractual cash flows and the

simple nature of the investments made, which consist solely of principle payments and interest on the principle outstanding.

o) Inventories

Raw materials are stated at cost less any provision necessary to recognise damage and obsolescence. Work in progress is valued at the lower of cost and net realisable value. Cost is calculated using the weighted average cost method. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

p) Financial assets and liabilities

Financial assets and liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument. Financial assets are classified as at fair value through profit and loss; fair value through other comprehensive income or amortised cost depending on the Group's intention in regard to the collection of contractual cash flows (or sale) and whether the financial assets cash flows relate solely to the payment of principal and interest on principal outstanding.

The Expected Credit Loss (ECL) model requires the Group to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets, therefore this is no longer dependent on the Group first identifying a credit loss event. This requires consideration of a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- where credit risk is low or has not increased significantly since recognition (Stage 1);
- has increased significantly since initial recognition (Stage 2); and
- where the financial asset is credit impaired (Stage 3).

'12-month expected credit losses' are recognised for Stage 1 while 'lifetime expected credit losses' are recognised for Stage 2.

Expected credit losses are defined as the weighted average of credit losses with the respective risk of default occurring as the weights.

A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL.

The Group manages credit risk exposures through a comprehensive counterparty credit risk policy. See the financial instruments disclosures for further details.



Notes to the financial statements continued

1. Accounting policies continued

q) Trade and other receivables

Trade receivables are initially recognised at their transaction price.

The Group makes use of a simplified approach in accounting for trade and other receivables and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default (unlikely to pay) at any point during the life of the trade receivable.

In calculating the expected loss, the Group applies expected recovery rates, based on actual historical cash performance and forward-looking information.

The Group assesses impairment of trade receivables on a collective basis and where they possess shared credit risk characteristics they have been Grouped; these groups are residential-measured, residential-unmeasured, non-household-measured and developer services, and other customers.

In particular, existing or forecast adverse changes in financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations is taken into account when assessing whether credit risk has increased significantly since initial recognition.

Debt is only written off after all available economic options for collecting the debt have been exhausted and the debt has been deemed to be uncollectable or is subject to a settlement agreement or forgiveness scheme. This may be because it is, unrealistic, impractical, inefficient or uneconomic to collect the debt.

Situations where this may arise and where debt may be written off are as follows:

- Where the customer has absconded and attempts to trace the customers whereabouts prove unsuccessful;
- Where the customer has died without leaving an estate or has left an insufficient estate on which to levy execution;
- Where the debt is subject to insolvency proceedings and there are insufficient funds to settle the debt;
- Where the value and/or age of debt make it uneconomic to pursue;
- Where debt becomes statute barred.

We also write off debts following a settlement arrangement on an outstanding balance and for eligible customers on our debt forgiveness scheme (Back on Track) as part of payment matching.

Debt that is still subject to enforcement activity is not written off unless it becomes uneconomic to pursue.

r) Cash and cash equivalents

In the cash flow statement, cash and cash equivalents comprise cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturity dates of three months or less, and outstanding bank overdrafts.

Other short-term deposits with a tenor of more than three months are classified as investments – cash deposits.

s) Trade and other payables

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. Trade payables are non-interest bearing and are normally settled at the end of the following month. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

t) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

u) Derivative financial instruments

Derivative instruments are used for hedging purposes in line with the Group's risk management policy and no speculative trading in financial instruments is undertaken.

Derivatives are initially recognised at fair value and subsequently re-measured at fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the financial statements unless the Group has both a legally enforceable right and intention to offset. The impact of the Master Netting Agreements on the Group's financial position is disclosed in note 17. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

The Group designates certain derivatives as either a fair value or cash flow hedge in accordance with IFRS 9 'Financial Instruments'. At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with how the hedge aligns with the Group's risk management strategy. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is effective in offsetting changes in the fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.



Notes to the financial statements continued

1. Accounting policies continued

u) Derivative financial instruments continued

The Group rebalances a hedging relationship in order to comply with the hedge ratio requirements when necessary. In such cases discontinuation may apply to only part of the hedging relationship. For example, the hedge ratio might be adjusted in such a way that some of the volume of the hedged item is no longer part of a hedging relationship, hence hedge accounting is discontinued only for the volume of the hedged item that is no longer part of the hedging relationship.

In some hedge relationships the Group excludes, from the designation, the currency basis spread of cross currency hedging instruments. In such cases the fair value change of the currency basis element of the cross currency interest rate swap is recognised in other comprehensive income and accumulated in the cost of hedging reserve and reclassified from equity to profit or loss on a straight-line basis over the term of the hedging relationship. The treatment for the currency basis element is optional and the option is applied on an individual hedge basis.

Embedded derivatives

An embedded derivative is a component of a hybrid contract that also includes a non-derivative host with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative.

Derivatives embedded in hybrid contracts with a financial asset host within the scope of IFRS 9 are not separated. The entire hybrid contract is classified and subsequently measured as either amortised cost or fair value as appropriate.

Derivatives embedded in hybrid contracts with hosts that are not financial assets within the scope of IFRS 9 (e.g. financial liabilities) are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value through profit or loss (FVTPL).

If the hybrid contract is a quoted financial liability, instead of separating the embedded derivative, the Group generally designates the whole hybrid contract at FVTPL.

An embedded derivative is presented as a non-current asset or non-current liability if the remaining maturity of the hybrid instrument to which the embedded derivative relates is more than 12 months and is not expected to be realised or settled within 12 months.

i Fair value hedge

Changes in the fair value of derivatives designated and qualifying as fair value hedges are recorded in the income statement within 'fair value gains/(losses) on derivative financial instruments', together with changes in the fair value of the hedged asset or liability attributable to the hedged risk.

If a fair value hedge is discontinued, the hedged item is not adjusted for any subsequent movements in the hedged risk. The cumulative amount of fair value adjustment on the hedge item at the point of discontinuation is then amortised to profit or loss over the remaining life of the original hedge based on a recalculated effective interest rate.

If the hedged item is derecognised, the unamortised fair value is recognised immediately in profit or loss.

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in profit or loss.

ii Cash flow hedge

The effective portion of changes in the fair value of derivatives designated and qualifying as cash flow hedges is recognised in other comprehensive income and accumulated in the cash flow hedge reserve. The gain or loss relating to the ineffective portion is recognised immediately in the income statement within 'fair value gains/(losses) on derivative financial instruments'.

Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item will affect profit or loss (for example, in the periods when interest income or expense is recognised, or when the forecast hedged cost takes place).

When a cash flow hedge is discontinued, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively.

iii Derivatives that do not qualify for hedge accounting

Certain derivative instruments, principally index-linked swaps, do not qualify for hedge accounting. Such derivatives are classified at fair value through profit and loss, and changes in fair value are recognised immediately in the income statement.

v) Provisions

A provision is recognised when the Group has a present legal or constructive obligation as a result of a past event for which it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. If the effect of time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.



Notes to the financial statements continued

1. Accounting policies continued

w) Retirement benefit obligations

i Defined benefit schemes

For defined benefit schemes, pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and are discounted at the current rate of return on a high-quality corporate bond of equivalent term and currency to the liabilities. The current service cost, which is the increase in the present value of the liabilities of the Group's defined benefit pension schemes expected to arise from employee service in the period, is charged to operating costs. The net interest on the schemes' net assets/(liabilities) is included in other finance charges. Actuarial gains and losses are recognised in the statement of comprehensive income.

Pension schemes' surpluses, to the extent that they are considered recoverable, or deficits, are recognised in full and presented on the face of the balance sheet.

ii Defined contribution schemes

The cost of defined contribution schemes is charged to the income statement in the period in which the contributions become payable.

2. Key sources of estimation uncertainty and critical accounting judgements

In preparing these consolidated financial statements, the Directors have made judgements, estimates and assumptions that affect the application of the group's accounting policies, which are described in note 1, and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised in the period in which the estimate is revised if the revision only affects that period, or in the period of the revision and future periods if the revision affects both the current and future periods.

Climate change

The group is continually assessing and responding to the impact that climate change has on its assets and liabilities. In assessing the impact of climate change we have considered not just the impact on our asset base as a result of no action but the impact of our 2030 net zero route map has also been incorporated into our normal assessment of asset UEL. Nothing has been identified within our net zero plan which has the potential to impact on our existing assets base or their net book values.

Infrastructure assets within property plant and equipment, specifically in relation to the water mains network have a net book value of £3,171.9 million and an associated annual depreciation charge of £34.1 million (£3,188.9 million, £34.4 million 31 March 2025). The impact of climate change on these assets is dependent on several factors, including but not limited to, the geology of the region these assets go through and the material they are made from.

As part of our AMP8 investment programme we have begun replacement of our multi-AMP programme of removing 75% of our 8,241km of climate vulnerable mains by 2060. In the first year of AMP8 we have successfully increased the rate of water mains replacement by more than 4 times.

As weather events become more severe there is a risk of impairment to our assets. There have been no such impairments in the current financial year.

We have also set out the risks posed by climate change and how we will address them in our latest Climate Change Adaptation Report.

a) Critical accounting judgements

The areas where the most critical judgements have been applied are as follows:

i Capitalised expenditure

Additions to intangible assets, and to property, plant and equipment, include £221.6 million (2025: £186.7 million) of own work capitalised. Judgement is made to ensure these costs relate to relevant assets and that future economic benefit will flow to the Group.

ii Asset lives

The property, plant and equipment used in the Group is primarily the infrastructure and operational assets of the regulated water business. Infrastructure and operational assets have estimated useful lives of between 30 and 160 years and the depreciation charge is clearly sensitive to the lives allocated to the various types of asset. Asset lives are reviewed regularly and changed where necessary to reflect the current view on their remaining lives in light of technological change, prospective economic utilisation and the physical condition of the assets.

iii Recognition of grants and contributions

a) Income from connections to the water and wastewater network

The Group receives income from developers for new connections to the water and wastewater networks either in the form of cash or infrastructure assets. The significant components are as follows:

- 1) New connection charges £21.4 million (2025: £14.9 million) – developer request for the provision of new connections to the network.
- 2) Infrastructure charges £22.3 million (2025: £12.6 million) – developers' contribution to offsite network reinforcement as permitted by the Water Industry Act.
- 3) Self-lay, requisitions and adoption fees £23.5 million (2025: £12.7 million) – providing the developer with assistance in the construction of assets which enable the development to be connected to the network.
- 4) Adopted assets at £nil consideration £39.1 million (2025: £34.0 million) – developer contributes assets on a £nil consideration basis that have been installed on a new development.



2. Key sources of estimation uncertainty and critical accounting judgements continued

a) Critical accounting judgements continued

Judgement is required when applying IFRS 15 'Revenue from contracts with customers' in determining the customer and the performance obligations to that customer. Specifically, judgement is required as to whether the income is in relation to the provision of the connection to the Group's infrastructure, allowing the completion of the construction of the property and it to be approved for sale, or to facilitate the ongoing provision of water and wastewater services to the properties in question.

For 1 and 2 above, all communication is between ourselves and the developer/site owner and the agreement is signed by said developer/site owner. The agreements set out components of the charge and what is to be delivered. Our conclusion is therefore that the developer is the customer and our obligation to the developer is met when properties are connected to the network, and therefore this is considered the relevant trigger for income recognition. We believe the ongoing obligation to maintain the connection to the property is a separate contract with the property owner (in most cases the household customer) and separate from the contract with the developer.

For 3 and 4, it is the developer who constructs and transfers the asset, and therefore similar to the above, the agreement is between ourselves and the developer. The occupants of the properties served are unaware of the transaction and indifferent to who is maintaining the asset, they receive no benefit from the transaction.

Our obligation is to inspect and adopt the assets. As such, the Group considers that the ongoing obligation to maintain the assets is a separate contract with the property owner (in most cases the household customer) and separate from the contract with the developer. Therefore, revenue from these streams should be recognised at a point in time when the contract with the developer is fulfilled; on connection, completion, or adoption.

Our obligations to maintain and reinforce our infrastructure do not constitute performance obligations as these are imposed on us by the regulator. A performance obligation involves a transfer of control of benefit from the seller to the customer; however, maintenance and reinforcement of the infrastructure does not transfer any benefit outside of Anglian Water, because the assets being maintained or reinforced are Anglian Water's own assets. The promise to the customer is to provide water/sewerage services, the promise to the developer is to provide a connection and there is no performance obligation in respect of upkeep of the assets.

b) Diversions

The Group also receives income from various authorities which is reimbursing the cost of diverting assets due to them presenting an obstruction to the construction or upgrade of infrastructure such as roads or rail. Diversion income within the year amounted to £12.1 million (2025: £15.0 million).

A similar revenue recognition approach is taken with diversions. The obligation here is that we divert the sewer or water main at the request of the relevant authority or agency, and our obligation is fully met once the diversion is completed, and therefore the contribution is fully recognised as revenue at that point in time.

b) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

The key areas involving estimation are discussed below.

i Retirement benefit actuarial assumptions

The Group operates a number of defined benefit schemes (which are closed to new members and future accruals), as well as a defined contribution scheme and an unfunded arrangement for former employees. Under IAS 19 'Employee Benefits', the Group has recognised an actuarial loss of £4.2 million (2025: gain of £29.1 million) in respect of the defined benefit schemes which affects other comprehensive income and net assets. The actuarial valuation of the scheme liabilities is reliant on key assumptions which include: the discount rate, salary inflation and life expectancy. The main assumptions and associated sensitivities are set out in note 19 of the financial statements.

ii Level 3 derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to inflation and interest rate risk in line with the Group's risk management policy. Level 3 derivative financial instruments comprise CPI-linked inflation swaps and RPI-CPI basis swaps which are traded based on a spread to liquid RPI inflation markets often referred to as 'the wedge'. As the market for CPI swaps is still developing, the wedge is not currently observable in a liquid market and as such these swaps have been classified as level 3 instruments. The impact (on a post-tax basis) on the income statement of reasonably possible changes in the CPI inflation rate assumptions used in valuing instruments classified as level 3 can be found in note 17.

c) Other area involving estimation

i Expected credit loss on trade receivables

IFRS 9 requires that historical loss rates are adjusted as appropriate to reflect current conditions and estimates of future economic conditions.

The actual level of receivables collected may differ from the estimated levels of recovery, which could impact operating results positively or negatively.

Management apply judgement when determining impact of the wider economy on future cash collection (macro-economic).



Notes to the financial statements continued

2. Key sources of estimation uncertainty and critical accounting judgements continued

c) Other area involving estimation continued

The extent to which future cash collections will be impacted by macro-economic trends is uncertain. Management have estimated the potential impact through scenario analysis considering the correlation between cash collection rates against a combination of unemployment rates and real household disposable income (RHDl). Office for Budget Responsibility, Office of National Statistics and Bank of England forecasts for these measures have then been utilised to forecast changes in future cash collection rates.

The Bank of England forecast at February 2026 now predicts unemployment to peak at 5.3%, and The Office for Budget Responsibility forecast for RHDl predicts a peak of £26,900 per person- in the medium term. Based on management's calculations, this has worsened compared with predictions at March 2025 and the additional provision required against bills raised to the balance sheet date has increased to £6.8 million, (2025: £3.1 million).

Sensitivity of +/- 1% for employment and -4% per person for RHDl has been modelled to assess the impact on the figure. +/- 1 has been used as this reflects a reasonable market movement based on historical and forecast data. Unemployment shows a range of +5.1/-12.5 million and RHDl shows a range of -£9.6 million to +£3.5 million when applying the sensitivity. This therefore gives a range from a low of -£12.5 million to a high of £5.1 million.

ii Measured income accrual

For Anglian Water the measured income accrual is an estimation of the amount of water and wastewater main charges unbilled at the year end. The accrual is estimated using a defined methodology based upon weighted average water consumption by tariff, which is calculated based upon smart meter usage data and historical billing information. The calculation is sensitive to estimated consumption for measured domestic customers. For 2025/26 the average consumption for measured household customers was 100 cubic meters. A fall or rise of two cubic metres (2%) in average annual consumption will reduce or increase revenue by approximately £18.6 million on average.

3. Segmental information

The Directors believe that the whole of the Group's activities constitute a single class of business.

The Group's revenue is wholly generated from within the United Kingdom.

4. Revenue

	Year ended 31 March 2026 £m	Year ended 31 March 2025 £m
Water and water recycling services:		
Anglian Water		
Household – measured	1,260.0	1,046.7
Household – unmeasured	267.5	248.8
Non-household – measured	385.8	315.0
Grants and contributions	121.1	89.2
Other	68.7	49.6
	2,103.1	1,749.3

Included in Grants and contributions are adopted assets of £39.1 million (2025: £34.0 million) which are non-cash.

Other includes £33.0 million (2025: £28.2million) of revenue related to non-appointed business activities.

The above analysis excludes other operating income and finance income (note 6).

The Group derives its revenue from contracts with customers for the transfer of goods and services at a point in time in the above revenue categories, with the exception of Household – unmeasured which is recorded on a straight-line basis throughout the year, see our accounting policy in note 1 for further details.

Revenue recognised which exceeds the amounts billed is recorded as a contract asset while payments received prior to delivering the service is recorded as a contract liability. Refer below for the movement in contract assets and liabilities:

	Group and Company	
	2026 £m	2025 £m
Contract liability		
At 1 April	(331.5)	(330.3)
Revenue recognised	1,527.5	1,295.5
Cash received in advance	(1,579.9)	(1,296.7)
At 31 March	(383.9)	(331.5)
Contract asset		
At 1 April	421.3	406.5
Revenue recognised	1,645.8	1,361.7
Amounts billed	(1,572.5)	(1,346.9)
At 31 March	494.6	421.3



Notes to the financial statements continued

5. Operating costs

	Year ended 31 March 2026 £m	Year ended 31 March 2025 £m
Raw materials and consumables	46.8	40.9
Staff costs	405.9	348.6
Research and development	11.7	8.7
Contribution to Anglian Water Assistance Fund	0.6	0.7
Short-term lease costs	-	5.7
Hired and contracted services	398.5	284.5
Rates	77.8	76.0
Power	143.0	144.6
Regulatory fees	36.1	32.1
Insurance	16.2	15.5
Vehicles and fuel	30.4	27.9
Other expenses	12.3	11.5
Own work capitalised	(221.6)	(186.9)
Profit on disposal of property, plant and equipment ¹	(1.1)	-
Operating costs before depreciation, amortisation and loss allowance for expected credit losses	956.6	809.8
Depreciation of property, plant and equipment	407.3	366.9
Amortisation of intangible assets	60.2	56.6
Depreciation and amortisation	467.5	423.5
Loss allowance for expected credit losses	54.2	36.3
Operating costs	1,478.3	1,269.6

¹ The profit on disposal of property, plant and equipment relates to various sales of surplus land and assets.

During the year the Group obtained the following services from the Company's Auditor:

	Year ended 31 March 2026 £m	Year ended 31 March 2025 £m
Fees payable to the Company's Auditor for the audit of the consolidated financial statements	0.6	0.6
Fees payable to the Company's Auditor for the audit of the subsidiaries	0.1	0.1
Fees payable to the Company's Auditor for other services		
Audit-related assurance services	0.2	0.2
	0.9	0.9

The Company's Auditor for the year ended 31 March 2025 and 31 March 2026 was Deloitte LLP. Audit related assurance services predominantly relate to regulatory reporting to Ofwat, review of the Group's half-year results, and other agreed-upon procedures throughout the year.

6. Net finance costs

	Year ended 31 March 2026 £m	Year ended 31 March 2025 £m
Finance income		
Interest income on short-term bank deposits	31.8	46.1
Defined benefit pension scheme interest	5.2	2.1
	37.0	48.2
Finance costs		
Interest expense on bank loans and overdrafts	(11.9)	(12.8)
Interest expense on other loans including financing expenses	(320.2)	(287.2)
Indexation of loan stock ¹	(231.4)	(197.1)
Amortisation of debt issue costs	(7.0)	(4.5)
Interest on leases	(0.9)	(1.0)
Unwinding of discount on provision	1.1	(0.1)
Total finance costs	(570.3)	(502.7)
Less: amounts capitalised on qualifying assets	117.9	84.1
	(452.4)	(418.6)
Fair value (losses)/gains on derivative financial instruments		
Hedge ineffectiveness on cash flow hedges ²	1.7	1.2
Derivative financial instruments not designated as hedges	(97.3)	64.2
Recycling of de-designated cash flow hedge relationship ³	(0.6)	(2.5)
	(96.2)	62.9
Finance costs, including fair value (losses) / gains on derivative financial instruments	(548.6)	(355.7)
Net finance costs	(511.6)	(307.5)

¹ Indexation comprise of £130.4 million in borrowings (2025: £123.9 million) and £101.0 million in derivatives (2025: £73.2 million).

² Hedge ineffectiveness on fair value hedges comprises fair value gains on hedging instruments of £6.3 million (2025: gain of £14.0 million), offset by fair value losses of £4.6 million on hedged risks (2025: losses of £12.8 million).

³ Please refer to note 21 for breakdown of hedging reserve.



Notes to the financial statements continued

7. Taxation

	Year ended 31 March 2026 £m	Year ended 31 March 2025 £m
Current tax:		
In respect of the current period	-	(47.8)
Adjustments in respect of prior periods	95.3	25.6
Total current tax charge/(credit)	95.3	(22.2)
Deferred tax:		
Origination and reversal of temporary differences	32.2	96.7
Adjustments in respect of previous periods	(100.0)	(21.9)
Total deferred tax (credit)/charge	(67.8)	74.8
Total tax charge on profit from continuing operations	27.5	52.6

There is no current tax credit in the current year as the company is carrying forward its losses to be used in a future year. In the prior year, the current tax credit reflects receipts from other group companies in respect of losses surrendered to those companies. The tax losses arise primarily because capital allowances claimed exceed the depreciation charged in the accounts, together with certain income that is not taxable and the availability of tax relief on pension contributions paid during the year. These items are partially offset by disallowable expenditure and interest.

The deferred tax charge for both years reflects capital allowances claimed in excess of the depreciation charge, a charge on the fair value gains on derivatives, offset by a credit on losses carried forward to future years.

The current and deferred tax adjustments in respect of previous periods for both years relate mainly to the agreement of prior year tax computations. In both the current and prior years, decisions were made not to surrender losses from the company to another group company under the group relief provisions of part 5 of the Corporation Taxes Act 2010, and to reverse the current tax credits recognised in previous years. The credit recognised in the year ended 31 March 2023 is reversed in the prior year and the credits recognised in the two years ended 31 March 2024 and 2025 were reversed in the current year. This gives rise to a current tax charge and a deferred tax credit, although in the prior year the amounts were different due to the different rates for current tax and deferred tax in that year.

The amounts included for tax liabilities in the financial statements include estimates and judgements. If the computations subsequently submitted to HMRC include different amounts then these differences are reflected as an adjustment in respect of prior years in the subsequent financial statements.

To address concerns about uneven profit distribution and tax contributions of large multinational corporations, various agreements have been reached at the global level, including an agreement by over 135 jurisdictions to introduce a global minimum tax rate of 15%. In December 2021, the

Organisation for Economic Co-operation and Development (OECD) released a legislative framework, followed by detailed guidance sets, that is expected to be used by individual jurisdictions that signed the agreement to amend their local tax laws. The United Kingdom enacted the tax legislation related to the top-up tax in July 2023 in the Finance Act and the legislation is effective in the UK for periods commencing on or after 1 January 2024.

In addition, amendments to IAS 12 'International Tax Reform—Pillar Two Model Rules' were endorsed by the UK Endorsement Board on 19 July 2023 and the exception from recognition and disclosures of deferred taxes in this regard as required by IAS 12.4A has been taken. The legislation is not expected to have a significant impact on the financial statements.

The tax charge on the Group's profit before tax differs from the notional amount calculated by applying the rate of UK corporation tax of 25% (2025: 25%) to the profit before tax from continuing operations as follows:

	Year ended 31 March 2026 £m	Year ended 31 March 2025 £m
Profit before tax from continuing operations	124.7	189.0
Profit before tax from continuing operations at the standard rate of corporation tax in the UK of 25% (2025: 25%)	31.2	47.3
Effects of recurring items:		
Depreciation and losses on assets not eligible for tax relief	0.8	1.1
Disallowable expenditure	0.2	0.5
	32.2	48.9
Effects of non-recurring items:		
Adjustments in respect of prior periods	(4.7)	3.7
Tax charge for the year	27.5	52.6

In addition to the tax charged to the income statement, the following amounts of tax relating to components of other comprehensive income were recognised:

	Year ended 31 March 2026 £m	Year ended 31 March 2025 £m
Deferred tax:		
Defined benefit pension schemes	(1.0)	7.3
Cash flow hedges	0.4	9.4
Increase in corporation tax rate – pension	-	-
Increase in corporation tax rate – hedges	-	-
Total deferred tax (credit)/charge	(0.6)	16.7
Total tax (credit)/charge recognised in other comprehensive (expense)/income	(0.6)	16.7



Notes to the financial statements continued

8. Employee information and Directors' emoluments

a) Employee information

	Year ended 31 March 2026 £m	Year ended 31 March 2025 £m
Wages and salaries	333.7	292.2
Social security costs	42.2	30.0
Pension costs – defined benefit	30.0	26.4
	405.9	348.6

Staff costs for the year ended 31 March 2026 in the table above are shown inclusive of £134.5 million (2025: £110.7 million) of costs that have been capitalised, as shown within 'own work capitalised' in note 5.

Average monthly number of full-time equivalent persons (including Executive Directors) employed by the Group:

	Year ended 31 March 2026	Year ended 31 March 2025
Water Services	1,187	1,254
Water Recycling Services	1,932	1,760
Customer Services	1,081	666
Asset Management and Other	1,853	2,194
	6,053	5,874

Group employees are employed by the Company thus has the same number of employees as the Group.

b) Directors' emoluments

	Year ended 31 March 2026 £'000	Year ended 31 March 2025 £'000
Aggregate emoluments	946	927

Aggregate emoluments of the Directors comprise salaries, taxable benefits, cash payments in lieu of company pension contributions and amounts payable under annual bonus schemes. No retirement benefits are accrued for Directors (2025: no Directors) under a defined benefit pension scheme.

Retirement benefits are accruing to two Directors (2025: two Directors) under a defined contribution pension scheme. In addition to the aggregate emoluments above, certain Directors receive emoluments from other Anglian Water Group Limited Group undertakings.

c) Highest paid Director

More detailed disclosures of the Directors' remuneration can be found in the Remuneration Report on pages 137-160.

	Year ended 31 March 2026 £'000	Year ended 31 March 2025 £'000
Aggregate emoluments	593	374

9. Dividends

	Year ended 31 March 2026 £m	Year ended 31 March 2025 £m
Paid by the Group:		
Previous year final dividend	75.0	88.6
	75.0	88.6

During the year ended 31 March 2026, dividends of £75.0 million (£2.34 per share) were paid by the Company to its immediate parent undertaking, Anglian Water Services UK Parent Co Limited (2025: £88.6 million at £2.77 per share). See note 28 for details of dividends declared after the year end.



Notes to the financial statements continued

10. Intangible assets

	Group and Company			
	Computer Software £m	Other intangibles £m	Intangible assets under construction £m	Total £m
Cost				
At 1 April 2025	477.2	79.1	172.2	728.5
Additions	-	-	237.5	237.5
Transfers on Commissioning	128.9	12.4	(141.3)	-
Disposals	(8.9)	-	-	(8.9)
At 31 March 2026	597.2	91.5	268.4	957.1
At 1 April 2024	436.6	53.0	138.4	628.0
Additions	-	-	117.5	117.5
Transfers on Commissioning	41.2	42.5	(83.7)	-
Disposals	(0.6)	(16.4)	-	(17.0)
At 31 March 2025	477.2	79.1	172.2	728.5
Accumulated amortisation				
At 1 April 2025	(381.2)	(30.0)	-	(411.2)
Charge for the year	(38.4)	(21.8)	-	(60.2)
Disposals	9.2	-	-	9.2
At 31 March 2026	(410.4)	(51.8)	-	(462.2)
At 1 April 2024	(345.3)	(26.1)	-	(371.4)
Charge for the year	(36.5)	(20.1)	-	(56.6)
Disposals	0.6	16.2	-	16.8
At 31 March 2025	(381.2)	(30.0)	-	(411.2)
Net book amount				
At 31 March 2026	186.8	39.7	268.4	494.9
At 31 March 2025	96.0	49.1	172.2	317.3

Included within intangible assets under construction are £29.3 million (2025: £111.2 million) relating to software systems under development and £239.0 million (2025: £60.9 million) relating to internally generated assets.

Included within computer software is the enterprise resource planning system SAP S/4HANA. The carrying amount of the asset at 31 March 2026 was £116.4 million (2025: £103.1 million, presented within intangible assets under construction) and the remaining amortisation period at the reporting date was 15 years.

Included in this intangible asset under construction balance is £169.1 million in relation planned build of two strategic reservoirs.

Other intangible assets mainly comprise capitalised development expenditure.

Included within additions above is £19.4 million (2025: £8.7 million) of interest that has been capitalised on qualifying assets, at an average rate of 6.4% (2025: 6.6%).

Intangible assets with a cost of £8.9 million and a net book value of £0.1 million were disposed during the year (2025: £16.0 million, £0.2 million net book value).

The other intangible assets mainly comprise capitalised development expenditure.

11. Property, plant and equipment

	Group and Company					
	Land and buildings £m	Infrastructure assets £m	Operational assets £m	Vehicles, mobile plant and equipment £m	Assets under construction £m	Total £m
Cost						
At 1 April 2025	103.8	7,859.7	7,125.8	1,398.0	1,691.7	18,179.0
Additions	-	-	-	-	1,062.0	1,062.0
Transfers on commissioning	2.0	150.6	432.6	206.4	(791.6)	-
Disposals	(0.4)	(1.9)	(267.7)	(6.0)	-	(276.0)
At 31 March 2026	105.4	8,008.4	7,290.7	1,598.4	1,962.1	18,965.0
At 1 April 2024	96.5	7,701.8	6,969.3	1,232.7	1,225.7	17,226.0
Additions	-	-	-	-	1,067.5	1,067.5
Transfers on commissioning	9.0	158.2	203.2	231.1	(601.5)	-
Disposals	(1.7)	(0.3)	(46.7)	(65.8)	-	(114.5)
At 31 March 2025	103.8	7,859.7	7,125.8	1,398.0	1,691.7	18,179.0
Accumulated depreciation						
At 1 April 2025	(27.8)	(1,088.2)	(4,194.4)	(754.4)	-	(6,064.8)
Charge for the year	(4.9)	(63.6)	(233.8)	(105.0)	-	(407.3)
Disposals	-	1.1	267.8	5.0	-	273.9
At 31 March 2026	(32.7)	(1,150.7)	(4,160.4)	(854.4)	-	(6,198.2)
At 1 April 2024	(25.0)	(1,025.6)	(4,031.4)	(729.3)	-	(5,811.3)
Charge for the year	(4.5)	(62.9)	(209.2)	(90.3)	-	(366.9)
Disposals	1.7	0.3	46.2	65.2	-	113.4
At 31 March 2025	(27.8)	(1,088.2)	(4,194.4)	(754.4)	-	(6,064.8)
Net book amount						
At 31 March 2026	72.7	6,857.7	3,130.3	744.0	1,962.1	12,766.8
At 31 March 2025	76.0	6,771.5	2,931.4	643.6	1,691.7	12,114.2



Notes to the financial statements continued

11. Property, plant and equipment continued

Property, plant and equipment at 31 March 2026 includes land of £30.1 million (2025: £31.4 million) which is not subject to depreciation. Included within additions above is £97.6 million (2025: £76.3 million) of interest that has been capitalised on qualifying assets, at an average rate of 6.4% (2025: 6.6%).

Right-of-use assets held under leases

Included within the amounts shown above are the following amounts in relation to right-of-use assets held under leases:

	Group and Company				
	Land and buildings £m	Infra- structure assets £m	Operational assets £m	Vehicles, mobile plant and equipment £m	Total £m
At 31 March 2026					
Opening net book value	24.5	4.9	33.2	6.9	69.5
Additions	0.2	-	0.5	0.4	1.1
Disposals	(0.8)	-	(0.2)	(0.5)	(1.5)
Depreciation charge	(2.9)	(0.1)	(1.2)	(2.8)	(7.0)
Depreciation on disposals		-	-	0.5	0.5
Net book value	21.0	4.8	32.3	4.5	62.6
At 31 March 2025					
Opening net book value	21.9	4.8	34.4	9.6	70.7
Additions	6.3	0.1	-	0.2	6.6
Disposals	(1.7)	-	-	(0.4)	(2.1)
Depreciation charge	(3.6)	-	(1.2)	(2.9)	(7.7)
Depreciation on disposals	1.6	-	-	0.4	2.0
Net book value	24.5	4.9	33.2	6.9	69.5

12. Investments

Investments in subsidiaries are held at cost less, where appropriate, provisions for impairment, if there are any indications that the carrying value may not be recoverable.

The sole subsidiary undertaking is Anglian Water Services Financing Plc, whose principal activity is that of a financing company. The value of the investment is £12,502. It is 100% owned, all in ordinary shares, and is registered, incorporated and operating in the UK at 31 March 2026. The address of its registered office is Lancaster House, Lancaster Way, Ermine Business Park, Huntingdon, Cambridgeshire, PE29 6XU.

The Directors are of the opinion that the value of the investments is supported by the underlying assets.

13. Trade and other receivables

	Group		Company	
	2026 £m	2025 £m	2026 £m	2025 £m
Trade receivables	490.3	427.4	490.3	427.4
Loss allowance for expected credit losses	(280.0)	(238.9)	(280.0)	(238.9)
Net trade receivables	210.3	188.5	210.3	188.5
Amounts receivable from group undertakings	1.2	2.1	1.2	2.1
Other amounts receivable	39.2	32.8	39.2	32.8
Prepayments	15.4	13.5	15.4	13.5
Accrued income	494.6	421.3	494.6	421.3
	760.7	658.2	760.7	658.2

Other amounts receivable includes £28.5 million VAT debtor (2025: £21.0 million) and various other sundry debtors.

Accrued income as at 31 March 2026 includes water and water recycling income not yet billed of £494.6 million (2025: £421.3 million).

Of the £490.3 million (2025: £427.4 million) trade receivables, £471.9 million (2025: £416.4 million) relates to residential customers, £1.4 million (2025: £2.7 million) relates to non-household retailer balances, and the remaining balance of £10.5 million (2025: £8.3 million) relates to developer services and other receivables. The majority of non-household customers are billed in arrears and are therefore included within accrued income above.

There is no fixed payment date for amounts owed by Group undertakings and no interest is applied. Amounts are payable on demand.



Notes to the financial statements continued

13. Trade and other receivables continued

The Group manages its risk from trading through the effective management of customer relationships. Concentrations of credit risk with respect to household trade receivables are limited due to the Anglian Water customer base consisting of a large number of unrelated households. The Water Industry Act 1991 (as amended by the Water Industry Act 1999) prohibits the disconnection of a water supply and the limiting of supply with the intention of enforcing payment for certain premises including domestic dwellings. However, allowance is made by the water regulator in the price limits at each price review for a proportion of debt deemed to be irrecoverable. The Directors believe there is no further credit risk provision required in excess of the allowance for doubtful receivables.

Following the introduction of market reform on 1 April 2017, the provision of water and wastewater services to non-household customers was transferred to a relatively small number of licenced retailers. Anglian Water bills the retailers on a monthly basis, and they are contractually obliged to pay in full within one month and therefore the credit risk is limited to one month's revenue relating to non-household customers.

The principal retailer that Anglian Water transacts with is Wave Ltd, with £nil receivables (2025: £nil) and £18.3 million of income accrued at 31 March 2026 (2025: £14.9 million).

The movement on the expected credit loss provision, all of which relates to trade receivables, was as follows:

	Group and Company	
	2026 £m	2025 £m
At 1 April	238.9	212.1
Loss allowance for expected credit losses	54.2	36.3
Amounts written off during the year	(13.1)	(9.5)
At 31 March	280.0	238.9

The following table details the risk profile of trade receivables and accrued income based on the Group's provision matrix.

	Group and company			
	Expected loss rate %	Gross carrying amount £m	Loss allowance	Net carrying amount £m
At 31 March 2026				
Not past due	1.5%	559.4	(8.3)	551.1
Up to 1 year past due	37.2%	121.7	(45.3)	76.4
Up to 2 years past due	54.7%	67.1	(36.7)	30.4
Up to 3 years past due	62.2%	51.6	(32.1)	19.5
Up to 4 years past due	70.9%	41.6	(29.5)	12.1
Up to 5 years past due	72.0%	37.8	(27.2)	10.6
Up to 6 years past due	85.1%	30.9	(26.3)	4.6
More than 7 years past due	100.0%	74.8	(74.8)	-
Miscellaneous loss allowance adjustments			0.2	0.2
		984.9	(280.0)	704.9
At 31 March 2025				
Not past due	1.5%	457.3	(6.9)	450.4
Up to 1 year past due	34.3%	117.1	(40.1)	77.0
Up to 2 years past due	53.2%	62.4	(33.2)	29.2
Up to 3 years past due	63.9%	47.6	(30.4)	17.2
Up to 4 years past due	66.2%	41.4	(27.4)	14.0
Up to 5 years past due	79.7%	36.0	(28.6)	7.4
Up to 6 years past due	77.7%	31.0	(24.1)	6.9
More than 7 years past due	100.0%	56.0	(56.0)	-
Miscellaneous loss allowance adjustments	-	-	7.8	7.8
		848.8	(238.9)	609.9



Notes to the financial statements continued

14. Analysis of net debt

	Group					
	Current assets		Liabilities from financing activities			Net debt Total £m
	Cash and cash equivalents ¹ £m	Investments – cash deposits £m	Borrowings £m	Derivative financial instruments ² £m	Total liabilities from financing activities £m	
At 1 April 2025	589.0	430.0	(8,740.1)	(620.0)	(9,360.1)	(8,341.1)
Cash flows						
Interest paid	(332.4)	-	-	-	-	(332.4)
Issue costs paid	(11.8)	-	11.8	-	11.8	-
Interest on leases	(0.9)	-	-	-	-	(0.9)
Increase in amounts borrowed	920.0	-	(920.0)	-	(920.0)	-
Repayment of amounts borrowed	(744.9)	-	744.9	-	744.9	-
Repayment of principal on derivatives	(100.7)	-	-	100.7	100.7	-
Receipt of principal on derivatives	4.7	-	-	(4.7)	(4.7)	-
Repayment of principal on leases	(6.0)	-	6.0	-	6.0	-
Proceeds from issue of ordinary shares	170.0	-	-	-	-	170.0
Non-financing cash flows ³	65.9	(230.0)	-	-	-	(164.1)
	(36.1)	(230.0)	(157.3)	96.0	(61.3)	(327.4)
Movement in interest accrual on debt	-	-	(11.5)	-	(11.5)	(11.5)
New lease agreements	-	-	(0.4)	-	(0.4)	(0.4)
Amortisation of issue costs	-	-	(7.0)	-	(7.0)	(7.0)
Indexation of borrowings and inflation swaps	-	-	(130.4)	(101.0)	(231.4)	(231.4)
Foreign exchange gains and (losses)	-	-	11.4	(11.4)	-	-
Fair value losses	-	-	(10.7)	(82.3)	(93.0)	(93.0)
At 31 March 2026	552.9	200.0	(9,046.0)	(718.7)	(9,764.7)	(9,011.8)
Net debt at 31 March 2026 comprises:						
Non-current assets	-	-	-	105.0	105.0	105.0
Current assets	552.9	200.0	-	10.7	10.7	763.6
Current liabilities	-	-	(489.1)	(1.7)	(490.8)	(490.8)
Non-current liabilities	-	-	(8,556.9)	(832.7)	(9,389.6)	(9,389.6)
	552.9	200.0	(9,046.0)	(718.7)	(9,764.7)	(9,011.8)

	Group					
	Current assets		Liabilities from financing activities			Net debt Total £m
	Cash and cash equivalents ¹ £m	Investments – cash deposits £m	Borrowings £m	Derivative financial instruments ² £m	Total liabilities from financing activities £m	
At 1 April 2024	474.4	530.0	(7,981.3)	(634.0)	(8,615.3)	(7,610.9)
Cash flows						
Interest paid	(235.8)	-	-	-	-	(235.8)
Issue costs paid	(25.6)	-	24.7	-	24.7	(0.9)
Interest on leases	(1.0)	-	-	-	-	(1.0)
Increase in amounts borrowed	950.0	-	(950.0)	-	(950.0)	-
Repayment of amounts borrowed	(349.3)	-	349.3	-	349.3	-
Repayment of principal on derivatives	(85.0)	-	-	85.0	85.0	-
Receipt of principal on derivatives	67.1	-	-	(67.1)	(67.1)	-
Repayment of principal on leases	(6.4)	-	6.4	-	6.4	-
Non-financing cash flows ³	(199.4)	(100.0)	-	-	-	(299.4)
	114.6	(100.0)	(569.6)	17.9	(551.7)	(537.1)
Movement in interest accrual on debt	-	-	(59.6)	-	(59.6)	(59.6)
New lease agreements	-	-	(6.6)	-	(6.6)	(6.6)
Amortisation of issue costs	-	-	(4.5)	-	(4.5)	(4.5)
Indexation of borrowings and RPI swaps	-	-	(123.9)	(73.2)	(197.1)	(197.1)
Foreign exchange gains and (losses)	-	-	22.4	(22.4)	-	-
Fair value gains and (losses)	-	-	(17.0)	91.7	74.7	74.7
At 31 March 2025	589.0	430.0	(8,740.1)	(620.0)	(9,360.1)	(8,341.1)

¹ Included within cash and cash equivalents is £11.4 million (2025: £7.3 million) of cash which is ring fenced to be used to fund projects awarded by Ofwat in relation to their innovation and water efficiency funds

² Derivative financial instruments exclude the asset of £10.6 million (2025: liability of £0.7 million) in respect of the fair value of energy hedges, as these are not classified as part of net debt

³ Non-financing cash flows comprise: net cash flows from operating activities of £1,014.0 million (2025: £811.3 million), less net cash used in investing activities of £873.2 million (2025: £922.1 million) and dividends paid of £75.0 million (2025: £88.6 million)



Notes to the financial statements continued

14. Analysis of net debt continued

Energy hedges, excluded from net debt, are included within derivative financial instruments as follows:

	Group and Company	
	2026 £m	2025 £m
Non-current assets	6.0	1.3
Current assets	5.0	0.9
Current liabilities	-	(0.8)
Non-current liabilities	(0.5)	(2.1)
	10.5	(0.7)

Company

	Current assets		Liabilities from financing activities			Net debt Total £m
	Cash and cash equivalents ¹ £m	Investments – cash deposits £m	Borrowings £m	Derivative financial instruments ² £m	Total liabilities from financing activities £m	
At 1 April 2025	550.7	430.0	(8,740.1)	(620.0)	(9,360.1)	(8,379.4)
Cash flows						
Interest paid	(332.4)	-	-	-	-	(332.4)
Issue costs paid	(11.8)	-	11.8	-	11.8	-
Interest on leases	(0.9)	-	-	-	-	(0.9)
Increase in amounts borrowed	920.0	-	(920.0)	-	(920.0)	-
Repayment of amounts borrowed	(744.9)	-	744.9	-	744.9	-
Repayment of principal on derivatives	(100.7)	-	-	100.7	100.7	-
Receipt of principal on derivatives	4.7	-	-	(4.7)	(4.7)	-
Repayment of principal on leases	(6.0)	-	6.0	-	6.0	-
Proceeds from issue of ordinary shares	170.0	-	-	-	-	170.0
Non-financing cash flows ³	54.7	(230.0)	-	-	-	(175.3)
	(47.2)	(230.0)	(157.3)	96.0	(61.3)	(338.5)
Movement in interest accrual on debt	-	-	(11.5)	-	(11.5)	(11.5)
New lease agreements	-	-	(0.4)	-	(0.4)	(0.4)
Amortisation of issue costs	-	-	(7.0)	-	(7.0)	(7.0)
Indexation of borrowings and RPI swaps	-	-	(130.4)	(101.0)	(231.4)	(231.4)
Foreign exchange gains and (losses)	-	-	11.4	(11.4)	-	-
Fair value losses	-	-	(10.7)	(82.3)	(93.0)	(93.0)
At 31 March 2026	503.5	200.0	(9,046.0)	(718.7)	(9,764.7)	(9,061.2)
Net debt at 31 March 2026 comprises:						
Non-current assets	-	-	-	105.0	105.0	105.0
Current assets	503.5	200.0	-	10.7	10.7	714.2
Current liabilities	-	-	(489.1)	(1.7)	(490.8)	(490.8)
Non-current liabilities	-	-	(8,556.9)	(832.7)	(9,389.6)	(9,389.6)
	503.5	200.0	(9,046.0)	(718.7)	(9,764.7)	(9,061.2)



Notes to the financial statements continued

14. Analysis of net debt continued

	Company					
	Current assets		Liabilities from financing activities			Net debt Total £m
	Cash and cash equivalents ¹ £m	Investments – cash deposits £m	Borrowings £m	Derivative financial instruments ² £m	Total liabilities from financing activities £m	
At 1 April 2024	472.1	530.0	(7,981.3)	(633.9)	(8,615.3)	(7,613.1)
Cash flows						
Interest paid	(235.8)	-	-	-	-	(235.8)
Issue costs paid	(25.6)	-	24.7	-	24.7	(0.9)
Interest on leases	(1.0)	-	-	-	-	(1.0)
Increase in amounts borrowed	950.0	-	(950.0)	-	(950.0)	-
Repayment of amounts borrowed	(349.3)	-	349.3	-	349.3	-
Repayment of principal on derivatives	(85.0)	-	-	85.0	85.0	-
Receipt of principal on derivatives	67.1	-	-	(67.1)	(67.1)	-
Repayment of principal on leases	(6.4)	-	6.4	-	6.4	-
Non-financing cash flows ³	(235.4)	(100.0)	-	-	-	(335.4)
	78.6	(100.0)	(569.6)	17.9	(551.7)	(573.1)
Movement in interest accrual on debt	-	-	(59.6)	-	(59.6)	(59.6)
New lease agreements	-	-	(6.6)	-	(6.6)	(6.6)
Amortisation of issue costs	-	-	(4.5)	-	(4.5)	(4.5)
Indexation of borrowings and RPI swaps	-	-	(123.9)	(73.3)	(197.2)	(197.2)
Foreign exchange gains and (losses)	-	-	22.4	(22.4)	-	-
Fair value gains and (losses)	-	-	(17.0)	91.7	74.7	74.7
At 31 March 2025	550.7	430.0	(8,740.1)	(620.0)	(9,360.1)	(8,379.4)

¹ Included within cash and cash equivalents is £11.4 million (2025: £7.3 million) of cash which is ring fenced to be used to fund projects awarded by Ofwat in relation to their innovation and water efficiency funds

² Derivative financial instruments exclude the asset of £10.6 million (2025: liability of £0.7 million) in respect of the fair value of energy hedges, as these are not classified as part of net debt

³ Non-financing cash flows comprise: net cash flows from operating activities of £1,005.6 million (2025: £777.3 million), less net cash used in investing activities of £876.0 million (2025: £924.1 million) and dividends paid of £75.0 million (2025: £88.6 million)

15. Trade and other payables

	Group		Company	
	2026 £m	2025 £m	2026 £m	2025 £m
Trade payables	55.7	52.5	55.7	52.5
Capital creditors	145.1	145.0	145.1	145.0
Receipts in advance	403.0	375.7	403.0	375.7
Amounts owed to group undertakings	1.5	0.9	8.7	16.5
Other taxes and social security	8.9	7.4	8.9	7.4
Accruals and deferred income	122.3	112.0	122.3	112.0
Other payables	9.2	7.9	9.0	7.9
	745.7	701.4	752.7	717.0

Receipts in advance includes £383.9 million (2025: £331.5 million) relating to amounts received from customers for water and sewerage charges in respect of bills that fall due in the following year.

Accruals and deferred income is made up of £105.5 million of accruals (2025: £106.4 million) with the remainder attributable to the deferred income.

Amounts relating to capital creditors and accruals have been separately presented in the above table to aid consistency with the presentation required by Ofwat in the Annual Performance Report of Anglian Water Services Limited.

The Directors consider that the carrying values of trade and other payables are not materially different from their fair values.

There is no fixed payment date for amounts owed to Group undertakings and no interest is applied. Amounts are payable on demand.



Notes to the financial statements continued

16. Loans and other borrowings

	Group		Company	
	2026 £m	2025 £m	2026 £m	2025 £m
£250 million 1.625% fixed rate 2025	-	249.4	-	249.4
£200 million 4.5% fixed rate 2026	-	198.9	-	198.9
£55 million 2.93% fixed rate 2026	55.7	55.6	55.7	55.6
US\$150 million 3.29% fixed rate 2026	114.9	115.7	114.9	115.7
£20 million 2.93% fixed rate 2026	20.2	20.2	20.2	20.2
US\$35 million 1.16% fixed rate 2026	26.1	25.9	26.1	25.9
£75 million EIB amortising 0.53% RPI index-linked 2027	12.9	24.8	12.9	24.8
£75 million EIB amortising 0.79% RPI index-linked 2027	12.9	24.8	12.9	24.8
£200 million 2.6225% fixed rate 2027	198.3	196.0	198.3	196.0
£250 million 4.5% fixed rate 2027	254.7	254.3	254.7	254.3
£150 million EIB amortising 0% RPI index-linked 2028	50.0	72.3	50.0	72.3
£73.3 million 4.394% fixed rate 2028	70.7	69.0	70.7	69.0
£200 million 6.625% fixed rate 2029	-	202.8	-	202.8
£85 million 2.88% fixed rate 2029	85.1	85.1	85.1	85.1
US\$53 million 4.27% fixed rate 2029	40.2	41.1	40.2	41.1
£65 million EIB amortising 0.41% RPI index-linked 2029	31.6	40.5	31.6	40.5
£65 million 2.87% fixed rate 2029	65.7	65.6	65.7	65.6
£125 million EIB amortising 0.1% RPI index-linked 2029	70.0	86.6	70.0	86.6
£300 million 2.75% fixed rate 2029	302.0	301.6	302.0	301.6
£75 million floating rate 2029	75.9	76.0	75.9	76.0
£60 million EIB amortising 0.01% RPI index-linked 2030	38.2	46.0	38.2	46.0
£246 million 6.293% fixed rate 2030	254.5	253.0	254.5	253.0
£25 million 3.0% fixed rate 2031	25.0	25.0	25.0	25.0
£35 million floating rate fixed rate 2031	34.9	34.8	34.9	34.8
£500 million 5.875% fixed rate 2031	522.6	311.7	522.6	311.7
£200 million wrapped 3.07% RPI index-linked 2032	466.1	447.5	466.1	447.5
£60 million wrapped 3.07% RPI index-linked 2032	126.0	121.2	126.0	121.2
C\$ 350 million 4.525% fixed rate 2032	189.8	187.7	189.8	187.7
£75 million floating rate 2032	75.6	75.7	75.6	75.7
£50 million 2.05% RPI index-linked 2033	84.6	81.6	84.6	81.6
£420 million 5.375% fixed rate 2033	423.3	-	423.3	-
£25 million 6.875% fixed rate 2034	25.1	25.1	25.1	25.1
JPY 8.5 billion 1.917% fixed rate 2034	40.3	43.6	40.3	43.6
Sub-total carried forward	3,792.9	3,859.1	3,792.9	3,859.1

	Group		Company	
	2026 £m	2025 £m	2026 £m	2025 £m
Sub-total brought forward	3,792.9	3,859.1	3,792.9	3,859.1
£402 million 2.4% RPI index-linked 2035	601.9	569.0	601.9	569.0
£50 million 1.76% fixed rate 2035	50.1	50.0	50.1	50.0
£26.1 million 0.01% CPI index-linked 2035 - 1	36.1	35.4	36.1	35.4
£26.1 million 0.01% CPI index-linked 2035 - 2	36.0	35.2	36.0	35.2
£35 million 2.14% fixed rate 2036	25.3	25.0	25.3	25.0
£40 million 2.14% fixed rate 2036	28.9	28.6	28.9	28.6
£242 million 6.07% fixed rate 2037	247.8	247.8	247.8	247.8
£24 million 6.07% fixed rate 2037	24.6	24.6	24.6	24.6
JPY 7 billion 0.855% fixed rate 2039	33.3	36.1	33.3	36.1
£560 million 6.0% fixed rate 2039	579.2	578.9	579.2	578.9
£50 million 6.05% fixed rate 2039	50.8	50.8	50.8	50.8
£65 million amortising 0.835% CPI index-linked 2040	78.5	81.0	78.5	81.0
£100 million 2.427% CPI index-linked 2040	108.1	105.0	108.1	105.0
£100 million amortising 3.017% CPIH index-linked 2040	115.3	111.2	115.3	111.2
JPY 7 billion 0.85% fixed rate 2040	18.7	23.9	18.7	23.9
£300 million 6.25% fixed rate 2041	303.8	-	303.8	-
£35 million 1.141% RPI index-linked 2042	57.9	55.8	57.9	55.8
£110 million floating rate 2043	110.4	110.4	110.4	110.4
£575 million 5.75% fixed rate 2043	585.1	592.9	585.1	592.9
£700 million 6.25% fixed rate 2044	714.6	714.3	714.6	714.3
£130 million 2.262% RPI index-linked 2045	241.2	232.6	241.2	232.6
£50 million 1.7% RPI index-linked 2046 - 1	104.3	100.2	104.3	100.2
£50 million 1.7% RPI index-linked 2046 - 2	103.7	100.0	103.7	100.0
£60 million 1.7903% RPI index-linked 2049	125.7	120.8	125.7	120.8
£50 million 1.52% RPI index-linked 2055	98.3	94.8	98.3	94.8
£40 million 1.7164% RPI index-linked 2056	83.8	80.6	83.8	80.6
£50 million 1.6777% RPI index-linked 2056	104.8	100.7	104.8	100.7
£50 million 1.3825% RPI index-linked 2056	103.8	100.1	103.8	100.1
£100 million wrapped floating rate 2057	100.6	100.7	100.6	100.7
£100 million 1.3784% RPI index-linked 2057	207.8	200.3	207.8	200.3
£75 million 1.449% RPI index-linked 2062	147.4	142.2	147.4	142.2
IFRS 16 leases	28.2	33.9	28.2	33.9
Liquidity & Emergency facilities	(2.9)	(1.8)	(2.9)	(1.8)
Total loans and other borrowings	9,046.0	8,740.1	9,046.0	8,740.1



Notes to the financial statements continued

16. Loans and other borrowings continued

	Group		Company	
	2026 £m	2025 £m	2026 £m	2025 £m
Included in:				
Current liabilities	489.1	704.5	489.1	704.5
Non-current liabilities	8,556.9	8,035.6	8,556.9	8,035.6
Of which are leases:				
Current liabilities	6.8	5.4	6.8	5.4
Non-current liabilities	21.4	28.2	21.4	28.2

The value of the capital and interest elements of the index-linked loans is linked to movements in inflation. The increase in the capital value of index-linked loans during the year of £130.4 million (2025: £123.9 million) has been taken to the income statement as part of interest payable.

These loans are shown net of issue costs and premiums of £52.0 million (2025: £47.2 million). The issue costs and premiums are amortised at the effective interest rate based on the carrying amount of debt over the life of the underlying instruments.

A security agreement dated 30 July 2002 between Anglian Water Services Financing Plc, Anglian Water Services Limited, Anglian Water Services Overseas Holdings Limited, Anglian Water Services Holdings Limited and Deutsche Trustee Company Limited (as Agent and Trustee for itself and each of the Finance Parties to the Global Secured Medium Term Note Programme) created a fixed and floating charge over the assets of Anglian Water Services Limited to the extent permissible under the Water Industry Act 1991. In addition, there is a fixed charge over the issued share capital of Anglian Water Services Financing Plc, Anglian Water Services Limited and Anglian Water Services UK Parent Limited. At 31 March 2026, this charge applies to £9,046.0 million (2025: £8,740.1 million) of the debt listed above. With the exception of issue costs capitalised and leases, all of the company's borrowings are payable to Anglian Water Services Financing Plc, but on terms set out above.

Loans and other borrowing liabilities disclosed within borrowings on the balance sheet are the only instruments designated as fair value hedge items by the Group. The table below details the impact of fair value hedge adjustments on the instruments subject to fair value hedge accounting:

	Group and Company			
	Carrying value £m	Proportion hedged %	Accumulated hedge adjustment ¹ £m	Discounted hedge adjustment £m
At 31 March 2026				
US\$150 million 3.29% fixed rate 2026	114.9	76	0.1	-
US\$35 million 1.16% fixed rate 2026	26.1	100	0.4	-
£200 million 2.6225% fixed rate 2027	198.3	41	3.0	-
£73.3 million 4.394% fixed rate 2028	70.7	100	4.2	-
£246 million 6.293% fixed rate 2030	254.5	20	1.1	-
£35 million 2.14% fixed rate 2036	25.3	100	9.8	-
£40 million 2.14% fixed rate 2036	28.9	100	11.2	-
JPY 7 billion 0.85% fixed rate 2040	18.7	100	14.4	-
	737.4		44.2	-
At 31 March 2025				
£250 million 1.625% fixed rate 2025	249.4	100	3.0	-
£200 million 4.5% fixed rate 2026	198.9	50	1.8	-
US\$150 million 3.29% fixed rate 2026	115.7	76	1.9	-
US\$35 million 1.16% fixed rate 2026	25.9	100	1.2	-
£200 million 2.6225% fixed rate 2027	196.0	41	5.1	-
£73.3 million 4.394% fixed rate 2028	69.0	100	5.8	-
£246 million 6.293% fixed rate 2030	253.0	20	2.4	-
£35 million 2.14% fixed rate 2036	25.0	100	10.1	-
£40 million 2.14% fixed rate 2036	28.6	100	11.6	-
JPY 7 billion 0.85% fixed rate 2040	25.8	100	12.0	-
	1,187.3		54.9	-

¹ The accumulated hedge adjustment noted above is included within the carrying value of each instrument. The movement in the accumulated hedge adjustment is shown within fair value losses on derivative financial instruments in the income statement.



Notes to the financial statements continued

17. Financial instruments

Financial assets by category

Group					
	Assets at fair value through profit and loss £m	Derivatives used for hedging £m	Assets at amortised cost and cash equivalents £m	Investments at amortised cost £m	Total £m
At 31 March 2026					
Investments					
Current – cash deposits	-	-	-	200.0	200.0
Cash and cash equivalents					
Current	-	-	552.9	-	552.9
Trade and other receivables					
Current	-	-	716.9	-	716.9
Derivative financial instruments					
Current	-	15.7	-	-	15.7
Non-current	103.1	8.0	-	-	111.1
	103.1	23.7	1,269.8	200.0	1,596.6
At 31 March 2025					
Investments					
Current – cash deposits	-	-	-	430.0	430.0
Cash and cash equivalents					
Current	-	-	589.0	-	589.0
Trade and other receivables					
Current	-	-	623.7	-	623.7
Derivative financial instruments					
Current	-	0.9	-	-	0.9
Non-current	152.2	16.1	-	-	168.3
	152.2	17.0	1,212.7	430.0	1,811.9

Trade and other receivables above exclude prepayments and VAT.

Company					
	Assets at fair value through profit and loss £m	Derivatives used for hedging £m	Assets at amortised cost and cash equivalents £m	Investments at amortised cost £m	Total £m
At 31 March 2026					
Investments					
Current – cash deposits	-	-	-	200.0	200.0
Cash and cash equivalents					
Current	-	-	503.5	-	503.5
Trade and other receivables					
Current	-	-	716.8	-	716.8
Derivative financial instruments					
Current	-	15.7	-	-	15.7
Non-current	103.1	8.0	-	-	111.1
	103.1	23.7	1,220.3	200.0	1,547.1
At 31 March 2025					
Investments					
Current – cash deposits	-	-	-	430.0	430.0
Cash and cash equivalents					
Current	-	-	550.7	-	550.7
Trade and other receivables					
Current	-	-	623.7	-	623.7
Derivative financial instruments					
Current	-	0.9	-	-	0.9
Non-current	152.2	16.1	-	-	168.3
	152.2	17.0	1,174.4	430.0	1,773.6

Trade and other receivables above exclude prepayments and VAT.



Notes to the financial statements continued

17. Financial instruments continued

Financial liabilities by category continued

	Group			
	Liabilities at fair value through profit and loss £m	Derivatives used for hedging £m	Other liabilities held at amortised cost £m	Total £m
At 31 March 2026				
Borrowings				
Current	-	-	489.1	489.1
Non-current	-	-	8,556.9	8,556.9
Trade and other payables				
Current	-	-	317.0	317.0
Derivative financial instruments				
Current	0.6	1.1	-	1.7
Non-current	743.4	89.8	-	833.2
	744.0	90.9	9,363.0	10,197.9
At 31 March 2025				
Borrowings				
Current	-	-	704.5	704.5
Non-current	-	-	8,035.6	8,035.6
Trade and other payables				
Current	-	-	312.6	312.6
Derivative financial instruments				
Current	2.4	5.9	-	8.3
Non-current	697.1	84.5	-	781.6
	699.5	90.4	9,052.7	9,842.6

Trade and other payables above exclude receipts in advance, other taxes and deferred income.

	Company			
	Liabilities at fair value through profit and loss £m	Derivatives used for hedging £m	Other liabilities held at amortised cost £m	Total £m
At 31 March 2026				
Borrowings				
Current	-	-	489.1	489.1
Non-current	-	-	8,556.9	8,556.9
Trade and other payables				
Current	-	-	335.1	335.1
Derivative financial instruments				
Current	0.6	1.1	-	1.7
Non-current	743.4	89.8	-	833.2
	744.0	90.9	9,381.1	10,216.0
At 31 March 2025				
Borrowings				
Current	-	-	704.5	704.5
Non-current	-	-	8,035.6	8,035.6
Trade and other payables				
Current	-	-	328.2	328.2
Derivative financial instruments				
Current	2.4	5.9	-	8.3
Non-current	697.0	84.6	-	781.6
	699.4	90.5	9,068.3	9,858.2

Trade and other payables above exclude receipts in advance, other taxes and deferred income.



Notes to the financial statements continued

17. Financial instruments continued

Derivative financial instruments

	Group and Company			
	2026		2025	
	Assets £m	Liabilities £m	Assets £m	Liabilities £m
Designated as cash flow hedges				
Interest rate swaps			-	(0.4)
Cross currency interest rate swaps	4.2	(34.9)	6.2	(24.7)
Energy swaps	11.0	(0.5)	2.2	(2.9)
	15.2	(35.4)	8.4	(28.0)
Designated as fair value hedges				
Interest rate swaps	-	(28.4)	-	(39.2)
Cross currency interest rate swaps	8.5	(27.1)	8.6	(23.2)
	8.5	(55.5)	8.6	(62.4)
Derivative financial instruments designated as hedges	23.7	(90.9)	17.0	(90.4)
Derivative financial instruments not designated as hedges				
Interest rate swaps	46.2	(86.0)	51.1	(91.0)
RPI swaps	47.4	(320.4)	69.8	(390.7)
CPI swaps	9.5	(319.1)	31.3	(202.9)
Basis swaps	-	(18.5)	-	(14.9)
Total derivative financial instruments	126.8	(834.9)	169.2	(789.9)
Derivative financial instruments can be analysed as follows:				
Current	15.7	(1.7)	0.9	(8.3)
Non-current	111.1	(833.2)	168.3	(781.6)
	126.8	(834.9)	169.2	(789.9)

At 31 March 2026, the fixed interest rates vary from 1.70% to 5.88%, floating rates vary from SONIA plus 11.20 bps to SONIA plus 326.36 bps, RPI-linked interest rates vary from 1.27% to 2.12% plus RPI and CPI-linked interest rates vary from negative 1.21% plus CPI to 3.75% plus CPI. Gains and losses recognised in other comprehensive income and accumulated in the cash flow hedge reserve on interest rate and cross-currency interest rate swap contracts will be continuously released to the income statement within finance costs in line with the repayment of the related borrowings. Gains and losses recognised in other comprehensive income and accumulated in the cash flow hedge reserve on energy hedges will be released to the income statement within operating costs in line with the expiry of the power season to which the gains and losses relate.

In accordance with IFRS 9, the Group has reviewed all contracts for embedded derivatives that are required to be separately accounted for if they do not meet certain requirements set out in the standard. There were no amounts recorded in the income statement for gains or losses on embedded derivatives for the year ended 31 March 2026 (2025: £nil).

Leases

The minimum lease payments in respect of all leases fall due as follows:

	Group and Company	
	2026 £m	2025 £m
Within one year	7.6	7.3
Between two and five years	13.3	17.9
After five years	14.3	16.2
	35.2	41.4
Future finance charges on leases	(7.0)	(7.5)
Present value of lease liabilities	28.2	33.9

Fair value of financial assets and liabilities

	Group			
	2026		2025	
	Carrying value £m	Fair value £m	Carrying value £m	Fair value £m
Cash and cash equivalents	552.9	552.9	589.0	589.0
Current asset investments – cash deposits	200.0	200.0	430.0	430.0
Borrowings				
Current	(489.1)	(489.0)	(704.5)	(707.2)
Non-current	(8,556.9)	(7,632.1)	(8,035.6)	(7,473.3)



Notes to the financial statements continued

17. Financial instruments continued

Fair value of financial assets and liabilities continued

	Group			
	2026	2025	2026	2025
	Carrying value £m	Fair value £m	Carrying value £m	Fair value £m
Interest and cross currency interest rate swaps – assets				
Current	10.7	10.7	-	-
Non-current	48.2	48.2	65.9	65.9
Interest and cross currency interest rate swaps – liabilities				
Current	(1.7)	(1.7)	(7.5)	(7.5)
Non-current	(174.7)	(174.7)	(171.0)	(171.0)
RPI swaps – assets				
Current	-	-	-	-
Non-current	47.4	47.4	69.8	69.8
RPI swaps – liabilities				
Current	-	-	-	-
Non-current	(320.4)	(320.4)	(390.7)	(390.7)
CPI swaps – assets				
Current	-	-	-	-
Non-current	9.5	9.5	31.3	31.3
CPI swaps – liabilities				
Current	-	-	-	-
Non-current	(319.1)	(319.1)	(202.9)	(202.9)
Basis swaps – liabilities				
Current	-	-	-	-
Non-current	(18.5)	(18.5)	(14.9)	(14.9)
Net debt	(9,011.7)	(8,086.8)	(8,341.1)	(7,781.5)
Energy derivatives – assets				
Current	5.0	5.0	0.9	0.9
Non-current	6.0	6.0	1.3	1.3
Energy derivatives – liabilities				
Current	-	-	(0.8)	(0.8)
Non-current	(0.5)	(0.5)	(2.1)	(2.1)
	(9,001.2)	(8,076.3)	(8,341.8)	(7,782.2)

	Company			
	2026	2025	2026	2025
	Carrying value £m	Fair value £m	Carrying value £m	Fair value £m
Cash and cash equivalents	503.5	503.5	550.7	550.7
Current asset investments – cash deposits	200.0	200.0	430.0	430.0
Borrowings				
Current	(489.1)	(489.0)	(704.5)	(707.2)
Non-current	(8,556.9)	(7,632.1)	(8,035.6)	(7,473.3)
Interest and cross currency interest rate swaps – assets				
Current	10.7	10.7	-	-
Non-current	48.1	48.1	65.9	65.9
Interest and cross currency interest rate swaps – liabilities				
Current	(1.7)	(1.7)	(7.5)	(7.5)
Non-current	(174.7)	(174.7)	(171.0)	(171.0)
RPI swaps – assets				
Current	-	-	-	-
Non-current	47.4	47.4	69.8	69.8
RPI swaps – liabilities				
Current	-	-	-	-
Non-current	(320.4)	(320.4)	(390.7)	(390.7)
CPI swaps – assets				
Current	-	-	-	-
Non-current	9.5	9.5	31.3	31.3
CPI swaps – liabilities				
Current	-	-	-	-
Non-current	(319.1)	(319.1)	(202.9)	(202.9)
Basis swaps – liabilities				
Current	-	-	-	-
Non-current	(18.5)	(18.5)	(14.9)	(14.9)
Net debt	(9,061.2)	(8,136.3)	(8,379.4)	(7,819.8)
Energy derivatives – assets				
Current	5.0	5.0	0.9	0.9
Non-current	6.1	6.1	1.3	1.3
Energy derivatives – liabilities				
Current	-	-	(0.8)	(0.8)
Non-current	(0.5)	(0.5)	(2.1)	(2.1)
	(9,050.6)	(8,125.7)	(8,380.1)	(7,820.5)



Notes to the financial statements continued

17. Financial instruments continued

Fair value of financial assets and liabilities continued

The fair value of loans and other borrowings represents the market value of publicly traded debt instruments or, if in respect of debt not publicly traded, the cost which the Group would incur if it elected to transfer these borrowings, calculated by discounting future cash flows at prevailing rates including credit spreads experienced on publicly traded debt instruments.

The fair value of interest rate derivative financial instruments is determined using discounted cash flow methodology with reference to discounted estimated future cash flows using observable yield curves. The fair value of cross-currency interest rate derivatives is determined using discounted cash flow methodology, with the foreign currency legs calculated with reference to observable foreign interest rate yield curves and the foreign exchange rate as at 31 March. The fair value of the Group's energy derivatives is calculated using discounted cash flow analysis, with reference to observable market energy prices at 31 March.

Fair values of other non-current investments, non-current trade and other receivables and non-current trade and other payables have been estimated as being materially equal to carrying value.

Derivative transactions expose the Group to credit risk against the counterparties concerned. The Group has credit protection measures in place within agreements which provide protection in the event of counterparty rating downgrade or default. The Group only enters into derivative transactions with banks of high credit standing (as measured by reputable rating agencies) and also seeks to diversify exposure such that concentration with individual banks is avoided.

In accordance with IFRS 13 'Fair Value Measurement', the financial instruments carried at fair value on the balance sheet have been classified as either level 2 or level 3 for fair valuation purposes. Both classifications are valued by reference to valuation techniques using observable inputs other than quoted prices in active markets. Level 2 instruments were valued using discounted cash flow method based on observable inputs. The fair value is then adjusted for credit risk. The level 3 instrument valuation relates to CPI-linked transactions (all other instruments which are not CPI-linked are classed as level 2) where inputs are obtained from a less liquid market. In both cases, valuations have been obtained by discounting the estimated future cash flows at a rate that reflects credit risk.

There have been no transfers between level 1, level 2 and level 3 fair value measurements in the year. The Group's policy is to recognise transfers into and out of the different fair value hierarchy levels at the date of the event or change in circumstances that caused the transfer occurred.

Level 3 derivative financial instruments

Level 3 derivative financial instruments comprise CPI-linked inflation swaps which are traded based on a spread to liquid RPI inflation markets often referred to as 'the wedge'. As the market for CPI swaps is still developing, the wedge is not currently observable in a liquid market and as such these swaps have been classified as level 3 instruments.

Movements in the year to 31 March for assets and liabilities measured at fair value using level 3 valuation inputs are presented in the following table:

	Group and Company	
	2026 £m	2025 £m
At 1 April	(186.5)	(186.6)
Net (losses)/gains for the period	(82.5)	19.9
Settlements	(59.0)	(19.8)
At 31 March	(328.0)	(186.5)

Gains and losses in the period are recognised in the income statement.

The impact (on a post-tax basis) on the income statement of reasonably possible changes in the CPI inflation rate assumptions used in valuing instruments classified as level 3 within the fair value hierarchy are as follows:

	Group and Company	
	2026 £m	2025 £m
Gain/(loss)		
1% increase in inflation rates	(162.7)	(116.9)
1% decrease in inflation rates	145.7	103.2

Given the long-term maturity of the financial instruments that make up the portfolio, despite high levels of inflation in the current environment, 1% has been used for sensitivity analysis as this represents a reasonable alternative market movement, as well as a useful benchmark change in the long term.

Control of treasury

The treasury team, which reports directly to the Chief Financial Officer, substantially manages the financing, including debt, interest costs and foreign exchange for the Group. Treasury policy continues to be focused on the efficient and effective management of cash and financial resources within the Group. The activities of the treasury function include the following:

- ensure that lenders' covenants are met;
- secure funds through a balanced approach to financial markets and maturities;
- manage interest rates to minimise financial exposures and minimise interest costs;
- invest temporary surplus cash to best advantage at minimal financial risk;
- maintain an excellent reputation with providers of finance and rating agencies;
- enhance control of financial resources;
- monitor counterparty credit exposure.



17. Financial instruments continued

Financing structure

Every five years the Company, along with all other Water and Sewage Companies, submits its Business Plan to the regulator Ofwat setting out what it believes it needs to run the business for the next 5 year period, known as an AMP. Ofwat then assesses these plans in order to determine the revenue it will allow companies to charge customers.

In setting the allowed revenue Ofwat determines the efficient operating costs of the business. In order to fund the significant capital investment of the business it would be unfair to expect the current customers to fund the costs of assets that will deliver services for many years, especially as these costs can fluctuate year-on-year. Therefore, alongside increased cashflows from higher bills, companies raise money from both debt and equity investors to fund this investment. The investment set out in the Business Plan forms what is known as the Regulatory Capital Value (RCV) of the Company, Ofwat allows companies to recover the value of RCV through revenues via a depreciation charge. To enable long term investment, Ofwat also allows a fair return on the investment to be included in those revenues.

In determining that fair return Ofwat has a duty under the Water Industry Act to ensure that the sector is financeable in the long term and is able to attract that investment. In order to do that Ofwat uses a "notional" company concept to determine a weighted average cost of capital (WACC) which is then applied across the sector. Actual companies have an opportunity to outperform or underperform against the determination, actual companies also have differing capital structures.

Through this regulatory regime the Group generates operating cash flow to service the day to day operations of the business, including capital maintenance and servicing of debt and equity. The Group seeks external investment from both debt and equity markets to fund growth (capital enhancement) and refinance existing debt in order to maintain a desired net debt to capital value ratio. Given the structure of the funding arrangement and relatively stable customer base, which includes a level of inflation protection, the business generates stable operating cash flows.

The Group's regulated water and water recycling business, Anglian Water Services Limited, is funded predominately by debt in the form of long-term bonds and other debt instruments through its financing subsidiary Anglian Water Services Financing Plc. Raising large amounts of debt in advance is not cost efficient and would not enable the company to operate within the notional cost of capital included in the Business Plan. The Group therefore raises debt multiple times a year in the form of new debt or the refinancing of maturing debt. Given this financing structure it is not unusual to have net current liabilities as this debt becomes due and the company uses bank facilities to manage this position. Details of our existing bank facilities can be found on page 204.

The weighted average length to maturity of the Company's debt is 12.2 years (31 March 2025: 12.3 years). At 31 March 2026, Anglian Water's net debt to capital value ratio (net debt as defined in the Common Terms Agreement expressed as a percentage of Anglian Water's regulated capital value) was 69.7% (2025: 71.2%).

Borrowing covenants

The Group's borrowings are raised by Anglian Water Services Financing Plc. The Treasury function monitors compliance against all financial obligations and it is the Group's policy to manage the balance sheet so as to ensure operation within covenant restrictions. There were no covenant breaches in the year. For the going concern assessment, management are closely monitoring on regular basis the key covenants around costs efficiency, SAP upgrades and the CMA, all of which are included in the downside testing. Please refer to going concern section for more details and please refer to compliance certificate sent to security trustee and uploaded on our website for detailed covenants.

Management of financial risk

Financial risks faced by the Group include funding, interest rate, contractual, currency, liquidity and credit risks. The Group regularly reviews these risks and has approved written policies covering treasury strategy and the use of financial instruments to manage risks.

A Finance, Treasury and Energy Policy Group, including the Chief Financial Officer and the Group Treasurer, meets regularly with the specific remit of reviewing special treasury matters. Relevant treasury matters are reported to the board.

The Group aims to meet its funding requirements primarily through accessing a range of financial markets such as public bond markets, private placements, bank loans and finance leases. Surplus cash is invested in short-term bank deposits, commercial paper, certificates of deposit, treasury bills and AAA rated money funds.

The Group also enters into derivative transactions (comprising currency, index-linked, interest rate and energy swaps) to economically manage the interest, currency and commodity risks to which the Group is exposed.

AWS operates with debt/RCV gearing around 70%, with a shareholder supported plan to deleverage AWS to a level of c.65% by the end of AMP8, with the balance from equity. This reflects the focus on seeking to maintain strong investment grade credit ratings at AWS, and the shareholders' long-term strategy was most recently evidenced through an unconditional commitment to an equity investment of £500m in the companies which own AWS.

a) Market risk

i) Foreign currency

The Group has currency exposures resulting from debt raised in currencies other than sterling and very small purchases in foreign currencies. The Group's foreign exchange policy allows for a range of hedge instruments, including forward foreign exchange, swaps and options, to hedge such exposures. All hedges are undertaken for commercial reasons with the objective of minimising the impact of exchange rate fluctuations on net assets and profits. The Group has no material unhedged monetary assets and liabilities denominated in a currency different from the local currency of the particular operation, and has no material net exposure to movements in currency rates.



Notes to the financial statements continued

17. Financial instruments continued

a) Market risk continued

Where exposures arise out of debt issuances in currencies other than sterling, this risk is hedged using cross currency interest rate swaps on the date the debt issuance is contracted. The Group assesses the economic relationship by comparing the currency cash flows on the underlying debt item with the currency cash flows on the hedge instrument to ensure an exact offset of the specific foreign currency flows of the debt is achieved. This results in a notional hedge ratio of one for all foreign currency hedge relationships. Both cash flow hedge accounting and fair value hedge accounting are applied to manage foreign currency risks as appropriate and detailed below.

Group and Company

	Within one year m	Between one and five years m	Between five and 25 years m	Total m
At 31 March 2026				
Foreign currency borrowings – hedged item				
JPY	-	-	22,500.0	22,500.0
USD	185.0	53.0	-	238.0
CAD	-	-	350.0	350.0
Cross currency interest rate swap – cashflow hedge				
JPY	-	-	(15,500.0)	(15,500.0)
USD	(36.0)	(53.0)	-	(89.0)
CAD	-	-	(350.0)	(350.0)
Cross currency interest rate swap – fair value hedge				
JPY	-	-	(7,000.0)	(7,000.0)
USD	(149.0)	-	-	(149.0)
Net currency exposure				
	-	-	-	-
Weighted average spot rate				
JPY	-	-	154.4	-
USD	1.4	1.3	-	-
CAD	-	-	1.6	-

Group and Company

	Within one year m	Between one and five years m	Between five and 25 years m	Total m
At 31 March 2025				
Foreign currency borrowings – hedged item				
JPY	-	-	22,500.0	22,500.0
USD	-	238.0	-	238.0
CAD	-	-	350.0	350.0
Cross currency interest rate swap – cashflow hedge				
JPY	-	-	(15,500.0)	(15,500.0)
USD	-	(89.0)	-	(89.0)
CAD	-	-	(350.0)	(350.0)
Cross currency interest rate swap – fair value hedge				
JPY	-	-	(7,000.0)	(7,000.0)
USD	-	(149.0)	-	(149.0)
Net currency exposure				
	-	-	-	-
Weighted average spot rate				
JPY	-	-	154.4	-
USD	-	1.4	-	-
CAD	-	-	1.6	-

Hedge ineffectiveness on currency hedging primarily results from situations where we have taken the economic decision (in line with Treasury policy) to change our fixed and floating portfolio mix. Where this has required existing hedged positions to be changed, the existing hedge is de-designated and the replacement hedge will generate effectiveness. This ineffectiveness represents the difference between the amortisation of the effective balance of the hedge on the date of de-designation (released on a straight line basis) and the dynamic change in the value of the derivative as it trends to zero. In addition, ineffectiveness can result from counterparty credit risk (which is present in the derivative but cannot be modelled as part of the hedged risk).

Fair valuation movements related to foreign currency basis which forms part of the pricing of cross currency interest rate swaps are treated as a cost of hedging for all foreign currency hedge designations within the Group. As such, it is excluded from hedge relationships and is only a source of ineffectiveness where hedge accounting has been interrupted.

The changes in fair value of foreign currency basis spread accumulated in the cash flow hedge reserve, are amortised to profit or loss on a rational basis over the term of the hedging relationship.



Notes to the financial statements continued

17. Financial instruments continued

a) Market risk continued

ii) Interest rate and inflation rate risk

The Group's policy for the management of interest rate risk is to achieve a balanced mix of funding at indexed (to RPI or CPI), fixed and floating rates of interest. To guard against the adverse movements in interest rates having a detrimental impact on the business and to enable covenanted obligations and credit ratings to be met, the overall underlying debt portfolio is maintained at between 45% and 55% of RCV for index-linked debt and between 5% and 15% for floating rate debt, with the remaining being fixed rate. Within these hedging levels, the Group endeavours to obtain the finest rates (lowest borrowing and finest depositing rates) consistent with ensuring that the relevant treasury objectives are met in full, i.e. the provision of adequate finance for Anglian Water Services Group at all times and maintaining security of principal on investments.

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk, which is partially offset by cash held at variable rates. Borrowings issued at fixed rate expose the Group to fair value interest rate risk. Treasury manages its interest rate risk by monitoring market rates in relation to the debt (and investment) portfolios, analysing the effect of likely movements in interest rates and taking action as deemed appropriate, within the hedging limits outlined above.

The table below summarises the impact of derivatives on interest rate and inflation risks within the debt portfolio:

	Group and Company			
	Debt position £m	Swap impact £m	Post swap position £m	Effective interest rate %
At 31 March 2026				
Fixed	(5,380.7)	3,225.5	(2,155.2)	6.5
Floating	(395.0)	(685.8)	(1,080.8)	5.8
Index-linked	(3,229.5)	(2,812.9)	(6,042.4)	6.2
Leases	(28.2)	-	(28.2)	3.0
	(9,033.4)	(273.2)	(9,306.6)	
At 31 March 2025				
Fixed	(5,110.7)	2,246.5	(2,864.2)	6.1
Floating	(395.0)	(711.8)	(1,106.8)	6.4
Index-linked	(3,193.9)	(1,834.9)	(5,028.8)	5.5
Leases	(33.9)	-	(33.9)	3.0
	(8,733.5)	(300.2)	(9,033.7)	

Where exposures arising out of debt issuances are swapped this risk is hedged using cross currency interest rate swaps, interest rate swaps or inflation swaps. The Group assesses the economic relationship by comparing the cash flows on the underlying debt instrument with the offsetting cash flows on the hedge to ensure an exact offset of the specified notional value of the debt is achieved. This results in a notional hedge ratio of one for all interest rate hedge relationships. Both cash flow hedge accounting and fair value hedge accounting are applied as appropriate. Derivatives that do not qualify for hedge accounting primarily consist of those relationships which swap debt into inflation. The table below outlines the Group's exposures to interest rates from derivative swaps in isolation (excluding offsetting debt instrument cashflows).

	Group and Company					Interest rate (weighted average)	
	Within one year £m	Between one and five years £m	Between five and 25 years £m	After 25 years £m	Mark to market £m	payable	receivable
At 31 March 2026							
Interest rate swaps							
Floating to fixed	-	-	350.0	-	0.4	5.2	4.8
Fixed to floating	50.0	154.5	1,145.0	-	(83.1)	5.8	5.3
Fixed to fixed	100.0	481.3	250.0	-	14.5	3.0	2.5
Inflation swaps							
Fixed to CPI	-	465.0	1,405.9	-	(279.9)	5.9	5.1
Floating to CPI	-	50.4	100.0	-	(26.8)	4.2	4.5
Fixed to RPI	-	-	100.0	-	(2.8)	6.3	6.0
Floating to RPI	-	175.0	50.0	190.9	(258.2)	5.8	4.5
RPI to Floating	-	-	97.4	-	(12.0)	5.5	5.9
RPI to CPI	-	1,750.0	-	-	(18.5)	4.6	4.2
Fixed to CPIH	-	-	100.0	-	(2.9)	3.8	2.1
Cross currency swaps							
JPY	-	-	145.8	-	(46.4)	4.6	1.3
USD	129.7	40.1	-	-	12.6	4.4	3.2
CAD	-	-	224.8	-	(15.5)	3.8	4.5
Total	279.7	3,116.3	3,968.9	190.9	(718.6)		



Notes to the financial statements continued

17. Financial instruments continued

a) Market risk continued

ii) Interest rate and inflation rate risk

	Group and Company					Interest rate (weighted average)	
	Within one year £m	Between one and five years £m	Between five and 25 years £m	After 25 years £m	Mark to market £m	payable	receivable
At 31 March 2025							
Interest rate swaps							
Floating to fixed	25.0	-	350.0	-	(6.5)	5.2	5.7
Fixed to floating	525.0	204.5	845.0	-	(83.0)	6.1	3.8
Fixed to fixed	-	581.3	250.0	-	10.0	3.0	2.5
Inflation swaps							
Fixed to CPI	-	315.0	550.9	-	(167.7)	4.2	4.6
Floating to CPI	-	-	250.4	-	(3.9)	2.6	5.3
Fixed to RPI	-	-	100.0	-	3.0	5.4	6.0
Floating to RPI	-	-	225.0	190.9	(306.5)	4.9	5.4
RPI to Floating	-	-	97.4	-	(18.6)	6.4	5.0
RPI to CPI	-	-	1,750.0	-	(14.9)	3.5	3.3
Floating to fixed	74.0	-	-	-	1.2	1.5	5.0
Cross currency swaps							
JPY	-	-	145.8	-	(36.5)	4.9	1.3
USD	-	169.8	-	-	14.8	5.0	3.2
CAD	-	-	224.8	-	(11.4)	3.8	4.5
Total	624.0	1,270.6	4,789.3	190.9	(620.0)		

We follow critical terms match approach for assessing hedge effectiveness. Hedge ineffectiveness can result from counterparty credit risk (which is present in the derivative but not in the hedged risk).

The maturity profile of interest rate swaps in a cash flow hedge or fair value hedge relationship are given below.

	Group and Company					Interest rate (weighted average)	
	Within one year £m	Between one and five years £m	Between five and 25 years £m	After 25 years £m	Mark to market £m	payable	receivable
At 31 March 2026							
Interest rate swaps							
Floating to fixed – Cash flow hedge	-	-	-	-	-	-	-
Fixed to floating – Fair Value hedge	50.0	154.5	75.0	-	(28.4)	5.3	2.3
At 31 March 2025							
Interest rate swaps							
Floating to fixed – Cash flow hedge	25.0	-	-	-	(0.4)	4.1	5.2
Fixed to floating – Fair Value hedge	350.0	204.5	75.0	-	(39.2)	5.5	1.8

The Group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging derivatives. Based on these scenarios, the Group calculates the impact on profit and loss of a defined interest rate shift.

The sensitivity of the Group's profits and equity, including the impact on derivative financial instruments, to potential changes in interest rates at 31 March is as follows:

	Group and Company	
	2026 £m	2025 £m
Increase/(decrease) in equity		
1% increase in interest rates	1.4	0.2
1% decrease in interest rates	(1.5)	(0.1)
Increase/(decrease) in profit before tax		
1% increase in interest rates	14.5	37.3
1% decrease in interest rates	(8.6)	(39.5)

Given the long-term maturity of the financial instruments that make up the portfolio, despite high levels of inflation in the current environment, one percent has been used for sensitivity analysis as this represents a reasonable alternative market movement, as well as a useful benchmark change.



Notes to the financial statements continued

17. Financial instruments continued

a) Market risk continued

ii) Interest rate and inflation rate risk continued

The following assumptions were made in calculating the interest rate sensitivity analysis:

- cash flow and fair value hedge relationships remain effective;
- the main fair value sensitivity to interest rates is in relation to inflation-linked derivatives;
- cash flow sensitivity is calculated on floating interest rate net debt; and
- all other factors are held constant.

Debt instruments

The following analysis shows the impact of a one per cent change in RPI and a one per cent change in CPI over the 12-month period to the reporting date on index-linked debt instruments.

The finance cost of the Group's index-linked debt instruments and derivatives varies with changes in inflation rather than interest rates. These instruments form an economic hedge with the Group's revenues and regulatory assets, which are linked to RPI and CPI-H inflation.

Inflation risk is reported monthly to the Finance, Treasury and Energy Policy Group, which manages inflation risk by identifying opportunities to amend the economic hedge currently in place where deemed necessary.

The sensitivity at 31 March of the Group's profit before tax to changes in RPI and CPI on debt and derivative instruments is set out in the following tables:

	Group and Company	
	2026 £m	2025 £m
Increase/(decrease) in profit before tax		
1% increase in inflation	(28.2)	(28.4)
1% decrease in inflation	28.1	28.3

Given the long-term maturity of the financial instruments that make up the portfolio, despite high levels of inflation in the current environment, 1% has been used for sensitivity analysis as this represents a reasonable alternative market movement, as well as a useful benchmark change in the long term.

RPI-linked derivatives

The fair values of the Group's RPI-linked derivatives are based on estimated future cash flows, discounted to the reporting date, and these will be impacted by an increase or decrease in RPI rates as shown in the following table. The sensitivity to CPI rates has been included in the level 3 disclosure and as such has not been repeated.

Group and Company

	2026 £m	2025 £m
Increase/(decrease) in profit before tax		
1% increase in RPI	(81.1)	(96.2)
1% decrease in RPI	78.8	89.9

Given the long-term maturity of the financial instruments that make up the portfolio, despite high levels of inflation in the current environment, 1% has been used for sensitivity analysis as this represents a reasonable alternative market movement, as well as a useful benchmark change in the long-term.

iii) Commodity price risk

The Group recovers its electricity costs through revenue, set in real terms by Ofwat, to cover costs for each five-year regulatory pricing period. To the extent that electricity prices remain floating over this period, this exposes the Group to volatility in its operating cash flow. The Group's policy is to manage this risk either through forward purchases to fix the cost of future blocks of electricity with the contracted energy supplier, through the purchase of wholesale electricity swaps with financial counterparties, or through direct generation. Where swap contracts are utilised, the Group designates all the swaps in cash flow hedge relationships.

Group and Company

	Within one year MW	Between one and five years MW	Between five and 25 years MW	Mark to market £m
At 31 March 2026				
Electricity swap	121.6	86.1	-	10.5
At 31 March 2025				
Electricity swap	105.5	78.0	-	(0.7)

Hedge ineffectiveness primarily results from counterparty credit risk (which is present in the derivative but cannot be modelled as part of the hedged risk). There is no hedge ineffectiveness on any of our swap contracts. Assuming all energy hedges were in effective hedging relationships, a 10% increase/decrease in commodity prices would have the following impact:

Group and Company

	2026 £m	2025 £m
Increase/(decrease) in equity		
10% increase in original prices	7.6	6.1
10% decrease in original prices	(7.6)	(6.1)

10% has been used for sensitivity analysis as this represents a reasonable alternative market movement, as well as a useful benchmark change.



Notes to the financial statements continued

17. Financial instruments continued

b) Credit risk

Credit risk arises principally from trading and treasury activities. From a trading perspective, the Group has no significant concentrations of credit risk due to minimising the risk through the effective management of customer relationships and through the collateralisation inherent in the licensing of business retail activities. The Group's largest trade receivable balance is in Anglian Water Services Limited, whose operating licence prevents the disconnection of water supply to domestic customers even where bills are unpaid. Irrecoverable debt is taken into consideration as part of the price review process by Ofwat, and therefore no additional provision is considered necessary in excess of the provision for expected credit loss allowance included in note 13.

Placements of cash on deposit expose the Group to credit risk against the counterparties concerned. The Group has credit protection measures in place within agreements that provide protection in the event of counterparty rating downgrade or default. The Group only places cash deposits with banks of upper investment grade (as measured by reputable rating agencies) and also seeks to diversify exposure such that concentration with individual banks is avoided. The credit rating applied to all counterparties is reviewed monthly and on an ongoing basis.

The Group's financial metrics are at a level to maintain an investment grade credit rating and be able to raise debt to fund its investment programme. There have been a recent downgrade across the sector reflecting the regulatory landscape, but these are not company specific.

All cash and cash deposits are held with institutions with a minimum of two short-term ratings of P1/A1/F1 or higher, or in the case of money market funds with a minimum of two ratings of Aaam MR1+/AAAm/AAAmf or higher.

In the case of derivatives, the following table sets out the Group's financial assets and liabilities and the impact of any enforceable master netting arrangements.

Financial assets and liabilities on different transactions are only reported net if the transactions are with the same counterparty, a legal right of offset exists and the cash flows are intended to be settled on a net basis. Amounts that do not meet the criteria for offsetting on the balance sheet but could be settled net in the event of default of either party have been reflected in the offsetting column.

Group policy requires that transactions are only executed with counterparties which are both (a) from the lending Group and (b) rated at least A- (long-term) or A1 (short-term) by Standard & Poor's, Moody's or Fitch.

Group and Company

	Gross carrying amounts £m	Net amount presented in the balance sheet £m	Offsetting not presented in the balance sheet £m	Net amount £m
At 31 March 2026				
Derivative financial assets	126.8	126.8	(61.5)	65.3
Derivative financial liabilities	(834.9)	(834.9)	61.5	(773.4)
At 31 March 2025				
Derivative financial assets	169.2	169.2	17.8	187.0
Derivative financial liabilities	(789.9)	(789.9)	(17.8)	(807.7)

Gross amounts offset represent equal and opposite transactions with the same counterparties and same terms on which no settlements are paid. Offsetting not presented in the balance sheet reflects the extent to which derivative assets and liabilities could be offset with the same counterparty in the event of counterparty default.

At 31 March, the maximum exposure to credit risk for the Group is represented by the carrying amount of each financial asset in the Group balance sheet:

Group

	2026 £m	2025 £m
Cash and cash equivalents	552.9	589.0
Trade and other receivables	760.7	662.6
Investments – cash deposits	200.0	430.0
Derivative financial assets	126.7	169.2

Company

	2026 £m	2025 £m
Cash and cash equivalents	503.5	550.7
Trade and other receivables	760.7	662.6
Investments – cash deposits	200.0	430.0
Derivative financial assets	126.7	169.2



Notes to the financial statements continued

17. Financial instruments continued

b) Credit risk continued

Note 2c details the assessment made for the expected credit losses for trade and other receivables.

None of the other financial assets are credit impaired.

The Company, as part of the Anglian Water Services Financing Group, guarantees unconditionally and irrevocably all the borrowings and derivatives of Anglian Water Services Financing Plc, which at 31 March 2026 amounted to £9,948.4 million (2025: 9,595.3 million). The borrowings of Anglian Water Services Holdings Limited and Anglian Water Services UK Parent Co Limited are also guaranteed unconditionally and irrevocably by the Company. Anglian Water Services Holdings Limited and Anglian Water Services UK Parent Co Limited had no outstanding indebtedness at 31 March 2026 (2025: £nil).

During the period to 31 March 2026, there has been no change to the Group's position from that disclosed in the 31 March 2025 consolidated financial statements.

c) Capital risk management

The prime responsibility of the Group's treasury function is the efficient and effective management of financial resources within the Group, i.e. the provision of adequate finance and liquidity at all times while maintaining security of principal. This involves focus on efficiency, quality and effective control to improve cash flow certainty and profitability. The treasury function will actively seek opportunities to raise debt, to reduce the cost of funding and the cost of hedging interest rate and foreign exchange risk while maintaining a risk-averse position in its liquidity management and in its control of currency and interest rate exposures. The Group does not have externally imposed capital requirements.

The Group monitors its capital structure principally through the level of net debt and associated borrowing metrics. Further information on the Group's net debt position and movements during the year is provided in Note 14 (Analysis of net debt).

It is the Group's policy to maintain sufficient cash and/or borrowing facilities to meet short-term commitments and to provide working capital support/flexibility in treasury operations in the event of short-term difficulties in the capital markets. The treasury team actively maintain a good financial reputation with rating agencies, investors, lenders and other creditors, and aims to maintain the relevant key financial ratios used by the credit rating agencies to determine the respective credit ratings.

Anglian Water's financial metrics are at a level to maintain an investment grade credit rating and be able to raise debt to fund its investment programme.

d) Liquidity risk

The Group's objective is to maintain flexibility, diversification and continuity of funding through access to different markets and debt instruments. Daily cash management is undertaken to calculate cash position and dealing requirements, and weekly and monthly cash forecasts are prepared to demonstrate short/medium-term liquidity, covenant compliance and to inform investment strategy. Regular meetings are held with cash forecasters to understand cash variances and challenge latest forecasts. Consolidated cash forecasts are presented to the Finance, Treasury and Energy Policy Group on a regular basis.

As noted in the Financing Structure section above, the business generates operating cash flows to finance the day-to-day operations of the Group, liquidity risk therefore relates to the ability to attract debt and equity investment to fund the enhancement programme set out in Business Plan and refinance existing debt. Both the allowed return on investment and the recovery of RCV included within revenues give management comfort as to the long term viability of the Group (see our long term viability statement). In addition, management note Ofwat's statutory duty to ensure that the notional company is financeable. Management believe that to meet this duty the return for the notional company needs to be sufficient to enable it to be able to access the necessary debt and equity to deliver its Business Plan both over the current five year regulatory period but also into the future taking consideration the long term planning cycle, as well as to be able to maintain a strong investment grade credit rating throughout.

The Group's borrowing facilities of £1,540.0 million (2025: £1,382.5 million), as set out below. Further details of our longer-term financing can be found in our long-term viability statement on page 107.

The Group has the following undrawn committed borrowing facilities available at 31 March in respect of which all conditions precedent had been met at that date:

	Group and Company	
	2026 £m	2025 £m
Expires:		
Within one year	190.0	557.5
Between one and two years	-	575.0
Between two and five years	1,350.0	250.0
	1,540.0	1,382.5

The Group's borrowing facilities of £1,540.0 million (2025: £1,382.5 million) comprise Class A debt service reserve facilities totalling £294.0 million provided by HSBC Bank Plc, Sumitomo Mitsui Banking Corporation and Assured Guaranty; a £146.0 million operating and capital maintenance expenditure reserve facility provided by Barclays Bank Plc, BNP Paribas Plc, Lloyds TSB Bank Plc and Bank of Nova Scotia; syndicated loan facilities totalling £1,100.0 million for working capital and capital expenditure requirements managed by Barclays Bank Plc in the role of facility agent and syndicated to a pool of relationship banks.



Notes to the financial statements continued

17. Financial instruments continued

d) Liquidity risk continued

The table below analyses the Group's financial liabilities and derivative financial instruments into relevant maturity Groupings based on the remaining period at the balance sheet date. The amounts disclosed in the table are the contractual undiscounted cash flows, including interest payable:

	Group				
	Within one year £m	Between one and five years £m	Between five and 25 years £m	After 25 years £m	Total £m
At 31 March 2026					
Trade and other payables	(317.0)	-	-	-	(317.0)
Borrowings	(656.6)	(2,819.7)	(10,307.4)	(2,425.3)	(16,209.0)
Derivative financial instruments (net settled)	(40.0)	(172.5)	(891.5)	(323.3)	(1,427.3)
Derivative financial instruments (gross settled outflow)	(147.5)	(103.0)	(433.1)	-	(683.6)
Derivative financial instruments (gross settled inflow)	153.5	83.3	317.8	-	554.6
Leases	(7.6)	(13.3)	(10.6)	(3.7)	(35.2)
	(1,015.2)	(3,025.2)	(11,324.8)	(2,752.3)	(18,117.5)
At 31 March 2025					
Trade and other payables	(312.6)	-	-	-	(312.6)
Borrowings	(868.0)	(2,926.5)	(9,540.1)	(2,279.3)	(15,613.9)
Derivative financial instruments (net settled)	(98.8)	(198.0)	(809.0)	(280.7)	(1,386.5)
Derivative financial instruments (gross settled outflow)	(26.1)	(237.1)	(452.3)	-	(715.5)
Derivative financial instruments (gross settled inflow)	15.9	231.5	335.4	-	582.8
Leases	(7.3)	(17.9)	(12.7)	(3.5)	(41.4)
	(1,296.9)	(3,148.0)	(10,478.7)	(2,563.5)	(17,487.1)

We have used spot FX rates and forward interest rates to calculate undiscounted cashflows.

	Company				
	Within one year £m	Between one and five years £m	Between five and 25 years £m	After 25 years £m	Total £m
At 31 March 2026					
Trade and other payables	(335.1)	-	-	-	(335.1)
Borrowings	(656.6)	(2,819.7)	(10,307.4)	(2,425.3)	(16,209.0)
Derivative financial instruments (net settled)	(40.0)	(172.5)	(891.5)	(323.3)	(1,427.3)
Derivative financial instruments (gross settled outflow)	(147.5)	(103.0)	(433.1)	-	(683.6)
Derivative financial instruments (gross settled inflow)	153.5	83.3	317.8	-	554.6
Leases	(7.6)	(13.3)	(10.6)	(3.7)	(35.2)
	(1,033.3)	(3,025.2)	(11,324.8)	(2,752.3)	(18,135.6)
At 31 March 2025					
Trade and other payables	(328.2)	-	-	-	(328.2)
Borrowings	(868.0)	(2,926.5)	(9,540.1)	(2,279.3)	(15,613.9)
Derivative financial instruments (net settled)	(98.8)	(198.0)	(809.0)	(280.7)	(1,386.5)
Derivative financial instruments (gross settled outflow)	(26.1)	(237.1)	(452.3)	-	(715.5)
Derivative financial instruments (gross settled inflow)	15.9	231.5	335.4	-	582.8
Leases	(7.3)	(17.9)	(12.7)	(3.5)	(41.4)
	(1,312.5)	(3,148.0)	(10,478.7)	(2,563.5)	(17,502.7)



Notes to the financial statements continued

18. Deferred tax

	Group and Company					
	Accelerated tax depreciation £m	Financial instruments £m	Retirement benefit obligation £m	Tax losses carried forward £m	Other £m	Total £m
At 1 April 2025	2,102.3	6.5	22.3	(427.1)	(10.7)	1,693.3
Charged/(credited) directly to income statement	127.0	(24.0)	2.0	(169.7)	(3.1)	(67.8)
Charged directly to other comprehensive income	-	0.4	(1.0)	-	-	(0.6)
At 31 March 2026	2,229.3	(17.1)	23.3	(596.8)	(13.8)	1,624.9
At 1 April 2024	1,977.4	(18.7)	7.7	(356.5)	(8.1)	1,601.8
Charged/(credited) directly to income statement	124.9	15.8	7.3	(70.6)	(2.6)	74.8
Charged directly to other comprehensive income	-	9.4	7.3	-	-	16.7
At 31 March 2025	2,102.3	6.5	22.3	(427.1)	(10.7)	1,693.3

Financial modelling of future income streams indicate that there will be taxable profits available in future years against which these deferred tax assets can be recognised.

Deferred tax assets and liabilities have been offset in accordance with IAS 12 'Income Taxes'.

19. Net retirement benefit surplus

Pension arrangements for the majority of the company's UK employees are of the funded defined benefit type through the AWG Pension Scheme ("AWGPS"), a funded defined benefit pension scheme in the UK. The AWGPS comprises the Main section and the Hartlepool section (a defined benefit scheme for the employees of the former Hartlepool Water Limited, where the pension scheme was transferred on 1 April 2000 which is now a section of the AWGPS).

The AWGPS is established as an occupational trust and is governed by trust law and applicable pensions legislation. In accordance with UK law, the assets of the scheme are held separately from those of the Group and other participating employers. The scheme is administered by the Trustees, who are responsible for the governance of the scheme, the administration of benefits, the investment of scheme assets and obtaining actuarial valuations at least every three years. The Trustees work with participating employers to agree funding arrangements and employer contribution requirements.

Funding requirements are determined based on actuarial valuations and are agreed between the Trustees and participating employers. The objective of the funding arrangements is to ensure that sufficient assets are available to meet the scheme's obligations as they fall due.

The Company also manages an unfunded pension arrangement which has been valued by independent actuaries in accordance with the requirements of IAS19 Employee Benefits as at

31 March 2026. The provision for unfunded pension obligations relates to the cost of enhancements of former employees, over and above their entitlement in the Company's pension schemes. The majority of these employees ceased their employment following redundancy programmes principally between 10 and 20 years ago. These pension enhancements are payable until the death of these former employees (or their dependants) and payments are expected to be made over approximately 25 years.

The assets and liabilities relating to the defined benefit scheme for the employees of the former Hartlepool Water Limited are held in a segregated section of the AWGPS. Hartlepool Water Limited was acquired in July 1997, with trade and assets transferred to Anglian Water on 1 April 2000. However, as the Trustees assess the funding requirements of the Hartlepool section separately from the rest of AWGPS, the Hartlepool section has been separately disclosed in the tables below.

On 23 May 2022 a buy-out of the Hartlepool section was completed resulting in a settlement of liabilities. However, we note there are still some residual assets in the section.

Within the scheme, employees are entitled to retirement benefits based on their final salary and length of service at the time of leaving, or closure of, the schemes, payable on attainment of retirement age (or earlier death).

On 31 March 2018, following a period of consultation with representatives of all employees, the defined benefit sections of the AWGPS (including the Hartlepool section) were closed for future accruals. From 1 April 2018 all employees now have the option to participate in a new high quality defined contribution scheme which offers an equitable scheme with more flexible benefits.

Full actuarial valuations as at 31 March 2023 have been completed for the AWGPS Main and Hartlepool sections, the results of which have been used as a basis for the IAS 19 'Employee Benefits' disclosures as at 31 March 2026.

The Group has a plan in place with the scheme's trustees to address the funding deficit for the Main Section of the AWGPS by 2026, through a series of annual deficit recovery contributions.

During the year, the Group contributed £nil (2025: £24.5 million) deficit reduction payments. There were no deficit reduction payments (2025: none) for the Hartlepool Section due to the buy out.

In the year to 31 March 2027 employers' contributions are expected to be £nil.

The approximate weighted average duration of all defined benefit obligations for AWGPS is 12 years.

In determining the amount of any net defined benefit asset recognised, the Group considers the requirements of the asset ceiling under IAS 19. Any surplus recognised is limited to the extent that it is recoverable through refunds from the scheme or reductions in future contributions. The Group has concluded it has an unconditional right to a surplus once all member benefits have been paid.

There is one defined contribution scheme which operates predominantly in the UK, and contributions to this scheme amounted to £28.9 million (2025: £25.5 million). There is £nil outstanding balance on the defined contribution scheme at year end (2025: £nil).



Notes to the financial statements continued

19. Net retirement benefit surplus continued

The Virgin Media Ltd v NTL Pension Trustees II Court ruling

On 16 June 2023, the High Court handed down its decision in The Virgin Media Ltd v NTL Pension Trustees II which concerned the correct interpretation of section 37 of the Pension Schemes Act 1993. Subsequently Virgin Media Ltd filed an appeal, the hearing for which took place on 26 and 27 June 2024 and on 25 July 2024, it was announced that the Court of Appeal upheld the High Court ruling. The Court of Appeal's ruling confirms that a section 37 confirmation was required where an alteration to a scheme's rules affected pension benefits attributable to past or future service benefits related to section 9(2B) rights between 6 April 1997 until the end of contracting-out on 5 April 2016.

On 1 September 2025, the Pensions Minister published draft amendments to the Pension Scheme Bill that would enable companies to retrospectively obtain written confirmation that historic benefits changes met the necessary standards. These amendments were subsequently enacted and came into force on 29 April 2026. Based on the review previously undertaken with the Trustee and the Scheme Actuary the Group does not consider it appropriate to record a provision in the accounts.

a) Principal actuarial assumptions

The liabilities of the Group's pension schemes have been valued using the projected unit method and using the following assumptions:

	Group and Company	
	2026 % pa	2025 % pa
Discount rate	5.95	5.8
Inflation rate		
RPI	3.4	3.3
CPI	3.1	2.9
Increases to deferred benefits during deferment		
RPI	3.4	3.3
CPI	3.1	2.9
Increases to inflation related pensions in payment ¹		
RPI	3.3	3.2
CPI	3.0	2.8

Group and Company

	2026 % pa	2025 % pa
	Years	Years
Longevity at age 65 for current pensioners		
Men	21.5 ³	21.6 ³
Women	23.8 ³	24.2 ³
Longevity at age 65 for future pensioners ²		
Men	22.8 ³	22.9 ³
Women	25.2 ³	25.6 ³

¹ For pension increases capped at 5% p.a.

² Life expectancies for 'AWGPS' and 'Unfunded pensioners' only

³ The life expectancy shown for future pensioners is for those reaching 65 in 2045

b) Sensitivity analysis

The following table sets out the sensitivity of the liabilities within the schemes to changes in the financial and demographic assumptions.

	Group and Company				
	Change in assumption	AWGPS £m	Hartlepool £m	Unfunded pensions £m	Total £m
At 31 March 2026					
Discount rate	+/- 0.5 % pa	-46/51	-	-1/1	-47/52
Rate of RPI inflation	+/- 0.5 % pa	43/-40	-	1/-1	44/-41
Life expectancy	+/- 1 year	26/-27	-	1/-1	27/-28
At 31 March 2025					
Discount rate	+/- 0.5 % pa	-50/55	-	-1/1	-58/64
Rate of RPI inflation	+/- 0.5 % pa	49/-45	-	1/-1	53/-50
Life expectancy	+/- 1 year	27/-27	-	1/-1	33/-34

Changes to market conditions that influence the assumptions above may also have an impact on the value of the schemes' investment holdings. The extent to which these are managed is discussed in section (c) below. The sensitivities in the table above have been calculated by changing the key assumption and leaving all others fixed, with the exception of the RPI inflation assumption, which has a corresponding impact on Consumer Prices Index ('CPI') inflation, pension increases and salary increases due to the way the assumptions are derived. These changes in assumptions represent a reasonable alternative range, as well as a useful benchmark change.



Notes to the financial statements continued

19. Net retirement benefit surplus continued

c) Risk and risk management

The Group's defined benefit pension schemes, in common with the majority of such schemes in the UK, have a number of areas of risk. These areas of risk, and the ways in which the Group manages them, are set out below.

The risks are considered below from both a funding perspective (which drives the cash commitments of the Group) and from an accounting perspective, i.e. the extent to which such risks affect the amounts recorded in the Group's financial statements.

Asset volatility

For the purpose of setting the contribution requirements, the calculation of the value of the liabilities uses a discount rate set with reference to government bond yields, with allowance for additional return to be generated from the investment portfolio. Under IAS 19, the defined benefit obligation is calculated using a discount rate set with reference to corporate bond yields.

The schemes hold a proportion of their assets in return-seeking funds. The return on these assets may be volatile and are not correlated to the value of the liabilities. This means that the deficit may be volatile in the shorter term, which may lead to an increase in the contribution requirements and an increase in the net defined benefit liability recorded on the balance sheet.

The Group believes that return-seeking assets offer an appropriate level of return over the long-term for the level of risk that is taken. The schemes' other assets are well diversified by investing in a range of asset classes including government bonds and corporate bonds. The allocation to growth assets is monitored to ensure it remains appropriate given the schemes' long-term objectives.

Change in bond yields

A fall in bond yields increases the value placed on the liabilities for reporting purposes and for setting the Group's contribution requirements. However, in this scenario the schemes' investment in corporate and government bonds and liability-driven investments is expected to increase and therefore offset some of the increase in the value placed on the liabilities.

Price inflation

The majority of the schemes' benefit obligations are linked to inflation and higher out-turn inflation will lead to a higher benefit obligation (although in most cases caps on the level of inflationary increases are in place to protect the plan against extreme inflation). A significant proportion of the schemes' assets do not provide a direct hedge against changes in inflation as they are either fixed-interest in nature (corporate bonds and government bonds), or have an indirect link to inflation (equities).

Life expectancy

The majority of the schemes' obligations are to provide benefits for the life of the member and, as such, the schemes' liabilities are sensitive to these assumptions. This is particularly significant where the longer duration and inflation-linked nature of the payments result in higher sensitivity to changes in life expectancy. The schemes do not contain a hedge against increases in future life expectancy.

d) Amounts recognised in comprehensive income

	Group and Company			
	AWGPS £m	Hartlepool £m	Unfunded pensions £m	Total £m
2026				
Amounts (charged)/credited to finance costs				
Interest income on scheme assets	52.7	-	-	52.7
Interest cost on scheme liabilities	(46.0)	-	(1.5)	(47.5)
Net interest income/(expense)	6.7	-	(1.5)	5.2
Amounts credited/(charged) to the income statement	6.7	-	(1.5)	5.2
Amounts (charged)/credited to other comprehensive income				
Return on plan assets (excluding amounts included in net interest)	(1.4)	(0.1)	-	(1.5)
Actuarial gains/(losses) arising from:				
Changes in financial assumptions	8.0	-	-	8.0
Changes in demographic assumptions	0.9	-	-	0.9
Experience adjustments	(11.8)	-	0.2	(11.6)
Net (charge)/credit to other comprehensive income	(4.3)	(0.1)	0.2	(4.2)
2025				
Amounts credited/(charged) to finance costs				
Interest income on scheme assets	47.7	-	-	47.7
Interest cost on scheme liabilities	(44.2)	-	(1.4)	(45.6)
Net interest income/(expense)	3.5	-	(1.4)	2.1
Amounts (charged)/credited to the income statement	3.5	-	(1.4)	2.1
Amounts (charged)/credited to other comprehensive income				
Return on plan assets (excluding amounts included in net interest)	(91.1)	-	-	(91.1)
Actuarial gain arising from:				
Changes in financial assumptions	115.9	-	2.7	118.6
Changes in demographic assumptions	(0.4)	-	-	(0.4)
Experience adjustments	2.0	-	-	2.0
Net credit/(charge) to other comprehensive income	26.4	-	2.7	29.1



Notes to the financial statements continued

19. Net retirement benefit surplus continued

e) Amounts recognised in the balance sheet

	Group and Company			
	AWGPS £m	Hartlepool £m	Unfunded pensions £m	Total £m
2026				
Corporate bonds	591.7	-	-	591.7
Government bonds	408.2	-	-	408.2
Property	37.0	-	-	37.0
Alternatives	11.6	-	-	11.6
Pooled LDI investments (with def of LDI)	71.5	-	-	71.5
Derivatives	(28.3)	-	-	(28.3)
Repurchases	(216.5)	-	-	(216.5)
Cash and cash equivalents	56.2	1.1	-	57.3
Total assets	931.4	1.1	-	932.5
Present value of scheme liabilities	(814.2)	-	(25.2)	(839.4)
Net pension surplus/(deficit)	117.2	1.1	(25.2)	93.1
Comprising:				
Pension schemes with a net surplus, included in non-current assets	117.2	1.1	-	118.3
Pension schemes with a net deficit, included in non-current liabilities	-	-	(25.2)	(25.2)
	117.2	1.1	(25.2)	93.1

	Group and Company			
	AWGPS £m	Hartlepool £m	Unfunded pensions £m	Total £m
2025				
Corporate bonds	421.2	-	-	421.2
Government bonds	464.3	-	-	464.3
Property	-	-	-	-
Alternatives	94.8	0.7	-	95.5
Pooled LDI investments (with def of LDI)	72.1	-	-	72.1
Derivatives	(10.7)	-	-	(10.7)
Repurchases	(249.4)	-	-	(249.4)
Cash and cash equivalents	142.2	0.4	-	142.6
Total assets	934.5	1.1	-	935.6
Present value of scheme liabilities	(819.7)	-	(26.6)	(846.3)
Net pension surplus/(deficit)	114.8	1.1	(26.6)	89.3
Comprising:				
Pension schemes with a net surplus, included in non-current assets	114.8	1.1	-	115.9
Pension schemes with a net deficit, included in non-current liabilities	-	-	(26.6)	(26.6)
	114.8	1.1	(26.6)	89.3

The scheme assets do not include any of the Group's own financial instruments, nor any property occupied by, nor other assets used by, the Group. Most of the assets have quoted prices in active markets, but there are corporate bonds, alternative investments and insurance contracts, which are unquoted amounting to £1.3 million (2025: £8.3 million).



Notes to the financial statements continued

19. Net retirement benefit surplus continued

f) Reconciliation of fair value of scheme assets

	Group and Company			
	AWGPS £m	Hartlepool £m	Unfunded pensions £m	Total £m
At 1 April 2025	934.5	1.1	-	935.6
Interest income on scheme assets	52.7	-	-	52.7
Employers' contributions	-	-	2.8	2.8
Benefits paid	(54.4)	-	(2.8)	(57.2)
Return on plan assets (excluding interest income)	(1.4)	-	-	(1.4)
At 31 March 2026	931.4	1.1	-	932.5
At 1 April 2024	1,007.3	1.1	-	1,008.4
Interest income on scheme assets	47.7	-	-	47.7
Employers' contributions	24.4	-	2.8	27.2
Benefits paid	(53.8)	-	(2.8)	(56.6)
Return on plan assets (excluding interest income)	(91.1)	-	-	(91.1)
At 31 March 2025	934.5	1.1	-	935.6

g) Reconciliation of scheme liabilities

	Group and Company			
	AWGPS £m	Hartlepool £m	Unfunded pensions £m	Total £m
At 1 April 2025	(819.7)	-	(26.6)	(846.3)
Interest cost on scheme liabilities	(46.0)	-	(1.5)	(47.5)
Benefits paid	54.4	-	2.8	57.2
Actuarial losses	(2.9)	-	0.2	(2.7)
At 31 March 2026	(814.2)	-	(25.2)	(839.4)
At 1 April 2024	(977.1)	-	(33.0)	(1,010.1)
Interest cost on scheme liabilities	(44.1)	-	(1.3)	(45.4)
Benefits paid	53.8	-	2.8	56.6
Actuarial losses	117.5	-	2.7	120.2
At 31 March 2025	(819.7)	-	(26.6)	(846.3)

20. Share capital and premium

	Group and Company	
	2026 £m	2025 £m
Share capital		
Authorised, issued and fully paid		
32,000,003 ordinary shares of £1 each (2025: 32,000,0002 ordinary shares of £1)	32.0	32.0
Share premium	1,335.0	1,165.0

21. Hedging reserve

	Group	
	2026 £m	2025 £m
At 1 April	46.0	14.9
Gains on energy cash flow hedges	7.6	6.5
Losses on other cash flow hedges	(18.0)	(2.4)
Amounts transferred to the income statement relating to existing cash flow hedges	7.2	15.7
Amounts transferred to the income statement from discontinued cash flow hedges	0.6	2.5
Exchange movement on hedging instruments related to debt in cash flow hedges	5.9	19.2
Deferred tax movement on cash flow hedges	(0.7)	(10.4)
At 31 March	48.6	46.0

Cost of hedging reserve

	Group	
	2026 £m	2025 £m
At 1 April	(3.3)	(0.4)
Losses on hedge relationships	(1.1)	(3.9)
Deferred tax movement on hedge relationships	0.3	1.0
At 31 March	(4.1)	(3.3)

The hedging reserve represents the cumulative effective portion of gains and losses arising on the change in fair value of hedging instruments, excluding those fair value movements identified as costs of hedging within the specific hedge relationship. The cost of hedging reserve captures the movement in the fair value of the cost of hedging component.



Notes to the financial statements continued

21. Hedging reserve continued

The table below provides additional information in relation to the annual movements and cumulative closing positions on the cash flow hedge reserves.

Group						
Annual movements			Cumulative reserves			
Hedged item gain/(loss) £m	Hedge ineffectiveness gain/(loss) £m	Total hedge reserves continuing £m	Total hedge reserves discontinued £m	Deferred tax on hedge reserves £m	Total hedge reserves £m	
At 31 March 2026						
Cash flow hedge reserve	(0.6)	-	39.4	19.7	(14.6)	44.5
At 31 March 2025						
Cash flow hedge reserve	14.3	-	38.0	18.9	(14.2)	42.7

22. Capital commitments

The Group has a substantial long-term investment programme within Anglian Water, which includes expenditure to meet regulatory requirements, shortfalls in performance and condition, and to provide for new demand and growth. The commitments shown below reflect the value outstanding of orders placed at 31 March.

Group		
	2026 £m	2025 £m
Property, plant and equipment	266.8	354.8
Intangible assets	39.9	54.9
	306.7	409.7

The Group has committed to an additional £57 million of capital expenditure in relation to Excess Flow Management Plans, which aim to reduce or optimise wastewater flow in at least eight river catchments, in line with IAS16, these costs will be accounted for as incurred.

23. Lease arrangements

The Group leases various items of property, plant and equipment. Right-of-use assets are included within property, plant and equipment on the balance sheet, further details can be found in note 11. Lease liabilities are included within borrowings on the balance sheet, further details can be found in note 16.

Group		
	2026 £m	2025 £m
Additions to right-of-use assets	1.1	6.6
Depreciation charge for right-of-use assets	(7.0)	(7.7)
Carrying amount of right-of-use assets	62.6	69.5
Interest expense on lease liabilities	(0.9)	(1.0)
Expense relating to short-term leases	-	5.7
Total cash outflow for leases comprising interest and capital payments	(6.9)	(7.4)
Reconciliation of lease liability		
Contractual undiscounted cash flows	35.2	41.4
Effect of discounting	(7.0)	(7.5)
Lease liability	28.2	33.9

A maturity analysis of lease liabilities is included within note 17d.

The Group leases certain items of plant and equipment, as well as vehicles, under short-term leases. The Group does not typically lease low value assets and therefore no material costs were incurred individually or in aggregate in relation to such assets.

Leases recognised as debt under IFRS 16 can be analysed as follows:

Group		
	Interest £m	IFRS debt £m
At 31 March 2026		
CTA leases	0.2	4.6
Non-CTA leases (Permitted indebtedness)	0.7	23.6
At 31 March 2025		
CTA leases	0.3	6.9
Non-CTA leases (Permitted indebtedness)	0.7	27.0

Permitted indebtedness is a category of debt within the Group which captures leases previously considered as operating leases which do not qualify as secured creditors. All interest has been paid/(received) in the year. There are no material lease payments with variable payment features.



Notes to the financial statements continued

24. Contingencies

The proceedings brought by Prof Roberts in 2023 against Anglian Water (and 5 other WASCs) alleged inflated charges and were refused certification by the Competition Appeal Tribunal in 2025, meaning the Claimant's claim was unable to progress. The Claimant has since challenged this refusal however it was upheld by the Court of Appeal in 2026 on the basis that the issues fall within the regulatory regime rather than competition law. The Claimant has now sought permission to appeal to the Supreme Court with a decision on the same anticipated in the autumn. Until the claim is certified, the Claimant has not met the required criteria to progress the claim.

The Group also remains subject to ongoing investigations by the Environment Agency in relation to compliance with certain regulatory obligations, including matters connected to flow to full treatment ("FFT"). At the reporting date, these investigations remain ongoing and it is not currently possible to reliably estimate the timing or amount of any potential financial consequences.

As is normal for a company of this size and nature, it is subject to a number of other claims, disputes and litigation, these will be recognised as a provision if the required thresholds for recognition are met. The directors consider an appropriate position has been taken in reflecting such items in these financial statements at this time.

25. Ultimate parent undertaking and controlling party

Anglian Water Services Limited is incorporated and domiciled in the UK.

The Company's immediate parent undertaking is Anglian Water Services UK Parent Co Limited, a company registered in England and Wales.

The Directors consider Anglian Water Group Limited, a company registered in Jersey, to be the ultimate parent undertaking. Anglian Water Group Limited is itself owned by a consortium of investors consisting of: CPP Investment Board Private Holdings (6) Inc., Global InfraCo (HK) E. Limited, First Sentier Investors (Luxembourg) Infrastructure (B) GP S.a.r.l. as managing general partner of Infrastructure Lux (B) SCSp, Camulodunum Investments Ltd, and Platinum Globe A 2013 RSC Limited.

Osprey Acquisitions Limited is the parent company of the smallest Group to consolidate the financial statements of the company, and Anglian Water Group Limited is the parent company of the largest Group to consolidate the financial statements of the company. Copies of the Anglian Water Group Limited financial statements and Osprey Acquisitions Limited's financial statements can be obtained from the Company Secretary at the registered address: Anglian Water Services Limited, Lancaster House, Lancaster Way, Ermine Business Park, Huntingdon, Cambridgeshire, PE29 6XU.

26. Related party transactions

a) Transactions with shareholders

The consortium of investors owning Anglian Water Group Limited are considered to be related parties of the company as they each have the ability to influence the financial and operating policies of both the company and the Group.

During the year to 31 March 2026, there were no transactions, (2025: £nil) with the shareholders.

b) Remuneration of key management personnel

Key management personnel comprise all the Directors and members of the Management Board during the year. The remuneration of Directors is included within the amounts disclosed below. Further information about the Directors' remuneration is provided in the Directors' Remuneration Report on pages 137-160.

	Group	
	2026 £m	2025 £m
Short-term employee benefits	8.1	6.2
Post-employment benefits	0.5	0.5
	8.6	6.7

c) Parent company

The Company's related party transactions are summarised below:

	2026 £m	2025 £m
Sale of goods/services to		
Fellow subsidiaries of Anglian Water Group Limited	0.3	0.3
Purchase of goods/services from		
Fellow subsidiaries of Anglian Water Group Limited	12.7	11.6
Management fees paid to		
Subsidiaries	0.4	0.4
Interest charged by		
Subsidiaries	561.1	494.9
Dividends paid to		
Parent company	75.0	88.6



Notes to the financial statements continued

26. Related party transactions continued

c) Parent company continued

	Group	
	2026 £m	2025 £m
Trade and other receivables due from		
Fellow subsidiaries of Anglian Water Group Limited	1.2	2.1
Trade and other payables due to		
Subsidiaries	7.2	15.6
Fellow subsidiaries of Anglian Water Group Limited	1.5	0.9
Loans and other borrowings due to		
Subsidiaries	9,114.0	8,805.4

27. Alternative performance measures

Financial measures or metrics used in this report that are not defined by IFRS are alternative performance measures. The Group uses such measures for performance analysis because they provide additional useful information on the performance and position of the Group. Since the Group defines its own alternative performance measures, these might not be directly comparable to other companies' alternative performance measures. These measures are not intended to be a substitute for, or superior to, IFRS measurements and have been consistently applied within each year presented in these financial statements..

a) EBITDA

Calculated as profit before net finance costs, tax, depreciation, and amortisation to give a measure of the company's overall financial performance. Each element of this APM is shown on the face of the income statement.

	Group	
	2026 £m	2025 £m
EBITDA	1,103.8	920.0
Net finance costs	(511.6)	(307.5)
Tax charge	(27.5)	(52.6)
Depreciation and amortisation	(467.5)	(423.5)
Profit for the period	97.2	136.4

b) Adjusted finance costs

Calculated as net finance costs excluding fair value gains on derivative financial instruments. These fair value gains are volatile, non-cash movements that distort the actual underlying economic performance.

	Group	
	2026 £m	2025 £m
Adjusted finance costs	(415.4)	(370.4)
Fair value gains on derivative financial instruments	(96.2)	62.9
Net Finance costs, including fair value gains on derivative financial instruments	(511.6)	(307.5)

c) Adjusted profit before tax/Profit before fair value gains

Calculated as profit before tax excluding fair value gains/(losses) on derivative financial instruments. The calculation is shown on the face of the income statement. These fair value gains/(losses) are volatile, non-cash movements that distort the actual underlying economic performance.

	Group	
	2026 £m	2025 £m
Adjusted profit before tax/Profit before fair value gains	220.9	126.1
Tax charge	(27.5)	(52.6)
Fair value gains on derivative financial instruments	(96.2)	62.9
Profit for the period	97.2	136.4

d) Adjusted net debt

Adjusted net debt comprises borrowings, net cash and cash equivalents, and derivative financial instruments (excluding those in respect of fair value energy hedges). This measure is used because it provides additional useful information in respect of the financing of the business.

See note 16 and below.

	Group	
	2026 £m	2025 £m
Net cash and cash equivalents	552.9	589.0
Current asset investments	200.0	430.0
Borrowings	(9,046.0)	(8,740.1)
Net debt excluding derivatives	(8,293.1)	(7,721.1)
Derivatives	(708.1)	(620.7)
Less: energy derivatives	(10.6)	0.7
Adjusted net debt	(9,011.8)	(8,341.1)



Notes to the financial statements continued

27. Alternative performance measures continued

e) Interest cover

Interest cover is the ability of the Company to pay interest of on its outstanding debt out of operating cash flows. The table below shows the operating cash value less RCV depreciation, compared to the net interest paid during the year to show the interest cover.

	Group	
	2026 £m	2025 £m
Operating cash	1,014.0	811.3
RCV run off	(502.9)	(501.5)
	511.1	309.8
Interest cash	(274.4)	(180.2)
Interest cover ratio	1.9	1.7

f) Capital investment

Capital investment is the total property, plant, and equipment, and intangibles additions less capitalised interest, adopted assets, and capital additions in the non-appointed business. This is used as a measure to help us monitor how we are achieving our Business Plan commitments.

	Group	
	2026 £m	2025 £m
Property, plant and equipment additions	1,062.0	1,067.5
Intangible assets additions	237.5	117.5
Capitalised interest	(117.9)	(84.1)
Adopted assets	(39.1)	(34.0)
Non-appointed business	(1.0)	(1.0)
Items shown as stock	(5.9)	14.7
Capital investment	1,135.5	1,080.6

g) Free cash flow

Free cash flow is used in determining cash conversion and is calculated as cash from operating activities, less net interest of cash deposits, less capital maintenance.

	Group	
	2026 £m	2025 £m
Operating cash	1,014.0	811.3
Interest on cash	(274.4)	(180.2)
Less: Net interest income excluded under CTA	(31.7)	(13.5)
Capital maintenance	(437.7)	(424.0)
Free cash flow	270.2	193.6

28. Events after the balance sheet date

On 9 June 2026, the Board agreed to recommend a final dividend of £90.0 million to the Company's sole member, which is to be paid on 25 June 2026.

Other than the above there have been no events between the balance sheet date, and the date on which the financial statements were approved by the Board, which would require adjustment to the financial statements or any additional disclosures.



Report on the audit of the financial statements

1. Opinion

In our opinion:

- the financial statements of Anglian Water Services Limited (the 'company') and its subsidiaries (the 'group') give a true and fair view of the state of the group's and of the company's affairs as at 31 March 2026 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards;
- the company financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the group income statement;
- the group statement of comprehensive income;
- the group and company balance sheets;
- the group and company statements of changes in equity;
- the group and company cash flow statement; and
- the related notes 1 to 28.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom adopted international accounting standards and, as regards the company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

2. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services provided to the group and company for the year are disclosed in note 5 to the financial statements. We confirm that we have not provided any non-audit services prohibited by the FRC's Ethical Standard to the group or the company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Summary of our audit approach

Key audit matters

The key audit matters that we identified in the current year were:

- Bad debt provisioning; and
- Capital expenditure accounting.

Within this report, key audit matters are identified as follows:

- ! Newly identified
- ⬆ Increased level of risk
- ⬅ Similar level of risk
- ⬇ Decreased level of risk

Materiality

The materiality that we used for the group financial statements was £33.1m (2025: £27.5m) which was determined on the basis of 3% of EBITDA (2025: 3% of EBITDA).

Scoping

The group comprises Anglian Water Services Limited (the regulated water and water recycling business) and its only subsidiary company Anglian Water Services Financing Plc (the group's financing entity). We audited the group as a single component, with audit work on both entities performed by the group engagement team.

Significant changes in our approach

Going concern was previously identified as a Key Audit Matter. However, the commitment of additional shareholder investment at the Anglian Water Group level, and resultant equity injection of £170 million in Anglian Water Services Limited, as well as the renewal of undrawn revolving credit facilities amounting to £1.8 billion has resulted in sufficient liquidity throughout the going concern period. This has reduced the associated underlying risk and, consequently, the audit effort required. Further, the positive CMA outcome concluded in the year and continued investments within the water industry has partly improved the overall market position of the sector contributing to a lower risk. Accordingly, we have concluded that going concern is no longer a Key Audit Matter for the current year's audit.



Independent auditor's report to the members of Anglian Water Services Limited continued

4. Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

In response to this matter, we have performed the following procedures:

- obtained an understanding of the relevant controls over the cashflow forecasting and going concern assessment;
- understood the group's process to model the impact of going concern and agreed relevant data points in the model to supporting documentation;
- understood and challenged the sufficiency of the period the Directors' have assessed for the purposes of going concern and whether that was appropriate;
- assessed the sophistication of the model used to prepare the forecasts, by testing the clerical accuracy of those forecasts and assessing the historical accuracy of forecasts prepared by the group;
- evaluated underlying agreements for new debts and revolving credit facilities raised during the year to assess whether terms are consistent with management's forecasts;
- recalculated and assessed the amount of headroom in the forecasts (liquidity and covenants) and recalculated compliance with covenants during the year ended 31 March 2026 and throughout the going concern assessment period;
- challenged the sensitivity analysis including downside risks prepared by the group in the context of operational performance challenges, increased spend on capital projects, cyber risk and the broader socio-economic conditions; and
- assessed the appropriateness of the disclosures in the financial statements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5.1. Bad debt provisioning

Key audit matter description

As at 31 March 2026, the group and the company have an expected credit loss provision of £280.0m (2025: £238.9m) in respect of trade receivables.

A proportion of the group's customers do not or cannot pay their water bills, which results in the need for a provision to be made for the risk of non-payment of the customer balance. The bad debt provision is material, a key area of estimation uncertainty within the group and an area of scrutiny by Ofwat.

For the year ended 31 March 2026, the bad debt charge was £54.2m (2025: £36.3m). The movement in the bad debt charge reflects a growing aged receivable balance and management's updated assessment of expected collectability in light of financial and economic conditions.

Provisions are made against the group's trade receivables based on historical cash collection rates. A top-up to the provision is recorded to reflect expected deterioration in future cash collection compared to historical cash collection rates due to the anticipated impact of macro-economic uncertainties on customers' ability to pay bills, such as the cost-of-living pressures and a reduction to real disposable household income. As at 31 March 2026, the forward looking macro-economic overlay provision is £6.8m (2025: £3.1m). The group determined this top-up provision considering a range of external data points, including the correlation between unemployment rates, real disposable household income and cash collections.

The key audit matter, which is also a potential fraud risk, is focused on the estimation of the household bad debt provision, including whether the experience of cash collection in historical periods provides an appropriate expectation of future credit losses under IFRS 9 'Financial Instruments'.

The Audit Committee have considered this as a key issue, and it is disclosed in the Audit Committee Report on page 126. It is also included as an area involving estimation in note 2 to the financial statements, and the relevant accounting policy adopted is disclosed in note 1(q). The closing bad debt provision as at 31 March 2026 is disclosed in note 13 and the year-on-year bad debt charge is discussed in the Financial Performance report on page 23.



5.1. Bad debt provisioning

How the scope of our audit responded to the key audit matter

In response to this matter, we have performed the following procedures:

- obtained an understanding of relevant controls within the bad debt provision estimation process;
- utilised data analytics to perform a recalculation of debtor ageing to test the accuracy of information within the aged debt report to assess whether customers are accurately categorised based on information within the group's financial reporting system;
- challenged the base bad debt provision by agreeing the recoverability assumptions to cash collection rates and tested the mechanical accuracy of the calculation;
- assessed whether any discrepancies exist between the provision recognised and that supported by other macro-economic indicators that may impact the ability of customers to make payments;
- assessed whether the provision has been calculated in line with the policy of the group and with IFRS 9 'Financial Instruments'; and
- assessed the accuracy and completeness of the cash collection trends used in the provision rate calculation by reconciling billing and SAP data and tested a sample of cash collections both during the year and post period end.

Key observations

Based on the work performed above, we are satisfied that the bad debt provision is reasonable and in accordance with the requirements of IFRS 9.

5.2. Capital expenditure accounting

Key audit matter description

The group has a substantial capital programme which is agreed with the regulator ('Ofwat') at the beginning of each asset management plan ('AMP') and therefore incurs significant expenditure in relation to the development and maintenance of its infrastructure network.

During the year, the group has invested £1,062 million (2025: £1,068 million) in capital expenditure on tangible assets, and £238million (2025: £118 million) on intangible assets. Of this, £118 million (2025: £84 million) relates to capitalised borrowing costs on qualifying assets. Depreciation of £408 million (2025: £367 million) has been charged in the year on commissioned tangible assets, and amortisation of £60 million (2025: £57 million) has been charged in the year on commissioned intangible assets. Additions to property, plant and equipment ('PPE'), intangible assets, capitalised interest and depreciation or amortisation are disclosed in notes 10 and 11 of the financial statements.

As the determination of whether expenditure is capitalised or expensed in the period directly affects the group's reported financial performance, and due to the significant allocation of resource and audit effort in this area, we identified a key audit matter relating to the accounting for capital expenditure in accordance with the requirements of IAS 16 'Property, Plant and Equipment'. There is a high degree of judgement involved in determining whether a project is capital in nature and whether costs, including internal expenditure and overheads, meet the relevant criteria for capitalisation. As a result, we identified a potential risk of fraud relating to the classification of items as capital expenditure.

Audit effort has also been allocated to other areas of accounting for capital expenditure, which included evaluating the capitalisation criteria for new software and any related configuration and customisation costs, timeliness of asset commissioning and depreciation commencement, value of work accrued at the balance sheet date, and accuracy of borrowing costs capitalised.

The Audit Committee also considered this as a critical accounting judgement as discussed in the Audit and Risk Committee report on page 126. Further details are included within the critical accounting judgements disclosure in note 2 to the financial statements.



5.2. Capital expenditure accounting

How the scope of our audit responded to the key audit matter

In response to this matter, we have performed the following procedures:

- obtained an understanding of the relevant controls over the classification of capital expenditure;
- reviewed the group's capitalisation policy to understand any changes in the current year and to determine compliance with the relevant accounting standards;
- tested a sample of costs capitalised in the year to confirm these meet the criteria for capitalisation by inspecting invoices or other supporting documents, making direct enquiries of project managers, and understanding the nature of the items selected to determine the appropriate accounting treatment including the level of estimation associated with accruals at the balance sheet date;
- evaluated management's capitalisation criteria for new software and related customisation and configuration costs, and tested a sample of these items by inspecting invoices, licence agreements or other supporting documents to confirm the appropriate accounting treatment has been applied;
- recalculated the expected capitalised borrowing costs in the year, based on the value of qualifying assets and average cost of debt, to assess whether the group's figure was reasonable;
- evaluated the timeliness of asset commissioning upon project completion and the resulting manual adjustments for operationally commissioned assets not yet commissioned in the fixed asset register, including associated catch-up depreciation, by obtaining evidence to support the commissioning of sampled projects to corroborate the overall level of manual adjustments made in the year; and
- recalculated the expected depreciation charge in the year based on the value of each asset class and weighted average useful economic life, to assess whether the group's figure was reasonable.

Key observations

Based on the work performed, we are satisfied that capitalised expenditure in the year has been appropriately accounted for in accordance with the requirements of IAS 16.

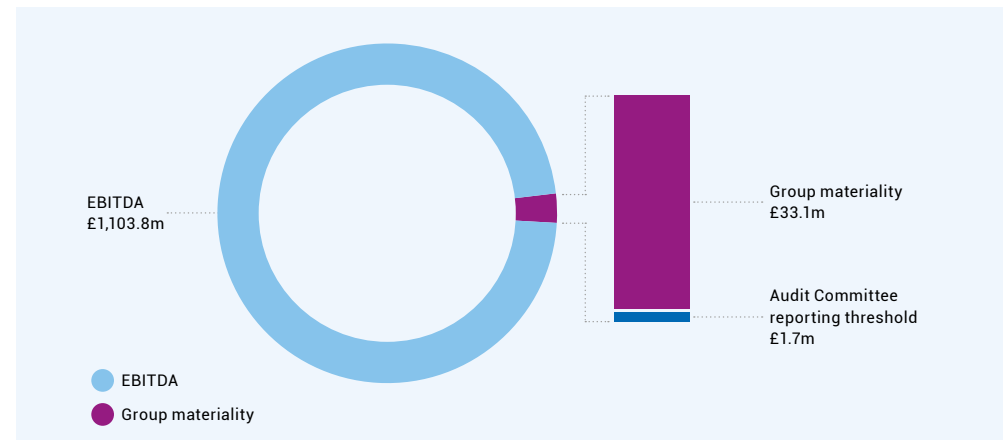
6. Our application of materiality

6.1. Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Company financial statements
Materiality	£33.1m (2025: £27.5m)	£33.1m (2025: £27.5m)
Basis for determining materiality	In both years, we considered 3% of EBITDA as a benchmark for determining materiality. As we audited the group as a single component, with audit work on both the entities being performed by the group engagement team the company only materiality was set at the same level as group.	
Rationale for the benchmark applied	We have used EBITDA as the benchmark for materiality as we concluded that this is the key driver of business value, is a critical component of the financial statements and is a focus for users of the financial statements. EBITDA is disclosed on page 22 in the Financial Performance Report, and reconciled to the statutory profit after tax in note 27a. The substantial majority of the group's operations are carried out by the company.	





Independent auditor's report to the members of Anglian Water Services Limited continued

6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

	Group financial statements	Parent company financial statements
Performance materiality	70% (2025: 70%) of group materiality	70% (2025: 70%) of company materiality
Basis and rationale for determining performance materiality	We have set performance materiality at the same level as the previous year. In reaching this conclusion we considered the following factors: • impact of the new Asset Management Plan (AMP) on the functioning of key business operations; • consistency of the executive management team and accounting personnel during the year; • the low level of corrected and uncorrected misstatements identified in previous periods; and • the impact of improved liquidity levels within the entity, driven by additional shareholder investment, new debt raises in the current year and renewed credit facilities.	

6.3. Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £1.7m (2025: £1.8m), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identify when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

7.1. Identification and scoping of components

Our group audit was scoped by obtaining an understanding of the group and its environment, including group-wide controls, and assessing the risks of material misstatement at the group level.

Anglian Water Services Limited and Anglian Water Services Financing Plc were audited in aggregate at the group level and together account for 100% (2025: 100%) of the group's net assets and EBITDA. All procedures were carried out directly by the group audit team.

7.2. Our consideration of the control environment

During the year the company undertook a migration to S4 Hana from SAP ECC, as outlined on page 24. Due to this migration and prior year audit-identified deficiencies in supporting IT systems, we planned to adopt a fully substantive audit approach.

With the involvement of our IT specialists, we obtained an understanding of the relevant General Information Technology Controls (GITCs) within the group's key reporting system post migration and other relevant supporting IT systems, including assessing access controls, change management controls, and segregation of duties.

7.3. Our consideration of climate-related risks

As a part of our audit procedures, we have obtained the group's climate-related risk assessment and held discussions with the group to understand the process of identifying climate-related risks and opportunities, the determination of mitigating actions and the impact on the group's financial statements.

The group embed climate related risks within each principal risk as described on page 103. The group considered climate change in their preparation of the Strategic Direction Statement and the Water Resources Management Plan as described on pages 60 and 90. The risks identified do not have an impact on our key audit matters in the current year. The group have determined that the impact of climate related risks on the financial statements for the year is not material, as described in note 2 to the financial statements.

We performed our own qualitative risk assessment of the potential impact of climate change on the group's account balances and classes of transaction. Our procedures included reading disclosures included in the Strategic Report from page 3 to 109, as well considering whether they are materially consistent with the financial statements and our knowledge obtained in the audit. We involved climate change and sustainability specialists in assessing these disclosures.



Independent auditor's report to the members of Anglian Water Services Limited continued

8. Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

9. Responsibilities of directors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

10. Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

11. Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

11.1. Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the group's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management, the internal audit function, the directors and the Audit Committee about their own identification and assessment of the risks of irregularities, including those that are specific to the group's sector;
- any matters we identified having obtained and reviewed the group's documentation of their policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance, particularly in relation to the matters disclosed in note 24, "Contingencies";
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
- the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team and relevant internal specialists, including tax, financial instruments, pensions, and IT specialists, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas: bad debt provisioning, and capital expenditure accounting. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, Environment Agency regulations, pensions legislation and tax legislation.



Independent auditor's report to the members of Anglian Water Services Limited continued

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's / company's ability to operate or to avoid a material penalty. These included the license conditions imposed by The Water Services Regulation Authority (Ofwat).

11.2. Audit response to risks identified

As a result of performing the above, we identified bad debt provisioning, and capital expenditure accounting as key audit matters related to the potential risk of fraud. The key audit matters section of our report explains the matters in more detail and also describes the specific procedures we performed in response to those key audit matters.

In addition to the procedures addressing the key audit matters above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the audit committee and in-house legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC and Ofwat;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.



Report on other legal and regulatory requirements

12. Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the group and the company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

13. Opinion on other matter prescribed by our engagement letter

In our opinion, the part of the Director's Remuneration Report to be audited has been properly prepared in accordance with the provisions of the Companies Act 2006 that would have applied were the company a quoted company.

14. Matters on which we are required to report by exception

14.1. Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

14.2. Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made or the part of the directors' remuneration report to be audited is not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

15. Other matters which we are required to address

15.1. Auditor tenure

Following the recommendation of the audit committee, we were appointed by the Board of Directors on 1 September 2016 to audit the financial statements for the year ending 31 March 2017 and we were reappointed in subsequent financial periods, including following a formal tender in 2021. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is ten years, covering the years ending 31 March 2017 to 31 March 2026.

15.2. Consistency of the audit report with the additional report to the audit committee

Our audit opinion is consistent with the additional report to the audit committee we are required to provide in accordance with ISAs (UK).

16. Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Kate Hadley (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor
Birmingham, United Kingdom

9 June 2026



Anglian Water Services Limited

Lancaster House
Lancaster Way
Ermine Business Park
Huntingdon
Cambridgeshire
PE29 6XU
anglianwater.co.uk