



Shaping the future



Our Sustainability Report – Shaping the future



Our Sustainability Report is structured by Environmental and Social activity and links to our Governance section. It also gives an update on how we're starting to shape the future as part of our turnaround plan.



Environmental

We rely heavily on a healthy natural environment to be able to deliver life's essential service, and so enabling it to thrive is a key part of our Purpose. We all have a responsibility to look after the beautiful world around us

→ [Read more on pages 4, 6 and 8](#)



Social

We're focused on making sure we look after and support Team Thames, as well as being a responsible part of the local communities we operate in. We have the opportunity to make a really positive impact on communities

→ [Read more on pages 5, 9 and 12](#)



Governance

We're committed to the highest levels of governance and being led by our Purpose in everything we do

Our turnaround plan – Shaping the future



Shape the future

We have a responsibility to start shaping the future now, which is the third part of our plan.

The impact of climate change is becoming more and more evident and the decisions we make today will impact what happens for many years to come.

It's important we take action now, so the Team Thames of the future can continue to deliver our Purpose and our Vision for 2050.

This strand of the turnaround plan brings together our approach to sustainability and ESG, as well as our Vision for 2050, Water Resources Management Plan and our Drainage and Wastewater Management Plan, to start creating the positive legacy we want to leave for future generations.

With that in mind, we've started some exciting, but long journeys to improve river health, support energy transition, create the workforce of the future and protect the long-term resilience of our water supplies.

What we're doing to shape the future will really help us live our Purpose, so our customers, communities and the environment can thrive.

Putting sustainability at the heart of our decision making isn't new to us. We've been seeking new ways to drive a more sustainable water cycle for many years. We started making our own renewable energy as far back as the 1930s to help reduce our use of fossil fuels, and from there, we've reached many milestones on our sustainability journey. You can find out more in our timeline on page 3.

We've had a longstanding commitment to be more sustainable in all areas of the business, and our sustainability policy, which supports what we do through nine themes, can be found on our website. Sustainability is an important consideration as we strike a balance between service to our customers, our impact on the environment and communities, customer bills and future investment.

There are many different things to consider when it comes to sustainability and ESG. Our world keeps changing and the impacts on our business do too. So, we need to adapt our approach to respond to those challenges and as we move forward with our turnaround plan.

Our Sustainability Report is structured by ESG and, over the next few pages, you'll find a snapshot of what we've been doing over the last year, as well as our current priorities. However, we'll keep adapting and updating you on our journey.

You can also find our ESG statement on our website, which brings together five years of data in an accessible and transparent format to give a balanced view of our performance against ESG measures. By providing these tables, we go beyond statutory requirements and demonstrate a further commitment to transparency.

Every year, to help with our understanding of our ESG performance, we participate in the GRESB benchmarking process.

UN Sustainable Development Goals

We're focusing on four specific goals where we believe we can make a real contribution through our essential service – delivering water and sanitation to 15 million customers across London and the Thames Valley.

However, we fully support the aspiration of all 17 SDGs, and we've included more information on our website about how we are contributing to these goals too.

Supporting the SDGs isn't an additional task for our business – it's part of our activities and business decisions every day.



SDG 6:
Clean water and sanitation



SDG 12:
Responsible consumption and production



SDG 7:
Affordable and clean energy



SDG 13:
Climate action

Our Sustainable Financing Framework

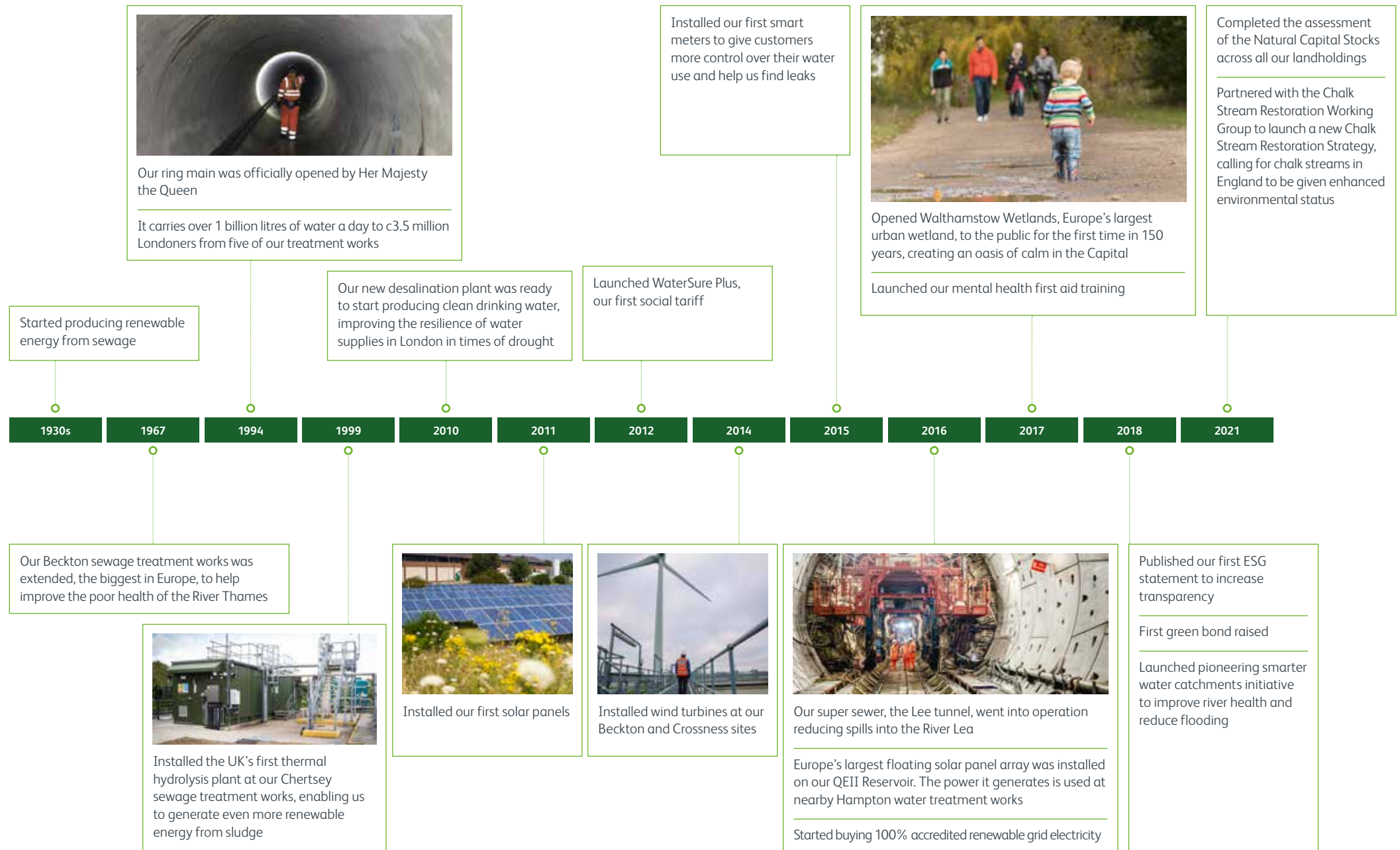
Sustainable Financing Framework in 2021. It was set up to support the financing of water and wastewater recycling projects related to the environmentally sustainable management of natural resources and land use, as well as climate adaptation.

It also provides the flexibility to issue bonds for eligible green or social projects, such as sustainable drainage systems, biodiversity enhancement, renewable energy projects and solutions to reduce flooding. You can find more information about what types of projects are eligible on our website.

We used the framework to issue €1,150 million of Green Bonds in January 2022. Over 10% of the debt at the Thames Water operating company level now carries a green label.



Our sustainability journey so far



Shaping the future and key ESG metrics

Environment



Water resources

What we've achieved in 2021/22

- Water quality compliance of 2.59
- Met our leakage target for the third year in a row
- Installed over 150,000 new smart meters, bringing our total to almost 700,000 and meeting our target for 2025 three years early
- 147.5 litres consumption per person per day
- Achieved 100 on Security of Supply Index, which indicates the reliability of our supply
- Achieved -32.2 on Abstraction Incentive Mechanism, meaning we met our target for the year
- Delivered almost 25,000 smarter home visits to customers and carried out over 3,600 smarter business visits to increase water efficiency
- Drought plan sets out the actions we'd take in the event of a drought to maintain essential supplies of water while also protecting the environment
- Developing our Water Resources Management Plan, which looks at how we will protect water resources to 2100
- Our joint vision with Water Resources South East is to produce a multi-sector regional resilience plan for the South East of England. The resilience plan will go beyond public water supplies and consider the water needs and challenges of other sectors, such as agriculture. And it will have people, the environment and growth at its centre. The plan will inform decisions on the strategic interventions, including infrastructure, demand management and catchment measures that will make the South East

more resilient to a wide range of future shocks and stresses so customers, businesses, industry and the natural environment have the water they need to prosper. Importantly, the WRSE plan will link to other regions in the UK so that we contribute to the bigger national picture on resilience and drive greater collaboration and innovation

Targets

- Water quality compliance of 0 (SDG 6)
- Install 700,000 smart meters by 2025 (SDG 6)
- Reduce leakage by 20% by 2025 (SDG 6)
- Reduce per capita consumption to 136.8 l/p/d by 2025 (SDG 12)
- Achieve a security of supply index of 100 every year (SDG 6)
- Cease abstraction from chalk streams by 2050
- Save 2 MI/d through Smarter Business Visit initiative and 0.34 MI/d through our Smarter Home Visits programme by 2022/23
- Successfully deliver our Water Resources Management Plan by 2024 (SDG 6)
- Secure future water resources through Water Resources South East collaboration
- Improve our resilience to a 1 in 200-year drought by 2030



Waste and rivers

What we've achieved in 2021/22

- 98.96% treatment works compliance (SDG 6)
- Creating our first Drainage and Wastewater Management Plan (DWMP). This is a long-term plan over 25 years or more and sets out the future challenges for our drainage and wastewater systems and the actions needed to manage them. Our public consultation opened in June and will run until September, and we'll publish our final DWMP in March 2023. It will also support the development of our PR24 business plan for 2025 to 2030 (SDG 6)
- 7% reduction in pollutions (SDG 6)
- 20% reduction in spills
- Inland designated bathing water status for Port Meadow, the second UK river to be given this elevated status
- After the launch of our three smarter water catchment management plans for the River Evenlode, River Crane and River Chess, we've been building a baseline for the current state of these rivers and catchments, and identified potential partnerships to deliver projects
- 100% Sludge management compliance with regulations and codes of practice (SDG 12), as audited by the Biosolids Assurance Scheme classification
- Testing automatic near-real time release notifications to local community groups in Oxfordshire, using information from our Event Duration Monitors (EDMs)

Targets

- Reach 100% treatment works compliance (SDG 6)
- Successfully deliver our Drainage and Wastewater Management Plan (SDG 6)
- Provide live alerts at all of our 468 permitted overflow points by the end of 2022
- We'll reduce the annual duration of sewage discharges into rivers by 50% across the Thames Valley by 2030, and in sensitive catchments by 80%
- Deliver the Thames Tideway Tunnel to improve the health of the River Thames (SDG 6)
- Deliver three smarter water catchment plans by 2025
- Deliver our Surface Water Outfall Programme (SWOP) to identify and resolve incorrectly connected drainage
- Achieve 100% sludge management compliance with regulations and codes of practice (SDG 12)

Shaping the future and key ESG metrics continued

Environment continued



Energy transition

What we've achieved in 2021/22

- 317 GWh renewable energy generated from sewage (SDG 13) (2020/21: 301 GWh)
- Self-generated 24% of our own electricity needs (SDG 13) (2020/21: 23%)
- 269.8 kTCO₂e total net operational GHG emissions – a slight increase from 268.2 kTCO₂e achieved last year
- Increased our renewable heat generation to 179.8 GWh from 158.5 GWh in 2020/21
- Reduced our use of fossil fuels by 5% from 29.9 kTCO₂e in 2020/21 to 28.3 kTCO₂e
- Reduced our total electricity use by 16 GWh from 1,265 GWh in 2020/21 to 1,248 GWh in 2021/22
- New biomethane plant at Deephams sewage treatment works, which captures the biogas released during the sewage treatment process, converts it into biomethane, and injects it directly into the local gas network

Targets

- Self-generate 517 GWh of renewable energy by 2025
- Achieve net zero emissions from our operations by 2030 and go beyond by 2040
- Develop renewable energy and renewable fuel opportunities that contribute to energy transition in the UK (SDG 13)



Biodiversity

What we've achieved in 2021/22

- Improved over 310 hectares and created over 200 biodiversity units
- Enhanced 44 sites for biodiversity (2020/21: 41)
- Across our natural estate, the total biodiversity units in 'favourable' condition has increased from 659 hectares in 2020/21 to over 1223 hectares in 2021/22
- 94% of our SSSI units are now in a healthy state – up from 50% the previous year
- Planted almost 20,000 trees on our sites and with local partners

Targets

- Improve the biodiversity at 253 of our sites by 5% by 2025. These are Sites of Biodiversity Interest and cover almost 4,000 hectares
- Work with other water companies to plant 11 million trees by 2030

Social



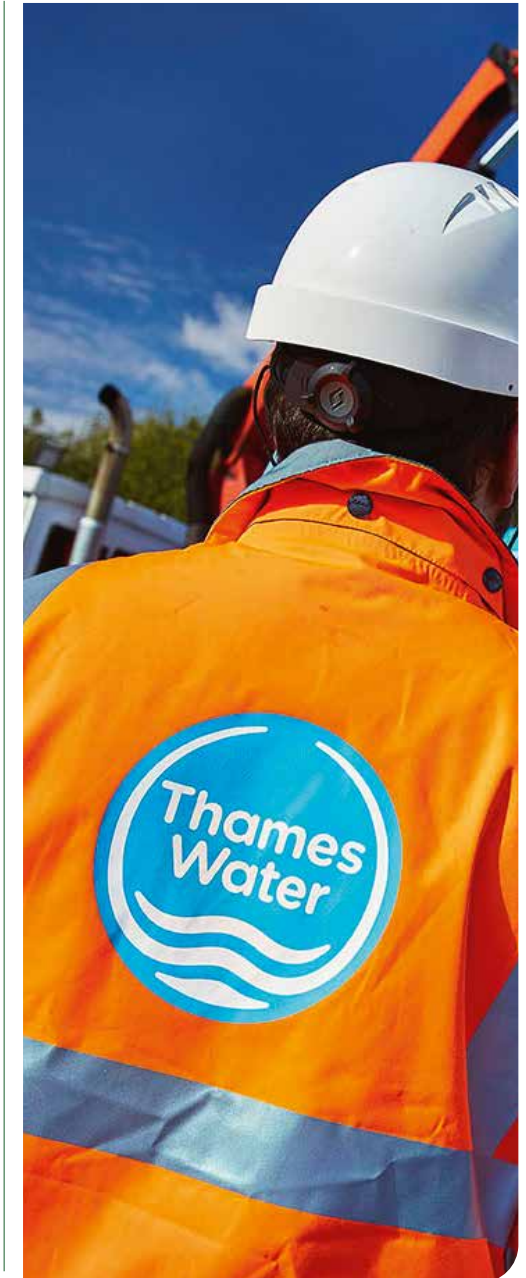
Communities

What we've achieved in 2021/22

- Almost £1 million invested in community projects, including £500,000 to 42 projects through our partnership with the GLA Grow Back Greener fund
- Raised over £120,000 for WaterAid and Dementia UK – our employees' charities of choice
- Provided over £90,000 to 29 local community projects
- Reached over 62,000 young people as part of our schools' programme to promote a love of water and STEM skills
- Supported over 2,600 hours of volunteering in our local communities and over 1,600 hours of volunteering on our nature reserves
- Launched Backyard Nature campaign to help encourage children living in poverty to enjoy and protect nature
- Encouraged communities to get out and about on our sites during 'Thames days Out', such as fishing at our Farmoor and Walthamstow fisheries
- Enjoyed over 2 million visitors to Walthamstow Wetlands since 2017

Targets

- Match 2021/22 fundraising for WaterAid and Dementia UK in 2022/23
- Reach 100,000 children through Backyard Nature campaign by 2023
- Encourage more employees to take part in our Time to Give volunteering programme in 2022/23



Case study: A spotlight on the Oxford Rivers Project as we clean up rivers

The conversation on rivers has, quite rightly, been intensifying, and, as we mentioned in last year's report, we're taking a progressive stance. We're clear it's completely unacceptable for any untreated sewage to enter rivers.

In March 2022, our CEO Sarah spoke at the Rivers Trust Spring Conference in line with our approach to engaging openly with people about this incredibly important topic. Attended by so many stakeholders passionate about river health, it was great to be able to hear their views and Sarah made some important commitments. We'll reduce the annual duration of sewage discharges into rivers by 50% across our region by 2030, and in sensitive catchments by 80%.

However, we know actions speak louder than words, and we've been taking action. After a successful trial in the Oxford area, we're on track to provide live alerts from all 468 permitted locations across our region, within an hour of discharges starting and stopping, by the end of 2022.

Building on our trial, we've made some important progress in the Oxford Rivers Project. In early April 2022, it was announced that Wolvercote Mill Stream had become only the second river in the UK to achieve designated bathing water status. Working with Oxford City Council and other stakeholders in the area to get this elevated status, it's another step forward on our journey to improve river health. We're also planning major investment in our sewage treatment works to reduce spills, including at Witney and Chinnor sewage treatment works.

Stopping untreated discharges altogether will take time, collaboration and sustained investment. However each step we take on this journey is a move in the right direction, and we'll continue to engage with you along the way.



Case study: Supporting energy transition in the UK

Wastewater treatment provides a really valuable, renewable fuel, and, by maximising its potential, we have the opportunity to play a really important role in energy transition in the UK. Wastewater isn't really waste – the sludge and water it contains are resources – and we're continually innovating to create value for our customers, communities and the environment.

This year, we opened our brand-new biomethane plant, which captures the biogas released during the sewage treatment process, at Deephams sewage treatment works in North London.

The biogas created at Deephams is being converted into biomethane before being injected directly into the local gas network, providing enough renewable fuel to heat the equivalent of more than 3,500 homes a year.

In March 2022, the £7 million plant successfully sent its first gas to the grid. The new plant will also help improve air quality around the sewage works, as it reduces the need to flare off excess gas.

The Deephams plant has the potential to produce around six million cubic metres of biomethane a year. Once the plant is fully operational it could avoid more than 8,000 tonnes of carbon dioxide equivalent from entering the atmosphere each year. This is the same as taking more than 2,200 diesel cars off the road.

Following completion of our new plant at Deephams, we're looking to roll the technology out at other sewage works across London and the Thames Valley. We've identified the potential to roll out biomethane injection plants at a further 24 sewage treatment works across our patch.



Case study: Creating wonderful natural spaces for wildlife and communities to enjoy

Being able to get closer to nature provides so many benefits to our customers and society. A healthy natural environment is also crucial to help us deliver our essential services. We have a responsibility to protect and enhance the precious wildlife and diverse habitats within our region.

Wetland habitats are critically important for plants and wildlife, for the health, wellbeing and enjoyment of the local communities that surround them, and for tackling the effects of climate change by storing carbon. They're also part of our plan to enhance biodiversity by 5% at 253 of our sites by 2025.

In 2017, we opened Walthamstow Wetlands to the public. One of the largest urban wetland nature reserves in Europe, Walthamstow Wetlands is also an operational reservoir site in North London that provides 3.5 million people with their daily drinking water.

Since its opening, the site has been visited more than two million times as local communities have enjoyed the peaceful green space and educational opportunities. Access to the wetlands became even more important during the Covid-19 pandemic as we kept the site open when other publicly available spaces in London were closed.

This year, as part of our Natural Capital performance commitment, we assessed the natural capital impacts of the habitat improvements and educational opportunities enhancements at Walthamstow Wetlands. We found cultural services and health benefits improved at the wetlands due to the enhanced accessibility of the site and increased educational visits at our dedicated outdoor education spaces.

Walthamstow is also a haven for all types of birds and wildlife. It serves as a byway for migrating, wintering and breeding birds and is home to over 300 species of plants. It's been designated as a site of international importance for wetlands by the Ramsar Convention, a Special Protection Area (SPA) and a Site of Special Scientific Interest (SSSI).

During the year, we have enhanced 44 sites for biodiversity, including:

- Working with local stakeholders and creating 6.3 hectares of new wetland at Aylesbury, Bicester and Cirencester sewage treatment works
- Planting 19,896 trees across our operational sites
- Developing an innovative re-wilding project in Dorney Boreholes
- Creating a wellbeing nature garden at Reading sewage treatment works.

How we're further enhancing biodiversity at our wetlands and other sites

- Planting native trees and providing active species management
- Installing 'green infrastructure' like green roofs with wildflowers to attract bees
- Creating hectares of new reedbeds to increase breeding bird habitats and fish refuges
- Establishing wildflower turf to create high distinctive grassland for insects and other invertebrates
- Creating new ponds for amphibians and floating islands to attract wading birds

How we're making our wetlands even more accessible

- Public footpaths suitable for wheelchair users
- Dedicated outdoor education spaces and programmes
- Building a sensory garden at Walthamstow with a raised pond for less able-bodied visitors.



Case study: Supporting our customers as cost of living soars

Many of our customers are feeling the pressure as the cost of living goes up, with most utility bills rising by an average of £700 per year. So, it's more important than ever that we continue to help customers keep their water bills as low as possible – and provide extra support when they need it.

Saving water saves energy too, which helps customers keep their energy bills down. Last year, we conducted a study into how water efficiency interventions can lower water bills, particularly for customers on low incomes. It's helping us to better link our strategic plans for efficiency and affordability.

To help customers be more water efficient, our water efficiency programme includes smarter home and business visits, water efficiency incentives and a water efficiency calculator. Our teams give customers personalised advice on how to save water, and install water saving devices to combat wastage issues like leaky loos or dripping taps.

We're also rolling out the industry's largest progressive smart meter programme, with almost 700,000 now installed across our region. Smart meters give customers more control over their water use, as they can see how much they're using. They also enable us to find and fix leaks more quickly.

But our support doesn't end with helping customers to use less water. Many of our customers need a bit of extra support to manage their bills, and this year we've increased the ways in which we can help even more. We've also brought together our bill collection function and our Extra Care team, so when customers are finding it difficult to pay their bills, our teams can work together in a holistic way to find the right support scheme to suit individual customers.

Some of the ways we help our customers

WaterHelp social tariff – provides a 50% discount for low-income households

WaterSure social tariff – caps the bills of customers on a means tested benefit with water-dependent medical conditions or large families

Customer assistance fund – offers payment matching to help customers to clear their water debt faster

Thames Water trust fund – supports free money management advice and debt counselling



Investing in our people

It's been a challenging year, with the launch of our turnaround plan against the backdrop of a difficult external landscape. The dedication of the brilliant people across Team Thames has meant we've been able to continue delivering life's essential service during such an unprecedented time in our history. However, we still have a huge amount to deliver and making sure our people feel safe, supported and engaged is our priority. Only then can we do our best for our customers.

Safety comes first

The health, safety and wellbeing of our people and customers comes before anything else. We've continued to prioritise mental and physical wellbeing as we emerge from Covid-19 restrictions (see page 13).

After an improving performance in 2020/21, with a lost-time injuries frequency rate of 0.08, our frequency increased last year to 0.15. To get back on track, we launched a new 'situational awareness' programme at the end of 2021, to encourage everyone to be more aware of their surroundings and spot potential hazards that could result in an accident. We're also reassessing our health and safety risk management (see more on page 61 on our Annual Report).

As we raise the bar, to make sure our people always go home safe and well, we're taking our health and safety strategy to the next level. We're reassessing our processes and increasing our focus on asset safety to reduce the likelihood of severe incidents.

The impact of the last two years, where many people have had to juggle work with caring responsibilities and others have felt isolated, is being felt in many companies. In 2021/22, we continued to provide targeted health and wellbeing support, including mental health first aid using our 'Time2Talk' app, as well as counselling and support through our Employee Assistance Programme. All employees receive weekly 'Wellness Wednesday' communications, which provide tips about developing healthy mental and physical habits, news about support groups, and links to our wellbeing resources. As restrictions in the workplace were lifted, we've been supporting those colleagues that have mainly been

working from home for the last two years, through return to work initiatives to help ease anxiety and with the support of our 453 mental health first aiders.

	2022	2021
Health and safety lagging indicators		
RIDDOR incidents	19	12
Number of lost time injuries (non-notifiable)	27	12
Lost time injury frequency rate	0.15	0.08
Non-lost time injuries	116	139
Near miss ('high potential') incidents	250	487
Days lost to work-related illness	193	230
Days per FTE of absenteeism due to sickness	7.43	5.91
Health and safety leading indicators		
Health and Safety observations	98,342	98,690
Senior management site visits	641	1,169
Health and Safety inspections	38,236	35,233
Health and wellbeing surveillance	2,665	4,471
Corrective actions closed	108,466	103,855
Health and safety days training	16,647	7,892

Fixing the basics

Collaborative and Purpose-led leadership is so important to the delivery of our turnaround plan. It's a challenging plan, so to support our frontline-first approach and ensure we deliver for our customers, our leaders must not only have the right skills and experience but also be positive role models of our values and behaviours.

Over the last year we've welcomed eight new members of the Executive team. Each of them brings a wide range of skills and experience from within and outside the water sector and is committed to our Purpose and making a real difference. Full details of the team can be found on pages 82 – 84 on our Annual Report.

We've also continued to invest in the leadership community. Over 70 leaders attended the two-day

'Leader as Coach' programme that launched our Leadership Framework and trained them in coaching skills. This launch programme has been followed by one day supervisory sessions, led by an external occupational psychologist, to enable leaders to continue to develop their coaching capabilities. In addition, over 150 first line leaders are attending our 'Coaching for Performance' programme.

Creating a coaching culture is a key part of the turnaround plan. Developing leaders who coach as part of their everyday leadership style is key to ensuring that our colleagues feel empowered, supported and motivated to perform at their best. By encouraging our leadership teams to listen and question more, we're aiming to increase empathy and trust. Coaching also supports our values, such as supporting each other to be the very best we can be by listening, learning and trying new ideas.

In 2014, we involved over 4,000 colleagues to define our values. These values underpin the way we behave towards one another and how we deliver services to our customers, communities and the environment.

We felt that, as we emerged from the last two years, we should re-connect as teams to share the Thames Water story – where we have come from, what we do well, our challenges and what we need to do to turn around our business. In addition, we wanted everyone to really engage with our values, what they mean in everyday life, and how they underpin our Purpose. Launched in January 2022 with our leadership community and rolling out through every team, the sessions bring our values to life through the power of individual story-telling.

A focus on front-line engagement

In February 2022 we invited every employee to respond to our 'Hear for you' annual engagement survey. 5,955 colleagues took part – an 82% response rate – and we received around 3,500 comments that provided rich feedback. Like many organisations, our employee engagement index declined from the 'Covid-19 bounce effect' of 2021 (75% to 69%), when scores had gone up significantly from 2020's score of 64%, as employees recognised our open communication and efforts during the unprecedented pandemic.

One of the key insights from the survey was that while our managers were slightly less engaged (75%) then they were in 2021, our front-line employees are between 5% and 15% less engaged than our managers. Using the feedback from the survey, we are developing our overarching plans to improve engagement, as well as local team action plans to become 'front-line first'.

Creating diverse and inclusive careers

Enabling everyone to feel able to bring their whole selves to work is critical to achieving our Purpose and is underpinned by our values and behaviours. Over the last year, we've continued our journey to drive change and increase the diversity and inclusivity of Team Thames.

In 2021, we entered the charity Stonewall's Top 100 Employers list in recognition of our commitment to the inclusion of the LGBTQ+ community in the workplace. We've moved from a ranking of 189 in 2020 to being in the top 100 in 2022, three years ahead of our target. We received a gold award for meeting criteria relating to our diversity and inclusion policies, values and our Pride Network, which has been highly commended by Stonewall.

Promoting diversity and inclusion is something we all need to support. We were the first water company to be awarded Disability Confident Leader status. We also hold an Armed Forces Covenant Gold Award for actively recruiting former military personnel, and we're a member of Women in Science and Engineering and Women in



Investing in our people continued

Utilities. In 2021, we launched our 'Inclusion Heroes' training Programme – a series of online modules on embracing differences and living our value of 'be respectful and value everyone' in the workplace. We also launched a pilot programme, 'Realising Potential', to support the progression of women within Thames by providing networking, mentoring and sponsorship opportunities, as well as coaching and workshops.

We also have vibrant inclusion networks – each of which has an Executive team and Leadership Community sponsor. In December 2021, we launched our Men's Allies Network (MAN), which has run events covering male suicide and fertility.

Our inclusion networks

- BAME Network
- Disability Network
- LGBT+ and Allies Network
- Men's Allies Network
- Multi-faith Network
- Parents and Carers Network
- Women's Network

To ensure diversity and inclusion is factored into senior decision making, we ran a mentoring scheme in 2021, which paired members of our Executive Team and senior managers with diversity and inclusion champions.

We are also active externally. Our CEO, Sarah, is Chair of the Business in the Community's Gender Equality Leadership Team and, in March 2022, launched a new campaign – Who cares? It's designed to help address and rebalance the inequality between men and women when it comes to caring responsibilities and careers. Also, our People Director, Lynne Graham, chairs the Energy and Utility Skills Diversity and Inclusion Strategy Group that brings together over 40 business to share learnings and agree initiatives to make the entire sector more diverse.

We're committed to drive social mobility in the communities we serve. You can find a copy of our skills strategy on our website. As part of that, we've signed up to various pledges in the last year, and we're taking meaningful action. As a signatory of Ban the Box, which opens employment opportunities to people with criminal

convictions, we've recruited five employees who are prison leavers. We've also recruited seven Young Black Men under the GLA Mayor's design lab scheme and seven care leavers.

As part of our commitment to make sure 5% of our people are in 'earn and learn' roles by 2025, we've now got 166 apprentices on board – 68 joined the programme from within Thames Water. We've also recently launched a shared apprenticeship scheme with some of our key suppliers, which will give apprentices the opportunity to gain experience with a variety of employers within the water industry. Five suppliers apprentices joined us in April 2022.

We've also welcomed 100 kickstarters under the Government scheme – doubling our original goal for this year. To us, this isn't about giving people a short period of work experience, it's about kickstarting careers. You can find out more on page 12 about the experience of Naman Chandra, who joined the scheme in 2021 and is now in a full-time career at Thames.

"We're building a pipeline of skills from our communities and education sector, ensuring we have a diverse and inclusive workforce that represents the customers we serve and provides good work for all.

We want to contribute to the creation of a fair society and tackle real challenges, such as digital skill shortages and in-work poverty, and ensure our people receive the right investment in skills development to have successful and sustainable careers."

Lynne Graham
People Director

Our gender pay and ethnicity pay gaps

We've secured another reduction in our gender pay gap and a reduction in our mean ethnicity pay gap. Our mean gender bonus gap is -2.4% and our median gender bonus gap is 0%

On 5 April 2022, which is the date we capture the data each year, our results were:

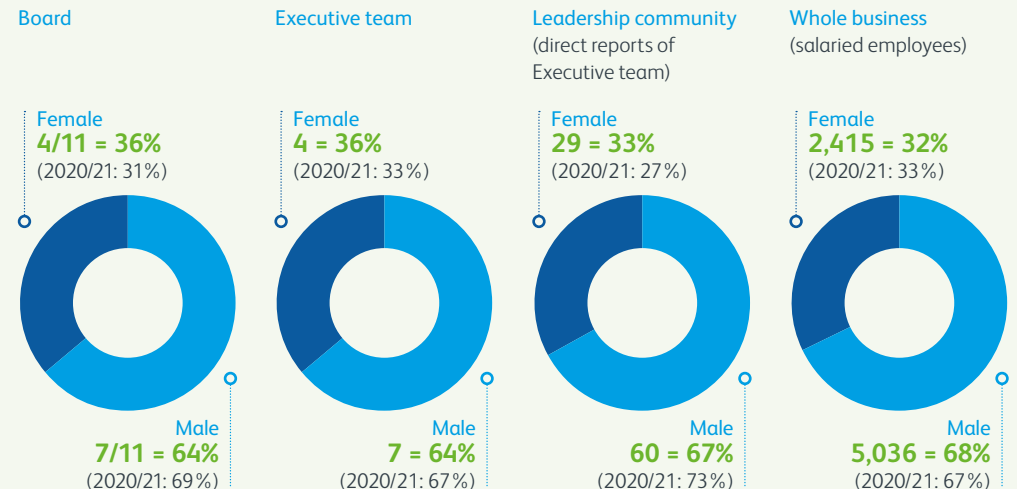
Mean gender pay gap 9.1% (2021/22: 9.5%)	Mean ethnicity pay gap 9.7% (2021/22: 9.9%)
Median gender pay gap 15.0% (2021/22: 15.1%)	Median ethnicity pay gap 10.4% (2021/22: 9.4%)
Mean gender bonus gap -2.4% (2020/21: 38.3%)	Median gender bonus gap 0% (2019/20: 16.1%)
Leadership female 33% (2020/21: 35%)	Leadership BAME 3% (2020/21: 9%)

The gender pay gap is the difference in the average earnings between men and women, regardless of the work they do. Similarly, the ethnicity pay gap shows the difference in average earnings of employees of ethnic minority backgrounds, regardless of their jobs.

Gender pay differs from equal pay, which looks at pay differences between men and women carrying out the same or comparable work.

Proportion of females (of relevant employees) who received a bonus / incentive payment was 42.0% (2020/21: 85.6%). Proportion of males (of relevant employees) who received a bonus / incentive payment was 41.5%* (2020/21: 87.9%).

Gender diversity across Thames Water as at 5 April 2022



Case study: Kickstarting careers

We're giving unemployed young people work opportunities and helping them to begin meaningful careers. One of the ways we're driving this is through the Government's Kickstart scheme, which funds six-month placements for unemployed 16 to 24-year-olds on Universal Credit.

We originally created 50 Kickstart roles across the business to provide work experience, training and mentoring. Following the extremely positive impact of the programme, we quickly doubled our goal – as at 31 March, we had 100 Kickstarters. Thames Water colleagues who are assigned as mentors to each Kickstart placement also benefit from ongoing support and can sign up to a professional development Level 3 mentoring qualification.

Our goal is that at least half of our Kickstarters will secure an apprenticeship or full-time employment after their placement and we're on our way to achieving that. By the end of March 2022, 86% of our Kickstarters had been offered permanent roles after their placements, with 69% now working at Thames Water.

Profile: Naman Chandra

Naman is one of so many young people with a positive attitude and lots of potential who was finding it hard to break into the world of work. Naman successfully obtained a BSc degree in Maths but – like many – Covid-19 made finding a job a real challenge.

Upon joining Thames Water as a Kickstarter in the Bulk Metering team, Naman was responsible for customer contact data analysis. Naman was keen to improve his skills further, so his mentor, Rosie, arranged for him to spend time with our Water Network Data Insights team where Naman was able to pick up new data analytics and programming skills using SQL and Microsoft Power BI.

Following his Kickstart role, Naman successfully joined Thames Water as a Level 4 Data Analyst Apprentice.



Case study: Creating a new world of working

On 4 April 2022, colleagues across Team Thames, who have been mainly working from home for the last two years, moved to our new hybrid ways of working. With such a diverse range of roles across Team Thames, from engineers, wastewater modellers and quantity surveyors, to ecologists, accountants and contact centre agents, our new world of working is certainly not a one-size fits all approach. Whilst the restrictions we faced throughout the last two years were difficult, it did mean that we could take the opportunity to step back and create a future world of work, which really suits the differing needs of our colleagues.

The last two years have shown all of us that there are many benefits to flexible working, as people balance home and work lives. A few years ago we wouldn't have

been able to imagine a world where many of us could productively switch between working at home and in the office. But, new technology has improved the connectivity between office and site-based colleagues, and reduced capacity in offices has freed up space for effective collaboration.

We know that this is a journey, and we'll continue to listen to our teams, learn as we go, and make adjustments to ensure that we're providing the best support for our most important asset – our people.

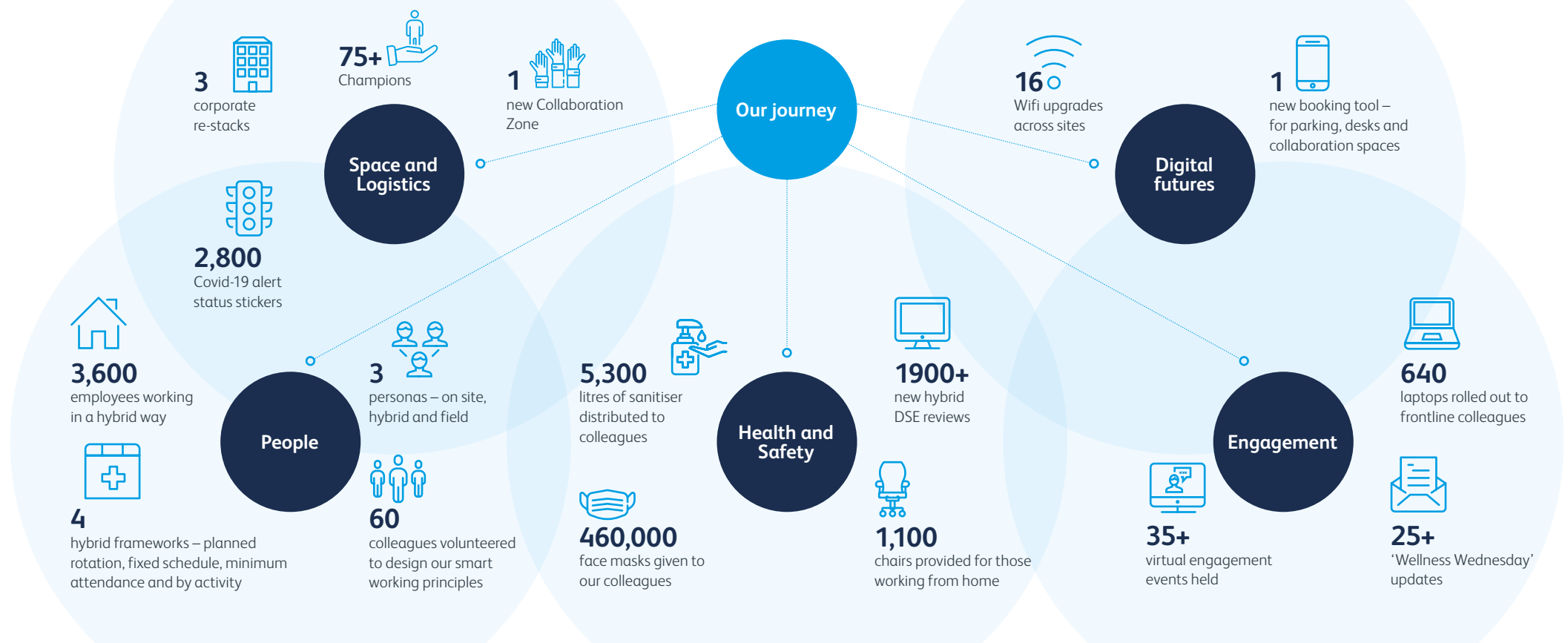
Stage 1 – Listening to our employees was an incredibly important first step on our journey. We talked to many colleagues from across the business, through surveys, meetings and volunteer groups, to really understand their needs

Stage 2 – The next step was to define different work personas to fit with employees' roles, and therefore their working needs. After collaboration with teams across the business, we created three personas – field, onsite and hybrid

Stage 3 – Once the personas were defined, we started taking action on a wide variety of initiatives to enable our colleagues to work at their best in a new world of work

- Culture: we're driving a 'why not?' rather than a 'why?' approach to encourage flexible working
- Technology: we've rolled out an online booking tool for office desks, meeting rooms and parking, providing colleagues with an easy-to-use, flexible system

- Collaboration: we've created more collaborative spaces in our offices to encourage a more flexible way of working. We've also reduced our overall office footprint, increasing our operational efficiency and saving money, which can be invested elsewhere
- Policies: we've updated our policies to promote and support more flexible working
- Wellbeing: we know it's been an unnerving time for many of our colleagues and promoting a healthy wellbeing has been high on our agenda. As well as rolling out hybrid equipment to enable colleagues to work well at work and at home, we've continued to send out regular emails highlighting the services we offer to support colleagues mental and physical health.





Appendix – ESG Statement 2022

This is our fifth Environment, Social and Governance (ESG) statement. It gives an overview of our ESG performance in one place to make it easier for you, our stakeholders, to find the ESG information you need.



ESG Statement

Our ESG statement includes:

- Environment: The effect of our operations on the natural environment
- Social: Our relationships with our employees, suppliers, customers and communities, and our impact on the economy
- Governance: The way our business is governed, covering leadership, remuneration, audits and internal control, and external shareholder dividends

The ESG tables below bring together five years of data in an accessible and transparent format to give a balanced view of the company's performance against key ESG measures. Our ESG Statement and data tables go beyond statutory requirements and demonstrate a further commitment to transparency, ensuring business activities are conducted in an environmentally sustainable and socially responsible way.

Category	Metric	2021/22	2020/21	2019/20	2018/19	2017/18	Commentary for 2021/22	Data Source 2021/22
Water	Number of customers – water service (millions)	10.3	10.3	10.1	10	10	We supply clean, fresh drinking water to more than 10 million customers every day.	Annual Performance Report 2021/22 p200 table 4R, line 4R.28
	Compliance with drinking water quality standards (%)			99.97	99.96	99.96	This measure was discontinued at the end of AMP6 in March 2020. It has been replaced by the compliance risk index (CRI). We have retained it here for reference purposes.	Annual Report, Annual Performance Report and Sustainability Report 2019/20, p45
	Compliance Risk Index – target 0.0	2.59	2.42				Our performance was impacted by two single coliform detection failures at Swinford and Kempton. Compliance Risk Index was designed by the Drinking Water Inspectorate to illustrate the risks arising from treated water compliance failures.	Annual Performance Report 2021/22 p32
	Annual average of daily water into supply (MI/d)	2547.6	2589.4	2602.4	2696.6	2681	We supply over 2.5 billion litres of clean, fresh drinking water to more than 10 million customers every day.	Annual Performance Report 2021/22 p211 table 6B, line 6B.4
	Compliance with water abstraction licences (%)	99.97	99.98	99.89	99.95	99.97	During 2021/22, we achieved 99.97% compliance with our daily water abstraction licences.	Thames Water's Asset Management Team
	Security of Supply Index (%)	100	100	100	98	97	We've met our target of 100 for Security of Supply Index, which rates our ability to maintain a water supply, particularly during a drought.	Annual Performance Report 2021/22 p34
	Leakage performance (MI/d)	605.6**	589.6	600*	690	695	This year we have met our 3-year average leakage performance target of 10.2% reduction against the baseline.	Annual Performance Report 2021/22 p30
							* Revised in the 2020/21 Annual Performance Report.	
							** Note – this is a three year rolling average.	

ESG – Environment

Category	Metric	2021/22	2020/21	2019/20	2018/19	2017/18	Commentary for 2021/22	Data Source 2021/22
Wastewater	Number of customers – wastewater service (millions)	15.6	15.6	15.8	15.3	15	We collect and treat the wastewater of over 15 million customers every day.	Annual Performance Report 2021/22 p200 table 4R, line 4R.28
	Wastewater treatment works discharge compliance (%)	98.96	99.74	99.71	98.85	99.43	This metric is the percentage of our treatment works that have experienced a failure of their permit conditions. We had four isolated failures in the year.	Annual Performance Report 2021/22, p35
	Annual wastewater treated (MI/d)	4586	4670	4642	4384	4420	Over 4.5 billion litres of wastewater is removed from our customers' homes each day, before being treated and safely returned to rivers.	Annual Performance Report 2021/22 p224 table 7C, line 7C.13
	Total category 1–3 pollution incidents from sewage related premises (number of incidents)	271	292	321	295	292	This is a calendar-year measure of the number of pollution incidents caused by a leak or spill of a contaminant from a site or our network that poses a danger to the environment. We had a reduction of 7% from the previous year.	Annual Performance Report 2021/22, p43
	Total sewage sludge produced (thousand tonnes dry solids/yr)	371.7	345.3	371.6	373.8	366.2	All sewage sludge is treated by Thames Water Utilities Limited.	Annual Performance Report 2021/22 p230 table 8A, line 8A.1
	Sludge management compliance with regulations and codes of practice (%)	100	100	100	100	100	We have been audited as part of the Biosolids Assurance Scheme (BAS) certification and no non-conformances were found. Note – our performance has not been reviewed by the EA for the 2021 period.	Thames Water's Bioresources Team

ESG – Environment continued

Category	Metric	2021/22	2020/21	2019/20	2018/19	2017/18	Commentary for 2021/22	Data Source 2021/22
Climate Change	Net Operational Scope 1 and 2 GHG emissions as CO ₂ e including outsourced Scope 3 – Total (kTCO ₂ e)	269.8	268.2*	290.5**	275.7	277.9	Our net operational market-based emissions increased by 1.6 kTCO ₂ e to 269.8 kTCO ₂ e, a rise of 0.6%. * Our principle Carbon reporting approach has shifted to the market-based methodology in line with our and the industry's Net Zero by 2030 commitment. ** Restated as a market based value.	Annual Report and Sustainability Report 2021/22, p31
	Net Operational Scope 1 and 2 GHG emissions as CO ₂ e including outsourced Scope 3 – wastewater (kTCO ₂ e)	229.3	224.6*	251.5**	230.0	231.7	Last year market-based wastewater service emissions have increased by 4.7 kTCO ₂ e. * Our principle Carbon reporting approach has shifted to the market-based methodology in line with our and the industry's Net Zero by 2030 commitment. ** Restated as a market based value.	Thames Water's Energy and Carbon Team
	Net Operational Scope 1 and 2 GHG emissions as CO ₂ e including outsourced Scope 3 – water (kTCO ₂ e)	28.1	30.6*	38.8**	45.7	46.2	Last year we reduced our water service emissions by 2.5 kTCO ₂ e. * Our principle Carbon reporting approach has shifted to the market-based methodology in line with our and the industry's Net Zero by 2030 commitment. ** Restated as a market based value.	Thames Water's Energy and Carbon Team
	Net change in GHG emissions (% relative to 1990 baseline)	-68	-68*	-66**	-67.0	-67.0	We have already reduced our emissions by 68% compared to our 1990 baseline level, a 576 ktCO ₂ e absolute reduction. * Our principle Carbon reporting approach has shifted to the market-based methodology in line with our Net Zero by 2030 commitment. ** Restated as a market based value.	Thames Water's Energy and Carbon Team
	Gross change in GHG emissions (% relative to 1990 baseline)	-67	-67*	-65**	-35.6	-27.0	We achieved a 67% reduction in our gross emissions by March 2022. * Our principle Carbon reporting approach has shifted to the market-based methodology in line with our Net Zero by 2030 commitment. ** Restated as a market based value.	Thames Water's Energy and Carbon Team
	Climate change – GHG intensity – water service kgCO ₂ e/ML	16.9	18.8*	20.4**	20.6	24.6	We reduced the market based emissions associated with each megalitre (ML) of water we supply and treat – our emissions intensity – down 1.8 kgCO ₂ e per ML. * Our principle Carbon reporting approach has shifted to the market-based methodology in line with our Net Zero by 2030 commitment. ** Restated as a market based value.	Annual Report and Sustainability Report 2021/22, p124
	Climate change – GHG intensity – wastewater service kgCO ₂ e/ML	116.7	121.4*	133.5**	127.0	135.3	We reduced the market based emissions associated with each megaliter (ML) of wastewater we supply and treat – our emissions intensity – down 4.66 kgCO ₂ e per ML. * Our principle Carbon reporting approach has shifted to the market-based methodology in line with our Net Zero by 2030 commitment. ** Restated as a market based value.	Annual Report and Sustainability Report 2021/22, p124

ESG – Environment continued

Category	Metric	2021/22	2020/21	2019/20	2018/19	2017/18	Commentary for 2021/22	Data Source 2021/22
Climate Change	Assessment of climate change impacts completed within the past five years	Yes	Yes	Yes	Yes	Yes	In November 2021, we published, Protecting our Water and World our Climate Change Adaptation Report for 2015-2020.	Thames Water website https://www.thameswater.co.uk/media-library/home/about-us/responsibility/climate-change/climate-change-adaptability-report.pdf
	Total renewable electricity self-generated and used (%)	24	23	23	22	22.2	We self-generated 24% of our own renewable electricity needs during 2021/22.	Annual Report and Sustainability Report 2021/22, p31
	Self-generated and used renewable electricity from sludge (GWh)	317.4	301	313	281*	286*	Sludge levels increased in post-Covid recovery, positively impacting our renewable generation from sludge and resulting in an increase of 12.6 GWh to 317.4 GWh. *Restated as renewable electricity generated from sludge.	Annual Report and Sustainability Report 2021/22, p31
	Climate Change – Other non-grid renewable electricity consumed (GWh)	78.7					In addition to renewable electricity self-generated or purchased from the grid we also directly sourced 78.7 GWh of non-grid renewable electricity.	Thames Water's Energy and Carbon Team
	Gross grid electricity purchased (GWh)	874.6	897.7	911.25	936.5	953.8	The reduction is largely due to our increased self-generated renewable energy.	Thames Water's Energy and Carbon Team
	Gross grid renewable electricity purchased (GWh)	874.6	897.7	911.25	936.5	953.8	In 2021/22 we used 23 GWh less grid electricity than in the previous reporting year.	Thames Water's Energy and Carbon Team
Biodiversity	Biodiversity – Sites of Special Scientific Interest in favourable condition (% of Ha)	94	50.89	50.89	50.89	50.89	Natural England have classified that 94% (hectares) of our SSSI land are considered to be in a healthy state and are being conserved by appropriate management.	Thames Water's Corporate Responsibility Team
	Biodiversity – Sites of Special Scientific Interest favourable condition/ unfavourable recovering (%)	100	99	99	99	99	100% of our SSSI land area is classified as 'favourable' or 'unfavourable recovering' by Natural England.	Thames Water's Corporate Responsibility Team
	Number of sites improved for biodiversity and access (in year)	44	41	18	10	21	44 Sites for Enhancement Biodiversity and Access projects were completed during 2021/22.	Thames Water's Corporate Responsibility Team
Policies	Environment Policy	Yes	Yes	Yes	Yes	Yes	We are committed to continually improving our environmental performance, protecting and enhancing the environment in which we operate, preventing pollution and sustainably managing water resources.	Thames Water website – https://www.thameswater.co.uk/about-us/governance/our-policies
	Climate Change Policy	Yes	Yes	Yes	Yes	Yes	We believe that a twin track approach of managing the unavoidable impacts of climate change on our business ('adaptation'), combined with a reduction in our greenhouse gas emissions ('mitigation'), is essential if we are to manage the challenges that climate change represents.	Thames Water website – https://www.thameswater.co.uk/about-us/governance/our-policies
	Biodiversity Policy	Yes	Yes	Yes	Yes	Yes	To balance the needs of the animals, plants, birds and insects that call our sites home we are committed to continually improving our biodiversity performance at those sites and beyond, whilst aiming to deliver our services in the most sustainable way.	Thames Water website – https://www.thameswater.co.uk/about-us/governance/our-policies

ESG – Social

Category	Metric	2021/22	2020/21	2019/20	2018/19	2017/18	Commentary for 2021/22	Data Source 2021/22
Customer	Written complaints resolved first time – water service as a %		92	88	88	96	This metric was discontinued at the end of AMP6 2019/20. Data for 2020/21 is provided for information.	Thames Water's CX Regulatory Performance & Compliance Team provided data for 2020/21
	Number of written complaints per 10,000 connected properties – water service		13.57	14.01	18.61	12.39	This metric was discontinued at the end of AMP6 2019/20. Data for 2020/21 is provided for information.	Thames Water's CX Regulatory Performance & Compliance Team provided data for 2020/21
	Written complaints resolved first time – wastewater service as a %		88	86	84	94	This metric was discontinued at the end of AMP6 2019/20. Data for 2020/21 is provided for information.	Thames Water's CX Regulatory Performance & Compliance Team provided data for 2020/21
	Number of written complaints per 10,000 connected properties for wastewater service		8.25	5.56	5.34	4.39	This metric was discontinued at the end of AMP6 2019/20. Data for 2020/21 is provided for information.	Thames Water's CX Regulatory Performance & Compliance Team provided data for 2020/21
	Service incentive mechanism (SIM) – customer service scored out of 100				75.0	78.4	This reporting measure was discontinued in 2019/20 and has been replaced by new measurements for monitoring customer and developer satisfaction developed by Ofwat, Customer Measure of Satisfaction (C-Mex) and the Developer Measure of Satisfaction (D-Mex).	Annual Report, Annual Performance Report and Sustainability Report 2019/20, p240
	C-Mex – scored out of 100	68.86	72.91				We were ranked 17th in the industry for 2021-22 and therefore we will receive the maximum 12% penalty of our residential retail revenues c.£17.2m.	Annual Performance Report 2021/22 p20
	D-Mex- scored out of 100	79.64	77.56				Last year our D-Mex score improved to 79.64 and we were ranked 14th in the industry.	Annual Performance Report 2021/22 p21
	Ofwat customer satisfaction rating charging and billing scored out of 5 (RA3)			4.42	4.58	4.66	Domestic and non-domestic customer experience is now measured by C-Mex and D-Mex. This metric was discontinued at the end of AMP6 in 2019/20.	Annual Report, Annual Performance Report and Sustainability Report 2019/20, p40 & 240
	Ofwat customer satisfaction rating operational contacts scored out of 5 (RA4)			4.46	4.44	4.43	Domestic and non-domestic customer experience is now measured by C-Mex and D-Mex. This metric was discontinued at the end of AMP6 in 2019/20.	Annual Report, Annual Performance Report and Sustainability Report 2019/20, p40 & 240
	Ofwat customer satisfaction rating water service scored out of 5 (WA3)			4.4	4.39	4.42	Domestic and non-domestic customer experience is now measured by C-Mex and D-Mex. This metric was discontinued at the end of AMP6 in 2019/20.	Annual Report, Annual Performance Report and Sustainability Report 2019/20, p40 & 236
	Ofwat customer satisfaction rating wastewater service scored out of 5 (SA3)			4.49	4.58	4.55	Domestic and non-domestic customer experience is now measured by C-Mex and D-Mex. This metric was discontinued at the end of AMP6 in 2019/20.	Annual Report, Annual Performance Report and Sustainability Report 2019/20, p40 & 237
	Priority Services Register, number of customers registered	280,000	197,000	82,000			5% of households on Priority Services Register which means we're able to give them the support they need during emergencies. That's more than 280,000 households in our region.	Annual Report and Sustainability Report 2021/22, p16

Number of customers helped to pay their water bills through our customer assistance fund

5,000

3,767

5,613

6,742

7,500

Last year we supported over 5,000 customers with help to pay their water bills through our Customer Assistance Fund.

Annual Report and Sustainability Report 2021/22, p16

Customers on social tariffs (Water Sure and Water Sure Plus) (No.)

267,033

210,000

circa 150,000

82,365

56,671*

We are helping almost 270,000 customers on social tariffs, up from 210,000 in 2020/21. The tariffs reduce bills by up to 50%.

Annual Performance Report 2021/22, p23

* Restated in 2018/19

ESG – Social continued

Category	Metric	2021/22	2020/21	2019/20	2018/19	2017/18	Commentary for 2021/22	Data Source 2021/22
Health & Safety Policy	Health & Safety Policy	Yes	Yes	Yes	Yes	Yes	We have a clearly defined strategy, safety protocols and standards that are set, monitored and reported to our Board members and executive team each month. We continue to introduce initiatives based on emerging risk areas to reinforce our vision of Zero incidents, Zero harm and Zero compromise every day. The policy applies to all employees and contractors and partners.	Thames Water website – https://www.thameswater.co.uk/about-us/governance/our-policies
	Lost time injury frequency rate (over 1 day per 100,000 working hours)	0.15	0.08	0.15	0.16	0.16*	After an improving performance in 2020/21, with a lost-time injuries frequency rate of 0.08, our frequency increased last year to 0.15. * Value restated to reflect reclassification of some injuries.	Annual Report and Sustainability Report 2021/22, p36
Health & Safety	Number of lost time injuries	27	12	25*	22	17	We had 27 notifiable injuries in 2021/22. * Revised 2020/21.	Annual Report and Sustainability Report 2021/22, p36
	Number of fatal employee accidents	0	0	0	0	0	There were no fatal employee accidents in the reporting year.	Thames Water's Health, Safety & Wellbeing Team
	Number of customer or community accidents	0	0	0	0	0	There were no HSE "reportable" customer/community accidents at Thames Water work sites in the reporting year.	Thames Water's Health, Safety & Wellbeing Team
	Number of fatal customer or community accidents	0	0	0	0	0	There were no fatal customer/community accidents in the reporting year.	Thames Water's Health, Safety & Wellbeing Team
	Charitable grants and community investment (£million)	0.93	0.44	0.07	0.38	0.84	We provided £933,370 of support through community grants and community investment.	Thames Water's Corporate Responsibility Team
Corporate Responsibility	Charitable grants projects (No.)	97	52	25	20	21	Last year we contributed charitable funding to 97 projects to a variety of organisations including nature reserves, community foundations and search and rescue.	Thames Water's Corporate Responsibility Team
	Community projects supported (No.)	68	1	N/A	8	14	We supported 68 community projects.	Thames Water's Corporate Responsibility Team
	WaterAid support (£K)	108	55	266	269	363	We raised £108,120 for WaterAid. In addition, we raised over £15,000 for Dementia UK.	Thames Water's Corporate Responsibility Team
	Employee volunteering (Hours)	2,602	729	4,764	7,658	6,393	Following the challenges of Covid-19 we were able to increase the number volunteering hours.	Thames Water's Corporate Responsibility Team
	No. of school children directly engaged		6,796	35,051	24,897	21,341	This metric was discontinued at the end of AMP 6 and replaced by the number of school children engaged.	Thames Water's Corporate Responsibility Team
	No. of school children engaged	62,165					As a consequence of the Covid-19 pandemic challenges, we've had to evolve our approach to engaging with school children. This has involved the development of a range of direct and indirect schools programmes including 'face to face' delivery, online seminars, virtual learning, teacher training programmes and delivery through NGOs and partner charities.	Thames Water's Corporate Responsibility Team

ESG – Social continued

Category	Metric	2021/22	2020/21	2019/20	2018/19	2017/18	Commentary for 2021/22	Data Source 2021/22
Human Resources	Equal opportunities, diversity and inclusion policy	Yes	Yes	Yes	Yes	Yes	Our equality, diversity and inclusion policy provides employees and managers with the knowledge, guidance and support needed to ensure Thames Water is a diverse and inclusive great place to work.	Thames Water website – https://www.thameswater.co.uk/about-us/governance/our-policies
	Employee diversity (% female employees)	32	33	33	33	33.4	32% of our whole business salaried employees are female.	Annual Report and Sustainability Report 2021/22, p37
	Manager diversity (% female managers)	33	35	35	34.5	34	33% of our management level salaried employees are female.	Annual Report and Sustainability Report 2021/22, p37
	Executive diversity (% female)	36	33	33	22	30	36% of our executive team are female.	Annual Report and Sustainability Report 2021/22, p37
	Number of direct employees	7,453	7,144*	6,404	6,633	6,245	All Company employees are based in the United Kingdom.	Thames Water Human Resources team
							* In 2020/21 we changed our way of recording employee numbers to average salaried FTE.	
	Gender pay gap (%)	9.1	9.5	8.5	10.4	10.8	'The gender pay gap is the difference in the average earnings between men and women, regardless of the work they do.	Annual Report and Sustainability Report 2021/22, p37
	Employee turnover (%)	15	7	15	11.9	11.9	Last year our employee turnover was 15%.	Thames Water's Human Resource Team.
	Employee training (thousand days)	16.6 circa	9.1 circa	19.5 circa	22 circa	23 circa	During 2021/22 there were circa 16,647 training days.	Thames Water's Human Resource Team.
	Employee absenteeism rate (days)	7.43	5.91*	3.5	2.7	2.9	7.43 days per FTE of absenteeism due to sickness during 2020/21.	Annual Report and Sustainability Report 2021/22, p36
							* In 2020/21 we changed our way of recording absenteeism to days rather than as a percentage.	
	Employee relations – strikes (No.)	0	0	0	0	0	There were no strikes in 2021/22.	Thames Water Human Resources team
	Employee engagement survey engagement score (%)	69	75	64	71	70	Last year our employee engagement score was 69%. The survey score demonstrates that our employees are willing to express how they are feeling about working at Thames Water.	Annual Report and Sustainability Report 2021/22, p3
	Human Rights issues addressed	Yes	Yes	Yes	Yes	Yes	We acknowledge and operate in accordance with the United Nation's guiding principles on business and human rights. We promote human rights through our employment policies and practices and through our supply chain. We have policies and processes in place which ensure we're compliant with these requirements, and they're enforced throughout our business.	Annual Report and Sustainability Report 2021/22, p72
	Statement on Modern Slavery	Yes	Yes	Yes	Yes	Yes	Our 2021 Modern Slavery Act statement can be found on our website.	"Thames Water website – https://www.thameswater.co.uk/about-us/governance/our-policies
	Whistle Blowing	Yes	Yes	Yes	Yes	Yes	We have a 24-hour Employee Assistance Helpline available and a robust whistleblowing mechanism in place.	Annual Report and Sustainability Report 2021/22, p72

ESG – Social continued

Category	Metric	2021/22	2020/21	2019/20	2018/19	2017/18	Commentary for 2021/22	Data Source 2021/22
Supply Chain	Procurement spend (£billion)	1.95	1.83	1.82	1.76	1.75	Last year our procurement spend was £1.95 billion.	Thames Water's Procurement team
	Average days taken to pay supplier on receipt of correct invoice (no. of days)	54.4	58	57	56.08	57.25	Last year the average days taken to pay supplier on receipt of correct invoice was 54.4 days.	Thames Water's Procurement team
	Annual Water Company Performance Survey (rank out of 12)	Not available	Not available	6	7	4	The British Water Annual Water Company Performance Survey data was not available this year.	The British Water Annual Water Company Performance Survey
	Number of strategic frameworks	175	169	203	185	165	We operate in a regulated industry which means that the process to become one of our supply partners has a formal structure. We recognise that we can't solve all our challenges alone and we need excellence in our supply chain to help us deliver for our customers. Our partners are a big part of our success.	Thames Water's Procurement team
	Number of unique suppliers in strategic framework arrangement	431	427	408	375	356	We have a diverse network of suppliers delivering everything from everyday equipment to operations and maintenance services. They range from large multi-nationals to small micro businesses.	Thames Water's Procurement team
	Honest and Ethical Behaviour and Human Rights	Yes	Yes	Yes	Yes	Yes	To provide the best possible service and safeguard our employees, we're committed to conducting all aspects of our business in an honest, ethical and transparent manner. Employees undertake mandatory Ethical Behaviour training annually.	Thames Water website – https://www.thameswater.co.uk/about-us/governance/our-policies
Legal	Environmental prosecutions (No.)	2	3	1	1*	0	In May 2021 we were fined £4m after untreated sewage escaped from sewers polluting park, woodland and the Hogsmill river in the Kingston area between 2016 and 2019. In November 2021 we were fined £4m for discharging raw sewage into the Seacourt and Hinksey streams in Oxford in July 2016.	Annual Performance Report 2021/22, p85

ESG – Governance

Category	Metric	2021/22	2020/21	2019/20	2018/19	2017/18	Commentary for 2021/22	Data Source 2021/22
Board	Ownership	Private	Private	Private	Private	Private	Thames Water is a privately-held organisation, with shareholder representation on the Board of Directors and its committees.	Annual Report and Sustainability Report 2021/22, p77
	Country of incorporation	UK	UK	UK	UK	UK	Thames Water operates solely in the South East of England.	Thames Water website – https://www.thameswater.co.uk/about-us/governance/our-structure
	Board governance detailed and reported in Annual Report and Annual Performance Report	Yes	Yes	Yes	Yes	Yes	We describe compliance with the UK Corporate Governance Code 2018 in our Annual Report 2021/22.	Annual Report and Sustainability Report 2021/22, p76
	Compliance with UK Corporate Governance Code Statement.	Yes	Yes	Yes	Yes	Yes	The Board ensures that the Company's governance processes align with the UK Corporate Governance Code 2018, which applies to 2020/21, and Ofwat's Principles of Board Leadership, Transparency and Governance, which are built in to our own governance framework.	Annual Report and Sustainability Report 2021/22, p76
	Independent Chairman	Yes	Compliant after August 2020	Partial	Yes	Partial	In 2021/22 we had a fully independent Chairman.	Annual Report and Sustainability Report 2021/22, p76
	Independent Board members (%)	55	46	50	50	46	The Board, chaired by Ian Marchant, with Deputy Chair, Nick Land, consists of 11 Directors. There are six Independent Non-Executive Directors. Paul Donovan and Greg Pestrak resigned in October 2021 and December 2021 respectively.	Annual Report and Sustainability Report 2021/22, p81
	Female Board members (%)	36	31	16.6	16.6	15.4	4 out of 11 (36%) Board members are female.	Annual Report and Sustainability Report 2021/22, p81
	Publicly report on Executive reward and remuneration	Yes	Yes	Yes	Yes	Yes	Our remuneration policy is built on principles designed to attract, retain and motivate our leaders and senior management and ensure they are focused on delivering business priorities within a framework designed to promote the long-term success of the Company. This policy underpins the activities of the Remuneration Committee.	Annual Report and Sustainability Report 2021/22, p100-119
	Corporate structure and explanation included in Annual Report	Yes	Yes	Yes	Yes	Yes	We reported ownership of Thames Water and those subsidiaries that connect Kemble Water Holdings Limited to the regulated company, Thames Water Utilities Limited.	Annual Report and Sustainability Report 2021/22, p77
	Provision in place to prevent disempowerment of investors	Yes	Yes	Yes	Yes	Yes	Thames Water Utilities Limited Articles of Association set out rules governing the Board, its directors, and shareholders.	Thames Water website – https://www.thameswater.co.uk/about-us/governance/our-structure
	Political donations	No	No	No	No	No	No political donations were made by the Company during the year.	Annual Report and Sustainability Report 2021/22, p122

ESG – Governance continued

Category	Metric	2021/22	2020/21	2019/20	2018/19	2017/18	Commentary for 2021/22	Data Source 2021/22
Financial	Pensions deficit (£ million)	245	219.2	114.6	293.0	250.2*	As of 31 March 2022, the net pension deficit is £245 million. * Restated 2018/19.	Annual Report and Sustainability Report 2021/22, p47
	Regulatory Capital Value (£billion)	16.6	15.0	14.7	14.3	13.7	The regulatory capital value ("RCV") has been developed by Ofwat as a measure of the regulatory net book value of our assets. In the last financial year the RCV increased to £16,641 million.	Annual Report and Sustainability Report 2021/22, p48
	Underlying revenue (£million)	2,092.0	2,032.9	2,108.5	2,036.9*	2,018.0	All revenue is derived from activities based in the UK. Revenue on Bazalgette Tunnel Limited's activities is disclosed separately to the Company's underlying performance. Our underlying revenue for the year ended 31 March 2022 was £2,092.0 million. * Restated in Annual Report, Annual Performance Report and Sustainability Report 2019/20	Annual Report and Sustainability Report 2021/22, p44
	Credit Rating	Baa2 stable	Baa2 stable	Baa2 stable	Baa1 negative	Baa1 negative	In July 2021, Moody's completed a periodic review of TWUL Group ratings, with the Corporate Family Rating ("CFR") for TWUL continuing as Baa2 with a stable outlook.	Annual Report and Sustainability Report 2021/22, p3
	Publicly available clear and transparent position on tax strategy	Yes	Yes	Yes	Yes	Yes	Our tax strategy is available on our website.	Thames Water website – https://www.thameswater.co.uk/about-us/governance/our-policies
	Publicly available clear and transparent position on finances and financial structure	Yes	Yes	Yes	Yes	Yes	We regularly update and publish an explanation of our structure and finances in 'Our Finances Explained'. It was last updated in December 2020.	Thames Water website – Our Finances Explained – https://www.thameswater.co.uk/about-us/investors
	Underlying Operating Profit (£million)	344.4	415.2	513.4	474.1*	505.9**	Our underlying operating profit for the year was £344.4 million. * Restated in Annual Report, Annual Performance Report and Sustainability Report 2019/20. ** The 2017/18 figure was restated due to the impact of the transition to new accounting standard IFRS 15 'Revenue from Contracts with Customers' on 1 April 2018.	Annual Report and Sustainability Report 2021/22, p44
	Tax paid (£million)	218	229	196	211	192	During this financial year, we paid significant contributions to HMRC totalling £218 million in business rates, national insurance contributions, PAYE and other taxes.	Annual Report and Sustainability Report 2021/22, p46
	Dividends paid to external shareholders (£million)	0	0	0	0	0	No distributions were made to external shareholders relating to 2021/22.	Annual Report and Sustainability Report 2021/22, p46
	Bad debt (%)	3.0	4.1	3.4	3.0	2.8	During the year ended 31 March 2022, we have seen a reduction in our overall bad debt cost of £15 million to £67 million. The reduction, including the additional management provision, is primarily due to the impact of the initiatives implemented in the prior years to reduce the bad debt charge offset by the cost of living increase.	Annual Report and Sustainability Report 2021/22, p45



ESG – Governance continued

Category	Metric	2021/22	2020/21	2019/20	2018/19	2017/18	Commentary for 2021/22	Data Source 2021/22
Financial	Outcome delivery incentive performance penalties (£million)	-34.75	-31.87	0.89	-51.67	-35.2	Ofwat's outcome delivery incentive (ODI) rewards and penalties link operational performance to company returns. We incurred £45.893 million in penalties and £11.148 million in rewards during the year totalling a net loss of £34.75 million.	Annual Performance Report 2021/22, p17
Risk	Transparent risk management process in place reviewed by the Board (including legal/litigation) and material risks reported in Annual Report and Annual Performance Report	Yes	Yes	Yes	Yes	Yes	Our Board has ultimate responsibility for maintaining a sound system of risk management and internal control. The Audit, Risk and Reporting Committee evaluates the effectiveness of our overall risk management framework and makes recommendations for improvement. Our risk management process is developed to align with the Risk Management International Standard, ISO 31000, which aids our compliance with the Financial Reporting Council's UK Corporate Governance Code guidance on risk management.	Annual Report and Sustainability Report 2021/22, p96-99
Stakeholder	Stakeholder engagement programme	Yes	Yes	Yes	Yes	Yes	It's so important to our turnaround plan to have the trust and buy-in of our stakeholders. A focus for us this year has been to rebuild that trust through being much more transparent and proactive in our communications than we have in the past. We've been listening hard this year to understand the needs, challenges and opportunities of each of our main stakeholder groups and keeping communication open through various channels and forums.	Annual Report and Sustainability Report 2021/22, p41-42
ESG	Environment, Social and Governance (ESG) Statement	Yes	Yes	Yes	Yes	Yes	As part of our commitment to increase transparency of the organisation we have developed this ESG Statement.	This document

ESG – Governance continued

Category	Metric	2021/22	2020/21	2019/20	2018/19	2017/18	Commentary for 2021/22	Data Source 2021/22
Policies	Public Value policy (Formally Corporate Responsibility policy)	Yes	Yes	Yes	Yes	Yes	Our aim is to understand what others expect of us and to look for opportunities to work in partnership with them. We aim to be responsive to the needs of all our stakeholders, including our customers, employees, government, shareholders, investors, regulators, suppliers, alliance partners, and the wider community in which we operate.	Thames Water website – https://www.thameswater.co.uk/about-us/governance/our-policies
	Data protection policy (and privacy policy)	Yes	Yes	Yes	Yes	Yes	Our data protection policy sets out the data protection principles and obligations under the Data Protection Act 2018 with which we must comply. Our Thames Water privacy notice is available on our website. It explains how we process the personal data of our customers and other individuals with whom we have contact. We have a separate privacy notice outlining how we process our employees' data. We regard sound privacy practices as a key element of corporate governance and accountability.	Thames Water website – https://www.thameswater.co.uk/legal/privacy-policy
	Cybersecurity policy/ monitoring/training	Yes	Yes	Yes	Yes	Yes	Recognising the threat of cyber security, particularly in our industry, we rolled out cyber security and general data protection regulation ("GDPR") training across the business. Employees undertake mandatory Cyber Security awareness training annually.	Part of our Internal Security policy
	Honest and Ethical Behaviour policy	Yes	Yes	Yes	Yes	Yes	To provide the best possible service and safeguard our employees, we're committed to conducting all aspects of our business in an honest, ethical and transparent manner.	Thames Water website – https://www.thameswater.co.uk/about-us/governance/our-policies
	Sustainability policy	Yes	Yes	Yes	Yes	Yes	Striking a balance, doing the right thing for people, for the performance of our business and for the natural environment is what being more sustainable means to us.	Thames Water website – https://www.thameswater.co.uk/about-us/governance/our-policies
	Procurement policy (formerly Supply chain sustainability)	Yes	Yes	Yes	Yes	Yes	Our procurement policy incorporates our position on maintaining a sustainable supply chain and sets out how we source and procure all goods and services across the business responsibly, ethically and sustainably.	Thames Water website – https://www.thameswater.co.uk/about-us/governance/our-policies