



It's everyone's water

Becoming more sustainable

Our Sustainability Report – Becoming more sustainable



We're taking steps to tell our sustainability story in a more straightforward way, so our stakeholders and customers know what our priorities are (how we're incorporating sustainability into our decision making), and what we're doing (we've achieved over the past year which has helped contribute to) to build a more sustainable Thames Water.

[Sustainability report](#)

[Case studies – nine themes](#)

[ESG statement](#)

Introduction from Cathryn Ross



As a water and wastewater company, everything we do is linked to our environment and the communities we serve. Sustainability must be at the heart of our decision making. For many years we've been driving for new ways to become a more sustainable business. Today, we're increasing our focus still further, to make sure we improve our understanding of what sustainability means in practice and how we can embed it in all our decisions, as you can see on [page 5](#).

Our purpose is to provide life's essential service so our customers, communities and the environment can thrive. We provide a clean reliable supply of drinking water, take away waste, recycle it and return water to the environment. Environmental, social and governance (ESG) factors are key to how we provide these services. For example, we need to consider the impact we have today but also how what we do today affects future generations. We need our services to be affordable to all, but we also need to do more to meet future challenges and rising expectations. Tried and tested technologies are essential for what is fundamentally a public health business, but we also need to innovate. We must turn our business around, fixing the basics and raising the bar, but we must also shape the future. Our world keeps changing, bringing new challenges and opportunities for our business. So, we need to adapt our approach constantly to do our best for those we serve.

What does sustainability mean to Thames Water?

We've had a longstanding commitment to be more sustainable in all areas of our business and this is reflected in the nine sustainability themes of our [sustainability policy](#). These themes affect each element of environment, social and governance; they reflect what we do as a business and how we do it.

Environment – 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. The world around us sustains us and so we all have a responsibility to look after it today and for future generations.

Social – We're focused on making sure we look after and support our people as part of 'Team Thames', as well as being a responsible part of the local communities we operate in. We want to be a force for good in our communities and we have great opportunities to do this.

Governance – We take our responsibilities as a monopoly provider of an essential service very seriously. We're committed to the highest levels of governance and being led by our purpose in everything we do.

How has our performance been this year?

We know that this is a challenging time financially for many of our customers and we want to do what we can to increase support and reduce this pressure on them. We've grown the number of customers supported by social tariff schemes and have secured cross-subsidy funding to support more customers in financial hardship, with two new schemes being introduced in April 2023. We launched our online affordability tool to undertake income and expenditure assessments for customers so we can offer affordable and sustainable payment plans, with further developments to this tool to be delivered during FY24. In addition, you can read in our case study on [page 19](#) about how we have increased financial support for customers to a value of £50 million which means an additional 53,000 households will receive financial help to pay their water bill from April, taking the total number to 384,000 households.

Unfortunately, our operational performance has fallen short of expectations this year being impacted by the macro environment, the condition of our assets and extreme weather. We know that we have more work to do and that we need to adapt if we are to build our resilience to these pressures, improve our performance and meet the needs of our customers and the environment. In March we outlined £1.6 billion investment in sewage network over next two years to improve wastewater network to reduce pollutions and discharges.

We updated our [River health action plan](#) in April that looks at what we're doing to improve river health in the round, and includes both pollutions and storm discharges reductions. We know we haven't always got things right, but as part of our continued progressive stance on river health, we were the first company to publish a live map of sewage discharges which is driving sector transparency. You can read more about our EDM map in our case study on [page 11](#). We've committed to achieving at least a 50% reduction in the total annual duration of untreated discharges by 2030, and within that an 80% reduction in sensitive catchments, against a 2020 baseline.

In addition, we are on track to deliver three Smarter Water Catchments plans by 2025. Partnership working is a critical component of this work to improve river health and water quality. Smarter Water Catchments is a step change in our level of ambition and investment in catchment management in our region and will shape our future approach to improving river health.

Climate change is creating uncertainty over how and when resources will be replenished, and extreme events, such as last year's drought, appear to be happening with increasing frequency. Without action, we're likely to have a supply that is roughly 30% below water demand. At the same time, winter rainfall intensity could increase by 11% in London with increased risk of property (including basement) flooding. During 2022/23 the Board, together with our shareholders, approved various significant investments by the shareholders to ensure the resilience of Thames Water in the long term. We're investing heavily in our network, with an additional £700 million of investment confirmed during the year to support an increase in resilience to our London water network.

One way we're improving water demand management is by continuing our roll-out of digital smart meters. These have been shown to help customers reduce consumption by around 13%. We have now installed over 900,000 smart meters exceeding our original target of 700,000 by 2025 - see our case study on [page 15](#). Smart meters allow our customers to automatically track the amount of water they use, keep track of their bills and support us to find and fix leaks more quickly.

Introduction from Cathryn Ross

We launched a leakage transformation plan which focuses on better targeting of leak repairs, and the insource of the management of the repair and maintenance of our water network is increasing internal control. Last year we fixed 66,896 leaks (compared with 61,671 in 2021/22) and over the next three years, we will spend £200 million on replacing mains and £55 million on pressure management to reduce pressure on our network.

To reduce pressures on our wastewater services and provide the best value for our customers and communities, we have published our first 25-year [Drainage and Wastewater Management Plan](#). This plan developed with customers and stakeholders sets out the innovative investment needed to deliver a sustainable service to protect the environment for generations to come. By 2050 we will be managing the rainwater falling on more than 7500 hectares of land or the equivalent of 50 Hyde Parks that drains into the sewer network, using SuDS and Nature Based Solutions.

We're just a couple of years away from the Thames Tideway Tunnel going into operation, which will significantly reduce the need to discharge into the tidal River Thames. With an investment of £4.6 billion, it will be the largest and most significant wastewater project since Sir Joseph Bazalgette created London's sewage system in the 1860s and will support growth in the Capital. Across the rest of our region, we've developed a detailed programme for reducing the number of overflows from our sites, which includes removing surface and/or groundwater from our sewers in some cases. You can find more information in our [River health action plan](#).

We continue to focus on developing our people to make sure we deliver for our customers and achieve our turnaround plan. In early 2021, we launched our Skills Strategy, designed to support our Purpose, and create a diverse workforce for now and the future. You can find a copy of our [Skills Strategy](#) on our website. This enables us to be forward-thinking, considering both the short and long-term skills requirements for the business as well as the external skills landscape and wider economic factors. In late 2022, we aligned our diversity and inclusion strategy with resourcing, skills, and emerging talent to create a more joined up approach. As part of our Skills Strategy, we are supporting the new T Level qualification and increased the number of apprenticeship pathways we offer – see our case study on [page 20](#). These range from college level to degree level apprenticeships in a variety of roles from electrical and mechanical engineering to quantity surveying and project management. Last year we had 125 apprentices join our business who will be key to delivering the service of the future.

Cathryn Ross
Strategy and External Affairs Director
June 2023



About our Sustainability Report and ESG Statement

This year we've separated our Annual Report and our Sustainability Report, to make it easier for people to find the information they need. This Sustainability Report also includes our Environment, Social and Governance (ESG) statement, which covers a wide range of ESG metrics with data covering a five-year period to help illustrate progress, challenges and trends.

In our Sustainability Report and ESG Statement over the next few pages, you'll find nine case studies that provide a snapshot of what we've been doing over the last year, as well as our current priorities, with more

on some of those examples I referred to. In addition, we have included case studies to reflect and bring to life each of our nine sustainability themes. We'll keep updating you on our journey in future reports.

Our ESG statement 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.

What does sustainability mean to Thames Water?



What we do

We supply clean and safe drinking water to 10 million customers every day, and we treat the wastewater of nearly 16 million customers in the South East of England.

Environmental

A healthy natural environment is fundamental to our business - to be able to deliver life's essential service. Protecting the environment and enabling it to thrive is a key part of what we do.

Social

We're focused on making sure we look after and support our colleagues, as well as being a responsible part of the communities we operate in.

Governance

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



Public value



9 sustainability themes

- Protecting water, a precious resource
- Managing wastewater and sustainable drainage
- Mitigating climate change
- Adapting to climate change
- Delivering efficient operations
- Investing sustainably for the long-term
- Ensuring responsible operations
- Enhancing customer inclusion
- Maintaining a safe and sustainable workforce



Our purpose...

is to deliver life's essential service, so our customers, communities and the environment can thrive

Our vision 2050

- Our vision supports our purpose of delivering life's essential service so customer, communities and the environment can thrive
- Customer – providing outstanding service and value for all our customers; motivating them to save water and prevent blockages
- Community – Earning our place as a force for good; equipping local communities with the skills they need to thrive; using our land to benefit surrounding communities
- Water – making sure everyone always has access to top-quality drinking water; investing in our network to prevent leaks and keep water flowing
- Waste and Rivers – preventing all sewer flooding and wastewater pollution; leading wider effort to restore river health and increase biodiversity
- Energy – producing all the green energy we can to power what we do

SUSTAINABLE DEVELOPMENT GOALS

Supporting the SDGs isn't an additional task for our business - it's part of what we do every day through our purpose to deliver life's essential service, so our customers, communities and the environment can thrive.

We fully support the aspiration of all 17 goals, but there are six specific goals where we believe we can make a real contribution.



What we've achieved this year



Waste and rivers

What we've achieved in 2022/23

- Successfully published 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. It will also support the development of our PR24 business plan for 2025 to 2030 (SDG 6)
- Published updated River Health Action plan in April 2023
- After making the commitment last year, leading the way in industry transparency as the first company to publish live data about sewer discharges from all sites.
- In March we outlined £1.6 billion investment in sewage network over next two years to improve wastewater network to reduce pollutions and discharges
- An improved performance in treatment works compliance with 99.48% (SDG 6)
- 46% reduction in spills (SDG 6)
- 100% sludge management compliance with regulations and codes of practice (SDG 12), as audited by the Biosolids Assurance Scheme classification

Targets

- Reach 100% treatment works compliance (SDG 6)
- 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 – on track
- Deliver Surface Water Outfall Programme to identify and resolve incorrectly connected drainage
- Achieve 100% sludge management compliance with regulations and codes of practice (SDG 12)

Water resources

What we've achieved in 2022/23

- Installed over 150,000 new smart meters, bringing our total to over 900,000, exceeding our original target of 700,000 by 2025
- Reduced water consumption to 146 litres per person per day, despite drought
- Environmental incentive discounts more accessible to developers who factor in water efficiency into their designs, live from April 2023
- Achieved 99% on Security of Supply Index, which indicates the reliability of our supply
- Achieved 44.16 on Abstraction Incentive Mechanism
- Drought plan was put into action in Summer 2022, with a temporary usage ban put in place to keep customers in supply.
- Completed public consultation on our Water Resources Management Plan, which looks at how we will protect water resources to 2100 (SDG 6)
- Progressing our collaboration with Water Resources South East to secure a multi-sector regional resilience plan, to protect future water resources for customers.

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)
- End abstraction from chalk streams by 2050
- 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 (SDG13)

What we've achieved this year

Energy transition

What we've achieved in 2022/23

- Where we can't self-generate, we buy 100% renewable energy
- 281 GWh renewable electricity generated from sewage (SDG 13)
- Self-generated 21.3% of our own electricity needs (SDG 13)
- 321.9 kTCO₂e of net operational scope 1 and 2 GHG emissions as CO₂e including outsourced Scope 3 – water and wastewater. The GHG emissions reporting methodology changed in FY23 and now includes 64.3 kTCO₂e of additional, previously excluded scope 3 emissions such as chemicals, disposal of waste and energy and fuels.
- Reduced our direct use of fossil fuels by over 41% and associated emissions from 28.3 kTCO₂e to 16.6 kTCO₂e
- Reduced our total electricity use from 1,250 GWh to 1,249 GWh
- Shareholders have set up a new Group of Ventures companies to maximise the potential of renewable energy generation and property development

Targets

- To self-generate 517 GWh of renewable energy by 2025 (SDG 13)
- 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)

Community impact

What we've achieved in 2022/23

- £1.1 million investment in communities, and 43 projects supported during the year
- £280,000 of support for WaterAid and Dementia UK, our corporate charities, more than double the amount raised in FY22
- Reached almost 23,000 young people as part of our schools' programme to promote a love of water and STEM skills
- Supported over 3,700 hours of volunteering in our local communities, a 43% increase compared to last year
- 12 projects supported by Thames Water's £100,000 annual community programme. Projects included helping a wildlife trust restore the River Ray in Wiltshire, provided water quality monitoring equipment to a Cotswolds community group and improving habits and community access to the River Lambourn, a chalk stream in Berkshire.
- Provided 125 apprenticeships and 5 T-level placements,
- Launched new water walls to support major events, with support for the funeral of Her Majesty Queen Elizabeth II
- Partnership with Mayor of London on 'Water Only' schools initiative to encourage schools to only have access to water on site

Targets

- Provide up to £100k support for River and Wetlands Community Days administered by the Wild Trout Trust
- Provide £20k support to our most under represented community groups as part of our Backyard Nature campaign

Biodiversity

What we've achieved in 2022/23

- We have created over 6 hectares of new biodiversity habitat
- Where we have been able to measure, we have generated 28.69 biodiversity units of habitat
- Enhanced 46 sites for biodiversity
- 94% of our SSSI site are in favourable condition

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



UN Sustainable Development Goals

The United Nations Sustainable Development Goals (SDGs) have been developed to make the world more sustainable by 2030. They address challenges such as poverty, inequality, climate, environmental degradation, prosperity, peace and justice.

The SDGs can only be achieved if governments, businesses, civil society and citizens work together. The United Nations has produced 17 SDGs and 169 targets that describe the road map of ambitions to build a more sustainable future by 2030.

Supporting the SDGs isn't an additional task for our business - it's part of what we do every day and through our purpose to deliver life's essential service, so our customers, communities and the environment can thrive.

We fully support the aspiration of all 17 goals, but there are six specific goals where we believe we can make a real contribution.

	<p>Clean Water and Sanitation</p>		<p>Responsible consumption and production</p>
	<p>Affordable and Clean Energy</p>		<p>Climate Action</p>
	<p>Reduced Inequalities</p>		<p>Life on Land</p>

In the following infographic we have linked the six SDGs that we are actively contributing towards to the water cycle which describes our interaction with customer and the environment. We will update our web site with additional information later in the summer.



Becoming more sustainable

Abstract from rivers and aquifers

- Creating wetlands
- Improving biodiversity
- Protecting chalk streams
- Managing invasive species



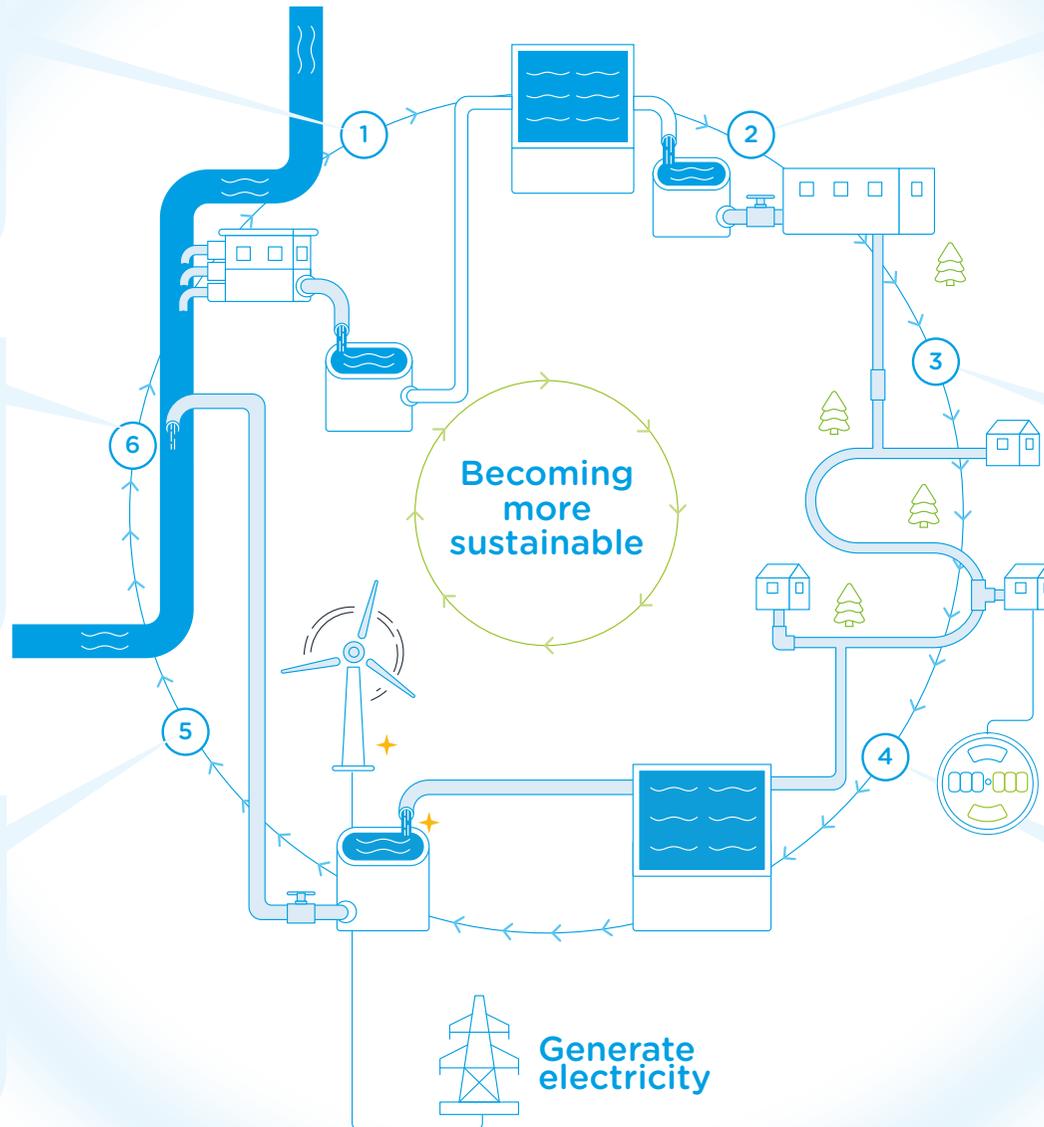
Safe Return clean water to the environment

- 100 % sludge beneficially used
- Generated 281 GWh of renewable electricity from sewage sludge
- Commissioned the Deephams biomethane plant



Treat wastewater at our sewage treatment works

- Use 100 % renewable electricity
- Generated 21.3 % of our electricity needs renewably
- Increased energy resilience



Clean water at our water treatment works

- Providing safe clean drinking water daily
- Desalination providing resilience
- Working with WRSE and WaterAid
- Developing new 25 year Water Resource Management Plan



Deliver water to customers' homes and businesses via our network of pipes

- Water efficiency programme
- Installed 900,000 smart meters to give more control over water use
- Providing vulnerable customer support



Remove wastewater from customers' homes and businesses

- Taking sewage away from customer properties
- Safely treating sewage daily
- Published our 25 year Drainage and Wastewater Management Plan



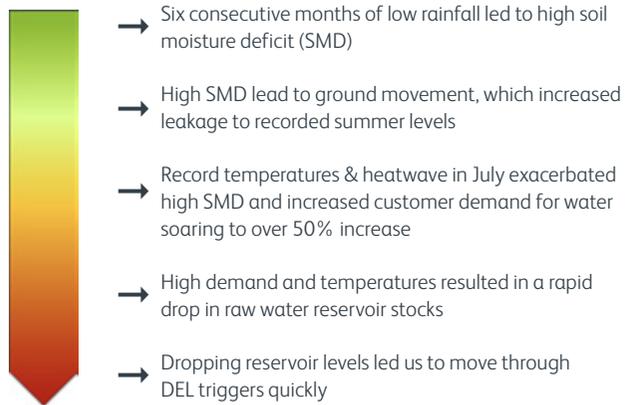
Learnings from drought

The sever drought in 2022 was caused by a drier than average winter and spring followed by an exceptionally dry summer (the sixth driest on record) with temperatures exceeding 40°C and soil moisture deficit showing record levels of dryness.

In August the Environment Agency declared a National Drought in 11 out of the 14 regions in visible drought. In response to the water resources situation changing rapidly, we implemented our Drought Plan measures in sequenced stages and on the 24th August we introduced a Temporary Use Ban or TUB which was in place until the end of November.

How the drought played out:

1. The 2022 drought saw us move through Drought Event Levels (DELs) more rapidly than expected
2. The speed at which the drought took hold was considered rapid across the wider industry
3. Its fast onset meant that we experienced multiple impacts all at once [see illustration below]



Following the drought we conducted a ‘Lessons Learnt’ review, consistent with our 2022 Drought Plan and proactively engaged widely with stakeholders to evaluate the plan’s effectiveness and identify areas which have changed since last used and/or which require strengthening. The review identified a number of over-arching learning themes including Readiness, Early Communication, Industry Alignment that we will be investigating further.

 <p>Readiness Improving our ability to respond quickly to an emerging drought risk through having a well informed leadership with a dedicated Incident Team, action plans and communication plans ready to go.</p>	 <p>Early communications Earlier communication with customers and stakeholders to help to reduce demand sooner and provide the opportunity for collaborative messaging.</p>
 <p>Industry alignment Improving alignment across the wider industry in the response to drought. Greater alignment when considering restriction exemptions to reduce consumer confusion.</p>	 <p>Learning from Drought The drought highlighted the benefits of producing an annual drought prospects report following each winter recharge period as part of our advance precautionary preparation.</p>

Going forward our focus to improve how we plan for droughts and how we implement our Drought Plan cover six areas which will be integrated into the next iteration of our Statutory Drought Plan.



Doing right by our rivers - Event Duration Monitoring

‘Speak up, Open up and Clean up!’

Discharges of untreated sewage are unacceptable to us, our customers and the environment, and we will work with the government, Ofwat, the Environment Agency and others to accelerate work to stop them being necessary.

We have launched an interactive map which shows near real-time storm discharge activity as indicated by our Event Duration Monitoring (EDM). You can use the map to see if our monitors indicate:

- that an overflow could be currently discharging into a watercourse
- the date, time and duration of the last recorded discharge

The launch of our EDM map is putting significant new information into the public domain. We need people to understand what’s going on and to help bust the myths of sewage “dumping”. Only then can we have a conversation about what collectively needs to be done, who’s going to do it, how it gets paid for and - given that it’ll take 30 years - what order to do things in.

The myths of sewage “dumping”

Combined sewers carry wastewater from homes and businesses, however, they also collect rainwater which falls onto areas like streets and roofs. In normal conditions this water travels to a wastewater treatment works to be treated before it is discharged back to rivers and streams.

However, during a weather event (i.e. a storm or extremely heavy rainfall), storm overflows can be used to store wastewater until the treatment works has capacity to treat it or divert some of the water into watercourses – known as a ‘storm discharge’ or ‘spill’. This is essential to prevent sewers flooding our homes, gardens and streets. Although the water does contain some untreated sewage, storm discharge is heavily diluted because it’s mostly rainwater.

Storm overflows should only be used when necessary. We don’t actively switch them on, they operate automatically when the flow levels increase. Storm overflows are regulated by the Environment Agency and discharges are legally allowed, under the conditions of the Environment Agency permit.

How our map works

We decided to show the data from EDMs in near real-time and make it user friendly so customers know at the same moment as our operational managers whether there could be a spill. We decided it was important to have information accessible for customers quickly and run the risk of needing to make corrections, rather than verifying data first that would have stopped the map being a live resource.

Although EDM gives us valuable insight to how our storm overflows are working, it isn’t always accurate. The monitors are sensitive - even the movement of a weed growing in front of the monitor could set it off which could indicate that the overflow is active when it isn’t.

EDM doesn’t confirm discharges, it only indicates where an overflow could be active. We’re being open and sharing our data exactly as we receive it, so you can make more informed choices. We’re working with stakeholders to further develop the map and consider what additional information would best help to build trust. An initial focus is on current year EDM data and web cam images.

Our map only indicates storm overflow activity, not the other potential hazards in watercourses. With so many different factors affecting river water quality and safety of our watercourses, our data should not be used to determine if it’s safe to enter the water.

Our plans for protecting rivers

We are committed to working with others and getting to a position where storm overflows are no longer necessary. That will take time, effort, and sustained investment.

We’re investing over £4 billion in the ‘Super Sewer’, Thames Tideway Tunnel. The tunnel will capture all of the ‘first flush’ from the sewers after heavy rain. In addition, we’re spending £1.25 billion on maintaining and improving our operational sites between 2020 and 2025. That’s an average of £250 million a year. We’ve committed to reducing the total duration of storm overflow activity in our region by 50% (80% in sensitive catchments) by 2030. We’ll be working with our regulators to make sure our plans are funded.



Progress to Net Zero



Over the past year we have seen our energy costs increase significantly. To help reduce the impact of high energy costs we reduced our energy consumption by almost 1% this year, but we also need to think differently about the sources of our energy.

In 2021 we published our roadmap to operational net zero which included generating more renewable energy, substituting fossil fuels with non-fossil fuel alternatives, introducing electric vehicles, injecting biogas into the gas grid and working with sustainable suppliers and partners.

We first generated energy from sewage in the 1930s. Last year we generated 536 GWh of renewable energy (including renewable heat), achieving the target we set ourselves of self-generating 517 GWh of renewable energy by 2025. We used 488 GWh of that ourselves, covering 27.1 % of our energy needs from onsite renewables.

Becoming more energy self-sufficient and reducing emissions is central to our Net Zero plans. Some of the live projects we have underway include:

Fossil fuel reduction

All our Combined Heat and Power engines use biogas. We are increasingly looking at options to substitute fossil fuels for biogas, for example in our boilers on our wastewater treatment sites. We are looking to trial the use of biodiesel in our standby generators too, to further reduce emissions.

Improving the real-time control of our sewage works processes is also helping us to better manage energy consumption to match the peaks and troughs in treatment demand.

The redesigning and simplifying the pipe flows at our sewage treatment works has reduced the amount of energy it takes to pump sewage through them.

Electric vehicles

We have been trialling electric light commercial vehicles (LCV's) since October 2022, to understand how our operations need to adapt to enable our wider fleet of over 2,000 LCV's to run on electricity or an alternative fuel. We are learning to use these electric vehicles in an operational context, installing charge-points at colleagues' homes and factoring in vehicle range and charging time into our teams' schedules.

Our aim is that we will only be buying alternatively fuelled or electric LCVs from April 2026, and will operate a mixed fleet until these have been fully transitioned. We're really excited about our journey to a greener fleet, and look forward to future innovations in fuel and technology that will help us to further shape our future fleet strategy, inclusive of plant and HGVs.

Gas to grid

Our £7.3 million biomethane plant at our Deephams sewage works in North London captures biogas produced during the sewage treatment process, transforms it into biomethane and then injects it into the gas network.

Biomethane schemes such as that at Deephams could be rolled out across the region and have the potential to offset around 150,000 tonnes of carbon dioxide a year whilst also improving energy security by providing domestic gas from an abundant renewable resource.

Updating our plan

In 2019, we made an important voluntary pledge to reduce our operational net carbon emissions to zero by 2030. Together with other water companies our original assessment was based on our best understanding of our carbon emissions and carbon accounting assumptions at the time.

Since then, there have been a substantial number of changes to the sectors original assumptions and understanding that will significantly impact on the size of the net zero challenge. These include improved understanding of the levels of Nitrous Oxide emitted from the wastewater treatment process, adoption of revised emissions assumptions factors for emissions reporting, and increases in environmental drivers and treatment standards which are likely to increase carbon emissions

Whilst we don't yet fully understand the impact of these changes on our net zero plans, we are still working towards our 2030 commitment. As our understanding of our emissions and reduction opportunities continues to develop, we will regularly update on progress, challenges, and opportunities.

Climate Change Adaptation

Considering climate change risks: Climate change is one of the biggest challenges we face. More frequent and intense weather events across the globe will impact our business and the service we provide to customers over the coming years.

As part of our five-yearly regulatory planning cycle we already consider and manage a range of climate related risks and opportunities looking forward as far as 2075.

The potential implications of climate change on our activities are being reflected in the development of a number of key long-term company plans including:

- Water Resource Management Plan 2024. Further detail is provided in [Appendix U](#) of the dWRMP24
- Drainage and Wastewater Management Plan 2025-2050. Further detail is provided in [Appendix G of Our Drainage and Wastewater Management Plan](#)
- Periodic Review Business Plan 2025-2030.

In addition, we have supported the development of a regional water resilience plan by Water Resources in the South East (WRSE). WRSE is an alliance of the six water companies that cover the South East region of England. Its aim is to secure the water supply for future generations through a collaborative, regional approach to managing water resources resiliently.

Using pathways to help mitigate climate change impacts

To model future climate it is necessary to make assumptions about the economic, social and physical changes to our environment that will influence climate change. Representative Concentration Pathways (RCPs) are a method for capturing those assumptions within a set of scenarios. The RCP pathways represent a broad range of climate outcomes but are neither forecasts nor policy recommendations. They include a wide range of assumptions regarding population growth, economic development, technological innovation and attitudes to social and environmental sustainability. Each pathway can be met by a combination of different socioeconomic assumptions. For example:

- RCP2.6 represents a pathway where greenhouse gas emissions are strongly reduced resulting in a best estimate global average temperature rise of 1.6°C by 2100 compared to the preindustrial period.
- RCP8.5 represents a pathway where greenhouse gas emissions continue to grow unmitigated, leading to a best estimate global average temperature rise of 4.3°C by 2100 compared to the preindustrial period.

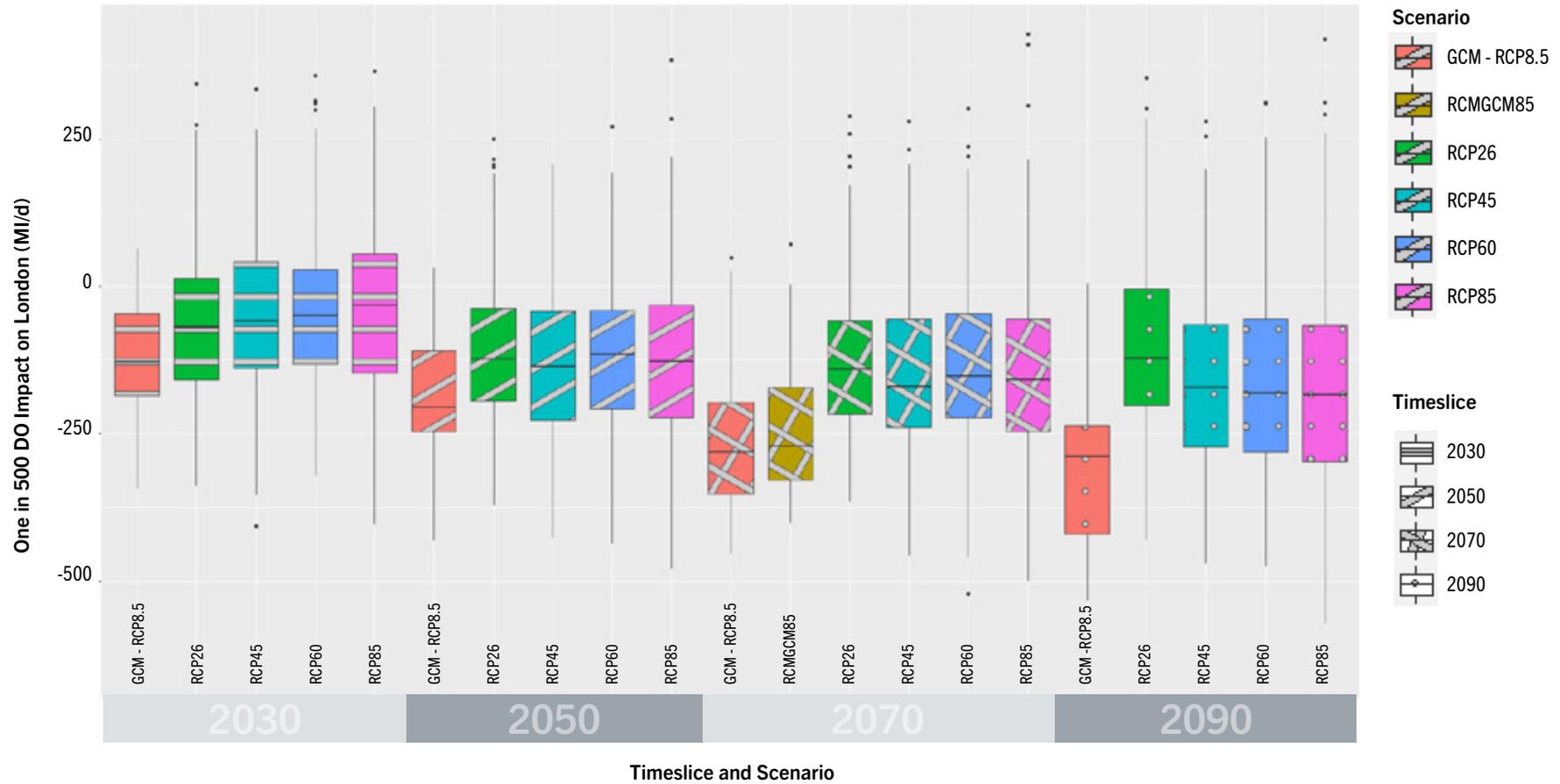
For our planning we have used the UKCP18 emissions scenarios which are classified on the basis of changes to radiative forcing rather than socio-economic assessment. These projections are named RCP2.6, RCP4.5, RCP6.0, and RCP8.5, where the value following 'RCP' is the radiative forcing in 2100.



Climate Change Adaptation

The Diagram provides an illustrative summary of the results for which probabilistic projections were analysed for impact on our supply capability in an extreme (1 in 500-year) drought event for different time slices and RCP scenarios. Further detail is provided in [Appendix U of the dWRMP24](#).

The spread of future temperatures covered by the RCPs are broadly captured by our previous analysis of a 2°C and 4°C world we have previously highlighted in our latest update to the UK Government in our adaptation report 'Protecting our Water and World'.



Delivering smart metering

When, where and how much water we use is changing. We've now installed more than 900,000 smart meters across our region to improve the running of our network and better understand changing demands so we can keep taps flowing.

We are seeing increasingly volatile weather like the summer drought and winter freeze/thaw, and Covid-19 has accelerated changes to where and when we work. In our water-stressed region, every drop counts, so the better we can mitigate the impact of these stressors, the better we can protect our customers and the local environment from the pressures of climate change and population growth.

We're over 900,000 smart meters along our journey to rolling them out across our whole patch by 2035. These little boxes live below the pavements, sending data every hour that's visible online for customers and for the teams at our newly in-sourced Smart Meter Operation Centre. Our teams crunch 18.5 million meter readings every single day to better understand how our customers use water. Compared to 2015 when we received 2.5 million meter readings in an entire year, this huge increase in data is changing how we support customers and we've invested in technology to manage the data flow and make it available faster for customers.

Installing a smart meter reduces average water use in the home by 13% and it's an important tool to indicate leaks on our customers pipes by identifying constant and unusual water flow. Last year we installed over 150,000 new smart meters, bringing our total to over 900,000, exceeding our original 2025 target of 700,000.

Our Smart Meter Operation Centre team also uses smart meter readings to engage with businesses where consumption is unusually high to help them increase their water efficiency and reduce their bill. The more meters we install, the more leaks can be fixed and the more we can help customers to reduce their bills, in turn protecting our water supplies and the local environment.

The programme is a core part of our strategy to meet our Water Resource Management Plan and achieve our Vision for 2050, securing water resources for the future. Despite the industry still recovering from a global shortage of semi-conductors – an essential component in our smart meters – our supply chain has worked incredibly hard to support us and we're continuing to install meters at speed across our region



Improving water quality in the River Thames catchment



Our vision is a future where Thames Water is recognised as a leader in improving and taking care of the environment. We'll achieve this by working collaboratively with our environmental stakeholders and minimising any negative impact on the environment while providing life's essential service.

We want all of our rivers to be healthy, full of wildlife and a source of peace and tranquillity. We know there's a long way to go to improve river health, so we're taking a progressive stance. It will take time, collaboration and sustained investment, and this plan shows the actions we'll be taking to improve water quality in this investment period ending 2025.

Our approach is to 'speak up' – by stating clearly that there are serious problems that we need to fix; to 'open up' – by providing full and open information about what is happening; and of course to 'clean up' - by doing more of what we know needs to be done to improve the situation, and doing it as quickly and effectively as possible.

To achieve this vision, we know we must:

- Improve the performance of our assets
- Increase our monitoring to allow early detection of performance deterioration
- Share more of our data and information to build confidence in our approach
- Work with our stakeholders to deliver wholesale environmental improvement

In April 2022, we set out the first version of our River Health action plan, describing how we planned to improve the health of rivers in the Thames catchment by:

- Discharging high quality effluent that meets all the required standards
- Eliminating polluting discharges to our rivers
- Working with partners to improve river quality

One year on, we've updated the plan to let you know about our progress and plans going forward. Through our work in this investment period so far, we've improved the health of approximately 113km of our rivers. You can read more in [our river health report](#).

Discharging high quality effluent - Treated sewage effluent is an important source of flow in many of our rivers and streams in the south east of England, particularly in dry weather conditions, and without it many of them would run dry in the summer months. It's clear that the amount of wastewater we discharge is as important as its quality. Improving our monitoring will enhance our understanding of the amount of flow coming into our works.

Improving water quality in the River Thames catchment

Each of our STWs has a permit that usually specifies the minimum flow that we must treat (Flow to Full Treatment or FFT) before we can divert any excess to our storm tanks. This permit can also contain minimum storm storage requirements. Our EDMs then record the frequency and duration of any discharges from these storm tanks. We're also fitting monitors to record when these tanks start to fill up. You can view this data in real time, as we committed to providing it for our permitted overflow locations by the end of 2022.

Reducing pollution incidents

To achieve this we have developed our Pollution Incident Reduction Plan (PIRP) spearheads targeted action to reduce the number of pollution incidents over this business plan period. We update this plan every year – you can find the latest version [here](#).

This plan identifies the underlying root causes of pollution incidents, and the series of actions we've developed to tackle them in a coordinated way. This includes activities such as increased sewer cleaning and infrastructure investment. It also highlights our bin it – don't block it campaign.

Working with partners to improve river quality

We can only achieve and sustain good river health by working in partnership at a river catchment scale. Of the 501 waterbodies in the River Thames basin, 94% are at less than good ecological status, as accessed by the Environment Agency. Water company activities are 31% of the reasons for not achieving good status – most of the rest can be linked to urban and transport activities as well as agricultural and rural land management. We need to rethink the way we manage rivers to address this problem. This means opening up, being more transparent and sharing more of our data with customers, local communities and stakeholders.



Enhancing biodiversity by creating wetlands



As part of our biodiversity net gain performance commitment, we have commitments to improve 253 of our self-designated Sites of Biodiversity Interest by 5%, on their original baseline, before 2025. We are working to achieve this by improving the condition of existing habitats, or by creating new habitats, such as wetlands, ponds and tree planting.

Wetlands make up about 3% of the UK but are also home to around 10% of all its wildlife species. Wetlands are important networks for migrating and breeding birds and for tackling the effects of climate change.

We care about the communities within which we all live and work, and this is a fantastic example of how we're working together with local partners to benefit the communities we serve and help with nature's recovery.

Inland wetlands such as marshes, ponds, lakes, fens, rivers, floodplains, and swamps act as 'carbon sinks', which store carbon and prevent it from being released back into the atmosphere. They can also provide flood protection by storing rainfall and coastal wetlands such as saltwater marshes and estuaries provide buffering from the sea.

We recognise the benefits wetlands have for wildlife and the local communities surrounding them and are working to create wetland areas across our water and sewage works. Over the past 3 years our biodiversity team have created wonderful new wetlands the Aylesbury, Cirencester, and Godalming, expanded wetlands at Farmoor and Bicester, and excavated new ponds at Ash Vale, Wantage, Bentley and as part of the new nature reserve creation at Blewbury. Not only are these habitats fantastic additions to our biodiversity portfolio, but we have also opened, or have plans to open, many of these sites to the public by working with new charity groups.

Community support for cost of living increase

Our job is to provide life's essential services. We know the cost of living is taking its toll and with the rise in inflation more of our customers will be struggling to pay their utility bills.

Over the past year we've made changes to our existing social tariff, WaterHelp, and created a new scheme to specifically help more customers who require additional support due to bills now being higher than the money coming in. Together with schemes such as WaterSure and the Thames Water Trust Fund, we are increasing support to thousands more customers this year and into 2025.

Our Extra Care team has been on hand to advise customers of their options and can help them make the best decisions for them regarding their bill and to work out a sustainable payment plan. As the cost of living bites, Thames Water has increased financial support for customers to a value of £50m this financial year, which combined with funds committed in 2024-2025 will amount to £250m. This means an additional 53,000 households will receive financial help to pay their water bill from April, taking the total number to 384,000 households.

We've raised the income threshold for our social tariff 'WaterHelp' in December last year to ensure more low income customers are eligible. In April 2023 we created a new entry route into WaterHelp based on a water bill to net income ratio to target support at 15,000 households with higher occupancy and therefore higher bills. We also rolled out our new 'Extra Support' scheme for customers with a negative household budget, where a credit of up to £200 will be applied towards arrears.



Pipeline of skills through apprenticeships



We're committed to increasing the diversity of our workforce by building a pipeline of skills from local communities and the education sector and by creating lifelong employment and learning opportunities for our employees.

As part of our Skills Strategy, we are supporting the new T Level qualification and increased the number of apprenticeship pathways we offer from three to 32. These range from college level to degree level apprenticeships in a variety of roles from electrical and mechanical engineering to quantity surveying and project management.

T Levels are new courses that are equivalent to A Levels and follow on from GCSEs. These two-year courses have been developed in collaboration with employers and businesses, so that the content meets the needs of industry and prepares students for work. T Levels offer students a mixture of classroom learning and 'on-the-job' experience during an industry placement of at least 45 days. They aim to provide the knowledge and experience needed to open the door into skilled employment, further study or a higher apprenticeship.

Last year 125 people started an apprenticeship at Thames Water. Expanding our apprenticeship schemes and welcoming T Level students to our 2023 apprenticeships is crucial to our plans to build a pipeline of skills from our communities and from the education sector, to ensure we have a diverse and inclusive workforce that provides opportunity to people from all backgrounds and represents the customers we serve.

As we continue to turnaround our business and improve our performance, we must ensure our people receive the right investment in skills development to have successful and sustainable careers. We're excited to be offering further access to career opportunities to drive social mobility and provide good work for all.

ESG statement – Introduction



This is our sixth 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.

The tables in the following pages bring together five years of data in an accessible and transparent format. As a company we are committed to becoming more sustainable, promoting social responsibility, and maintaining high standards of governance in all aspects of our business. We continue to evolve and continuously improve the data tables and believe that they provide a clear and balanced view of the company's performance against ESG measures.

Our goal is to provide a transparent and comprehensive overview of our ESG performance over the past five years.

Our ESG statement covers the following areas:

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

We are constantly striving to create value for all of our stakeholders, including customers, employees, shareholders, and the communities where we operate. To help achieve this we recognize that that it essential that we have and demonstrate a strong commitment to sustainability and ethical governance.

Environment

	Metric	2022/23	2021/22	2020/21	2019/20	2018/19	Commentary for 2022/23	Data Source 2022/23
Water	Number of customers – water service (millions)	10.4	10.3	10.3	10.1	10	We supply clean, fresh drinking water to more than 10 million customers every day.	Annual Performance Report 2022/23 p207, table 4R, line 4R.28
	Compliance with drinking water quality standards (%)				99.97	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	10.96	2.59	2.42			Our Compliance Risk Index performance this year has been affected by four microbiological incidents caused by ingress into the contact tank. Compliance Risk Index was designed by the Drinking Water Inspectorate to illustrate the risks arising from treated water compliance failures.	Annual Performance Report 2022/23 p29
	Annual average of daily water into supply (MI/d)	2573.7	2547.6	2589.4	2602.4	2696.6	We supply over 2.5 billion litres of clean, fresh drinking water to more than 10 million customers every day.	Annual Performance Report 2022/23 p223, table 6B, line 6B.38
	Compliance with water abstraction licences (%)	99.84	99.97	99.98	99.89	99.95	During 2022/23, we achieved 99.84% compliance with our daily water abstraction licences.	Thames Water Asset Management Team
	Security of Supply Index (%)	99	100	100	100	98	We did not meet 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 2022/23 p46
	Leakage performance (MI/d)	602.2	605.6	589.6	600*	690	Our annual average leakage was 619.7 MI/d against the target of 550.9 MI/d and the three year rolling average was 602.2 MI/d. *Revised in the 2020/21 Annual Performance Report.	Annual Performance Report 2022/23 p25
Wastewater	Number of customers – wastewater service (millions)	15.6	15.6	15.6	15.8	15.3	We collect and treat the wastewater of over 15 million customers every day.	Annual Performance Report 2022/23 p207, table 4R, line 4R.28
	Wastewater treatment works discharge compliance (%)	99.48	98.96	99.74	99.71	98.85	This metric is the percentage of our treatment works that are compliant with their permit conditions. We had two numeric failures in the year.	Annual Performance Report 2022/23 p35
	Annual wastewater treated (MI/d)	4272	4586	4670	4642	4384	Over 4.2 billion litres of wastewater is removed from our customers' homes each day, before being treated and safely returned to rivers.	Annual Performance Report 2022/23 p234, table 7C, line 7C.13
	Total category 1–3 pollution incidents from sewage related premises (number of incidents)	331	271	292	321	295	Our performance has been adversely affected by the summer drought which caused lower flows in rivers resulting in discharges having a greater impact.	Annual Performance Report 2022/23 , p33
	Total sewage sludge produced (thousand tonnes dry solids/yr.)	353.9	371.7	345.3	371.6	373.8	All sewage sludge is treated by Thames Water Utilities Limited.	Annual Performance Report 2022/23 p242, table 8A, line 8A.1

Environment

	Metric	2022/23	2021/22	2020/21	2019/20	2018/19	Commentary for 2022/23	Data Source 2022/23
Wastewater	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 2022 period.	Thames Water Bioresources Team
	Net Operational Scope 1 and 2 GHG emissions as CO ₂ e including outsourced Scope 3 – Total (kTCO ₂ e)	321.9	269.8	268.2**	290.5*	275.7	Our net operational market-based emissions increased by 43.7 kTCO ₂ e to 321.9 kTCO ₂ e. GHG emissions reporting methodology changed in 2022-23; and now includes 64.3 kTCO ₂ e additional previously excluded scope 3 emissions such as chemicals, disposal of waste and energy and fuels WTT. Our net operational market-based emissions decreased by 12.1 kTCO ₂ e to 257.6 kTCO ₂ e when using a like to like methodology. *Restated as a market based value. **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.	Annual Report 2022/23 , p24
Climate change	Net Operational Scope 1 and 2 GHG emissions as CO ₂ e including outsourced Scope 3 – wastewater (kTCO ₂ e)	284.2	229.3	224.6**	251.5*	230.0	Our market-based wastewater services emissions increased by 54.8 kTCO ₂ e compared to 2021-22. GHG emissions reporting methodology changed in 2022-23 and now includes 51 kTCO ₂ e additional previously excluded scope 3 emissions such as chemicals, disposal of waste and energy and fuels WTT. Our market-based wastewater services emissions increased by 3.8 kTCO ₂ e to 233 kTCO ₂ e when using like for like methodology. *Restated as a market based value. **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.	Thames Water Energy and Carbon Team
	Net Operational Scope 1 and 2 GHG emissions as CO ₂ e including outsourced Scope 3 – water (kTCO ₂ e)	37.7	28.1	30.6**	38.8*	45.7	Our market-based water services emissions increased by 9.6 kTCO ₂ e compared to 2021-22. GHG emissions reporting methodology changed in 2022-23 and now includes 13.3 kTCO ₂ e additional previously excluded scope 3 emissions such as chemicals, disposal of waste and energy and fuels WTT. Our market-based wastewater services emissions decreased in 2022-23 by 3.4 kTCO ₂ e to 24.4 kTCO ₂ e when using like for like methodology. *Restated as a market based value. **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.	Thames Water Energy and Carbon Team

Environment

	Metric	2022/23	2021/22	2020/21	2019/20	2018/19	Commentary for 2022/23	Data Source 2022/23
Climate change	Net change in GHG emissions (% relative to 1990 baseline)	-62	-68	-68**	-66*	-67.0	We have reduced our Scope 1-3 net emissions by 62% compared to our 1990 baseline, 524 kTCO ₂ e absolute reduction. GHG emissions reporting methodology changed in 2022-23; and now includes 64.3 kTCO ₂ e additional previously excluded scope 3 emissions such as chemicals, disposal of waste and energy and fuels WTT. *Restated as a market based value. **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.	Thames Water Energy and Carbon Team
	Gross change in GHG emissions (% relative to 1990 baseline)	-61	-67	-67**	-65*	-35.6	We have reduced our Scope 1-3 net emissions by 61% compared to our 1990 baseline, 517 kTCO ₂ e absolute reduction. GHG emissions reporting methodology changed in 2022-23; and now includes 64.3 kTCO ₂ e additional previously excluded scope 3 emissions such as chemicals, disposal of waste and energy and fuels WTT. *Restated as a market based value. **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.	Thames Water Energy and Carbon Team
	Climate change – GHG intensity – water service kgCO ₂ e/ML	40.2	16.9	18.8**	20.4*	20.6	In 2022-23, the Ofwat methodology used to calculate emissions associated with each megalitre (MI) of wastewater we supply and treat changed. *Restated as a market based value. **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.	Annual Report 2022/23 , p50
	Climate change – GHG intensity – wastewater service kgCO ₂ e/ML	182.2	116.7	121.4**	133.5*	127.0	In 2022-23, the Ofwat methodology used to calculate emissions associated with each megalitre (MI) of wastewater we supply and treat changed. *Restated as a market based value. **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.	Annual Report 2022/23 , p50
	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 (%)	21.3	24	23	23	22	We self-generated 21.3% of our electricity needs during 2022-23 from onsite renewables. Operational focus was to prioritise biogas in the boilers for the production of renew heat and for use in biomethane production.	Annual Report 2022/23 , p24

Environment

	Metric	2022/23	2021/22	2020/21	2019/20	2018/19	Commentary for 2022/23	Data Source 2022/23
Climate change	Self-generated and used renewable electricity from sludge (GWh)	281	317.4	301	313	281*	We generated 281 GWh renewable electricity from sludge. *Restated as renewable electricity generated from sludge	Annual Report 2022/23 , p24
	Other non-grid renewable electricity consumed (GWh)	75.2	78.7				In addition to renewable electricity self-generated or purchased from the grid we also directly sourced 75.2 GWh of non-grid renewable electricity.	Thames Water Energy and Carbon Team
	Gross grid electricity purchased (GWh)	897.8	874.6	897.7	911.25	936.5	In 2022-23 we purchased 23.2 GWh more electricity from the grid than in the previous year. Operational focus was to prioritise biogas in the boilers for the production of renew heat and for use in biomethane production.	Thames Water Energy and Carbon Team
	Gross grid renewable electricity purchased (GWh)	897.8	874.6	897.7	911.25	936.5	In 2022-23 we purchased 23.2 GWh more electricity from the grid than in the previous year. Operational focus was to prioritise biogas in the boilers for the production of renew heat and for use in biomethane production.	Thames Water Energy and Carbon Team
Biodiversity	Biodiversity – Sites of Special Scientific Interest in favourable condition (% of Ha)	94.5	94	50.89	50.89	50.89	Natural England have classified that 94.5% (hectares) of our SSSI land are considered to be in a healthy state and are being conserved by appropriate management	Thames Water Corporate Responsibility Team
	Biodiversity – Sites of Special Scientific Interest favourable condition/ unfavourable recovering (%)	99.8	100	99	99	99	99.8% of our SSSI land area is classified as 'favourable' or 'unfavourable recovering' by Natural England.	Thames Water Corporate Responsibility Team
	Number of sites improved for biodiversity and access (in year)	46	44	41	18	10	46 Sites for Enhancement Biodiversity and Access projects were completed during 2022/23.	Thames Water Corporate Responsibility Team
	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

Social

	Metric	2022/23	2021/22	2020/21	2019/20	2018/19	Commentary for 2022/23	Data Source 2022/23
Customer	C-Mex - scored out of 100	67.06	68.86	72.91			We remain 17th in the industry for 2022/23 and will receive a penalty of £13.121m.	Annual Performance Report 2022/23 , p23
	D-Mex - scored out of 100	80.46	79.64	77.56			Despite stable performance on this measure, the sustained improvements of other water companies have impacted our league position.	Annual Performance Report 2022/23 , p36
	Priority Services Register, number of customers registered	358,899	280,000	197,000	82,000		We have increased the number of customers on the Priority Service Register to more than 350,000.	Annual Performance Report 2022/23 , p24
	Number of customers helped to pay their water bills through our customer assistance fund	9,400	5,000	3,767	5,613	6,742	Last year we supported over 9,400 customers with help to pay their water bills through our Customer Assistance Fund.	Annual Report 2022/23 , p13
	Customers on social tariffs (Water Sure and Water Sure Plus) (No.)	306,506	267,033	210,000	circa 150,000	82,365	We are helping 307,000 customers on social tariffs, up from 267,033 in 2021/22. The tariffs reduce bills by up to 50%.	Annual Performance Report 2022/23 , p39
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)	0.17	0.15	0.08	0.15	0.16	Our lost time injury frequency rate increased from 0.15 to 0.17.	Annual Report 2022/23 , p27
	Number of lost time injuries	29	27	12	25*	22	We had 29 non-notifiable injuries in 2022/23. *Revised 2020/21.	Annual Report 2022/23 , p27
	Number of fatal employee accidents	0	0	0	0	0	There were no fatal employee accidents in the reporting year.	Thames Water 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 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 Health, Safety & Wellbeing Team
	Contractor - Lost time injury frequency rate (over 1 day per 100,000 working hours)	0.15					This year we have expanded coverage to include contractor lost time injury frequency rate.	Thames Water Health, Safety & Wellbeing Team
	Contractor - Number of lost time injuries	10					This year we have expanded coverage to include the number of lost time injuries for contractors.	Thames Water Health, Safety & Wellbeing Team

Social

	Metric	2022/23	2021/22	2020/21	2019/20	2018/19	Commentary for 2022/23	Data Source 2022/23
H & S	Number of fatal contractor accidents	1					During the FY 2022/23, one of our supply chain employees was fatally injured whilst undertaking a routine preparatory task involving a sewer jetting vehicle. The incident remains subject to investigation by the regulators and the root causes are still to be established, however Thames Water, it's supply chain partner and other interested organisations within the industry are working together to design out the need for manual interventions in the activity that was being undertaken.	Thames Water Health, Safety & Wellbeing Team
Corporate Responsibility	Charitable grants and community investment (£million)	1.13	0.93	0.44	0.07	0.38	We provided £1.1275m of support through community grants and community investment.	Thames Water Corporate Responsibility Team
	Charitable grants projects (No.)	43	97	52	25	20	Last year we contributed charitable funding to 43 projects to a variety of organisations including nature reserves, community foundations and search and rescue.	Thames Water Corporate Responsibility Team
	Community projects supported (No.)	40	68	1	N/A	8	We supported 40 community projects.	Thames Water Corporate Responsibility Team
	WaterAid support (£K)	140	108	55	266	269	We raised £140,639 for WaterAid. In addition we raised £139,379 for Dementia UK.	Thames Water Corporate Responsibility Team
	Employee volunteering (Hours)	3,724	2,602	729	4,764	7,658	Last year the number of employee volunteering hours increased.	Thames Water Corporate Responsibility Team
	No. of school children engaged	22,840	62,165				As a consequence of the Covid-19 pandemic challenges we evolved our approach to engaging with school children. This 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 Corporate Responsibility Team
Human Resources	Diversity and inclusion policy	Yes	Yes	Yes	Yes	Yes	Our internal 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.	Internal policy
	Employee diversity (% female employees)	32	32	33	33	33	32% of our whole business salaried employees are female.	Annual Report 2022/23, p30
	Manager diversity (% female managers)	32	33	35	35	34.5	32% of our management level salaried employees are female.	Annual Report 2022/23, p30
	Executive diversity (% female)	42	36	33	33	22	42% of our executive team are female.	Annual Report 2022/23, p30
	Number of direct employees	7,869	7,453	7,144*	6,404	6,633	All Company employees are based in the United Kingdom. * In 2020/21 we changed our way of recording employee numbers to average salaried FTE.	Thames Water Human Resources Team
	Number of contractors	114					Contractors - employees who are not directly employed by Thames Water but who occupy a permanent position in the headcount structure.	Thames Water Human Resources Team

Social

	Metric	2022/23	2021/22	2020/21	2019/20	2018/19	Commentary for 2022/23	Data Source 2022/23
Human Resources	Gender pay gap (%)	5.3	9.1	9.5	8.5	10.4	The gender pay gap is the difference in the average earnings between men and women, regardless of the work they do.	Annual Report 2022/23 , p30
	Employee turnover (%)	18	15	7	15	11.9	Last year our total employee turnover was 18%.	Thames Water Human Resources Team
	Employee training (thousand days)	25.5 circa	16.6 circa	9.1 circa	19.5 circa	22 circa	During 2022/23 there were circa 25,536 training days.	Thames Water Human Resources Team
	Employee absenteeism rate (%)	3**	7.43	5.91*	3.5	2.7	In the past 12 months, we have changed the methodology to calculate the annual sickness absence rate. The rate is calculated by dividing the total number of sickness absence days in a 12-rolling months period by number of total number of planned working days in the same period. This calculation is more in line with standard practice. *In 2020/21 we changed our way of recording absenteeism to days rather than as a percentage. ** In 2022/23 we changed our way of recording absenteeism to a percentage format.	Thames Water Human Resources Team
	Employee relations – strikes (No.)	0	0	0	0	0	There were no strikes in 2022/23.	Thames Water Human Resources Team
	Employee engagement survey engagement score (%)	69	69	75	64	71	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 2022/23 , p108
	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 2022/23 , p33
	Statement on Modern Slavery	Yes	Yes	Yes	Yes	Yes	Our 2022 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 2022/23 , p33	
Supply Chain	Procurement spend (£billion)	2.3	1.95	1.83	1.82	1.76	Last year our procurement spend was £2.3 billion.	Thames Water Procurement Team
	Average days taken to pay supplier on receipt of correct invoice (no. of days)	54	54.4	58	57	56.08	Last year the average days taken to pay supplier on receipt of correct invoice reduced to 54 days.	Thames Water Procurement Team
	Number of strategic frameworks	165	175	169	203	185	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 Procurement Team

Social

	Metric	2022/23	2021/22	2020/21	2019/20	2018/19	Commentary for 2022/23	Data Source 2022/23
Supply Chain	Number of unique suppliers in strategic framework arrangement	433	431	427	408	375	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 micros businesses.	Thames Water Procurement Team
	Number of Contractors/ supplier with a valid Achilles H&S audit	538					As part of our focus on “Zero Compromise,” we have a process for assessing the health and safety competency of our contractors and suppliers. Assessments are conducted independently on our behalf by the Achilles organisation using the utilities verification and assessment scheme UVDB verify.	Thames Water Procurement Team
	Honest and Ethical Behaviour	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.)	0	2	3	1	1*	In March 2022, we were one of five water companies to have an enforcement case opened by Ofwat. In TWUL’s case this took the form of a formal request under s203 Water Industry Act 1991. As part of our initial information disclosure, we identified that we could have a number of locations that have potentially breached their permits. TWUL remains under investigation by the EA with regard to its compliance with these environmental permits and by Ofwat with regard to its compliance with Section 94 of the Water Industry Act. * Correction in 2020	Annual Performance Report 2022/23 , p92

Governance

	Metric	2022/23	2021/22	2020/21	2019/20	2018/19	Commentary for 2022/23	Data Source 2022/23
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 2022/23 p69
	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 2022/23.	Annual Report 2022/23 , p68
	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 2022/23, and Ofwat's Principles of Board Leadership, Transparency and Governance, which are built in to our own governance framework.	Annual Report 2022/23 p68
	Independent Chairman	No	No*	Partial*	Partial	Yes	Ian Marchant acted as Interim Executive Chairman whilst we recruited a new CEO. This covered the majority of 2019/20 until August 2020. When Sarah Bentley joined the business as CEO, Ian Marchant returned to his role as Independent Chairman. * Restated in 2022/23	Annual Report 2022/23 p68
	Independent Board members (%)	55	55	46	50	50	The Board, chaired by Ian Marchant, with Deputy Chair, Nick Land, consists of 11 Directors. There are six Independent Non-Executive Directors.	Annual Report 2022/23 p72
	Female Board members (%)	36	36	31	16.6	16.6	4 out of 11 (36%) Board members are female.	Annual Report 2022/23 p72
	Public reporting 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 2022/23 p101-104
	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 2022/23 p69

Governance

	Metric	2022/23	2021/22	2020/21	2019/20	2018/19	Commentary for 2022/23	Data Source 2022/23
Board	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 2022/23 p107
Financial	Pensions deficit (£ million)	176	245	219.2	114.6	293	As of 31 March 2023, the net pension deficit is £176 million.	Annual Report 2022/23 p43
	Regulatory Capital Value (£billion)	18.9	16.6	15.0	14.7	14.3	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 £18,945 million.	Annual Report 2022/23 p44
	Underlying revenue (£million)	2,180.7	2,092.0	2,032.9	2,108.5	2,036.9*	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 2023 was £2,180.7 million. *Restated in Annual Report, Annual Performance Report and Sustainability Report 2019/20	Annual Report 2022/23 p41
	Credit Rating	Baa2 stable	Baa2 stable	Baa2 stable	Baa2 stable	Baa1 negative	In December 2022, 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 2022/23 p41
	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 October 2022.	Thames Water website – Our Finances Explained - https://www.thameswater.co.uk/about-us/investors
	Underlying Operating Profit (£million)	271.6	344.4	415.2	513.4	474.1*	Our underlying operating profit for the year was £271.6 million. *Restated in Annual Report, Annual Performance Report and Sustainability Report 2019/20.	Annual Report 2022/23 p41
	Tax paid (£million)	258	218	229	196	211	During this financial year, we paid significant contributions to HMRC totalling £258 million in business rates, national insurance contributions, PAYE and other taxes.	Annual Report 2022/23 p42
Dividends paid to external shareholders (£million)	0	0	0	0	0	No distributions were made to external shareholders relating to 2022/23.	Annual Report 2022/23 p43	

Governance

	Metric	2022/23	2021/22	2020/21	2019/20	2018/19	Commentary for 2022/23	Data Source 2022/23
Financial	Bad debt (%)	4.0	3.2	4.1	3.4	3.0	Our total bad debt charge equates to 4.0% of total gross revenue. We are working hard to reduce bad debt and have implemented several initiatives to reduce the overall charge as a percentage of gross revenue.	Annual Report 2022/23 p42
	Outcome delivery incentive performance penalties (£million)	-82.277	-35.528*	-29.252*	0.89	-51.67	Our performance this year means that we have incurred both penalties and rewards. The amount we incur is also known as outcome delivery incentives (ODI) and depends on how far we've missed or exceeded the target for an individual performance commitment, and specific calculation rules set by Ofwat. *Restated in 2022/23	Annual Performance Report 2022/23 p20
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 2022/23 p52-62
Stakeholder	Stakeholder engagement programme	Yes	Yes	Yes	Yes	Yes	This year, we've continued to be proactive and transparent in our engagement as we rebuild the trust with our stakeholders that is so important to a successful turnaround and the future of Thames Water. This year we took a significant step in our commitment to transparency becoming the first company to publish a live map of sewage discharges, and we've been engaging with many of our stakeholders about the map and our plans to tackle river health.	Annual Report 2022/23 p36-37
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
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

Governance

	Metric	2022/23	2021/22	2020/21	2019/20	2018/19	Commentary for 2022/23	Data Source 2022/23
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.	Internal 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	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.	Internal policy



It's everyone's water