



Environment, Social and Governance Statement 2021

ESG Statement 2021

This is our fourth 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 information you need.

This statement, which goes beyond our statutory requirements, brings together our ESG data for the five years from 2016/17 to 2020/21. It gives a transparent view of our performance against key ESG measures, supported by references to source information.

You can also find ESG data and information in other places on our website, including

- **Annual Report and Sustainability Report**
- **Annual Performance Report**
- **Roadmap to Net Zero**
- **Climate Change Adaptation Report***



Environment



Social



Governance

*To be published later this year





CEO's introduction

Sarah Bentley

At Thames Water, we're passionate about looking after our precious environment and supporting our local communities. We're also clear that it's essential for every business to have good governance in place. Our purpose is 'to deliver life's essential service, so our customers, communities and the environment can thrive'. So ESG is right at the heart of everything we do.

Since joining Thames in September 2020, I've spent time talking to our customers, stakeholders and colleagues. Listening to their views on how we're doing and where we can improve is essential to our success. The feedback, coupled with our performance results, has reinforced that we're not delivering as we need to yet. So, we've developed our business turnaround plan to fix the basics, raise the bar and shape the future of Thames Water. This two AMP (10 year) plan is underway – and while we don't underestimate the scale of the challenges ahead, we're excited about the future and our chance to leave a lasting legacy.

We know that we don't always get things right and there are longstanding issues we need to solve. These will be core areas of focus. From an environmental perspective, they include reducing leakage and preventing pollutions and sewer discharges into our precious rivers and chalk streams, both areas that I'm personally dedicated to improving.

Alongside the challenges, there are areas of opportunity which we will embrace. As part of our environmental focus, we'll be placing further emphasis on how we can generate more renewable energy from the waste treatment process. From a social perspective, we're focusing on our unique position to be able to provide job opportunities to those with fewer skills and qualifications in our local communities. We are also supporting our vulnerable customers. These are just a couple of examples with much more in our turnaround plan over the coming years.

In order to be successful, we know we must work closely and in partnership with others. More recently, we've seen the devastating effects of climate change with extreme rainfall hitting London and throughout our region. This has reinforced the importance of collaboration with all the parties involved in managing flood risk, including the lead local flood authorities, Environment Agency, Highways Agency, water companies and others. Doing so will make positive differences for the future, including building resilience.

I'm keen to know your views on our plans and actions. Please share your thoughts on the topics covered in our ESG report and help us to shape a fantastic future where our customers, communities and the environment can thrive.

Let us know
what you think

As with all of our publications,
we'd love to hear what you think
about this statement. Please let
us know your thoughts at
ourfinances@thameswater.co.uk



Our Purpose

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



Our plan to turnaround Thames Water's performance

Fix the basics

- Build a stronger leadership team
- Focus on reducing complaints, leakage and pollutions
- Embed a performance-driven mindset
- Be open and honest, take responsibility and empower teams to take ownership
- Understand asset performance and risk

Raise the bar

- Simplify programmes to invest in customers, operations, people, assets and planning
- Ruthlessly prioritise and focus on delivery
- Use data to make insight-driven decisions
- Find innovative ways to deliver faster and more efficiently
- Drive continuous improvement in all areas

Shape the future

- Become trusted custodians of the environment and add long-term value for customers and stakeholders
- Deliver a brilliant PR24 plan and establish our Vision 2050
- Invest in sustainable technologies to protect water supplies, enhance rivers and achieve net zero carbon
- Promote a diverse skillset, building a pipeline of new talent for Team Thames



Environment

Steve Spencer

A healthy, thriving natural environment is essential for us to be able to provide our services, but factors like climate change and an increasing population are placing a lot of stress on our natural world. We take our responsibility to look after the environment very seriously, and it's a fundamental part of our strategy and our plan to 'shape the future'.



Environment



Social



Governance

Working together to address climate change

As a water company, climate change poses one of the greatest risks to the delivery of our services. The last few years have seen many climate records broken, from droughts and heatwaves to colder winters and extreme floods – like those in London this year. This can place a huge pressure on our network and subsequently our ability to deliver services to the customers and communities we serve. We have a really important role to play and we're investing in our infrastructure to improve resilience for the future.

But we also recognise that we can't do this alone. With the integrated nature of the water cycle we recognise we all need to work together to protect our planet and our precious water environment.

We're taking a two-pronged approach to tackling climate change:

1. Mitigation

This year, we published our [roadmap to net zero](#). We're committed to reducing the carbon emissions from our operations to net zero by 2030 and then to go beyond zero and become net negative by 2040. During 2020/21, we continued to make positive strides in driving energy efficiency and reducing our greenhouse gas emissions. We reduced our net operational emissions to 268.2 kTCO₂e – that's 8% less than the year before - and we're continuing to develop our plans to achieve net zero emissions by 2030.

During the Covid-19 lockdowns, less sewage flowed through some of our biggest sewage treatment works, in particular Beckton, which serves central London and which is our largest provider of electricity, where we produce most of our renewable electricity. This meant there was less sludge to convert into renewable energy, resulting in a reduction of 12 GWh from the previous year to a total of 301 GWh during 2020/21. However, we were still able to meet 23% of our total needs from on-site renewables.

We've increased our renewable electricity generation from sludge by 69% since 2014/15. We have also reduced the amount of electricity we imported from the grid by 13.5 GWh. For any electricity needs we can't generate ourselves we buy 100% renewable electricity through our agreement with a major green tariff electricity supplier.

2. Adaptation

We've been using climate scenario modelling for several years to understand the pressures climate change will create – like issues around water resource availability, water demand and flooding. This will help us make informed strategy and investment decisions to ensure our infrastructure is resilient to extreme weather events. We'll publish more details in our Climate Change Adaptation report later this year.

This year we also formed a climate-change working group to develop our governance around climate-related risk. We'll include more information on this in our first Task Force on Climate-related Financial Disclosures Report, which will be available on our website in the next few months.

Reducing leakage

Leakage reduction is one of our key priorities and we met our target for leakage reduction for the second year in a row in 2020/21. We aim to reduce our reported leakage by 20% between 2020 and 2025, and last year we reduced our total annual leakage to 589.6 MI/d. That's a reduction of 5.4% against our 3-year annual average.

We faced many challenges during 2020/21. Covid-19 significantly impacted our ability to fix leaks at customer properties and in the community, due to social distancing requirements and the measures we needed to take to keep our operational teams and customers safe.

The colder than average weather in early 2021 also caused a large spike in leaks. Our teams worked hard tirelessly to address the additional challenges, and it is a huge testament to their efforts we were able to meet our target.

Find out more about our [leakage performance](#).



Environment

Improving the quality of our rivers

Cleaning up our rivers is critically important to us, our stakeholders and our customers, and we know it's unacceptable that we discharge sewage into rivers after heavy rain. We recognise we need to start addressing this as a matter of some urgency. It won't be quick, easy or cheap, but we are committed and we've started the journey.

We performed well in treatment works compliance, which also includes water treatment works as of 2020/21. There was just one failure at Borden Sewage Treatment Works in North Hampshire and none at our 20 London sites. We also reduced our pollutions by 10% during 2020 and maintained our 3-star rating under the Environmental Protection Assessment. Even though we made progress, we know that we need to do more and we're committed to putting in the time and investment to deliver further improvements. get to where we want to be. We've published our Pollution Incident Reduction Plan, which can be found on our [website](#). The landmark Thames Tideway Tunnel, which is currently being constructed, will also make a difference when it diverts millions of tonnes of sewage, discharged during heavy rain, from the River Thames.

Communicating with river users

Many people spend lots of time on and around rivers, and Covid-19 has led even more of us to seek recreation in these environments. We're working with customers and community groups to let them know when we need to discharge sewage into rivers after heavy rain. We have a manual alert system in place in some areas along the River Thames near our Mogden sewage treatment works and Hammersmith pumping station and we're now trialling a new, automatic alert system near Oxford. You can read more about this at thameswater.co.uk/riverhealth.

Reducing pollutions

We're focusing on three things to reduce pollutions:

- 1. Prevention** – using targeted initiatives to reduce the number of incidents, including increasing our planned sewer cleaning, upgrading our infrastructure and using new technology like sewer level monitors.
- 2. Mitigation** – improving our response when pollutions happen to reduce their impact, by expanding and upskilling our response teams and investing in specialist response equipment.
- 3. Training and behaviour** – promoting a culture of openness and embedding our company behaviours. We're also training and motivating all our employees and delivery partners to identify environmental risks and act urgently.

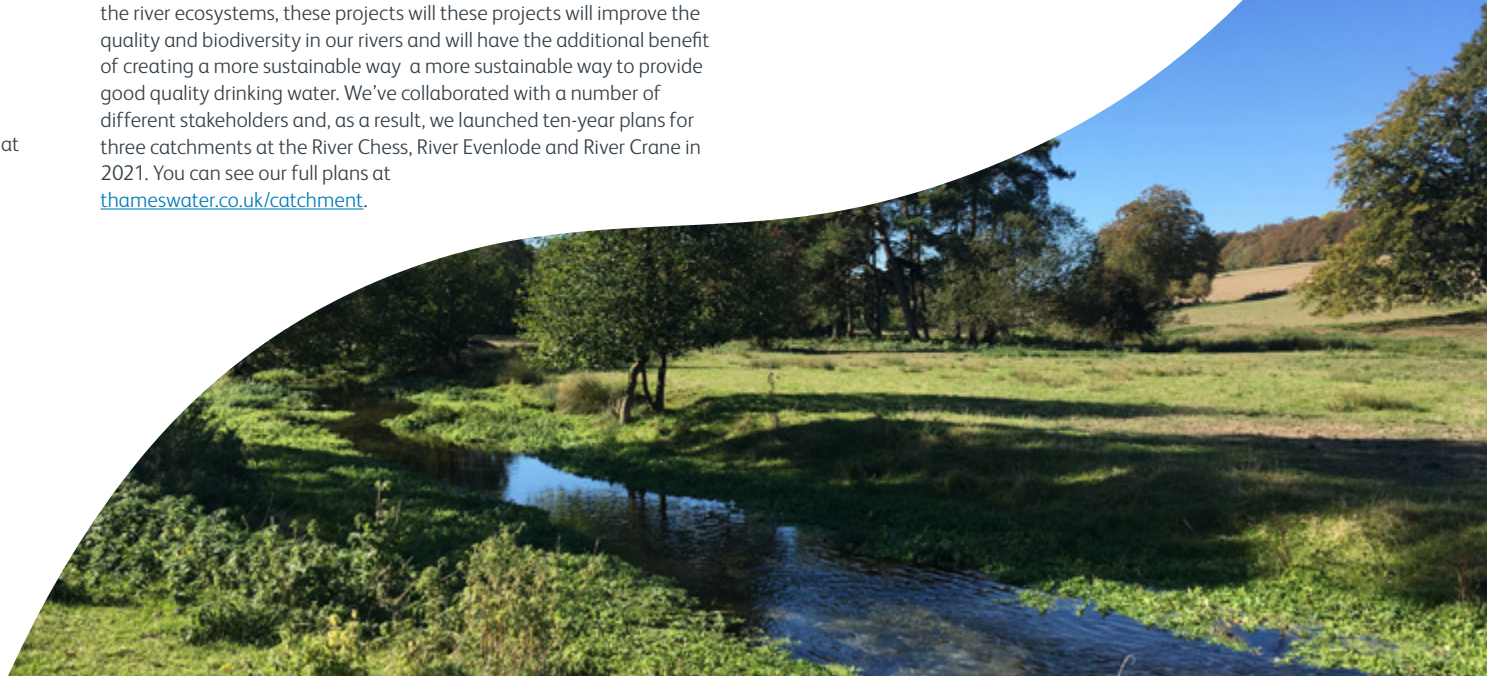
You can find more information on our website in our [Pollution Incident Reduction Plan](#).

Smarter water catchments

In 2018, we launched our smarter water catchments initiatives to create more nature-based solutions to protect the water cycle. By enhancing the river ecosystems, these projects will improve the quality and biodiversity in our rivers and will have the additional benefit of creating a more sustainable way a more sustainable way to provide good quality drinking water. We've collaborated with a number of different stakeholders and, as a result, we launched ten-year plans for three catchments at the River Chess, River Evenlode and River Crane in 2021. You can see our full plans at thameswater.co.uk/catchment.

Biodiversity

We've committed to enhancing biodiversity by 5% at 253 Sites of Biodiversity Interest. Unfortunately, we didn't meet our target in 2020/21. During the year, we completed 41 projects to improve the biodiversity of our sites, including sowing wildflower meadows and planting 20,000 trees. We're continuing to understand and develop our approach to get back on track.



Environment

	Metric	2020/21	2019/20	2018/19	2017/18	2016/17	Commentary for 2020/21	Data Source for 2020/21
Water	Number of customers – water service (millions)	10.3	10.1	10	10	9	We supply nearly 2.6 billion litres of clean, fresh drinking water to more than 10 million customers every day.	Annual Performance Report 2020/21 pg 91 table 4R, line 4R.26
	Compliance with drinking water quality standards (%)		99.97	99.96	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	2.42					Our water quality performance commitment for this regulatory period focuses on our compliance risk index. It's designed to show the water quality risk arising from compliance failures, rather than our compliance with water quality tests, which was our performance commitment for 2015 to 2020.	Annual Report and Sustainability Report 2020/21 p8, p28 Annual Performance Report 2020/21 p11, p27, p66, p76
	Annual average of daily water into supply (MI/d)	2,589.4	2602.4	2696.6	2681	2641	We supply nearly 2.6 billion litres of clean, fresh drinking water to more than 10 million customers every day.	Annual Performance Report 2020/21 p95 Table 6B, line 6B.4
	Compliance with water abstraction licences (%)	99.98	99.89	99.95	99.97	99.93	During 2020/21, we achieved 99.98 % compliance with our daily water abstraction licences.	Thames Water's Asset Management Team
	Security of Supply Index (%)	100	100	98	97	99	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. We managed to achieve this target despite water demand changing due to Covid-19 restrictions, leading to the Thames Valley seeing a spike in consumption.	Annual Performance Report 2020/21 p12, p16, p28, p66, p76
	Leakage performance (MI/d)	589.6	600*	690	695	677	We met our target for leakage reduction for the second year in a row in 2020/21. Our aim is to reduce our reported leakage by 20 % between 2020 and 2025. Last year we reduced our total annual leakage to 589.6 MI/d. A reduction of 5.4 % against a 3-year annual average. *Revised in the 2020/21 Annual Performance Report.	Annual Performance Report 2020/21 p25, p95 Annual Report and Sustainability Report 2020/21 p8
Wastewater	Number of customers – wastewater service (millions)	15.6	15.8	15.3	15	15	We collect and treat the wastewater of over 15 million customers every day.	Annual Performance Report 2020/21 p91 table 4R, line 4R.26/4R.27
	Wastewater treatment works discharge compliance (%)	99.74	99.71	98.85	99.43	98.28	We've performed well in treatment works compliance, which, as of 2020/21, also includes water treatment works. There was just one failure at Borden Sewage Treatment Works, in North Hampshire, and none at our 20 London sites.	Annual Report and Sustainability Report 2020/21 p6 Annual Performance Report 2020/21 p12, p29

Environment

	Metric	2020/21	2019/20	2018/19	2017/18	2016/17	Commentary for 2020/21	Data Source for 2020/21
Wastewater	Annual wastewater treated (Ml/d)	4670	4642	4384	4420	4570	Over 4.6 billion litres of wastewater is removed from our customers' homes each day, before being treated and safely returned to rivers.	Annual Performance Report 2020/21 p97 table 7C line 7C.13
	Total category 1–3 pollution incidents from sewage related premises (number of incidents)	292	321	295	292	315	We've met our pollutions target every year of this regulatory period and maintained our 3-star rating under the Environmental Protection Assessment. Our long-term ambition is to reduce pollutions to zero.	Annual Performance Report 2020/21 p72
	Total sewage sludge produced (thousand tonnes dry solids/yr)	345.3	371.6	373.8	366.2	382.6	All sewage sludge is treated by Thames Water.	Annual Performance Report 2020/21 p101 table 8A line 8A.3
	Sludge management compliance with regulations and codes of practice (%)	100	100	100	100	100	Our performance has not been reviewed by the EA for the 2020 period. However, we have been audited 23rd July 2021 as part of the Biosolids Assurance Scheme (BAS) certification and this found no non-conformances with regards compliance with regulations and codes of practice.	Thames Water's Bioresources Team
Climate change	Net Operational Scope 1 and 2 GHG emissions as CO ₂ e including outsourced Scope 3 – Total (kTCO ₂ e)	268.2*	290.5**	275.7	277.9	498.1***	Our principal Carbon reporting approach has shifted to the Market-based methodology* in line with our and the industry's Net Zero by 2030 commitment. Our net operational Market-based emissions reduced by 22.3 kTCO ₂ e to 268.2 kTCO ₂ e, a fall of 8%. **Restated as a market based value. *** From October 2016 our net operational emissions account for the grid electricity we imported being 100% REGO accredited renewable.	Annual Report and Sustainability Report 2020/21 p107
	Net Operational Scope 1 and 2 GHG emissions as CO ₂ e including outsourced Scope 3 – wastewater (kTCO ₂ e)	224.6*	251.5**	230.0	231.7	346.7***	Our principal Carbon reporting approach has shifted to the Market-based methodology* in line with our and the industry's Net Zero by 2030 commitment. Last year we reduced our Market-based wastewater service emissions by 26.9 kTCO ₂ e. **Restated as a market based value. *** From October 2016 our net operational emissions account for the grid electricity we imported being 100% REGO accredited renewable.	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)	30.6*	38.8**	45.7	46.2	151.4***, ****	Our principal Carbon reporting approach has shifted to the Market-based methodology* in line with our and the industry's Net Zero by 2030 commitment. Last year we reduced our water service emissions by 8.2 kTCO ₂ e. **Restated as a market based value. ***From October 2016 our net operational emissions account for the grid electricity we imported being 100% REGO accredited renewable. **** Restated	Thames Water's Energy and Carbon Team

Environment

Metric	2020/21	2019/20	2018/19	2017/18	2016/17	Commentary for 2020/21	Data Source for 2020/21	
Climate change	Net change in GHG emissions (% relative to 1990 baseline)	-68*	-66**	-67.0	-67.0	-41.1	Our principal Carbon reporting approach has shifted to the Market-based methodology* in line with our Net Zero by 2030 commitment. We have already reduced our emissions by 68 % compared to our 1990 baseline level, a 577.6 ktCO ₂ e absolute reduction. **Restated as a market based value.	Thames Water's Energy and Carbon Team
	Gross change in GHG emissions (% relative to 1990 baseline)	-67*	-65**	-35.6	-27.0	-16.5	Our principal Carbon reporting approach has shifted to the Market-based methodology* in line with our Net Zero by 2030 commitment. We achieved a 67 % reduction in our gross emissions by March 2021. **Restated as a market based value.	Thames Water's Energy and Carbon Team
	Climate change – GHG intensity – water service kgCO ₂ e/ML	18.8*	20.4**	20.6	24.6	141.2	Our principal Carbon reporting approach has shifted to the Market-based methodology* in line with our Net Zero by 2030 commitment. We reduced the Market based emissions associated with each megaliter (MI) of water we supply and treat - our emissions intensity - down 1.6 kgCO ₂ e per MI (based on market based) **Restated as a market based value.	Annual Report and Sustainability Report 2020/21 p107
	Climate change – GHG intensity – wastewater service kgCO ₂ e/ML	121.4*	133.5**	127.0	135.3	225.0	Our principal Carbon reporting approach has shifted to the Market-based methodology* in line with our Net Zero by 2030 commitment. We reduced the Market based emissions associated with each megaliter (MI) of wastewater we supply and treat - our emissions intensity - down 12.1 kgCO ₂ e per ML. **Restated as a market based value.	Annual Report and Sustainability Report 2020/21 p107
	Assessment of climate change impacts completed within the past five years	Yes	Yes	Yes	Yes	Yes	As a water company, climate change is also one of the biggest risks to the delivery of our services. The ten warmest years on record have all occurred since 2002 and 2020 was the first year in recorded history to have temperature, rain, and sunshine rankings in the top ten. Our infrastructure is not resilient enough to extreme weather and this is why assessing and addressing climate-related risks is such an important part of how we operate and how we plan for the future. We're enhancing the way climate risk is linked to our strategy, and our response to climate change focuses on mitigation and adaptation.	Annual Report and Sustainability Report 2020/21 p32-34, p44
	Renewable energy generated (%)	23	23	22	22.2	20.1	We self-generated 23 % of our own electricity needs during 2020/21.	Annual Report and Sustainability Report 2020/21 p27, p106
	Renewably self-generated and used electricity (GWh)	301	313	286	293	262	Covid lockdown restrictions impacted our renewable generation from sludge and resulted in a reduction of 12 GWh to 301 GWh.	Annual Report and Sustainability Report 2020/21 p34, p106
	Gross grid electricity purchased (GWh)	897.7	911.25	936.5	953.8	984.7	The reduction is largely due to our increased self-generated renewable energy. We have increased our renewable electricity generation from sludge by 69 % since 2014/15.	Thames Water's Energy and Carbon Team

Environment

	Metric	2020/21	2019/20	2018/19	2017/18	2016/17	Commentary for 2020/21	Data Source for 2020/21
Climate change	Gross grid renewable electricity purchased (GWh)	897.7	911.25	936.5	953.8	492.3*	In 2020/21 we we used 13.55 GWh less grid electricity than in the previous reporting year. *From October 2016 our net operational emissions account for the grid electricity we imported being 100 % REGO accredited renewable.	Thames Water's Energy and Carbon Team
Biodiversity	Biodiversity – Sites of Special Scientific Interest in favourable condition (% Ha)	50.89	50.89	50.89	50.89	50.89	Around 51 % of our SSSI land area is classified as 'favourable' by Natural England.	Thames Water's Corporate Responsibility Team
	Biodiversity – Sites of Special Scientific Interest favourable condition/ unfavourable recovering (%)	99	99	99	99	99	Around 99 % of our SSSI land area is classified as 'favourable' or 'unfavourable recovering' by Natural England. We're working with Natural England and other specialists to understand how we can make further improvements to the condition of the 'unfavourable recovering' areas which can be a result of wider population trends rather than specific conditions on site.	Thames Water's Corporate Responsibility Team
	Number of sites improved for biodiversity and access (in year)	41	18	10	21	23	41 Sites for Enhancement Biodiversity and Access projects were completed during 2020/21.	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 Annual Report and Sustainability Report 2020/21 p59
	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 Annual Report and Sustainability Report 2020/21 p59
	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 Annual Report and Sustainability Report 2020/21 p59



Social: people, customers, and community

Warren Buckley

In delivering life's essential service, we have a crucial role to play in society, and the way we run our business will have a long-term impact on the world around us. We know we've got challenges ahead, but we've taken some important steps in the last year, as we focus not just on what we do but the way we do it.

Customer service

We're here to serve our customers and we know we need to make real improvements, so we can give them the service they expect and deserve. We've been performing poorly in our customer service metrics: our C-MeX score (our customer measure of experience) was 72.91 this year – 17th in the industry – and our number of complaints significantly increased. This simply isn't good enough and improving service is a key part of our plan to turn around Thames Water.

As a result, we're overhauling our approach to customer service with a new strategy to improve all our processes across people, systems, and technology. This will help reduce the need for customers to contact us and, when they do, make the experience as convenient and positive as possible. Our plans include more efficient complaint escalation processes across all channels and better knowledge management tools to help our frontline teams provide more information when customers need it.

We're already making some positive changes, like improving our customer contact systems and online platforms and redesigning our bill to make it simpler. However, there's still a lot to do to get us in line with industry performance and we'll keep you updated on our journey.

Supporting vulnerable customers during the Covid-19 pandemic and into the future

Many of our customers – both household and business – face difficult financial situations due to Covid-19. We implemented a range of measures during 2020/21 to make water bills one less thing to worry about.

Here are some of the ways we've been helping our customers:

- We launched a new flexible payment scheme.
- We partnered with organisations like the London Fire Brigade to increase the number of customers on our priority services register. By the end of March 2020/21, we had almost 200,000 customers on the register. Currently (at the time of publishing) it's 270,000.
- We're helping over 240,000 customers through our social tariffs (210,000 at the end of 2020/21) – the most in the industry.
- We supported over 3,700 customers through our customer assistance fund during 2020/21, which included grants and payment matching.
- We continued to invest in our independent trust fund, which helps customers access debt advice and support.

You can find information on how we can help on our website <https://www.thameswater.co.uk/about-us/investors/our-results>

Going forward, we recognise that many of our customers' circumstances are changing once again as things start to get back to normal and furlough unwinds. We're investing in our collections processes, tailoring our payment plans, and making sure that our teams are ready to assist customers who are struggling to pay their bills. We're also planning to share our technology and legal framework to create an industry wide approach to sharing customers' needs for priority services.



Environment



Social



Governance

People, customers, and communities

People

A safe place to work

We've committed to achieving 'zero incidents, zero harm, zero compromise' every day we're at work. During 2020/21, we significantly reduced the number of lost-time injuries – when an employee needs to take time off work – from 25 last year, to 12 this year. We also achieved 185 'Perfect Days' (when there were no physical or mental health work-related incidents) between May 2020 and March 2021.

Looking after mental health is just as important as physical health – and this has become even more crucial during the pandemic. Our occupational health team, which includes nurses qualified in mental health, together with over 450 trained mental health first aiders, supported our colleagues as we quickly adopted remote working where possible.

Celebrating diversity

It's so important that our workforce reflects the social, economic and geographical diversity of our region. We've been working hard to increase our recruitment from under-represented groups. 38% of our new recruits during 2020/21 were under 30, and 15% identified as BAME. We've also made a number of changes to become more inclusive, such as signing up to the 10,000 Black Interns programme, changing our recruitment process to encourage more applications from women and BAME candidates, becoming a Carer Confident active employer and signing up to the Care Leaver Covenant.

In 2021, we were named a top 50 employer for women by Business in the Community, and we ranked 11th in the WISE (Women in Science and Engineering) Ten Steps campaign, which gives access and opportunities to women in STEM. We also achieved a silver Armed Forces Covenant accreditation for our focus on recruiting ex-service people with skills relevant to the water industry, such as engineering, leadership, logistics and incident management. In July 2021 we achieved a gold award.

You can read more about our plans to keep increasing diversity in our [Annual Report and Sustainability Report](#).

Developing talent

We need to make sure we have the right skills at Thames Water now, and also in the pipeline. In January 2021, we launched our new skills strategy, which focuses on inspiring and attracting our next generation of employees while they're still at school. It means we can build a pipeline of STEM and digital skills – skills which are,

and will continue to be, critical to our service. We've increased our work with schools and communities, giving more career advice and work experience opportunities. During the pandemic, we adapted to Covid-19 restrictions by running sessions online, such as offering virtual mock job interviews and hosting virtual workshops.

In 2020/21 we welcomed 32 apprentices and 24 new graduates, and, in April 2021, we welcomed 14 'Kickstarters' as part of the Government's Kickstart scheme to give young people on Universal Credit work opportunities. We're aiming to create 75 placements under the scheme, for people who are at risk of long-term unemployment. Our approach is to make sure the candidates on the scheme get real value out of their opportunity.

We're also investing in our current employees to support them better and increase their skills. We've extended our apprenticeship programme internally, so our people – at any age and any level – can get involved.

Partnering with our communities

We're committed to working with our communities, and the pandemic has made our support even more critical to them. During 2020/21 we donated over £400,000 to a new community relief fund, to help community partners through this period of huge uncertainty. We also contributed charitable funding to 52 projects including nature reserves, community foundations and search and rescue.

As part of that, we gave Rivers and Wetlands Community Days £100,000. The organisation used this funding to provide small grants to encourage communities to get practically involved in restoring, improving and maintaining wetland environments.

Providing green spaces

We're lucky to be looking after many wonderful sites across our region, such as Walthamstow Wetlands, Europe's largest urban wetlands, and helping make them available to our customers and communities. We all know how important it is to spend time close to nature for health and wellbeing – and it's been even more necessary during this tough period. We kept many of our sites open to the public during the pandemic, including Walthamstow Wetlands and Farmoor Reservoir, along with Crossness, Beckton Creekside, Hogsmill and Kempton nature reserves.

Explore an [interactive map](#) of our sites.



People, customers, and communities

Metric	2020/21	2019/20	2018/19	2017/18	2016/17	Commentary for 2020/21	Data Source for 2020/21	
Customer	Written complaints resolved first time – water service as a %	92	88	88	96	96	Following the discontinuation of this metric at the end of AMP6 in 2019/20 we are currently working with the CCW to develop a new industry metric which should be live in 2022. As an interim measure we have calculated and provided 2020/21 data for information.	Thames Water's CX Regulatory Performance & Compliance Team
	Number of written complaints per 10,000 connected properties – water service	13.57	14.01	18.61	12.39	9.12	Following the discontinuation of this metric at the end of AMP6 in 2019/20 we are currently working with the CCW to develop a new industry metric which should be live in 2022. As an interim measure we have calculated and provided 2020/21 data for information.	Thames Water's CX Regulatory Performance & Compliance Team
	Written complaints resolved first time – wastewater service as a %	88	86	84	94	93	Following the discontinuation of this metric at the end of AMP6 in 2019/20 we are currently working with the CCW to develop a new industry metric which should be live in 2022. As an interim measure we have calculated and provided 2020/21 data for information.	Thames Water's CX Regulatory Performance & Compliance Team
	Number of written complaints per 10,000 connected properties for wastewater service	8.25	5.56	5.34	4.39	6.21	Following the discontinuation of this metric at the end of AMP6 in 2019/20 we are currently working with the CCW to develop a new industry metric which should be live in 2022. As an interim measure we have calculated and provided 2020/21 data for information.	Thames Water's CX Regulatory Performance & Compliance Team
	Service incentive mechanism (SIM) – customer service scored out of 100			75.0	78.4	77.3	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	72.91					The customer measure of experience (C-MeX) is the primary metric through which the service that the water companies provide their customers is rewarded or penalised. At the end of 2020/21, we finished 17th within the industry.	Annual Report and Sustainability Report 2020/21 p6, p7, p20; Annual Performance Report 2020/21 p10, p20, p68, p77
	D-MeX- scored out of 100	77.56					D-MeX performance commitment is a measure of the customer satisfaction of developer services customers who transacted with us throughout the year.	Annual Report and Sustainability Report 2020/21 p20; Annual Performance Report 2020/21 p10, p20, p69, p77
	Ofwat customer satisfaction rating charging and billing scored out of 5 (RA3)		4.42	4.58	4.66	4.63	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

People, customers, and communities

	Metric	2020/21	2019/20	2018/19	2017/18	2016/17	Commentary for 2020/21	Data Source for 2020/21
Customer	Ofwat customer satisfaction rating operational contacts scored out of 5 (RA4)		4.46	4.44	4.43	4.46	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	4.5	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	4.57	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	197,000	82,000				At the end of 2020/21 we had over 197,000 customers signed up to the priority services register – equivalent to 3.4% of the homes in our region. We're aiming to have 410,000 signed up by 2025.	Annual Report and Sustainability Report 2020/21 p22
	Number of customers helped to pay their water bills through our customer assistance fund	3,767	5,613	6,742	7,500	6,161	Last year we supported 3,767 customers through our customer assistance fund. We've changed our customer assistance fund to reflect industry best-practice and match payments.	Annual Report and Sustainability Report 2020/21 p20
	Customers on social tariffs (Water Sure and Water Sure Plus) (No.)	210,000	circa 150,000	82,365	56,671*	37,975	We're helping around 210,000 customers through our social tariffs and we're aiming for 300,000 by 2025. *Restated in 2018/19	Annual Report and Sustainability Report 2020/21 p20
Health & Safety	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 Annual Report and Sustainability Report 2020/21 p58
	Lost time injury frequency rate (over 1 day per 100,000 working hours)	0.08	0.15	0.16	0.16*	0.21	There were 185 Perfect Days (the number of days between May 2020 and March 2021) without a physical or mental health work-related incident. Each year we set a benchmark target reduction less 20% of the previous year's actual, to support a continual reduction in injuries in line with our vision of zero incidents. *Value restated to reflect reclassification of some injuries.	Annual report and Sustainability Report 2020/21 pg 6

People, customers, and communities

	Metric	2020/21	2019/20	2018/19	2017/18	2016/17	Commentary for 2020/21	Data Source for 2020/21
Health & Safety	Notifiable injuries	12	25*	22	17	19	2020/21 During the year, we significantly reduced the number of lost-time injuries, where an employee needs to take time off work, to 12, from 25 the year before. There were 12 serious incidents reported under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations. *Revised 2020/21.	Annual Report and Sustainability Report 2020/21 p14
	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
Corporate Responsibility	Charitable grants and community investment (£million)	0.44	0.07	0.38	0.84	1.4	As a response to the Covid-19 pandemic we repurposed 80 % of our Community Investment Programme as a £400,000 Community Relief Fund. We also gave £40,000 in discretionary funding to six community foundations to help them during the pandemic.	Thames Water's Corporate Responsibility Team
	Charitable grants projects (No.)	52	25	20	21	17	Last year we contributed charitable funding to 52 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.)	1	N/A	8	14	16	We supported Rivers and Wetlands Community Days (RWCD) with £100,000. This funding was used by RWCD to provide small grants to encourage communities to get practically involved in restoring, improving and maintaining wetland environments.	Thames Water's Corporate Responsibility Team
	WaterAid support (£K)	55	266	269	363	350	Despite the challenges of Covid-19 we raised £55,000 to support WaterAid with their general campaign.	Thames Water's Corporate Responsibility Team
	Employee volunteering (Hours)	729	4,764	7,658	6,393	6,633	During the pandemic we were unable to volunteer in the usual way although we had many employees acting as community volunteers to support those who were shielding.	Thames Water's Corporate Responsibility Team
	No. of school children directly engaged	6,796	35,051	24,897	21,341	20,898	Our ambition to engage with all children in the Thames Water region represents a huge challenge. In order for us to work towards this ambition we will need to use new approaches, new technology, new partnerships and engage with the education community. Although Covid-19 has impacted our activities in this area it has also enabled us to develop new virtual ways of engaging with students and schools.	Thames Water's Corporate Responsibility Team

People, customers, and communities

Metric	2020/21	2019/20	2018/19	2017/18	2016/17	Commentary for 2020/21	Data Source for 2020/21
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 Annual Report and Sustainability Report 2020/21 p58
Employee diversity (% female employees)	33	33	33	33.4	32.4	In April, we were named by Business in the Community as a top 50 employer for women.	Annual Report and Sustainability Report 2020/21 p16
Manager diversity (% female managers)	35	35	34.5	34	33	35% of our management level salaried employees are female.	Thames Water's Human Resources Team
Executive diversity (% female)	33	33	22	30	30	During the year, we also made some changes to be more inclusive including changing our recruitment process to encourage more applications from women and BAME candidates, becoming a Carer Confident active employer and signing up to the Care Leavers Covenant.	Annual Report and Sustainability Report 2020/21 p16
Number of direct employees	7,144*	6,404	6,633	6,245	4,967	All Company employees are based in the United Kingdom. * Refers to average salaried FTE for the year.	Annual Report and Sustainability Report 2020/21 pg 15
Gender pay gap (%)	9.5	8.5	10.4	10.8	13.3	We've updated our methodology for our gender pay gap to reflect latest advice. The mean gender pay gap for 2020/21 was 9.5%.	Annual Report and Sustainability Report 2020/21 p16
Employee turnover (%)	7	15	11.9	11.9	11.4	Last year our employee turnover was 7%, down from 15% the previous year.	Annual Report and Sustainability Report 2020/21 p15
Employee training (thousand days)	9.1 circa	19.5 circa	22 circa	23 circa	24 circa	In 2020, we launched a new training portal called Learning on Taps. During the period of July 2020- March 2021 there were circa 9,104 training days.	Thames Water's Human Resource Team
Employee absenteeism rate (days)*	5.91*	3.5	2.7	2.9	2.8	5.91 days per FTE of absenteeism due to sickness during 2020/21. *In 2020/21 we changed our way of recording absenteeism to days rather than as a percentage.	Annual Report and Sustainability Report 2020/21 p14
Employee relations – strikes (No.)	0	0	0	0	0	There were no strikes in 2020/21.	Thames Water Human Resources team
Employee engagement survey engagement score (%)	75	64	71	70	69	Last year our employee engagement score was 75%. The survey score demonstrates that our employees are willing to express how they are feeling about working at Thames.	Annual Report and Sustainability Report 2020/21 p6, p87,p105
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 2020/21 p59

Human Resources

People, customers, and communities

	Metric	2020/21	2019/20	2018/19	2017/18	2016/17	Commentary for 2020/21	Data Source for 2020/21
Human Resources	Statement on Modern Slavery	Yes	Yes	Yes	Yes	Yes	Our 2020 Modern Slavery Act statement can be found on our website. We also cover Modern Slavery in our Annual Report 2020/21.	Annual Report and Sustainability Report 2020/21 p59 Modern Slavery Act Statement Our modern slavery act statement is also available on our website. https://www.thameswater.co.uk/legal
	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 2020/21 p40, p60, p81
Supply Chain	Procurement spend (£billion)	1.83	1.82	1.76	1.75	1.88	Last year our commercial and procurement team managed Thames Water's procurement spend, while striving to make sure we deliver value for every pound spent in the organisation.	Thames Water's Procurement team
	Average days taken to pay supplier on receipt of correct invoice (no. of days)	58	57	56.08	57.25	-	When setting up payment terms, we take into consideration the size and situation of our suppliers. We have recently reduced our standard payment terms to small suppliers by half so that smaller businesses are able to receive payments more quickly.	Thames Water's Procurement team
	Annual Water Company Performance Survey (rank out of 12)	Not available	6	7	4	2	The British Water Annual Water Company Performance Survey captures the views of individuals working in the UK water industry and provides an understanding of how the supply chain views its major clients. We also have improved engagement with our suppliers through a new Supplier Management programme.	The British Water Annual Water Company Performance Survey
	Number of strategic frameworks	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	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.	Modern Slavery Act Statement - https://www.thameswater.co.uk/about-us/governance/our-policies Annual Report and Sustainability Report 2020/21 p40, p60, p62

People, customers, and communities

	Metric	2020/21	2019/20	2018/19	2017/18	2016/17	Commentary for 2020/21	Data Source for 2020/21
Legal	Environmental prosecutions (No.)	3	1	1*	0	1	In 2016 our Henley Wastewater Treatment Works leaked untreated Sewage with a high ammonia content into the Fawley Court ditch and stream that flows into the River Thames. We pleaded guilty to the Environment Agency's charge and were fined £2.3m. The judge recognised the significant steps already taken to improve since the incident. We were fined £4m after pleading guilty to a series of incidents at Hogsmill Sewage Treatment Works (in February 2016, January 2018, October 2018 and September 2019). The EA is prosecuting Thames Water for a network incident in July 2016. It relates to a blockage of rag which caused backup in the sewer to a combined sewer overflow and cross over into a surface water sewer at Hinksey Stream. We entered a guilty plea at the first hearing in March 2021. *Correction in 2020.	Annual Performance Report 2020/21 p113



Governance

Alastair Cochran

Doing things the right way, rather than the quickest, is very important to us. Good performance in Environmental, Social and Governance metrics isn't simply a 'nice to have' - it's critical to our success and the delivery of our Purpose.

Our Board follows the UK Corporate Governance Code and the Ofwat Principles on Board Leadership, Transparency and Governance.

We've had a number of changes to our Board and our Executive team over the past couple of years. In September 2020, Sarah Bentley started as Chief Executive Officer, and Ian Marchant returned to his role as Chairman. I joined in September 2021 as our new Chief Financial Officer.

It's important to us that our Board and Committee structure not only reflects current best practice in corporate governance, but also provides the right support for our turnaround plan as the Executive team and senior leaders drive it forward. Independent Non-Executive Directors are the largest single group on the Board and 31% of the Board is female (as at July 2021).

The Board and its Committees receive regular updates on the operational performance of the business, the results of workforce surveys and feedback, and our risk environment. Through this flow of information, the Board assesses how behaviours across Thames Water align with our values and Purpose, and where we may need additional management action to address any issues.

Risk management

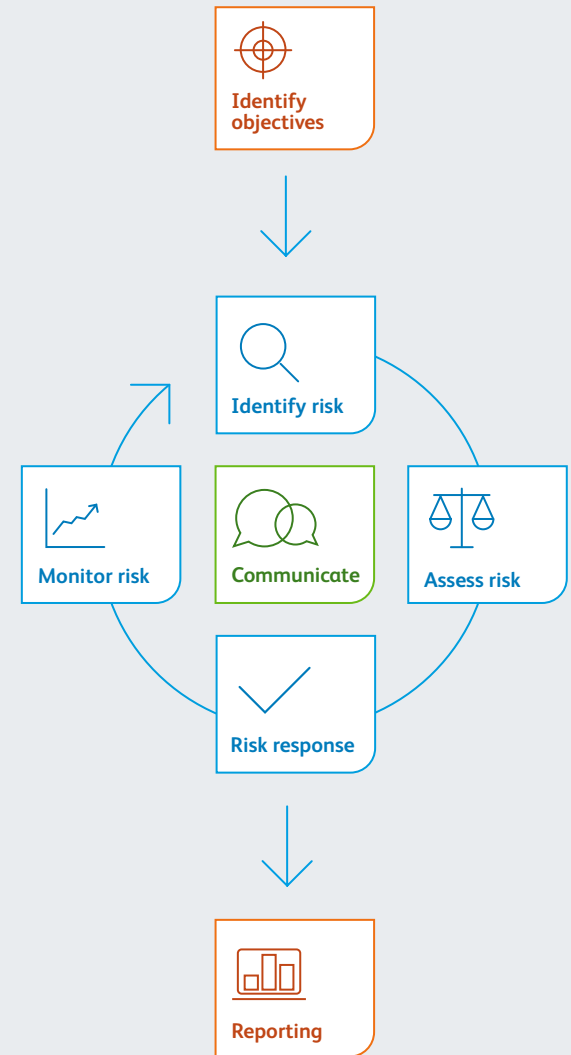
Our approach to risk management is to maximise opportunities to deliver our Purpose and strategic objectives while managing our risks to an acceptable level rather than eliminating them completely. As we implement our plans to fix the basics, raise the bar and shape the future, we're regularly re-evaluating our principal risks such as responding to cyber security threats and climate change - and taking mitigating action to better protect our business, customers and the environment.

The Board has overall responsibility for our risk management framework and systems of internal control. This includes determining the nature and extent of risk the Board is willing to take to achieve our strategic ambitions and ensuring that an appropriate risk culture has been embedded throughout our organisation. Risks are considered and challenged at least quarterly through business function leadership team risk reviews, the Executive Risk Committee, and the Audit, Risk and Reporting Committee. You can read more in our [Annual Report and Sustainability Report](#).

Providing guidance through clear policies

Our governance culture is underpinned by a range of policies and statements of intent such as our Public Value Policy and our Code of Conduct. These ensure that we're not only compliant but that we do the right thing in the right way - consistently. During 2020/21, we updated our policy framework and clarified roles and responsibilities for policy review and monitoring. We also refreshed our templates and training to ensure that our policies provide the right support to our people, our environment, and our business.

Our risk management process



Our risk management process is aligned with ISO 31000:2018 to make sure we consider all our risks and take appropriate action to manage them.



Governance

Metric	2020/21	2019/20	2018/19	2017/18	2016/17	Commentary for 2020/21	Data Source for 2020/21
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 2020/21 p93
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 2020/21.	Annual Report and Sustainability Report 2020/21 p108, p3,
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 2020/21 p63
Independent Chairman	Compliant after August 2020	Partial	Yes	Partial	Partial	Until August 2020, Ian Marchant temporarily combined the roles of Chairman and Interim Chief Executive pending the appointment of the new CEO. When Sarah Bentley joined as Chief Executive in September 2020, Ian, who was considered independent on appointment, reverted to his original role of Non-Executive Chairman, so we are now again in compliance with the provisions.	Annual Report and Sustainability Report 2020/21 p62-63
Independent Board members (%)	46	50	50	46	36	The Board, chaired by Ian Marchant, with Deputy Chair, Nick Land, consists of 13 Directors. There are six Independent Non-Executive Directors.	Annual Report and Sustainability Report 2020/21 p69
Female Board members (%)	31	16.6	16.6	15.4	14.3	4 out of 13 Board members are female.	Annual Report and Sustainability Report 2020/21 p16, p69
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 and Sustainability Report 2020/21 p87-108
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 2020/21 p64

Board

Governance

	Metric	2020/21	2019/20	2018/19	2017/18	2016/17	Commentary for 2020/21	Data Source for 2020/21
Board	Provision in place to prevent disempowerment of investors	Yes	Yes	Yes	Yes	Yes	Thames Water Utilities Limited Articles of Association describe for example how voting rights are assigned to each investor. They are currently being reviewed.	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 2020/21 p105
Financial	Pensions deficit (£ million)	219.2	114.6	293.0	250.2*	343.1*	As of 31 March 2021, the net pension deficit is £219.2 million. * Restated 2018/19.	Annual Report and Sustainability Report 2020/21 p158-159
	Regulatory Capital Value (£billion)	15.0	14.7	14.3	13.7	12.9	The regulatory capital value ("RCV") has been developed by Ofwat as a measure of the regulatory net book value of our assets. The increase in net debt was accompanied by an increase in the RCV, as published by Ofwat, of £296.0 million to £15,025.3 million, meaning that overall gearing (on a covenant basis), as at 31 March 2021, was 83.2%, below the mandated maximum of 95.0%.	Annual Report and Sustainability Report 2020/21 p57
	Underlying revenue (£million)	2,032.9	2,108.5	2,036.9*	2,018.0	2,027.1	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 2021 was £2,032.90 million. *Restated in Annual Report, Annual Performance Report and Sustainability Report 2019/20	Annual Report and Sustainability Report 2020/21 p52
	Credit Rating	Baa2 stable	Baa2 stable	Baa1 negative	Baa1 negative	Baa1 stable	In April 2021, Moody's affirmed the Corporate Family Rating ("CFR") for TWUL as Baa2 with a stable outlook.	Annual Report and Sustainability Report 2020/21 p6, p52, p56
	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/media-library/home/about-us/investors/our-finances-explained.pdf
Underlying Operating Profit (£million)	415.2	513.4	474.1*	505.9**	605.4	Our underlying operating profit for the year was £415.2 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 2020/21 p52	

Governance

	Metric	2020/21	2019/20	2018/19	2017/18	2016/17	Commentary for 2020/21	Data Source for 2020/21
Financial	Tax paid (£million)	229	196	211	192	177	During this financial year, we paid significant contributions to HMRC of £229 million in business rates, national insurance contributions, PAYE and other taxes.	Annual Report and Sustainability Report 2020/21 p54
	Dividends paid to external shareholders (£million)	0	0	0	0	100	No distributions were made to external shareholders relating to 2020/21. Dividends were paid to service debt obligations.	Annual Report and Sustainability Report 2020/21 p93
	Bad debt (%)	4.1	3.4	3.0	2.8	2.4	During the year ended 31 March 2021, we have seen an increase in our overall bad debt cost of £12.7 million to £86.6 million. The increase, including the additional management provision, is primarily due to the impact of Covid-19 on our current year cash collections, offset by the initiatives implemented in the prior year to reduce the bad debt.	Annual Report and Sustainability Report 2020/21 p53
	Outcome delivery incentive performance penalties (£million)	-31.87	0.89	-51.67	-35.2	-18.4	Ofwat's outcome delivery incentive (ODI) rewards and penalties link operational performance to company returns. We incurred ten penalties (£35.14 million) and four rewards (£3.27 million) during the year totalling a net loss of £31.87 million.	Annual Performance Report 2020/21 p15
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 2020/21 p41-48, p81-83
Stakeholder	Stakeholder engagement programme	Yes	Yes	Yes	Yes	Yes	The impact of Covid-19 has affected the way we engage with our stakeholders over the last year, however we've continued to interact with them virtually to keep vital conversations going. We held our first virtual Annual Stakeholder Review in July 2020. We've continued to engage with our stakeholders as we shape the future and develop our vision for 2050.	Annual Report 2020/21 p36-37
ESG	Environment, Social and Governance (ESG) Statement	Yes	Yes	Yes	Yes	No	As part of our commitment to increase transparency of the organisation we have developed this ESG Statement.	This document

Governance

	Metric	2020/21	2019/20	2018/19	2017/18	2016/17	Commentary for 2020/21	Data Source for 2020/21
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 Annual Report and Sustainability Report 2020/21 p60
	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.	Annual Report and Sustainability Report 2020/21 p59 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.	Annual Report and Sustainability Report 2020/21 p60 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.	Annual Report and Sustainability Report 2020/21 p59 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.	Annual Report and Sustainability Report 2020/21 p60 Thames Water website - https://www.thameswater.co.uk/about-us/governance/our-policies

