

Section 172 statement

Engaging with our stakeholders.

In July 2019, with the approval of our Board and shareholders, we became the first major utility to amend our [Articles of Association](#) to enshrine, for the long term, the principles set out in section 172 of the Companies Act 2006 and our long-standing commitment to working in the public interest (see [page 104](#)).

Section 172(2) says that where the purposes of a company consist of purposes other than, or in addition to, benefiting the company's shareholders, the section 172 duties will take effect as if the reference to promoting the success of the company for the benefit of shareholders was a reference to achieving those alternative purposes. Anglian Water's purpose (as set out in its Articles of Association) is to conduct its business and operations for the benefit of members as a whole while delivering long-term value for its customers, the region and the communities it serves and seeking positive outcomes for the environment and society. It follows that the Directors of Anglian Water have a duty to act in a way they consider would be most likely to promote the purpose of the company. The section 172 duties to which the Directors are subject must therefore be considered in the context of this overarching purpose.

The disclosures set out on [pages 62–65](#) demonstrate how the Board has had regard to the matters set out in Section 172(1) (a) to (f) which are now enshrined in Anglian Water's Articles of Association and includes cross-references to other sections of the report for further information.



Board engagement with stakeholders

Our Board has set out to define discrete stakeholder groups, but it recognises that in many cases they have complementary interests and shared priorities. On occasion, their concerns may even conflict with one another. The Board's duty, in reviewing, challenging and shaping plans, and setting strategic direction, is to consider and balance the impact of its decisions on a wide range of stakeholders. More information on our business model, including how we use six capitals thinking to shape decisions and measure outcomes, can be found on [pages 20–21](#), while information on our key stakeholders can be found throughout the Strategic Report.

Engagement with stakeholders is most effective when it is continual and two-way, and when its outcomes are recorded, shared and acted upon.

We have developed an annual stakeholder strategy, approved by the Board and designed both to demonstrate how we are delivering on our purpose and to increase the breadth and depth of understanding of the value Anglian Water delivers. The Board regularly engages in the delivery of the stakeholder strategy.

There are some issues which are of such importance that the Board itself judges that it should engage directly with relevant stakeholders. However, much of our engagement also happens at an operational level. Where the Board has not engaged directly with stakeholders, it ensures that it receives regular reports from management, so that the Directors can understand and take account of the key issues to which they must have regard.



Find out more in 'Our stakeholders' on [pages 42–61](#)


Opposite: Our place-based approach to regeneration, developed in partnership with Business in the Community, is a key pillar of our stakeholder engagement. This Spotlight on Lowestoft event, held pre-Covid, marked the launch of the Lowestoft Place Board



Making long-term decisions

The company's long-term strategy is driven by our 25-year [Strategic Direction Statement](#) (SDS), first published in 2007 and refreshed in November 2017, when the Board reviewed and approved an updated version covering 2020–2045. The SDS's four key ambitions are set out in our business model (see [pages 20–21](#)).

Our Board has also approved our long-term viability statement (see [pages 94–97](#)) within which the Directors have assessed Anglian Water's prospects over the next 10 years.

 See 'Our strategic ambitions' on [pages 22–25](#)

Having regard to employees' interests

The welfare and development of our employees, and the company's culture and values, are key areas of focus for the Board and its committees, and employee-related issues are covered at every Board meeting. Areas considered by the Board range from health, safety and wellbeing to inclusion, employee engagement and succession planning. Each year we conduct our Love to Listen survey to seek the views of our employees. The results of the survey, together with plans to address its findings, are brought to and discussed by the Board.

In line with the [Anglian Water Services Corporate Governance Code 2020](#), the Board has appointed Duncan Symonds as the Non-Executive Director responsible for engaging with the workforce. During the year, Duncan met members of the senior management team to discuss the results of the 2020 Love to Listen survey, during which he was able to provide constructive feedback. Duncan also joined a session of the Anglian Water Leaders' Forum, at which he gave a presentation setting out his role and answered questions. Further information on how the Board and management engage with employees, and the impact of that engagement, can be found on [page 55](#).

 See 'Our people and partners' on [pages 54–57](#)


Fostering business relationships with suppliers, customers and others

Engagement with customers and communities is fundamental to the development of our strategy and plans. During 2020 and 2021 the company developed a two-way [Social Contract](#) with customers (see [page 40](#)) which was discussed in details by the Board. The Board oversaw all aspects of the planning process for our Business Plan for 2020–2025, including the customer engagement strategy;

the Board is also fully engaged with and approves the annual Business Plan and the Charges Scheme (see case study on [page 65](#)) each year. Further information on engagement with customers can be found on [page 49](#).

Our most important supply chain relationships are with our alliance partners, who play a crucial role in the delivery of our infrastructure and services. The Board receives an update into the capital investment programmes at each Board meeting, which provides an opportunity for the Directors to review and challenge progress across the different investment programmes. In addition, under Anglian Water's Scheme of Delegation, the Board must approve contracts with suppliers above a certain value; this ensures that there is the appropriate level oversight of these key contracts.

During the year, the Board met with the Chief Inspector of the Drinking Water Inspectorate, which provided the Directors with an opportunity to understand in greater detail the role of the DWI as regulator and an opportunity for the Board to interrogate water quality plans for AMP7.


 See 'Our customers & communities' on [pages 47–53](#) and 'Our people & partners' on [page 57](#)

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Impact on community and environment

The environment is at the heart of our purpose, and our SDS is fully aligned with the Government's own 25-year Environment Plan. The Board regularly considers environmental matters including water quality, abstraction, water quality, compliance against the Environment Agency's Environmental Performance Assessment and pollution reduction schemes. Further information on these can be found on [page 23](#) and [pages 42–47](#).


Our purpose also requires us to consider the impact of our operations on our communities. One key area on which we have done so this year is through the extensive engagement process around the proposed relocation of our Cambridge Waste Water Treatment Plant (see case study opposite). Further information on our engagement with communities can be found on [page 49](#).

 See 'Our environment & the planet' and 'Our customers & communities' on [pages 42–47](#) and [48–53](#) respectively

Maintaining high standards of business conduct


We seek to maintain high standards in all that we do as a business. We have robust risk management and internal control processes, both of which are reviewed by the Board or the relevant Board committee (see [pages 76–80](#) for more information). Our code of conduct, 'Doing the Right Thing', applies to all employees and sets out what is expected from our people in different situations.

Anglian Water also holds itself to account against a set of Responsible Business Principles which are approved by the Board (see [pages 41 and 104](#)).

 See 'Holding ourselves to account' on [pages 40–41](#)

Acting fairly between members

The Anglian Water Group has five shareholders, and all are represented on the board of our ultimate parent company Anglian Water Group Limited. There are also shareholder representatives on the Anglian Water Board. In this way we ensure that we treat all shareholders fairly and that their views are heard when making key decisions. Further information on our company structure and ownership can be found on [pages 26–27](#), and in Board biographies on [pages 100–103](#).

 See 'Our shareholders' on [page 58](#)


(Click to see more)

Response to Covid-19

The impact of Covid-19 and the company's response has remained a key area of focus for our Board during the year. Board discussions have focused on the potential short- and long-term impact of Covid-19 across a wide range of stakeholders. More information on Anglian Water's response to Covid-19 can be found on [pages 14–17](#).

Engagement in action

In October 2020, Anglian Water hosted a series of online workshops for stakeholders across the region. The theme of the workshops was 'Working Towards a Green Recovery – Levelling up the East of England'. In total 66 stakeholders representing 46 organisations took part, including MPs, councillors and representatives from charities, business and environmental groups. Non-Executive Directors from the Boards of both Anglian Water and Anglian Water Group also attended the sessions, giving them the opportunity to further understand the priorities of a wide range of stakeholders and receive first-hand feedback from them.

Before the event, all stakeholders were asked to share their top three priorities for the region, which were innovation, reaching net zero carbon and delivering infrastructure. This insight, along with the information collated from the breakout discussions, has been used to identify a number of areas for follow up and inform the ongoing stakeholder engagement strategy.



"Very good event - I felt the width of the audience experience was excellent. it was possibly the first time I have seen a major utility with huge responsibility reach out in that way to its stakeholders."

"Glad to participate and well done for organising and being so proactive on important issues."

Comments from participants at our online stakeholder workshops held in October 2020

Considering stakeholders in decision making.

We define principal decisions as both those that are material to Anglian Water, and those that are significant to any of our key stakeholder groups. In making the following principal decisions the Board considered the outcome from its stakeholder engagement as well as the need to maintain a reputation for high standards of business conduct and the need to act fairly between the members of the company.

| Stakeholder engagement | Stakeholder considerations | Outcome | |
|---|--|--|--|
| APPROVAL OF THE CHARGES SCHEME | | | |
| <p>Anglian Water operates a number of different tariffs to support customers in a range of vulnerable circumstances. Under the LITE social tariff, eligible customers receive a lower bill, which is funded through a customer cross-subsidy. As part of the annual approval of the Charges Scheme, the Board was asked to consider an increase in the customer cross-subsidy to reflect the significant rise in the forecast number of customers who would be seeking support as a result of Covid-19.</p> | <p>Initially an externally facilitated customer consultation was undertaken to measure customers' willingness to support an increase in the LITE cross-subsidy. The outcome of consultation was that most customers were supportive of an increase.</p> <p>We then consulted with the Consumer Council for Water with regards to the proposed increase in cross-subsidy. We then corresponded with Ofwat as to the outcomes of both consultations.</p> | <p>The results of the consultation with different stakeholders were thoroughly reviewed by senior management and a proposal was put to the Board recommending that the LITE cross-subsidy be increased. On making the recommendation it was recognised that there was a significant risk of an increase in customers with affordability issues due to the unwinding of the Government's furlough arrangements.</p> | <p>When making their decision the Directors considered the outcome of the customer consultation, the likely impact of the increase in cross-subsidy on customers (both recipients and non-recipients of the LITE tariff) and the potential long-term impact of Covid-19. Following these considerations, the Board approved the increase in the cross-subsidy.</p> |

| Stakeholder engagement | Stakeholder considerations | Outcome | |
|--|--|---|---|
| CAMBRIDGE WASTE WATER RELOCATION PROJECT – NEW SITE SELECTION DECISION | | | |
| <p>We are working closely with South Cambridgeshire District Council and Cambridge City Council to support their vision for sustainable housing growth in North East Cambridge by moving our Cambridge Waste Water Treatment Plant (WWTP), with financial support from Homes England, to a new location. This is a long-term project which will free up land for up to 5,600 of the 8,000 homes planned for the area. At the end of 2020, Board approval was sought for the proposed site of the new WWTP.</p> | <p>During the year there was an extensive stakeholder engagement process to seek feedback from statutory stakeholders, local residents and other interested parties regarding the three proposed site options for the new Cambridge WWTP. More than 3,000 responses were received, giving insights from local communities and a wide spectrum of stakeholders.</p> | <p>In considering the proposed site selection the Board reviewed the responses from the community and technical stakeholders including the Environment Agency, National Trust, Natural England, Historic England, Cambridgeshire County Council and Highways England. The Board, considered the feedback alongside the results of a detailed, multi-stage site selection study in which criteria had been evaluated across environmental, community, planning, operational and economic considerations.</p> | <p>The Board carefully considered site selection over a series of meetings, taking into account responses from stakeholders, the potential impact of the proposed site on local communities and the environment, the risks and the long-term resilience of the proposed site, prior to its final decision to select the site area north of the A14.</p> |