



Governance

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Corporate Governance Code

In the following pages of this corporate governance report we set out how the board has fully applied the principles and fully complied, having provided an explanation relating to provision 10 on page 107, and reported on the provisions of the 2024 UK Corporate Governance Code (the code).

1 Board leadership and company purpose

Areas of focus for the board in 2025/26.

► See page 101

Our governance structure and its link to our strategic priorities

► See page 108

Engagement with colleagues and other stakeholders and monitoring and assessing culture

► See pages 112 to 114

2 Division of responsibilities

Biographies of the board of directors include a summary of each director's responsibilities.

► See pages 102 to 105

Overview of the board's responsibilities, board roles and time commitment of directors

► See page 111

3 Composition, succession and evaluation

The report of the nomination committee sets out the appointments process, board and committee succession planning activities, the board diversity policy, and information relating to the evaluation of the review of the performance of the board and its committees undertaken during the year.

► See pages 115 to 119

4 Audit, risk and internal control

The report of the audit committee and its work fulfilling its responsibilities during the year.

► See pages 124 to 135

5 Remuneration

The report of the remuneration committee and its work fulfilling its responsibilities during the year.

► See pages 140 to 170

Areas of focus for the board in 2025/26

The board's role is to promote the long-term sustainable success of the company, generating value for shareholders and contributing to wider society. During the year, the board collectively spent time focusing on the following matters:

Environmental performance assessment and pollutions

Management gave a presentation to the board on the changing regulatory methodology applying to wastewater companies underpinning the Environment Agency's (EA) annual environmental performance assessment (EPA). The EPA measure was introduced in 2011, as an objective assessment to allow for comparison between companies, measured on a calendar year basis. There are seven metrics within the current version of the EPA: serious pollutions; total pollutions (categories 1–3); pollution self-reporting; treatment works compliance; WINEP delivery; satisfactory sludge disposal and supply-demand balance index. Wastewater companies are allocated a star rating each calendar year depending on how they perform across the seven metrics. UUW has been awarded 45 out of a possible 52 stars since 2011.

UUW is the second-highest-ranked company in the sector. 2024 was a particularly wet and stormy year and this, alongside the EA's updated approach to the measurement of pollution incidents that occur during major storms, adversely impacted industry ratings for the year, resulting in UUW's two-star rating in the 2024 assessment published in October 2025. The board was satisfied with the improvement plan being implemented including enhancing site standards and power resilience; reducing blockages and improving asset resilience. The 2026 pollution incident reduction plan is available on the company's website.

AMP8 performance commitments and price control deliverables

The board reviewed the AMP8 performance commitments and the introduction of the price control deliverables (PCDs) mechanism applicable to AMP8 by Ofwat to ensure the delivery of funded improvements, protect customers and incentivise timely delivery. Two types of PCD incentive were introduced for AMP8: a claw-back mechanism that will return funding to customers where companies fail to deliver the stated benefit by end of the regulatory period and a two-way incentive to encourage timely delivery by rewarding on-time delivery and penalising late delivery. The board was appraised of stretching targets and updated delivery plans to incorporate industry best practice and challenge thinking across the operations.

Process safety

In addition to regular updates on health and safety, the board reviewed the plans to improve the operation of systems and processes applied to handling hazardous substances. The safe operation of our sites has always been central to our operations; the incorporation of process safety governance and mechanisms into our management system in recent years has enhanced the way major accident hazard risks are managed. The group has a number of sites where hazardous material is stored – particular focus has been directed toward sites where smaller quantities of such material is stored.

Enhanced process safety 'essential' training modules have been delivered to key operational colleagues and half day face-to-face permit to work and risk assessments have been delivered to over 2,400 colleagues along with competency certification programmes. The regular reporting of 'leading' process safety indicators with leadership teams has supported improvements in key operational and maintenance controls and consequence modelling has been completed for all sites subject to the 2015 Control of Major Accident Hazards Regulations. Steps are being taken to further embed process safety throughout the roll-out of the Life Saving Rules. Further improvements are planned including enhanced environmental risk assessments for major accident hazard sites, and industry recognised process safety management training for our leaders and managers who are responsible for our high-risk sites.

Technology and artificial intelligence (AI)

A session was held to discuss technology and artificial intelligence strategy plans to support the business during AMP8 and beyond. The board was appraised of the new governance process to enable focused prioritisation on the group's main business applications with the intention being that all systems would be covered by manufacturers' support programmes, and be secure and with similar systems being consolidated. The technology strategy included the mobilisation of AI capabilities where appropriate across the business and upskilling colleagues to build long-term AI capability across teams.

Asset management

Management held a discussion session with the board to explain the company's approach to asset management – which would be guided by strategic planning, proactive regulation, and long-term resilience. Management explained the evolution of the approach including: delivering asset management maturity across multiple areas: our county model; enhanced asset lifecycle processes; delivering a data led approach and enhancements in asset investment planning; embedding data-driven, value-based decision making across the group to ensure the maximum value was achieved from our investments; and delivering innovative solutions in the water environment to enhance nature and grow resilient, sustainable places.

The renewed focus on sector resilience and asset health was further underpinned by the recommendations included in the report of the Independent Water Commission, chaired by Sir Jon Cunliffe. The report, published in July 2025, concluded that a reset was required as to how the water industry in England and Wales was regulated, including: streamlined regulation, resilience standards, long-term sustainability and a focus on place was required.

Leakage

The board gained a deeper understanding of management's strategy to reduce leakage. Despite leakage in AMP7 being reduced to the lowest-ever level, performance was below the regulatory target. To address the ongoing challenge, the board was appraised of the industry-wide structured approach being implemented including: reducing/stabilising pressure and replacing old water mains; greater monitoring of network assets and leak detection; improving and replacing old technology; installing more smart meters to help distinguish between customer demand and network leakage and installing trunk main metering at more regular intervals on long sections of large diameter mains to reduce leak detection time. Satellite leak detection and increasing our team by around 50 colleagues will help in tackling our target of identifying 1,000 leaks per week while scaling our repair teams to fix leaks identified.

Quick links

- ▶ Terms of reference: unitedutilities.com/corporate-governance

Board of directors



N

Sir David Higgins

Chair

Responsibilities: Leadership of the board, setting its agenda and ensuring its effectiveness on all aspects of its role.

Qualifications: BEng Civil Engineering, Diploma Securities Institute of Australia, Fellow of the Institute of Civil Engineers and the Royal Academy of Engineering.

Appointment to the board: May 2019; appointed as Chair in January 2020.

Skills and experience: Sir David has spent his career overseeing high-profile infrastructure projects, including: the delivery of the Sydney Olympic Village and Aquatics centre; Bluewater Shopping Centre, Kent; and the delivery of the 2012 London Olympic Infrastructure Project.

Career experience: Sir David was previously chief executive of: Network Rail Limited; The Olympic Delivery Authority; and English Partnerships. He has held non-executive roles as chair of both High Speed Two Limited and Sirius Minerals plc, and as a non-executive director at the Commonwealth Bank of Australia.

Current directorships/business interests: Sir David is a non-executive director of Sydney Airport Limited and a board member for Gatwick Airport Limited. He is Chair of United Utilities Water Limited.

Independence: Sir David met the UK Corporate Governance Code's independence criteria (provision 10) on his appointment as a non-executive director and chair designate.

Specific contribution to the company's long-term success: Sir David has extensive knowledge of managing major infrastructure projects and working with regulators. As Chair of the nomination committee, he is responsible for ensuring the succession plans for the board and senior management identify the right skill sets to face the challenges of the business.



E C

Louise Beardmore

Chief Executive Officer (CEO)

Responsibilities: Manage the group's business and implement the strategies and policies approved by the board.

Qualifications: BSc (Hons) Business Management, Fellow of the Chartered Institute of Personnel Development, Vice-President of the Institute of Customer Service.

Appointment to the board: May 2022.

Skills and experience: Louise has a wealth of experience leading utility and infrastructure businesses both in the UK and internationally. She has a strong track record in driving transformational change and service improvements for the benefit of customers, stakeholders and the environment.

Career experience: Louise joined United Utilities on its graduate programme and has comprehensive experience of the company and the North West region we serve. She was appointed as customer service and people director in 2016, prior to which she held a number of senior positions, leading teams in business transformation, water operations, electricity and telecoms in the UK and overseas. She completed the corporate director programme at Harvard Business School in 2022.

Current directorships/business interests: Louise is CEO of United Utilities Water Limited and a non-executive director of Water Plus, a joint venture with Severn Trent serving business customers. She is a non-executive director of: Water UK; the UK Engage for Success Foundation and the Whitehall & Industry Group with effect from 1 July 2026. She is named on the Northern Power Women's 'Power List' and a member of the 30% Club.

Specific contribution to the company's long-term success: Louise's strategic vision and constant customer focus will continue to build on the group's significant performance and delivery for customers, communities and the environment.



T

Phil Aspin

Chief Financial Officer (CFO)

Responsibilities: Manage the group's financial affairs and risk management and internal control systems, contribute to the management of the group's business and implement the strategy and policies approved by the board.

Qualifications: BSc (Hons) Mathematics, Chartered Accountant (ACA), Fellow of the Association of Corporate Treasurers (FCT).

Appointment to the board: July 2020.

Skills and experience: Phil has extensive experience of financial and corporate reporting, having qualified as a chartered accountant with KPMG and more latterly through his previous role as group controller. He has a comprehensive knowledge of capital markets and corporate finance underpinned through his earlier role as group treasurer and his FCT qualification, and has a strong understanding of the economic regulatory environment.

Career experience: Phil has over 30 years' experience working for United Utilities. Prior to his appointment as CFO in July 2020, he was group controller with responsibility for the group's financial reporting and, prior to that, he was group treasurer with responsibility for funding and financial risk management. He has been a member of EFRAG TEG and chaired the EFRAG Rate Regulated Activities Working Group.

Current directorships/business interests: Phil was appointed as a member of the UK Accounting Standards Endorsement Board in March 2021. He is chair of the 100 Group pensions committee and a member of the 100 Group main committee. He is CFO of United Utilities Water Limited and a non-executive director of Water Plus, a joint venture with Severn Trent serving business customers.

Specific contribution to the company's long-term success: Phil has driven forward the financial performance of the group and delivered the group's competitive advantage in financial risk management and excellence in corporate reporting.



N A T R C

Doug Webb

Senior independent non-executive director

Responsibilities: Responsible, in addition to his role as an independent non-executive director, for discussing any concerns with shareholders that cannot be resolved through the normal channels of communication with the Chair or Chief Executive Officer and to chair the compliance committee.

Qualifications: MA Geography and Management Science, Chartered Accountant (FCA).

Appointment to the board: September 2020.

Skills and experience: Doug has extensive career experience in finance, risk management and internal control from qualifying as a chartered accountant with Price Waterhouse, his executive roles as CFO of major listed companies and, more recently, through his non-executive positions and focus on audit committee activities.

Career experience: Doug was chief financial officer at Meggitt PLC from 2013 to 2018 and, prior to that, he was chief financial officer at the London Stock Exchange Group plc and QinetiQ Group plc. He is a former non-executive director and audit committee chair at SEGRO plc and the Manufacturing Technology Group Ltd, and a former senior independent non-executive director and audit committee chair at BMT Group Ltd.

Current directorships/business interests: Doug currently serves as a non-executive director and audit committee chair at Johnson Matthey plc. He is an independent non-executive director of United Utilities Water Limited.

Specific contribution to the company's long-term success: Doug's extensive experience on listed companies' boards and working with chairs, CEOs, shareholders and related governance matters support his role as senior independent director. His experience in finance, regulation, risk and control are applicable to his role as chair of the compliance committee and its focus on overseeing compliance of the group's regulatory obligations.



E N

Liam Butterworth

Independent non-executive director

Responsibilities: To constructively challenge the executive directors and monitor the delivery of strategy within the risk and control framework set by the board and to lead the board's agenda on ESG matters and he is the current designated non-executive director for workforce engagement.

Qualifications: MBA Business Administration and Management, CIM Marketing, HND Mechanical Production Engineering.

Appointment to the board: January 2022.

Skills and experience: Liam brings strong engineering and industrial technology experience to the board, with a track record of managing performance and enhancing corporate culture.

Career experience: He started his career in the automotive industry in 1986 at Lucas Industries as an apprentice toolmaker, joining FCI Automotive in 2000 in France. He was appointed CEO of FCI Automotive in 2008 leading the sale of the business to Delphi Automotive plc in 2012, which he then joined as senior vice president and the president of its Powertrain Division. He was appointed as CEO of Delphi Technologies plc in December 2017 when he led its demerger from Aptiv plc (formerly Delphi Automotive) and admission to the New York Stock Exchange. In 2018, he became CEO of GKN Automotive before its demerger from Melrose Industries plc and became CEO of Dowlais Group plc in April 2023.

Current directorships/business interests: Liam is chief operating officer of Rosebank Industries plc, having been appointed in March 2026, following the combination of Dowlais Group plc and American Axle & Manufacturing Holdings, Inc. He is an independent non-executive director of United Utilities Water Limited.

Specific contribution to the company's long-term success: Liam's operational experience contributes to the board's continuing focus on improving the performance of the business.

Board role

- Chair
- Executive director
- Senior independent non-executive director
- Independent non-executive director

Committee membership

- N Nomination committee
- E ESG committee
- T Treasury committee
- R Remuneration committee
- A Audit committee
- C Compliance committee
- Chair of the committee

- ▶ During the year, Ian El-Mokadem was appointed to the board on 1 June 2025 and Marina Wyatt on 1 October 2025.
- ▶ The share ownership details of the executive directors and non-executive directors are set out on pages 166 and 168 respectively.

Board of directors



N A R

Kath Cates

**Independent
non-executive director**

Responsibilities: To constructively challenge the executive directors and monitor the delivery of strategy within the risk and control framework set by the board and to lead the board's activities concerning directors' remuneration.

Qualifications: Solicitor of England and Wales.

Appointment to the board: September 2020.

Skills and experience: Kath has spent most of her career working in a regulated environment in the financial services industry with responsibilities including risk, legal and compliance, and operations. Since 2014, she has focused on her non-executive roles, chairing all the main board committees and undertaking the role of senior independent director.

Career experience: Kath was chief operating officer at Standard Chartered plc, before which she held a number of roles at UBS Limited over a 22-year period, prior to which, she qualified as a solicitor. She is a former non-executive director at Brown and Shipley, Brewin Dolphin Holdings plc and RSA Insurance Group plc, where she chaired the remuneration committee.

Current directorships/business interests: Kath is a non-executive director at Columbia Threadneedle Investments where she chairs the TPEN audit committee. She is the senior independent director of TP ICAP Group plc. She is an independent non-executive director of United Utilities Water Limited.

Specific contribution to the company's long-term success: Kath's extensive board experience of regulated sectors enables her to contribute to board governance and risk management at United Utilities. As an experienced remuneration committee chair, she is focused on ensuring performance-related pay is linked to stretching delivery for customers and other stakeholders, and implementing robust pay governance mechanisms.



N A C

Ian El-Mokadem

**Independent
non-executive director**

Responsibilities: To constructively challenge the executive directors and monitor the delivery of strategy within the risk and control framework set by the board.

Qualifications: BSc (Hons) Economics and Statistics, MBA.

Appointment to the board: June 2025.

Skills and experience: Ian is an experienced CEO, non-executive director and adviser, with a track record of delivering growth and successful transformations in large, international service and utility businesses. He has extensive understanding of operating in regulated sectors.

Career experience: In January 2025, Ian stepped down from his last executive role as CEO of AIM-listed RWS Holdings plc, a position he held since 2021. Ian's previous roles include CEO of V. Group and Exova Group plc and group managing director, UK and Ireland of Compass Group plc. During his early career, Ian spent eight years with Centrica plc, including launching and then leading the group's telecoms business. Prior to that he worked in strategy consulting with Andersen Consulting (now Accenture).

Current directorships/business interests: Ian joined the board of Diploma PLC as a non-executive director in January 2025 serving as a member of the nomination and audit committees. He was appointed as a non-executive director of Serco Group plc in 2017, where he chairs the risk committee and is a member of both the nomination and audit committees. Ian also serves as a senior adviser to Warburg Pincus LLC and he is a director of Roegate Consulting Limited. He is an independent non-executive director of United Utilities Water Limited.

Specific contribution to the company's long-term success: Ian's leadership experience of successfully transforming businesses and embracing technology to improve customer services and his knowledge of regulated environments and delivering essential public services means that he is well placed to provide support to the board in the delivery of the AMP8 capital programme.



N R E C

Alison Goligher

**Independent
non-executive director**

Responsibilities: To constructively challenge the executive directors and monitor the delivery of strategy within the risk and control framework set by the board.

Qualifications: BSc (Hons) Mathematical Physics, MEng Petroleum Engineering.

Appointment to the board: August 2016.

Skills and experience: Alison has strong technical and capital project management skills, having been involved in large projects and the production side of Royal Dutch Shell's business. Her experience of engineering and industrial sectors provides the board with additional insight into delivering United Utilities' capital investment programme.

Career experience: Royal Dutch Shell (2006 to 2015), where Alison's most recent executive role was executive vice president Upstream International Unconventionals. Prior to that, she spent 17 years with Schlumberger, an international supplier of technology, integrated project management and information solutions to the oil and gas industry. She is a former non-executive director at Meggitt PLC and chair of Silixa Ltd.

Current directorships/business interests: Alison is a non-executive director of Technip Energies NV and senior independent director and chair of the remuneration committee at Melrose Industries PLC. She is an independent non-executive director of United Utilities Water Limited

Specific contribution to the company's long-term success: Alison's understanding of the operational challenges of large capital projects and the benefits of deploying technology provides valuable insight into addressing the longer-term strategic risks faced by the business.



N E

Clare Hayward

**Independent
non-executive director**

Responsibilities: To constructively challenge the executive directors and monitor the delivery of strategy within the risk and control framework set by the board.

Qualifications: BSc (Hons) Agricultural Marketing, MBA, DBA (h.c.).

Appointment to the board: April 2024.

Skills and experience: Clare's background is in strategy consulting having spent most of her career working with national and international blue-chip clients, co-founding two global consultancy businesses and having bought and sold a number of businesses globally.

Career experience: Clare was a co-founder of Cirrus, a leadership and talent consultancy, sold to Accenture in 2021. Prior to this, in 1993, she co-founded Academee developing it into a global leadership development consultancy. Alongside her executive responsibilities, she has held several community interest non-executive roles, including that of the Peaks and Plains Housing Trust, Cheshire and Warrington Local Enterprise Partnership (LEP) and was chair of The NP11 working across the North of England with the devolved and non-mayoral regions and as a business representative for Transport for the North.

Current directorships/business interests: Through her work with the LEPs, the public and private sectors, Clare has developed strong links with local and central government where her focus is to drive prosperity and improve the lives of those living in the North of England. She is an independent non-executive director of United Utilities Water Limited.

Specific contribution to the company's long-term success: Clare's strong affinity with the North West and interest in supporting the economic growth of North West contribute to the board's oversight and in ensuring the company's purpose and strategic priorities are fulfilled.



N C

Michael Lewis CBE

**Independent
non-executive director**

Responsibilities: To constructively challenge the executive directors and monitor the delivery of strategy within the risk and control framework set by the board.

Qualifications: BEng (Hons) Engineering Technology, MSc Pollution and Environmental Control, MA Environmental Law, Fellow of the Institution of Mechanical Engineers (FIMechE).

Appointment to the board: May 2023.

Skills and experience: Michael has spent his career in customer-facing regulated utilities and has considerable experience of working with both environmental and economic regulators. He has managed a wide range of capital investment projects aimed at improving the customer experience, and driving environmental sustainability has been a key focus throughout his career.

Career experience: Michael started his career at Wessex Water plc, prior to joining PowerGen plc, which was subsequently acquired by E.ON SE. In 2007 he joined the management board of E.ON Climate and Renewables being appointed as CEO in 2015. He was appointed as CEO of E.ON UK in 2017, where he led the company's transformation into a leading supplier of zero-carbon energy solutions, stepping down from the role in June 2023. He is a former non-executive director of Equinor ASA.

Current directorships/business interests: Michael is CEO of Uniper SE, one of Europe's leading power generation and gas supply companies, and a member of council for the Natural Environment Research Council. He is an independent non-executive director of United Utilities Water Limited.

Specific contribution to the company's long-term success: Michael's extensive experience in regulated customer-facing utilities and his focus on sustainability will help the board deliver its AMP8 ambitions by 2050.



N A T

Marina Wyatt

**Independent
non-executive director**

Responsibilities: To challenge constructively the executive directors and monitor the delivery of the strategy within the risk and control framework set by the board and to lead the audit and treasury committees.

Qualifications: MA Geography, Chartered Accountant (FCA).

Appointment to the board: October 2025.

Skills and experience: Marina has extensive experience both as an audit chair and as a former FTSE 250 CFO working across multiple sectors including infrastructure, energy, telecoms and media/technology. Her executive career has given her a strong background in major project delivery working with multiple stakeholders including government and regulatory bodies.

Career experience: Marina retired in 2024 as CFO of Associated British Ports Limited, the UK's largest port group which manages 25% of the UK's sea-borne trade through its network of 21 ports, a position held since 2019. Other previous roles include CFO positions at UBM Plc, TomTom NV, Colt Group SA and Psion Plc. She has held non-executive roles at listed entities Lucas Bols NV and Renewi plc – where she chaired the audit committee. She joined Arthur Andersen as a graduate trainee, and held various positions with the firm including senior manager, audit services.

Current directorships/business interests: Marina is a non-executive director and chair of the audit and risk committee at Lloyd's Register Group Limited, a trustee of Lloyd's Register Foundation and chair of its audit, risk and investment committee and a trustee of The Woodland Trust. She is an independent non-executive director of United Utilities Water Limited.

Specific contribution to the company's long-term success: Marina's board experience and as a finance professional will strengthen the board's financial expertise and contribute to the succession planning of the audit committee. Her experience of major project delivery will strengthen the board's oversight of the AMP8 capital programme.

Chair's letter

Sir David Higgins



“The board is focused on ensuring that the organisation is well prepared for the transition to a more integrated regulatory model as part of its contribution to the long-term sustainable success of the company, generating value for shareholders and contributing to wider society.

Dear shareholder

The scale of regulatory change for the sector is unprecedented. The review of the Independent Water Commission, led by Sir Jon Cunliffe, was published in July 2025, following which, Defra published a white paper 'A new vision for water' in January 2026. The transition to a more integrated regulatory model provides the group with an opportunity to ensure that the organisation is internally well prepared and ready to work collaboratively; to provide a better outcome for customers, communities and the environment in the North West and provide a more attractive offering for those investing, or looking to invest, in our fantastic region.

We are committed to work through the transition to the new regulatory model proactively engaging to ensure our region and stakeholders are well represented. For the moment, we continue to work with the existing teams and we continue to co-operate fully with Ofwat and the Environment Agency investigations into water and wastewater companies in England and Wales, the board has been kept fully informed of the progress of the investigations.

AMP8 year one

Notwithstanding the significant change in the regulatory arena, management has been focused on running the business and the first year of our over £13 billion AMP8 capital programme has seen considerable progress, with the board contributing its views on the modernisation of the approach to the supply chain. Following a thorough procurement and due diligence exercise, over 100 supply chain partners were supported through the onboarding and mobilisation process in the early part of the year – we believe our chosen partners have the capabilities and capacity to accommodate changes that might be required over the course of the AMP. Our new ways of supply chain management were reviewed by a panel of independent experts who provided positive

feedback on our approach, particularly the increased use of standardisation in the design, delivery and procurement of assets and modernising our supply chain management through better systems and automation and applying skilled resource to more value-adding activities. This approach will play a vital role in keeping us within cost and quality allowances while accelerating delivery for customers and communities.

Haweswater Aqueduct Resilience Programme (HARP)

The board approved the final terms of the contract, with Cascade Infrastructure, which was formed by the STRABAG Equitix consortium, as the 'competitively appointed provider' to design, build, finance and maintain the replacement of six single-line tunnel sections of the Haweswater Aqueduct. The board has been kept fully informed throughout the competitive procurement process (with financial close being achieved in August 2025) given the critical nature of the aqueduct in supplying water to customers in Cumbria, Lancashire and Greater Manchester with the work being central to our upgrade of infrastructure assets in our region.

Health, safety and wellbeing

I am pleased to report that the progress on refreshing our 'Home Safe and Well programme' continues at pace and the board has received regular updates and opportunities to discuss progress and challenge management. More information can be found on page 78. The three safety values empower colleagues to follow behaviours to support themselves and others getting home safe and well. The refresh was launched at the March 2025 all-colleague event in Blackpool and further rolled out to our contracting partners at an event in April 2025. Driving for work was the first of the 12 life-saving rules to be introduced. A key risk area for the business given the

many miles being driven by colleagues on a daily basis both on company business and commuting to work. A contractor engagement strategy has seen many AMP8 contracting partners providing input into the programme – a further session for our contracting partners on our joint progress with the capital programme and focus on our life-saving rules was held in March 2026 in Blackpool, and attended by around 650 colleagues from our supply chain partners. The refreshed programme featured at the February 2026 all-colleague event held in Liverpool, which was attended by a number of board colleagues.

Cyber security

Cyber security is routinely discussed by the board with commentary included in the CEO's monthly reporting pack. Focused board reports are presented twice a year by the chief security officer on the mitigating activities employed in response to the ever evolving threat of cyber attacks. The board is kept apprised of industry-wide and national security briefings on the matter.

Board colleagues

Marina Wyatt joined the board on 1 October 2025, succeeding Doug Webb as chair of both the audit committee and the treasury committee with effect from 14 November 2025. The board considers that Marina, as a chartered accountant and having recently retired from the role of CFO at Associated British Ports Limited, has recent and relevant financial experience, as does Doug Webb.

Alison Goligher will step down from the board at the conclusion of the AGM on 17 July 2026 after over nine years on the board. During her time as a non-executive director she has made a huge contribution to the board with her experience of large capital programmes, and her wise counsel and pragmatic approach. As the first designated non-executive director for workforce engagement, Alison built a relationship of trust and openness with the members of the Colleague Voice Panel.



Reporting against the code

In the following pages of this corporate governance report, we set out how the board has fully applied the principles and fully complied and reported on the provisions of the 2024 UK Corporate Governance Code (the code) as applicable to the financial year ended 31 March 2026. In relation to provision 10, Alison Goligher has served beyond a nine-year term, but she has remained a valuable and independent member of the board, free from any conflicting interests with those of the group. As set out in the 2025 annual report, the board concluded it would be beneficial to retain Alison's experience of large capital programmes, providing continuity among board members to support the board's oversight of the transition to AMP8. Alison has continued to bring her independent perspective and mindset to board discussions, and she will be much missed. We wish her well in her future roles.

Issue of new ordinary shares

On 30 April 2026, the board announced the issue of 60,975,610 new ordinary shares of five pence each following a capital raising exercise to raise proceeds of circa £800 million, in order to fully fund the equity element of the circa £2.5 billion incremental investment programme. Our proposals for a circa £1.4 billion investment programme were submitted to Ofwat as part of its '2026

Re-opener' process, which was announced at the same time (see page 05) – this is the first phase of our incremental investment programme providing further investment in our region. The share issue took the form of a non pre-emptive placing to institutional shareholders with a retail offer made available via RetailBook, providing an opportunity for retail investors in the UK to acquire new ordinary shares as part of the capital raising exercise. A number of board members subscribed for shares as set out on pages 166 and 168. Further information can be found on page 214.

Annual general meeting

I look forward to welcoming shareholders to the company's main offices in Warrington at the annual general meeting in July, the details of which are set out in the notice of meeting, which this year includes a non-binding advisory vote on the company's net zero transition plan. A resolution on climate-related disclosures was a matter last considered at the 2022 annual general meeting.

Sir David Higgins Chair

- ▶ Read more about our **BIG North West Upgrade** on page 51

Quick facts

- Sir David Higgins met the independence criteria as set out in provision 10 of the 2024 UK Corporate Governance Code (the code) when he was appointed.
- The code requires that at least half of the board, excluding the Chair, should be non-executive directors whom the board considers to be independent. As at 31 March 2026, there were eight independent non-executive directors on the board.
- The company secretary attends all board and committee meetings and advises the Chair on governance matters. The company secretariat team provides administrative support.
- The directors' biographies (see pages 102 to 105) include specific reasons why each director's contribution is, and continues to be, important to the company's long-term sustainable success.
- All directors are subject to annual election at the annual general meeting (AGM) held in July. The board concluded, following the completion of the evaluation of the review of the performance of the board, that each director continues to contribute effectively.
- The board recommends that shareholders vote in favour of those directors standing for election or a further term at the forthcoming AGM, as they will be doing in respect of their individual shareholdings.

Quick links

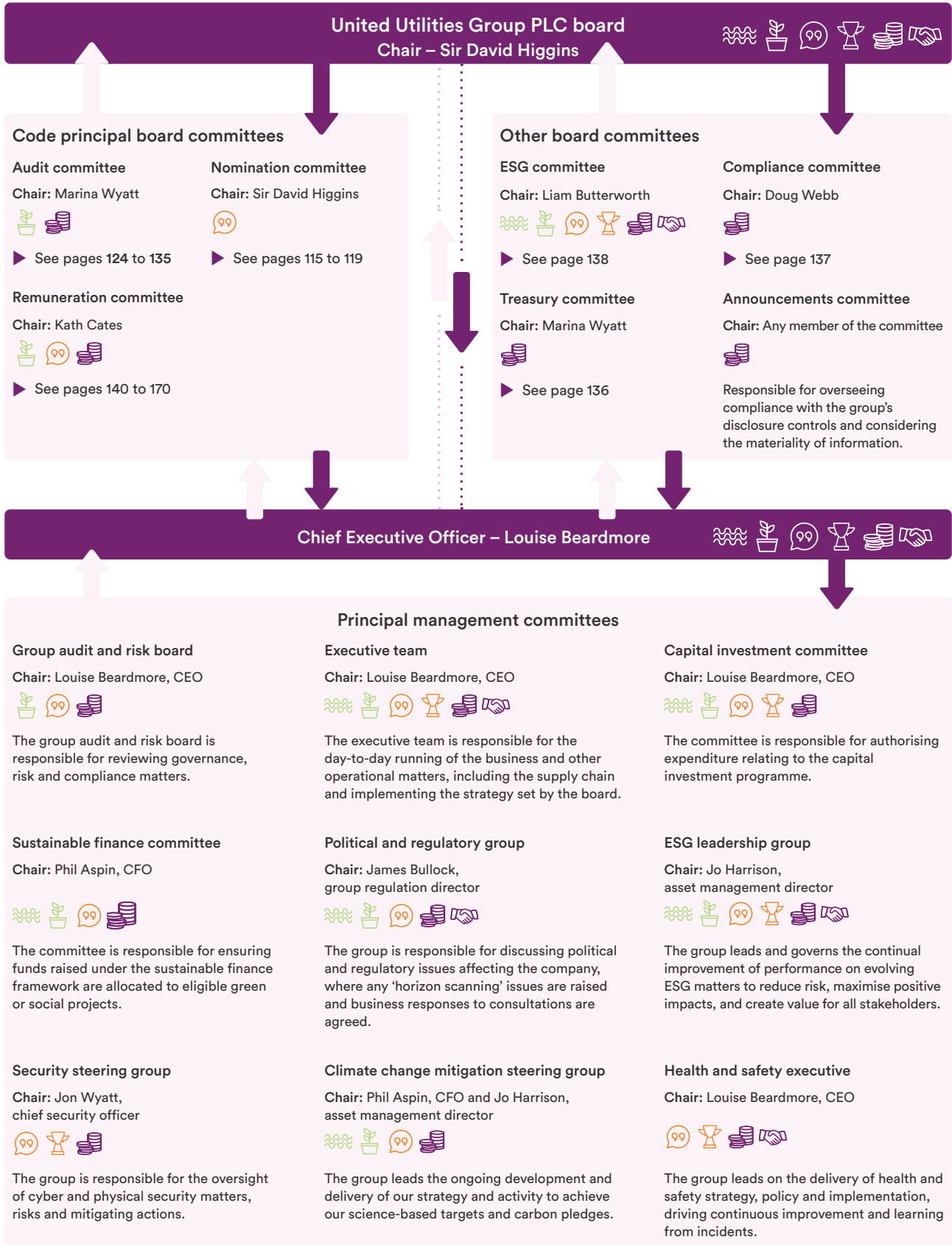
- ▶ Schedule of matters reserved for the board: [unitedutilities.com/corporate-governance](https://www.unitedutilities.com/corporate-governance)
- ▶ A copy of the Financial Reporting Council's 2024 UK Corporate Governance Code can be found at [frc.org.uk](https://www.frc.org.uk)

Governance structure for the board and the principal committees



Set out below is the governance structure of the group covering the board, its principal committees and the principal management committees. A governance structure, overseen by management, with appropriate levels of delegated authority cascades throughout the business as part of the internal control process.



Key: ↓ Oversight and challenge ↑ Inform and implement



Contribution to our strategy:



Our strategic priorities



















-  Improve our rivers
-  Create a greener future

-  Deliver great service for all our customers
-  Provide a safe and great place to work

-  Spend customers' money wisely
-  Contribute to our communities

Board activities during 2025/26

In addition to the areas of board focus set out on page 101 and the S172(1) Statement on pages 88 to 89, the board has been fully apprised of the matters set out in the table below, with decisions made as appropriate. Scheduled meetings are usually held in person, and board members are expected to attend. Similarly, board members are expected to make every effort to attend ad hoc meetings, albeit virtually if needs be. On the evening before most scheduled board meetings, the non-executive directors meet to provide a discussion opportunity outside of the formal meeting, from time to time the CEO, CFO and company secretary attend. A table of attendance of scheduled meetings is set out on page 110.

Actions	Outcomes	See pages	Link to strategic priorities
Leadership and colleagues			
Regular review of the progress to enhance health and safety performance through the refresh of the 'Home Safe and Well' health and safety strategy and targeted interventions to improve occupational road risk and process safety performance.	Progress has been made in supporting a transformation in H&S leadership and culture across the organisation including: leadership H&S moments, director-level H&S plans and leadership visits, driver safety dashboards and interventions, a revised significant incident process and a supporting project management office had been established.	78 and 101	
Review of board and executive team succession plans.	Apprised of the succession planning activities for the senior management talent pipeline with a number of opportunities being arranged for board members to meet colleagues on the talent programme.	118	     
Review of the results of the annual colleague engagement survey and feedback from the Colleague Voice panel.	Insight on the views of colleagues through the engagement survey and from the Colleague Voice panel, enabling the board to focus on addressing areas where improvement was required.	112	 
Regular review of cultural metrics and associated data made available in the monthly CEO performance report.	Assessed and monitored culture and how the desired culture had been embedded and concluded it was aligned with the company's purpose, values and strategy.	113	 
Strategy – stronger, greener, healthier North West			
Reviewing environmental regulatory reporting changes introduced by the Environment Agency with effect from 1 January 2026.	The board noted that the underlying methodology used and reported in the annual environmental performance assessment for a range of environmental measures had been tightened. The Water Industry Regulated Incidents publication had changed the definition of a 'pollution incident', and guidance including the definition of a 'dry-day' had been published. As a result of the changes, reported pollutions were expected to increase across the sector.	-	     
Considered, following review by the compliance committee, UUW regulatory reports and, as appropriate supporting assurance, for submission to the group's regulators including Ofwat and the Environment Agency.	Approval of the submission/publication during the year of regulatory reports to the group's regulators including the Pollution Incident Reduction Plan, the Event Duration Monitoring report, the Environmental Performance Assessment and the Annual Performance Report.	-	    
Maintaining the focus on the provision of ensuring the continuation of supplies to customers during dry weather and reducing spills from storm overflows.	Kept fully apprised of water contingency planning to ensure the security of supplies and leakage reduction measures, and progress against the target of a 60% reduction in storm overflow spills in the decade to 2030.	75	     
Considered the approval of the contract to appoint the contractor, (following the competitive procurement process), to design, build, finance and maintain the new tunnel sections of the Haweswater Aqueduct.	Approved the construction contract with the competitively appointed provider Cascade Infrastructure, which was formed from a consortium that included STRABAG and Equitix, for £3 billion to replace tunnel sections of the Haweswater Aqueduct.	04 and 45	     
Governance			
Reviewed and debated the overall risk profile of the group, the principal and emerging risks and risk appetite and management of key risks.	Considered and noted the definition of material risks as those which, in the worst case, had a significant (greater than £350 million) one-off financial impact and severe reputational impact with the principal risks being redefined as those identified as being material risks along with the significant long-term risks. Endorsed the nature and the management of principal risks and were satisfied that the approach to risk appetite and the risk management framework were fit for purpose.	55 to 61	  
Reviewed the risk management systems, including financial, operational and compliance controls and the effectiveness of the internal control systems.	The risk management and internal control systems were considered to be effective.	121	  
Reviewed and discussed the findings of the internal evaluation and review of the performance of the board, its committees and any potential conflicts of interest.	Identified action points and any ongoing training needs.	119	 
Reviewed the performance of the statutory auditor and recommendation for reappointment at the 2026 AGM.	Accepted the recommendation from the audit committee that KPMG be proposed for reappointment at the 2026 AGM.	134	
Financial			
Considered company business plan and reviewed the 2026/27 budget.	Noted the company business plan and approved the 2026/27 budget.	-	     
Reviewed the half and full-year results, and associated announcements and related dividend payments.	Considered and approved the half and full-year results and the interim dividend and final dividend payments.	-	
Reviewed management's proposed going concern and long-term viability statements.	Approved the going concern and long-term viability statements for the financial year to 31 March 2026.	121	 
Reviewed the annual treasury update.	Approved the group's funding requirements and potential sources of funding and endorsed the approach to managing interest rates and other exposure to market risk.	126	 

Board member attendance at meetings

Attendance at scheduled board and committee meetings during 2025/26

	Boards meetings ⁽¹⁾	Audit committee ⁽⁶⁾	Remuneration committee	Treasury committee	ESG committee	Nomination committee	Compliance committee
Sir David Higgins	9 9	–	–	–	–	3 3	–
Louise Beardmore	9 9	–	–	–	3 3	3 3	5 5
Phil Aspin	9 9	–	–	4 4	–	3 3	–
Doug Webb	9 9	4 4	4 4	4 4	–	3 3	5 5
Liam Butterworth	8 9 ⁽²⁾	2 3 ⁽⁵⁾	–	–	3 3	3 3	–
Kath Cates	9 9	4 4	4 4	–	–	3 3	–
Ian El-Mokadem	7 7 ⁽³⁾	4 4	–	–	–	2 2	4 4
Alison Goligher	9 9	–	4 4	–	3 3	3 3	5 5
Clare Hayward	9 9	–	–	–	3 3	3 3	–
Michael Lewis	9 9	–	–	–	3 3	3 3	–
Marina Wyatt	3 3 ⁽⁴⁾	2 2	–	2 2	–	1 1	–

■ Meetings attended ■ Possible meetings

⁽¹⁾ Actual number of meetings attended/maximum number of scheduled meetings that the directors could have attended during the financial year ended 31 March 2026.

⁽²⁾ Liam Butterworth was unable to attend one board meeting due to prior commitment.

⁽³⁾ Ian El-Mokadem became a member of the board on 1 June 2025.

⁽⁴⁾ Marina Wyatt became a member of the board on 1 October 2025.

⁽⁵⁾ Liam Butterworth was unable to attend one meeting of the audit committee, he stepped down from the committee on 14 November 2025.

⁽⁶⁾ In addition to the scheduled meetings included in the table above, the audit committee held an additional meeting in February 2026 (see page 126). All members of the committee were in attendance.

Non-executive directors' induction programme

Ian El-Mokadem and Marina Wyatt, who joined the board in June 2025 and October 2025 respectively, spent time with members of the executive team and met with representatives from the company's advisers in an induction programme agreed for each of them by the company secretary and CEO. Their induction programmes were designed to provide an opportunity to gain an understanding of the treatment processes, key business challenges and first impressions of the business and its culture. Their individual induction programmes followed a similar format, as set out below, held over a two-day visit to the group's main offices in Warrington. As part of their induction they both visited the operational control centre and the pollution taskforce team's control room, and with Ian also visiting the customer call centre. Site visits were arranged for each of them to both a water treatment and a wastewater treatment site where they met with operational colleagues and learnt about the treatment processes. During their induction visit, an informal dinner was arranged for each of them with members of the executive team. On joining the board, new directors are provided with a number of documents and access to other reference material stored on a board portal, and available to them at all times.

An in-depth finance and audit induction was arranged for both Marina and Ian. Held over a further two-day visit, they each met with the CFO and senior managers in the finance team, and those in treasury, tax, pensions, investor relations, and audit and risk. Additionally, Marina had a one-to-one session with the KPMG audit engagement partner, Gill Hopwood-Bell.

Areas covered	Discussions held with
Strategic priorities, company purpose and values, and our £13bn AMP8 programme	CEO
Financial performance, internal audit, risk and internal control and investors	Group financial controller, head of audit and risk and investor relations and clean energy strategy director and external auditor
Corporate and governance structure, governance and best practice, and legal matters	Company secretary and external legal adviser
Colleague engagement and reward, organisational culture, health, safety and wellbeing	People director and health and safety director
Engineering and capital programme, and commercial activities	Capital delivery, engineering and commercial director
Customer services activities and technology	Customer and technology director
Overview of operational activities	Chief operating officer
Water quality, treatment and supply network	Water services director, chief scientific officer and central operations director
Wastewater treatment and wastewater network and storm overflows	Wastewater services director
Economic regulation and compliance	Regulation and compliance director
Bioresources and green energy activities and site visit to bioresources treatment site	Bioresources and green energy director
Communication and stakeholder engagement activities	Corporate affairs director and head of regional engagement
Haweswater Aqueduct Resilience Programme and transformation	Transformation and strategic programmes director



Division of responsibilities – board roles

The roles and responsibilities of the Chair, the CEO and the senior independent director are clearly defined and set out in the terms of reference, available on the company's website. There is a clear division of responsibility between the leadership of the board and the executive leadership of the group's business. The Chair's role is fundamental to the effective operation and decision-making of the board. Sir David was independent on appointment when assessed against the circumstances set out in provision 10 of the code. As CEO, Louise Beardmore is responsible for managing the group's business and implementing the strategies and policies approved by the board. The responsibilities of each of the directors is summarised in their biographies as set out on pages 102 to 105.

Sir David is supported in his role as Chair of the board by the company secretary. Regular meetings are held to discuss agendas and ensure that information provided to the board is both timely and board materials are of an appropriate length and quality. The company secretary ensures that the board is kept abreast of regulatory and legislative drivers, and provides support to the non-executive directors and ensures the practical arrangements for board meetings are met.

Conflicts of interest/ related-party transactions and the time commitment of non-executive directors

The company's articles of association contain provisions that permit unconflicted directors to authorise conflict situations. Each director is required to notify the Chair of any potential conflict or potential new appointment or directorship. Additionally, the board reviews the position of each director annually. No changes were recorded that would impact the independence of any of the directors. No conflicts of interest or related-party transactions were declared during the year.

Other board and committee appointments are taken into consideration during the recruitment process. A candidate would not be considered if they were felt to be overboarded. The board does not specify the precise time commitment it requires from its non-executive directors – in taking on the role they are expected to fulfil their responsibilities and manage their diaries accordingly. This approach is set out in the letter of appointment that each director signs when joining the board. Each

individual's circumstances are different, as is their ability to take on the responsibilities of a non-executive directorship role. Should a director be unable to attend meetings on a regular basis, considered not to be preparing satisfactorily or not contributing appropriately to board discussions, the Chair would be responsible for discussing the matter with them and agreeing a course of action. The board is content that each of the directors seeking reappointment/election at the 2026 AGM are able to fulfil their responsibilities to the United Utilities' board alongside other roles currently held.

Executive directors are not normally allowed to take on more than one non-executive position.

Board committee membership

The board delegates certain responsibilities to its committees and appoints directors to board committees that best reflect their skills, expertise and particular areas of interest. The board has applied the board diversity policy (see page 117) to the audit, nomination, remuneration, ESG and compliance committees thereby ensuring diversity of attributes and female representation. The board is satisfied that the membership of the audit committee and the remuneration committee are in accordance with provisions 24 and 32 of the code, respectively.

Confidential helpline and whistleblowing policy

As part of our two-way communication, the board has responsibility for reviewing the group's arrangements for individuals to raise matters of concern and the arrangements for the investigation of such matters. The group's whistleblowing policy (the policy) supports a culture within the group where genuine concerns may be reported and investigated without reprisals. A confidential telephone helpline and a web portal are available to enable colleagues (including agency workers and contractors) to raise matters of concern in relation to possible incidents of fraud, dishonesty, corruption, theft, security and bribery. Furthermore, colleagues are encouraged to raise any matters relating to health and safety and any activities of the business that have caused, or may cause, damage to the environment, such as pollution or other contamination. Both the helpline and web portal are operated by a third party, enabling any concerns to be reported anonymously. The policy makes it clear that no colleague will be victimised for raising a matter in accordance with the policy. Matters raised with the helpline/portal are, in the first

instance, reported to the whistleblowing committee and investigated by senior managers independent of any involvement of the issues being considered. Details of the findings of the investigation and proposed solution are then considered by the whistleblowing committee (whose membership comprises the company secretary, the people director, the regulation and compliance director, the head of internal audit and the commercial, engineering and capital delivery director), which meets quarterly. The board routinely reviews matters considered by the whistleblowing committee, the outcome of the investigation and the ways in which the matters were brought to a conclusion, thus ensuring that the core value of integrity is upheld and an environment is fostered in which colleagues feel it is 'safe to speak up' and to do so without fear of reprisal.

Overview of the board's responsibilities

- Sets the strategy of the group, ensuring the long-term success of the group for customers, investors and wider stakeholders.
- Is responsible for challenging and encouraging the executive team in its interpretation and implementation of how it manages the business, and that it is doing so in accordance with the strategic goals the board has set.
- Has responsibility for ensuring the company's risk management and internal control systems (including financial, operational and compliance) and processes operate effectively (see pages 54 to 63).
- Must ensure that the company has the necessary financial resources and people with the necessary skills to achieve its objectives. It reviews managerial performance annually.
- Approves appointments to, and removals from, the board and membership of the committees.
- Applies the principles of the code and reports against the provisions.
- Has oversight of major capital expenditure projects that exceed £210 million, and any project that materially increases the group's risk profile, or is not in the ordinary course of the group's business.

Quick links

- ▶ There is a schedule of matters that the board has reserved for its own decision, a copy is available at [unitedutilities.com/corporate-governance](https://www.unitedutilities.com/corporate-governance)

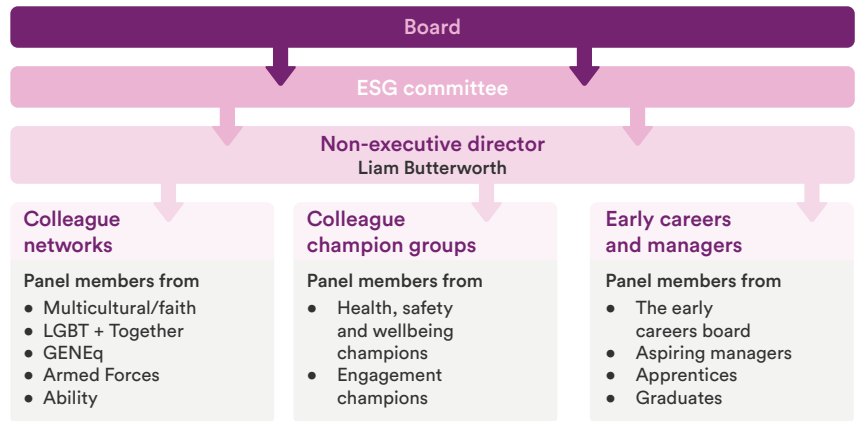
Board engagement with colleagues

Colleague Voice panel

During the year, Liam Butterworth was appointed as the designated non-executive director for engagement with the workforce, taking over from Alison Goligher. The role primarily involves chairing the Colleague Voice panel which provides colleagues with an opportunity to share views directly with a board member and showcase colleague activities. A summary update is provided to the board on a regular basis.

Two formal meetings of the panel were held during the year, as well as an informal opportunity for colleagues to meet the new chair and discuss improvements to ensure the Colleague Voice panel meetings continue to be effective. Minutes are recorded and made available on the company's intranet for all colleagues to access. A summary of the key items discussed during panel meetings in 2025/26 is set out below:

- Board updates – information shared on key areas of focus of board discussions.
- Regular updates on health and safety, focusing on 'Home Safe and Well' from the health and safety director.
- Presentation of the annual 'Opportunity for All' report and plans by the equity, diversity and inclusion manager.
- Technical training update by the head of training delivery.
- Focus on our apprentice and future skills plan by the head of early careers.



The group continues to engage with agency staff and contractors through a third-party partner dedicated account manager. This ensures that any change activity is consistently communicated to colleagues, agency staff and contractors.

On pages 47 to 48 is information on the company's approach to engagement with, and creating value for, colleagues. Health, safety and wellbeing is a priority. An explanation of the company's approach to rewarding the workforce can be found on page 145.



27 panel members from 10 different work locations

17 women and 10 men

Representatives from all five colleague networks

Other colleague engagement mechanisms include:

CEO and leadership site visits

During the year, our CEO and members of the senior executive team have visited a number of operational sites across the business as part of an ongoing programme, enabling them to meet colleagues, showcase innovation and improvements and enable colleagues to discuss any areas of concern.

All-colleague event

In February 2026, around 5,000 colleagues attended a one-day event in Liverpool to hear about the progress we are making towards our BIG North West upgrade,

our health and safety life-saving rules and development plans for the coming year and ensuring every colleague feels included and able to contribute to our growth agenda.

Executive sponsorship

Each colleague network group is actively sponsored by members of the executive team.

Executive and senior manager mentors

Members of the executive team and other senior managers offer mentoring to colleagues on the talent programme.

'Call it Out' mailbox

Our 'Call it Out' mailbox continues to be a route for colleagues to call out situations

where they think customers' money is not being spent wisely or where the service and behaviour of suppliers is not to the standard expected, or to provide an easy means of suggesting a process improvement idea or any other suggestion.

A key metric to measure the efficacy of the above channels is the 'My voice is heard' category in our annual colleague engagement survey. The survey is conducted in March each year, our overall company score for this category in March 2026 was 90%, which is 13 percentage points ahead of the highest performing companies' comparison group.



Culture

Our values of ‘do the right thing’, ‘make it happen’ and ‘be better’ continue to underpin our culture of behaving as a responsible business and articulate how colleagues are expected to think, behave and act, both individually and in teams. These values underpin every element of colleague engagement, from health and safety life-saving rules to large-scale transformation programmes and colleague development.

Assessing and monitoring our culture

Ensuring we continue to embed our desired culture and values is monitored by management, both at an individual and collective level. Individual colleague recognition is aligned with our values and celebrated monthly through the colleague ACE awards initiative. The colleague voice channels (described on page 112) provide the opportunity for management to informally track cultural alignment with the company’s purpose, values and strategy.

In addition, key performance indicators are reviewed on a monthly basis by the executive team and presented at scheduled board meetings. The board was satisfied that the policies, practices and behaviours within the business were aligned with the company’s purpose, values and strategy and the desired culture is embedded and championed across the business.



The following metrics, used to monitor and assess culture, are taken from the annual colleague opinion survey results published in March 2026:

<p>90%</p> <p>Overall percentage engagement score</p> <p>UK norm: 81% 2024/25 UU score: 87%</p>	<p>86%</p> <p>Overall colleague response rate</p> <p>2024/25 UU score: 87%</p>	<p>95%</p> <p>Agree United Utilities supports diversity and inclusion in the workplace</p> <p>UK norm: 84% 2024/25 UU score: 92%</p>
<p>94%</p> <p>I would recommend United Utilities as a good place to work</p> <p>UK norm: 81% 2024/25 UU score: 90%</p>	<p>81%</p> <p>Agree our reward package is as good or better than the reward package I could get for a similar role, or in other organisations</p> <p>UK norm: 47% 2024/25 UU score: 78%</p>	<p>91%</p> <p>I am willing to work beyond what is required in my job to help United Utilities succeed</p> <p>UK norm: 86% 2024/25 UU score: 89%</p>

While management recognises the strongly positive response to our annual colleague opinion survey, focus and momentum is maintained to ensure colleague feedback is acted on throughout the year. Around 400 colleagues are nominated as engagement champions for their teams/departments to ensure improvements in response to colleague feedback are implemented. Regular sessions between our CEO and the engagement champions provide the opportunity to raise any concerns and showcase engagement activities across the company.

Annual survey results and engagement plans are presented to the board to ensure oversight and continuity of culture.

Board engagement with stakeholders

Engagement with investors and shareholders

The board as a whole accepts its responsibility for engaging with shareholders and receives regular feedback from meetings with investors undertaken by the Chair, CEO and CFO, supported by the investor relations team. It receives reports and updates from sector analysts and the company's brokers ensuring the board has a clear understanding of investors' priorities.

Common themes from Sir David Higgins' meetings with representatives from institutional investors held during the year, the details of which were shared with other board members, were as follows:

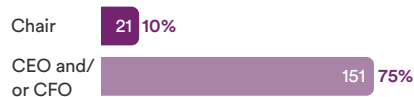
Environmental: a focus on core environmental delivery (including storm overflows, pollution incidents and EPA performance) with climate resilience increasingly assessed through its financial and regulatory impacts;

Social: heightened interest on ensuring sufficient customer support was in place to protect vulnerable customers; and

Governance: growing optimism about UuW's readiness for regulatory reform (including the findings of the Independent Water Commission, chaired by Sir Jon Cunliffe) and confidence in management's capability to deliver the AMP8 capital programme, with the retention of the current executive directors being a key contributing factor.

The group has an active investor programme, with the CEO and CFO presenting the half and full-year results to the market via a live webinar and participating in a question and answer session. For those not able to attend, the sessions are recorded and made available on the company's website. The CEO and CFO hold a regular schedule of meetings with major investors; the programme incorporates all the major financial centres in the UK, Europe, North America and Asia Pacific.

Set out below is the breakdown of actual meetings held with shareholders and the percentage of the total shareholder register represented by these shareholders.



► unitedutilities.com/corporate/investors/results-and-presentations/full-and-half-year-results

In 2025, shareholders were invited to the AGM at the company's main offices in Warrington, with 27 shareholders/proxies present. At the meeting, votes were cast in relation to, approximately, 75% of the issued

share capital (2024: 75%; 2023: 74%) and all 23 resolutions were passed by the required majority. There were no significant votes cast against the board's recommendations. Votes cast in favour of the election/reappointment of each of the directors were in excess of 96%.

During the year, members of the remuneration committee undertook a comprehensive shareholder consultation exercise regarding the proposed directors' remuneration policy, reaching out to major shareholders representing around 50% of the shareholder register. Meetings held were positive and constructive, with feedback being carefully considered and reflected in the proposed policy, which will take effect from the 2026 AGM if approved by shareholders. Further details about this consultation process can be found on page 144.

Shareholders are encouraged to access information, particularly relating to the half and full-year results presentations and annual report and accounts, via the company's website. Our registrar Equiniti, the company secretariat team and our investor relations team are all available to help shareholders with queries. Further information is available on page 239, along with a number of useful addresses.

Engagement with banks and credit investors

Running a water and wastewater business, by its very nature, requires a long-term outlook. Our regulatory cycle is based on five-year periods underpinned by longer-term planning, and we raise funding to build and improve our water and wastewater treatment works and associated network of pipes for each five-year cycle and beyond. We are heavily reliant on successfully raising long-term funding from banks and credit investors to fund our capital investment programme and refinance upcoming debt maturities.

This requires long-term support from our credit investors who invest in the company by making term funding available in return for receiving interest on their investment and repayment of principal on maturity of the loans or bonds. We arrange term debt finance in the debt capital markets (with maturities typically ranging from seven years to up to 30 years at issue). Debt finance is primarily raised via the group's London-listed multi-issuer £12 billion Euro Medium Term Note Programme, which gives us access to the sterling and euro public bond markets and privately arranged note issues. Committed credit facilities are arranged with our relationship banks on a bilateral basis.

Additionally, the European Investment Bank (EIB), which is the financing arm of the European Union (EU), remains a significant

lender to United Utilities Water, currently providing around £761.9 million of loan funding supporting past capital investment programmes, with our existing EIB loan portfolio expected to 'run-off' in line with the scheduled maturities of each loan.

A greater proportion of the group's term finance is, therefore, likely to come from the debt capital markets, including funding raised under the group's sustainable finance framework that was established in November 2020 and updated in March 2026. In August 2025, the group issued its third bond in the euro public market following its return to that market in 2024, further diversifying its sources of funding by issuing a €500 million, ten-year green bond in accordance with the group's sustainable finance framework. An allocation and impact report is published annually in respect of any green/sustainable finance raised, which provides credit investors with details on the use of proceeds of any sustainable finance raised, along with the selected case studies on eligible projects funded.

The group currently has gross borrowings of £11,490.6 million. Given the importance of debt funding to our group, we have an active credit investor programme coordinated by our group treasury team, which provides a first point of contact for credit investors' queries and maintains a dedicated area of the company's website. Credit investor meetings are held through a programme aimed at the major European fund managers known to invest in corporate bonds that may be existing, or potential holders of the group's debt. Regular mailings of company information are sent to keep credit investors informed of significant events. The treasury team has regular dialogue with the group's relationship banks, the EIB and the credit rating agencies.

► More information can be found on our website at unitedutilities.com/corporate/investors/credit-investors

Engagement with regulators and other stakeholders

During the year, the chair of YourVoice (the independent customer challenge group) provided feedback to the board confirming whether, in YourVoice's view, customers' views had been taken into account in the construct of the 2025 UuW annual performance report and the AMP8 business plan. Sir David Higgins and Louise Beardmore had regular meetings throughout the year with representatives from the sector's key regulators. Doug Webb attended a roundtable event organised by Ofwat. The board also met with Water Minister, Emma Hardy, in June 2025 to discuss the emerging regulatory and policy landscape and recent company and industry progress.

Nomination committee report

Members

Sir David Higgins Chair

- Liam Butterworth
- Kath Cates
- Ian El-Mokadem
- Alison Goligher
- Clare Hayward
- Michael Lewis
- Doug Webb
- Marina Wyatt



Dear shareholder

Changes during the year to the board included the appointment of Ian El-Mokadem on 1 June 2025 as reported in last year's annual report and, as announced on 1 September 2025, Marina Wyatt joined the board on 1 October 2025.

Marina has extensive experience both as an audit chair and as a former FTSE 250 chief financial officer working across multiple sectors including infrastructure, energy, telecoms and media/technology. Her executive career has given her a strong background in major project delivery working with multiple stakeholders including government and regulatory bodies. Marina's non-executive experience has afforded her insight into strategy and governance that, combined with her financial experience, will serve to further strengthen the board's expertise. Marina is a fellow of the Institute of Chartered Accountants, having retired in 2024 from her most recent executive role as CFO of Associated British Ports, a position held since 2019. Furthermore, Marina is a non-executive director of Lloyd's Register Group Limited where she chairs the audit and risk committee, a trustee of Lloyd's Register Foundation and chair of the audit, risk and investment committee. She stepped down as a non-executive director of Renewi plc and chair of the audit committee in 2022. She is considered by the board to have recent and relevant financial experience.

Roles and committee membership

As part of the orderly succession process, Alison Goligher relinquished the senior independent director role with effect from the conclusion of the 2025 AGM and was succeeded by Doug Webb. At the same time, Doug took over as chair of the compliance committee; Liam Butterworth succeeded Alison as the designated non-executive director for engagement with the workforce and chair of the Colleague Voice panel, and Michael Lewis became a member of the compliance committee. Alison continued to serve as a member of the nomination, remuneration, compliance and ESG committees, as set out on page 106, she will not seek reappointment at the 2026 AGM, stepping down from the board at the conclusion of the meeting.

Doug Webb relinquished the role of chair of the audit committee and of the treasury committee, and was succeeded by Marina with effect from 14 November 2025 (when Liam Butterworth stepped down from the audit committee), although Doug continues to serve as a member of both committees. With the addition of Marina, the board and the audit committee now benefit from significant independent financial expertise; Doug has over ten years chairing audit committees as a non-executive director, currently chairing the audit committee at Johnson Matthey plc, and Kath Cates chairs the audit committee at TPEN, part of Threadneedle Investments.

Board diversity

At 31 March 2026, the company met the board diversity target that 40% of the board are women and that at least one of the senior positions on the board is held by a woman. Additionally, the target that at least one individual on the board is from a minority ethnic background was also met. The table, in accordance with UKLR 6.6.6(9), can be found on page 116.

As recommended by the Parker Review, the company reports against the target that by 31 December 2027, 5% of senior managers and their direct reports will self-identify as minority ethnic. At 31 March 2026, 3.7% of this senior manager cohort self-identified as minority ethnic (2025: 3.4%). As set out on page 116, there have been small increases recorded in ethnic diversity among the workforce and in the proportion of colleagues who have completed our 'All about me' self-identification survey.

Sir David Higgins Chair of the nomination committee

Quick facts

- All members of the committee are independent, thus fulfilling the code requirement that the 'majority of members of the nomination committee should be independent non-executive directors'. On joining the board, all independent non-executive directors become members of the nomination committee.
- The company secretary attends all meetings of the committee.
- The people director regularly attends meetings and is responsible for engaging with executive search recruitment advisers.
- The CEO is not a member of the committee, but from time to time is invited to attend. Neither the Chair nor the CEO would participate in the recruitment of their own successor.

Main responsibilities

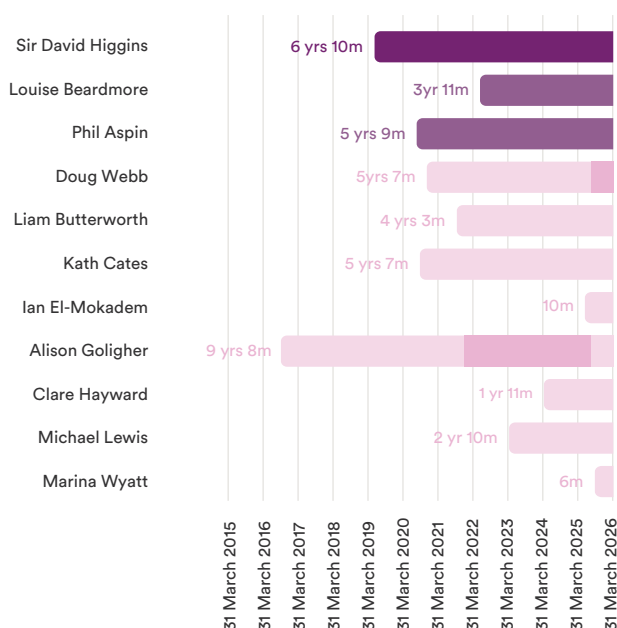
- Lead the process for board appointments and make recommendations to the board about filling board vacancies, including the role of company secretary.
- Consider the succession planning of directors and members of the executive team.
- Make recommendations to the board on refreshing the membership of the board's principal committees.
- Review directors' conflict authorisations.
- Consider requests from executive directors for election to the boards of other companies and make a recommendation to the board.
- Consider requests from non-executive directors for election to the boards of other companies; this role has been delegated to the Chair (other than in respect of his own requests).

Quick links

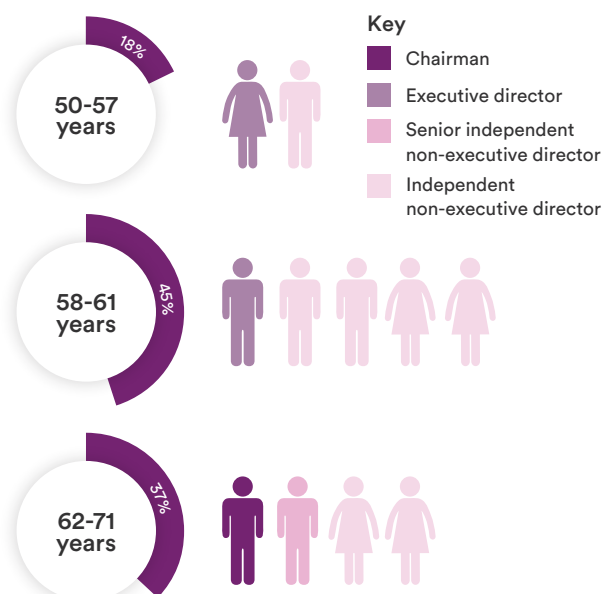
- ▶ Terms of reference: [unitedutilities.com/corporate-governance](https://www.unitedutilities.com/corporate-governance)

Nomination committee report

Directors' tenure as at 31 March 2026



Age and gender profile as at 31 March 2026



	At 31 March 2026
Non-executive directors' average tenure	4 years 2 months
Executive directors' average career time within the business	30 years 6 months
Average tenure of all directors	4 years 4 months
Average age of the non-executive directors	62 years
Average age of the executive directors	55 years

Numerical gender data as at 31 March 2026

	No. of board members	Percentage of the board	No. of senior positions on the board (CEO, CFO, SID, Chair)	No. in executive management	Percentage of executive management
Men	6	55%	3	5	56%
Women	5	45%	1	4	44%
Not specified/prefer not to say	-	-	-	-	-

Numerical ethnicity data as at 31 March 2026

	No. of board members	Percentage of the board	No. of senior positions on the board (CEO, CFO, SID, Chair)	No. in executive management	Percentage of executive management
White British or other White (including minority-white groups)	10	91%	4	9	100%
Mixed/multiple ethnic groups	1	9%	-	-	-
Asian/Asian British	-	-	-	-	-
Black/African/Caribbean/Black British	-	-	-	-	-
Other ethnic group	-	-	-	-	-
Not specified/prefer not to say	-	-	-	-	-

Data for the above tables is drawn from HR management information at 31 March 2026, with the directors and members of the executive team each having completed the company's 'All about me' equity, diversity and inclusion survey. Among those colleagues completing the survey, colleagues from a minority ethnic background represented 4.9% (31 March 2025: 3.9%), 88.7% from a non-ethnic background (31 March 2025: 89.2%) and 6.4% chose not to disclose (31 March 2025: 6.9%).

As required by UKLR 6.6.6(9), the company has met the following board diversity targets at 31 March 2026 as set out below:

- At least 40% of the individuals on the board are women;
- At least one of the following senior positions is held by a woman: the chair; the CEO; the SID or the CFO; and
- At least one individual on the board is from a minority ethnic background.

Summary of the board diversity policy

- Ensure the selection process for board appointments provides access to a range of candidates. Any such appointments will be made on the basis of merit and objective criteria and, within this context, should promote diversity of gender, social and ethnic backgrounds, cognitive and personal strengths.

- Ensure that the policies adopted by the group will promote diversity in the broadest sense among senior managers, who will, in turn, aspire to a board position.
- Ensure that the board, led by the Chair, collectively fosters an inclusive and belonging environment in the boardroom, enabling open and frank contributions from all board members.
- In selecting candidates for board positions, only use the services of executive search firms who have signed

up to the voluntary code of conduct for executive search firms.

- Adopt measurable objectives from time to time for achieving diversity on the board, which shall be to maintain at least 40% female representation, to have at least one director from a minority ethnic background,⁽¹⁾ and to have at least one of the positions of Chair, CEO, senior independent director or CFO held by a female.

Skills matrix of board directors

	Sir David Higgins	Louise Beardmore	Phil Aspin	Doug Webb	Liam Butterworth	Kath Cates	Ian El-Mokadem	Alison Goligher	Clare Hayward	Michael Lewis	Marina Wyatt
Finance/accounting			✓	✓		✓					✓
Utilities		✓	✓				✓			✓	
Regulation	✓	✓	✓	✓		✓	✓			✓	
Government	✓		✓				✓		✓	✓	
Construction/engineering	✓				✓			✓		✓	✓
Industrial				✓	✓		✓	✓			✓
Customer facing		✓	✓			✓	✓			✓	
FTSE companies		✓	✓	✓	✓	✓	✓	✓			✓
Digital/technology		✓			✓	✓	✓			✓	✓
ESG		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Current CEO/CFO of listed entity ⁽²⁾										✓	
Former CEO/CFO of listed entity	✓			✓	✓		✓				✓

Nomination committee and succession planning activities during 2025/26

Actions	Outcomes	Cross reference
Reviewed the senior management succession pipeline and the approach to managing and developing talent.	The succession planning activities are designed to support and align the human resource requirements of senior managers and their direct reports both on a contingency basis and for the 2025–30 asset management period.	See page 118
Review of the long-term succession plan for the board.	Agreed the brief and engaged Lygon Group ⁽³⁾ to assist in the appointment of a new non-executive director with experience and skills in finance and accounting to chair the audit and treasury committee in due course.	–
Received an update on the recruitment process and considered the short list of potential candidates to undertake interviews with the existing non-executive directors.	Considered and discussed feedback from the candidates' interviews with each of the current non-executive directors and agreed which candidate to take forward to meet with Ofwat representatives.	See page 118
Considered feedback from Ofwat on the suitability of the proposed candidate.	Made a recommendation to the board for the appointment of Marina Wyatt as an independent non-executive director.	See page 115
Reviewed the committee's terms of reference.	No changes made.	–
Discussed the findings of the review of the performance of the committee.	Identified points of action to be implemented in 2026/27.	See page 119

⁽¹⁾ Defined by reference to categories recommended by the Office for National Statistics (ONS) excluding those listed by ONS as coming from a white ethnic background.

⁽²⁾ Excludes United Utilities.

⁽³⁾ Lygon Group has no other connection with the company other than providing executive search services.



Nomination committee report

Board succession planning and diversity

The succession planning matrix and board skill set matrix (see page 117) capture the skills and experience of the current board members, any gaps or potential gaps that will arise as the existing non-executive directors step down and the skill sets required to meet the forecast strategic needs of the business. Details of the tenure of board members are shown on page 116. Neither the Chair, nor the CEO, would be involved in the appointment of their successor, although the committee would most likely seek to consult with the incumbent CEO given their unique knowledge of the business. Any selection process is underpinned by the application of the board diversity policy (see page 117). The policy is applied to the board committees as set out on page 111. On joining the board, induction programmes were arranged for Ian El-Mokadem and Marina Wyatt during the year – as set out on page 110.

At the conclusion of the 2026 AGM, Alison Goligher will step down from the board, and Ian El-Mokadem will join the remuneration committee in Alison's stead.

Diversity, in its broadest sense, is a key consideration in our board recruitment process, and the committee is committed to ensuring that all aspects of diversity are reflected among its board members. The committee keeps attainment of this objective under review as it strives to ensure that an ethnically and culturally diverse pool of candidates is available during any executive search process. As explained on page 116, at 31 March 2026 the company met the board diversity targets set out in UKLR 6.6.6(9). The board is cognisant of the benefits that diversity, in its broadest sense, brings to board

discussions and in to its role in overseeing and challenging management and recognises the benefits of equity, diversity and inclusion across the business. There are initiatives in place to support colleagues in different circumstances in the workplace. Considerable progress has been made during the year to address the ethnic imbalance of the workforce and align with our strategic priority to provide a safe and great place to work (see page 47).

Executive directors and senior manager succession

The group has had a written succession plan for the executive directors and other members of the executive team, which includes outline timescales, identifies an interim internal successor to fill a role in the short term should the need arise, and addresses the longer-term development needs of potential successors to be able to fulfil a role on a more permanent basis. As with all board appointments, in aiming to appoint the best person to fulfil a role, it would be common, when recruiting for a senior role, for an external search to be conducted alongside an internal candidate recruitment process. Biographies of our executive team can be found on our website at unitedutilities.com/corporate/about-us/governance/our-executive-team

Knowledge and training

Board directors regularly receive updates to improve their understanding and knowledge of the business and, in particular, its regulatory environment. As part of the individual director's element of the board evaluation exercise, directors are asked to identify any skills or knowledge gaps they would like to address.

Deep-dives on a number of topics have been held during the year – see page 101. All directors completed internally provided fraud and bribery awareness training as part of the group's readiness for the enactment of ECCTA on 1 September 2025.

During the year, the board received briefings from both Slaughter and May (legal and governance matters) and KPMG (governance changes relating to reporting requirements), and held sessions with a number of other advisers.

Operational site visits were arranged during the year for board members to the group's employee training centre at Bolton, to visit a sustainable rainwater management scheme utilising reed beds at Chorley, to the information centre at Windermere and the nearby wastewater treatment works.

Kath Cates, Ian El-Mokadem, Alison Goligher, Clare Hayward, Doug Webb and Marina Wyatt attended the March 2026 all-colleague event in Liverpool, and Liam Butterworth has chaired the Colleague Voice panel (see page 112).

New directors receive information on the key duties of being a director of a regulated water company. They are required to meet with representatives of Ofwat prior to appointment, as did Ian El-Mokadem in January 2025 and Marina Wyatt in August 2025. Any non-executive director who is appointed as the senior independent director is also required prior to the appointment to meet with representatives of Ofwat as did Doug Webb in June 2025. In December 2025, Ofwat published a fitness and propriety rule which must be applied to existing board directors in advance of 1 April 2027.

Annual evaluation of the performance of the board and its committees: process

1 Planning: November 2025

The Chair and the company secretary discussed the internally facilitated review agreeing that a questionnaire-based approach be adopted. The company secretary discussed the content of the questionnaires with the Chair, and once drafted they were shared with the Chair, and chair of each committee for comment/approval prior to being issued.

2 Scope and methodology: December 2025

Questionnaires (including both quantitative and qualitative questions) were completed by board members assessing both the performance of the board, and that of the Chair. Members of each committee completed relevant questionnaires as did the standing attendees for each committee. Representatives from KPMG and Ellason, as statutory auditor and remuneration committee adviser, as regular attendees, were asked to complete the questionnaires for the audit committee and remuneration committee respectively. Directors were not asked to complete a questionnaire for a committee they did not routinely attend. Each director also completed a self-assessment questionnaire assessing their own performance. Questionnaires were completed via an online portal.

3 Analysis: January 2026

The results were collated and analysed by the company secretary's team, with draft reports prepared.

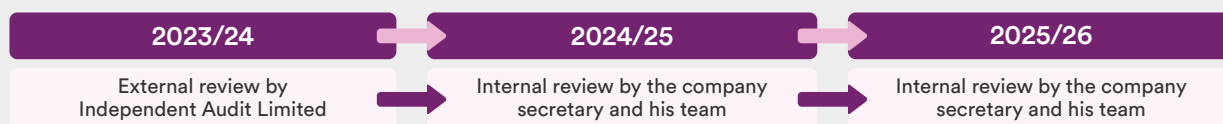
4 Findings: Early 2026

Draft reports were discussed with the Chair and circulated to the relevant committee chairs, after which, the final results were presented and actions discussed by the board in February 2026. Each committee also discussed the results of the relevant evaluations and the points of action at their respective meetings held in early 2026. The Chair reviewed the performance of the individual directors and discussed the review of the individual directors with each of them identifying any points of action. Doug Webb, as the senior independent non-executive director, led the review of the Chair and held a discussion with the other non-executive directors without the Chair present. Detailed feedback was provided to the Chair.



Review of the performance of the board and its committees: outcomes

An external review was last conducted in 2023/24 by Independent Audit Limited, in accordance with the three-year cycle set out in the code, an external review will be undertaken in 2026/27. With agreement by the Chair, the board evaluation was internally facilitated during the year by the company secretary and his team.



Outcomes

The conclusions of the review and actions identified are set out below:

The board – strengths:

- Responses suggested that the board performed well in many areas with good board dynamics and a cohesive approach. Non-executive directors provided appropriate challenge and oversight to management, balanced with a supportive approach. Board composition was strong and the board had a clear view of risk and a good understanding of its stakeholders and the group's regulators. The board received a good level of support from the company secretary and his team.
- The regular deep-dives and site visits were well received.

The board – priorities for action:

- There should be more time spent on longer-term thinking into the next AMP and on asset management and maintenance strategy.
- Visibility of the progress of the AMP8 capital programme and clarity on performance relating to associated cost was cited as a key area for regular board review.
- Given the fast pace of the evolution of the cyber security threat and technology and artificial intelligence, further review and discussion in the coming year was important.
- Further development of the board's understanding of emerging risks and the investment needed was required.
- Ensuring that board, executive and senior leadership succession received adequate board discussion given the challenges in the sector and competition for resources was a key action point.
- Respondents challenged the delivery date of board packs, with the target of packs being sent out seven days before the date of the meeting.

The committees – priorities for action:

- **Audit committee** – ensuring papers were succinct and only information that was needed, should be circulated to the committee. Regular updates on the progress of the material controls declaration work was sought along with a review of the risk management systems - particularly those relating to cyber security. The rating levels applied by internal audit should be kept under review and the overlap of responsibilities of the committee with that of the compliance committee should be revised.
- **ESG committee** – the committee asked for peer comparators on the approach to ESG and insight into emerging ESG trends and opportunities for accelerating nature-based solutions and working with our partners. Exploring ESG training opportunities for new committee members and more deep-dives were suggested.
- **Nomination committee** – ensuring that the committee maintained its focus on executive director and management succession, retention and short-term continuity plans given the pressures in the sector. Focus on non-executive director succession planning and remuneration committee membership. Respondents felt the committee would benefit from having more time together.
- **Remuneration committee** – ensure the board was kept fully informed of the remuneration proposals for executive directors. Ensure committee members had appropriate support and insights including peer comparators. Continue to hold non-executive sessions without management present.
- **Treasury committee** – management was challenged to ensure papers were succinct and not overly technical. Occasional adviser/third-party input when appropriate was welcomed.
- **Compliance committee** – management was challenged to ensure papers were succinct and to continue to provide deep-dives for key issues ensuring oversight was sought from the committee for strategic regulatory matters and ensuring that the board be apprised of high-risk areas.

During the year, actions were taken to address the findings of the 2024/25 review as set out below.

Key 2024/25 evaluation recommendations	Outcomes and activities undertaken during 2025/26
Provide visibility on the transformation of the business, particularly in the capital delivery and engineering teams to meet the challenges of AMP8.	The board has been kept fully apprised of the transformation programme and progress with AMP8 mobilisation through deep-dive sessions and the monthly CEO reporting pack.
Spend more time on long-term planning beyond the next AMP and considering climate change and sustainable water planning.	At the board strategy day held in October 2025, views from board members were sought on sector reform, the operating environment and operational execution, looking ahead to AMPs 9 and 10, and activity elsewhere in the sector.
Provide the board with a better understanding of technology strategy and the opportunities and risks presented by AI and other emerging technologies.	A deep-dive session to discuss the technology strategy and AI strategy was held during the year.
Provide more opportunities for site visits and for board members to meet members of the executive team and senior management.	Board site visits have been arranged to the Bolton Training Centre, a sustainable rainwater management scheme at Chorley, the information centre and wastewater treatment site at Windermere and the all-employee conference held in Liverpool in February 2026.

Financial oversight responsibilities of the board

The board as a whole is responsible for overseeing the financial performance of the business. The board is supported in this role by the audit committee, whose activities are described on pages 124 to 135.

The board reviews the financial performance of the company at every scheduled board meeting, receiving a report from the CFO, which provides the board with the up-to-date position of the consolidated financial statements, interpretative analysis and other key performance indicators, metrics and ratios. The board takes into account the review by the audit committee of the financial and narrative statements, and the auditor's views on the key risks and judgements identified and given particular focus in their audit work and set out in their report (see pages 177 to 189), and the information and explanations provided by management in relation to their key judgements and adjustments to APMs (see page 96). The board considered the review and assurance process undertaken by management, and was considered by the audit committee to support the application of principle N. The board concluded that, in the 2025/26 integrated annual report and financial statements, it had presented a fair, balanced and understandable assessment of the company's position and prospects, and the board was satisfied on the integrity of the financial and narrative statements. Furthermore, the board approved the audited accounts and provision of the directors' responsibility statement at its meeting on 15 May 2026; see page 175.

Oversight of the financial aspects of ESG

ESG and behaving responsibly has been a long-term commitment and part of the board ethos for many years and is embedded throughout the business. It naturally flows through into the board's approach to the integrity of the group's financial reporting. As described on page 56, climate change poses a risk to the group's provision of water and wastewater services. A table of our reporting against the TCFD recommendations is set out on page 53.

As part of the processes supporting the provision of the 'fair, balanced and understandable' statement, the board determined that the levels of assurance provided by the combination of the work by internal audit and of the various third parties was satisfactory at this time – a stance endorsed by the audit committee. The impact of environmental risk and other potential risks associated with climate change on the financial statements is kept under review. The board's approach for accounting for climate change for the year ended 31 March 2026 is set out on page 198.

Board's approach to risk management and internal control

As a key part of the risk management framework, risk appetite and tolerance (see page 54) captures the board's desire to take and manage risk relative to the company's obligations, stakeholder interests and the capacity and capability of its key resources. The board discharges its responsibility for ensuring that the company's risk management and internal control systems operate effectively across the business, and that they receive an appropriate level of scrutiny and challenge through the risk and resilience governance and reporting process (see page 55). The risk profile is reviewed in conjunction with the full and half-year reporting cycle along with deep-dives and routine performance reviews. The group's risks focus on the achievement of the objectives and obligations of a regulated water and wastewater company, including those relating to service delivery, reputation, regulatory and legal compliance, and the natural environment and are relative to multiple threats and vulnerabilities, such as climate change, asset health, demographic change and security.

Monitoring and review of the effectiveness of the risk management and internal control systems

Taking into account the principal risks set out on pages 58 to 61, the ongoing work of the audit committee in monitoring the risk management and internal control systems (see pages 134 to 135) on behalf of the board (and to whom the committee provides regular updates), the board:

- was satisfied that it had carried out a robust assessment of the emerging and principal risks facing the company, including those that would threaten its business model, future performance, solvency or liquidity; and
- has monitored and reviewed the effectiveness of the risk management and internal control systems, including all material financial, operational and compliance controls.

After review, taking into account that no significant failings or weaknesses were identified, the board concluded the company's risk management and internal control systems are operating effectively.

How the board monitored and reviewed the effectiveness of the risk management and internal control systems:

Governance

- UUU board oversight of operational and compliance risk and controls.
- Oversight and activities undertaken by each of the audit committee, the treasury committee, the ESG committee and the compliance committee, including the recommendations from each of the committees and a review of the minutes of the committees' meetings.
- Treasury committee oversight of key treasury matters, including debt, financing and interest rate management.
- The review of the minutes of meetings of the group audit and risk board (GARB) and feedback from the CEO as chair of the GARB (see page 55).
- Feedback from the CEO, the CFO, the executive team and the head of audit and risk.
- Review of the effectiveness of the internal audit function (see page 135).

Internal control

- Operational controls relating in particular to asset health, operational hazard and long-term resilience, and compliance controls to managing environmental performance and regulatory compliance managed through the business quality and environmental management system certified to ISO 9001 and ISO 14001.
- The internally published internal control manual (ICM) sets out financial controls, authorisation and approvals, and governance requirements.
- Self-assessment by management confirming compliance with key elements of the ICM and a range of key internal policies, processes and controls.
- Performance and financial reports are circulated as part of the information packs for board meetings.
- UUU's regulatory reporting and approval process.

Risk management

- The business risk and resilience framework, including the 'bottom-up' biannual integrated risk review process and the 'top-down' assessment of risks through the group audit and risk board (see page 55).
- Biannual review of the group risk profile, with a focus on the most significant group and operational risks, in particular those that are our principal risks (material impact and significant long-term risks) as summarised on pages 58 to 61, and new and emerging risks (see page 62 to 63).
- The risk appetite and tolerance framework (see page 55), which includes: an overarching strategic appetite statement; general financial appetite against which the board reviews the most significant risks biannually; and target state for each corporate risk.
- Details of the principal risks and other significant group and operational risks, highlighting the extent of control/mitigation and the potential to achieve a targeted position, are made available to the board biannually.
- Review of matters correlating with, and deep-dives into, specific event-based operational risks.

Assurance

- An 'assurance map' summarising the key external advice and assurance, second-line assurance activities and internal audit activities for each of the principal risks and other significant group and operational risks.
- The outcome of the activities undertaken by the internal audit function, who apply a risk-based approach and cover the group's auditable areas on a cyclical basis.
- The opinion provided by internal audit in relation to their work, that 'the governance, risk management and internal control framework was suitably

designed and effectively applied within the areas under review'.

- Periodic review of the risk and resilience framework and risk appetite and tolerance framework by the internal audit co-source partner (most recently reported July 2023).
- Application of an assurance framework for the annual report to determine the external assurance requirements based on risk.
- Third-party assurance of specific sections of the annual report and financial statements.

- Comments made by KPMG on the effectiveness of the operation of the risk management and internal control systems from its observations, while undertaking the statutory audit.
- Assurance statements, detailing internal and external assurance activities, in support of key regulatory submissions.
 - ▶ Read more about **significant issues considered by the audit committee** on pages 128 to 129
 - ▶ Read more about **relations with banks and credit investors** on page 114

Going concern and long-term viability

The board, following the review by the audit committee, concluded that it was appropriate to adopt the going concern basis of accounting (see page 195). Similarly, in accordance with the principles of the code, the board concluded, following the

recommendation from the audit committee, that it was appropriate to provide the long-term viability statement based on an assessment period of seven years. Assurance supporting these statements was provided by the review of: the group's key financial measures and contingent liabilities; the key credit financial ratios; and the group's liquidity and ongoing ability to meet its

financial covenants. As part of the assurance process, the board also took into account the principal risks and uncertainties facing the company, and the actions taken to mitigate those risks, and include emerging and more topical risks. These principal risks are detailed on pages 58 to 61, and the risk management processes and structures used to monitor and manage them on pages 54 to 57.

Financial oversight responsibilities of the board

Biannually, the board receives a report detailing management's assessment of the most significant risks facing the company. The report gives an indication of the level of exposure, subject to the mitigating controls in place, for the risk profile of the group, while also highlighting the reputational and customer service impact. This provides the board with information in two categories: group-wide business risks; and operational risks. The board also receives information during the year from the treasury committee (to which the board has delegated matters of a treasury nature – see page 136), including such matters as liquidity policy, the group's capital funding requirements and interest rate management.

Long-term viability statement

The directors have assessed the viability of the group, taking account of the group's current position, the potential impact of the principal risks facing the business in severe but reasonable scenarios, and the effectiveness of any mitigating actions. This assessment has been performed in the context of the group's prospects as considered over the longer term. Based on this viability assessment, the directors have a reasonable expectation that the group will be able to continue in operation and meet its liabilities as they fall due over the seven-year period to March 2033.

Basis of assessment

This viability statement is based on the fundamental assumption that the core principles underpinning the regulatory and statutory framework within which UuW operates, and the interpretation thereof, do not substantively change. The long-term planning detailed on page 13 assesses the group's prospects and establishes its strategy over a 25-year time horizon consistent with its rolling 25-year licence and its published long-term strategy. This provides a framework for the group's strategic planning process, and underpins our business model set out on pages 12 to 99.

In order to achieve this aim and promote the sustainability and resilience of the business, due consideration is given to the management of risks over the long term that could impact the business model, future performance, credit ratings, solvency and liquidity of the group. Specifically, risks associated with current levels of economic uncertainty and climate change have been incorporated into the baseline position and factored into the various scenarios modelled as part of the group's assessment. An overview of our risk management approach that supports the group's long-term planning and prospects, together with the principal risks and uncertainties facing the business, can be found on pages 58 to 61. This approach considers the full range of categories of risk that could impact the company, such as financial, operational and regulatory risks. In addition, consideration is given to the adequacy of workforce

policies and practices, all liabilities including pension liabilities, any exposure to revenue variations, and expectations of future performance taking account of past performance in delivering for customers.

Within the context of this long-term planning and management of risks, the group's principal business operates within five-year regulatory price control cycles. Medium-term planning considers the current price control period, over which there is typically a high degree of certainty and looks beyond this in order to facilitate smooth transitions between price control periods. This results in the board concluding that a recurring period of seven years is an appropriate period over which to perform a robust assessment of the group's long-term viability.

Viability assessment: Resilience of the group

The viability assessment is based upon the group's medium-term business planning process, which sits within the overarching strategic planning process and considers:

- the group's policy of maintaining debt to regulatory capital value (RCV) of between 55% and 65%, which is consistent with a robust capital structure and strong solvency position, and which in turn supports the group's current credit ratings for its principal subsidiary United Utilities Water Limited of Baa1 with Moody's, A- (senior unsecured debt) and BBB+ (long-term issuer default) with Fitch, and BBB+ with S&P;
- the group's pension schemes being fully funded on a low dependency basis, with around 70% of the liabilities hedged through buy-in contracts and the remaining liabilities fully hedged for interest rate and inflation risk;
- the group's policy of maintaining a robust liquidity position, with liquidity to cover expected cash outflows for the next 15–24 months, and flexibility to exceed the upper end of the liquidity range in periods of greater uncertainty. At March 2026, the group had £1,562 million of available liquidity covering expected cash outflows through to February 2027 and providing a significant buffer to absorb short-term cash flow impacts; and
- the current regulatory framework within which the group operates - which provides a high degree of cash flow certainty over the regulatory period and the broader regulatory protections outlined below.

From a regulatory perspective, the group benefits from a rolling 25-year licence and a regulatory regime in which regulators – including the economic regulator, Ofwat – are required to have regard to the principles of best regulatory practice. These include that regulation should be carried out in a way that is transparent, accountable, proportionate, consistent and targeted. Ofwat's primary duties provide that it should protect consumers' interests, by promoting effective competition wherever appropriate; secure

that the company properly carries out its statutory functions; secure that the company can finance the proper carrying out of these functions – in particular through securing reasonable returns on capital; and secure that water and wastewater supply systems have long-term resilience and that the company takes steps to meet long-term demands for water supplies and wastewater services.

In addition, from an economic perspective, given the market structure of water and wastewater services, threats to the group's viability from risks such as reduced market share, substitution of services and reduced demand are low compared to those faced by many other industries.

The factors set out in this section underpin the expectation of the company's ability to maintain access to equity and debt capital to the extent necessary to maintain the company's capital structure and liquidity policies, which in turn provide the capital buffer and cash liquidity considered appropriate to mitigate the potential realisation of the principal risks facing the business.

Resilience to principal risks facing the business

The directors have assessed the group's viability based on the resilience of the group and its ability to absorb a number of 'severe but plausible' scenarios, derived from the principal risks facing the group, as set out on pages 58 to 61. The baseline plan against which the viability assessment has been performed is aligned to the company business plan. This baseline plan is then subject to further stress scenarios and reverse stress testing that takes into account the potential impact of the group's principal risks. Such risks include: environmental risks such as the occurrence of extreme weather events and other impacts of climate change, further details of which are included in the group's TCFD disclosures on page 26; political and regulatory risks; the risk of critical asset failure; significant cyber security breaches; current economic uncertainties including levels of inflation and the cost of living pressures affecting the group's customer base; geopolitical developments such as the ongoing conflict in the Middle East, and the potential for a restriction to the availability of financing resulting from a capital markets crisis.

The scenarios considered are underpinned by the group's established risk management processes, taking into account the highest ranking significant long-term risks and the material impact risks, focusing on those with a greater than 10% (one in ten) cumulative likelihood of occurrence. Risks associated with current economic conditions are reflected within the baseline position, with potential downside risks (most notably in relation to bad debt and inflation volatility) covered by the individual scenarios modelled, and collectively within a combined scenario.

Based on these risks, the following seven largest impacting scenarios were identified and applied as downside stress scenarios to the group's baseline plan.

Scenario modelled	Level of stretch applied	Link to risk factors	Viability assessment		
			Pass/Fail (without mitigation) ⁽¹⁾ breached?	Projected lowest credit rating (investment grade retained) ⁽²⁾	Financial debt covenants breached?
Scenario 1 Totex one-off impact	£400m one-off impact in 2026/27. Assumed to be operating costs.	Broadly representing the largest 'severe but plausible' risk which is a critical asset failure.	Pass	Baa1/BBB+	No
Scenario 2 Totex under-performance	An increase in totex by 10% (c£258m-£376m) per annum across the 7 year assessment period 2026/27-2032/33 (c£2.3bn cumulative)	Broadly representing the cumulative total expected NPV totex impact of the remaining top 10 'severe but plausible' risks (including environmental, cyber security, network failure and geopolitical risks)	Pass	Baa2/BBB	No
Scenario 3 Lower inflation	CPIH inflation of 1.0% below baseline plan over 5 years 2026/27-2030/31.	Broadly consistent with quantum of inflation impacts modelled within top 10 severe but plausible risks	Pass	Baa1/BBB	No
Scenario 4 Increased bad debt	An increase in bad debt of £20m per annum across the 7 year assessment period 2026/27-2032/33.	Aligned to internal risk factor on debt collection.	Pass	Baa1/BBB+	No
Scenario 5 ODI penalty	Additional ODI penalty of c£109m per annum across the 7 year assessment period 2026/27-2032/33.	Assumes mid-point of UUG's baseline and PR24 final determination P90 ODI position	Pass	Baa1/BBB	No
Scenario 6 Higher interest rates	Debt refinanced as it matures, with new debt financed at 1% above the forward projections of interest rates 2026/27-2032/33.	Representing more than top 10 'severe but plausible' risk on financial outperformance.	Pass	Baa1/BBB+	No
Scenario 7 Combined scenario	50% of scenarios 2-6: <ul style="list-style-type: none"> • Increase in totex by 5% in each year of 2026/27-2032/33 (c£1.15bn cumulative); • CPIH inflation of 0.5% below baseline plan for five years 2026/27-2030/31; • Increase in bad debt of £10m per annum from 2026/27 to 2032/33; • ODI penalty of c£55m in each year of 2026/27-2032/33; and • New debt financed at 0.5% above the forward projections of interest rates 2026/27-2032/33. 		Pass	Baa2/BBB-	No

⁽¹⁾ See below for examples of mitigating actions available, none of which are required to remain viable under each of the scenarios modelled.

⁽²⁾ Assessment against current credit ratings of Baa1 with Moody's, BBB+ (long-term issuer default) with Fitch, and BBB+ with S&P.

The assessment has considered the impact of these scenarios on the group's business model, future performance, credit ratings, solvency and liquidity over the course of the viability assessment period. This assessment has demonstrated the group's ability to absorb the impact of all severe but plausible scenarios modelled.

The most extreme of the severe but plausible scenarios modelled, without any mitigating action, resulted in the group retaining investment grade credit ratings and liquidity of more than one year. In addition, there were no projected breaches of financial debt covenants.

Viability assessment: reverse stress testing

As part of the assessment, reverse stress testing of two extreme theoretical scenarios focusing on totex overspend and persisting low inflation have been performed to understand the extent to which the group could further absorb financial stress before it reaches a sub-investment grade credit rating. This reverse stress testing demonstrated that these extreme conditions would have to be significantly outside what would be considered 'severe but plausible' scenarios before the group's long-term viability would be at risk.

Viability assessment: key mitigating actions

In the event of more extreme but low

likelihood scenarios occurring, there are a number of key mitigations available to the group, the effectiveness of which are underpinned by the strength of the group's capital solvency position. Use of these mitigating actions could be either in isolation or in combination, and would be dependent on the specific circumstances of the scenarios that may arise. All could potentially be applicable to each of the scenarios set out in the above table, although none are required to remain viable under the scenarios modelled.

Example mitigations:

- **Reduction in discretionary totex spend** – discretionary spend could be suspended to improve liquidity in the short term.
- **Capital programme deferral** – in the event that any adverse factors were to materialise that significantly impacts the financial position of the company, temporary deferral of the base capital investment programme while considering other mitigating actions could ensure ongoing viability.
- **Closing out of derivative asset position** – management could closeout 'in the money' swap contracts relatively quickly, realising the value on these as a one-off opportunity.
- **Restriction of dividend** – if extreme circumstances merited it then the company could restrict dividend payments to conserve liquidity and improve capital solvency.

In the event of more extreme but low likelihood scenarios occurring, All of these mitigations are considered to be within the control of management. In addition, it is considered that the following mitigating actions could also be implemented:

- **Issuing of new finance** – a robust capital structure should support new debt financing being raised to meet liquidity requirements in the event of adverse one-off shocks.
- **Raising of additional equity** – as a listed group, UUG has access to a deep and liquid equity market, and raising new equity could be a course of action to improve both its liquidity and capital solvency position.
- **Sale and leaseback of fleet and property assets** – the sale and leaseback of head office and estate property or fleet vehicles could generate sale proceeds, realising the value on these as a one-off opportunity.

As well as the protections that exist from the regulatory environment within which the group operates, a number of actions are available to mitigate more severe scenarios, including those outlined in the above table.

Governance

The analysis underpinning this assessment has been through a robust internal review process, which has included scrutiny and challenge from the audit committee and board, and has been reviewed by the group's external auditor, KPMG, as part of their normal audit procedures.

Audit committee report



Members

Marina Wyatt
Chair

- Kath Cates
- Ian El-Mokadem
- Doug Webb

Dear shareholder

I am pleased to present my first report as chair of the audit committee, having joined the board on 1 October 2025 and assumed the role on 14 November 2025. I succeeded Doug Webb, who continues to serve as a committee member. Ian El-Mokadem joined the committee on his appointment on 1 June 2025 and Liam Butterworth stepped down from the committee on 14 November 2025.

Provision 29 of the UK Corporate Governance Code: material controls declaration preparedness

The committee has closely monitored the progress of work underway to support the first 'declaration of the effectiveness of the material controls' (the material controls declaration) that will be provided at the balance sheet date of 31 March 2027 in accordance with code provision 29. Since the 2024 code was published, work has focused on providing the board with an increased level of confidence in making the material controls declaration utilising existing governance and assurance frameworks (see pages 55 and 57). Following the redefinition of our principal risks last year along with the identification of our material impact risks and material controls (see pages 57 to 61), the committee was updated on the outcome of a benchmarking exercise to gain confidence over the company's approach. The benchmarking involved management meeting with KPMG and the Financial Reporting Council and the presentation of the approach at a session of the FTSE 100 Group for CFOs. The company's quantitative approach to identify material risks was noted as being a more scientific and mature approach compared to the alternative qualitative approach.

Accounting changes: Infrastructure renewals expenditure

As reported in last year's audit committee report, the treatment of infrastructure renewals expenditure (IRE) in the group's accounts would change with effect from 1 April 2025 with IRE expenditure being capitalised at the individual component level where appropriate, rather than all IRE being

expensed in the income statement. This was largely due to the infrastructure network having historically been considered as a small number of large components, and, therefore, expenditure to maintain the network was viewed as repairs or day-to-day servicing.

The committee agreed with management that the new approach would result in more useful information being presented in the financial statements (see page 195) and would better reflect the way in which the network was operated and it was consistent with the approach adopted by the majority of the sector. Linked to the revised treatment, management would reassess the useful economic lives of infrastructure asset types, consistent with recognising infrastructure assets as individual components within the wider network.

The committee requested that KPMG focus its audit work on the new IRE methodology, including asset categorisation, ageing assumptions, useful economic life judgements and implementation of the revised approach. An update from KPMG was sought at the half year which confirmed that the company's internal processes were operating as intended. IRE is reported as a key audit matter in KPMG's report on page 182.

Accounting changes: Effective interest rate for floating-rate financial liabilities

During the year, management asked the committee to review a proposed change to the way in which the Effective Interest Rate (EIR) method is applied in the amortised cost measurement of financial liabilities where contractual cash flows are subject to variability, which includes changes arising from a 'floating rate of interest'. The proposal considered recent periods of unusually high and low inflation, which created income statement volatility that management considered unrepresentative of the underlying economics. It also considered the International Accounting Standards Board's ongoing work following its Post Implementation Review of IFRS 9, which acknowledges diversity in practice in applying the EIR method to variable rate instruments when measuring financial instruments with variable cash flows at amortised cost.

Quick facts

- Both Marina Wyatt and Doug Webb are chartered accountants and both are considered by the board to have recent and relevant financial experience, having served as chief financial officers of listed FTSE companies during their careers. Among other roles, Marina chaired the audit committee at Renewi plc and retired from her most recent executive role as CFO at Associated British Ports Limited in 2024. Doug, who has more than ten years' experience as a non-executive director and chairing audit committees, retired as CFO of Meggitt PLC in 2018.
- All members of the committee are independent non-executive directors and the board is satisfied that the committee as a whole has competence relevant to the sector. Attendance at audit committee meetings is set out on page 110. Biographies of the directors can be found on pages 102 to 105.
- Other regular attendees at meetings at the invitation of the committee include the CEO, the CFO, the company secretary, the head of audit and risk, the group financial controller, and representatives from the external auditor, KPMG LLP (KPMG). None of these attendees are members of the committee but they are asked to participate in the review of the performance of the committee (see page 119).
- The representatives from KPMG and the head of audit and risk each have time with the committee and the company secretary to raise freely any concerns they may have without management being present.
- The chair of the committee has regular one-to-one meetings with the CFO, the head of audit and risk and the KPMG audit engagement partner.
- The committee is authorised to seek outside legal or other independent professional advice as it sees fit, but has not done so during the year.

Quick links

- ▶ Terms of reference: [unitedutilities.com/corporate-governance](https://www.unitedutilities.com/corporate-governance)



The technical rationale for the change and the modelling underpinning it was independently critiqued. The change in treatment was discussed with KPMG. The committee reviewed the proposal at a specially convened meeting, challenging management as to whether applying the change to the 31 March 2026 accounts was the most appropriate time in the asset management period (AMP). After discussion, taking into account investor sentiment that the prior approach led to counter-intuitive outcomes particularly during times of high inflation, the committee approved the revised approach, subject to management providing clear explanations in the accounts (see page 195).

Haweswater Aqueduct Resilience Programme

During the year, the competitive procurement process to identify the competitively appointed provider (CAP) to design, build, finance and maintain new sections of the Haweswater Aqueduct tunnel via a direct procurement for customers contract was completed.

The committee discussed the expected future accounting implications of the programme given the material cash inflows and outflows from April 2026 and construction of highly material assets. Discussions focused on the nature and timing of transactions with the CAP and liabilities arising thereto, as well as the treatment of income received through customer bills and passed to the CAP as the assets are constructed. The committee agreed that the impact of the programme on the group's reported income statement should be treated as adjusting items in arriving at the group's alternative performance measures, given the recognition of revenue and associated costs gives rise to material timing differences over the life of the programme that will not be representative of underlying performance in the years in which income and expenses are reported.

Audit quality

The committee reviewed the FRC's 2024/25 Audit Quality Inspection and Supervision Results, noting that KPMG achieved an increase to 90% of the proportion of audits assessed as requiring 'no more than limited improvements' (2023/24: 89%). The findings were discussed with KPMG, who attributed the strong results to a continued drive in investment, and a continued

focus on sustainable audit quality which is embedded through its Single Quality Plan, and the focus on phasing the work across the audit lifecycle and accelerating work where possible to create additional time and space for enhancing quality. The committee received an overview of KPMG's audit quality framework processes, including an outline of the challenge process undertaken by the independent reviewing partner assigned to the audit known as the 'engagement quality control reviewer' (the EQCR). Taking into account the findings of assessment of the 31 March 2025 audit presented to the committee in September 2025, the committee concluded that the external audit process for 2025 had been effective.

Anti-fraud policies

The committee has been kept fully informed of work undertaken to ensure the group's fraud policies and procedures were aligned with the Economic Crime and Corporate Transparency Act 2023. A new fraud prevention plan was implemented during the year and external assurance of the company's readiness to comply with the requirements obtained.

Audit partner rotation

Gill Hopwood-Bell was appointed as audit engagement partner for the 2025/26 audit, following her shadowing Ian Griffiths, her predecessor, during the 2024/25 audit. Due to unforeseen personal circumstances, Gill was not able to complete the audit. Andrew Bradshaw, who had previously worked on the company's audit from 2011 to 2016, was appointed as audit engagement partner during the final stages of the audit.

At the time of the audit engagement partner rotation, the committee considered whether a competitive audit tender should be undertaken, but concluded, given its satisfaction with the service provided by KPMG, that it remained a satisfactory incumbent and there was no urgent need for, or possible tangible benefit that could be expected to be gained from, tendering the audit earlier than expected.

During the year, the committee asked management to provide a timeline for the tender process to select a new auditor ahead of the end of KPMG's maximum tenure. It was expected that the next tender would be completed by March 2028.

Main responsibilities

- Make a recommendation to the board for the appointment or reappointment of the auditor, and to be responsible for the tender of the audit from time to time and to agree the fees paid to the auditor.
- Establish policies for the provision of any non-audit services by the auditor.
- Challenge the auditor on the scope and the results of the annual audit and report to the board on the effectiveness of the audit process and how the independence and objectivity of the auditor has been safeguarded.
- Review the half-year and annual financial statements and any announcements relating to financial performance, including reporting to the board on the significant issues proposed by management and, in particular, those challenged by the committee in relation to the financial statements and how these were addressed.
- Approve the scope and remit, and assess the effectiveness of the internal audit function and the group's internal control and risk management systems.
- Review the group's procedures for reporting fraud and other inappropriate behaviour, and receive reports relating thereto.
- Report to the board on how it has discharged its responsibilities.

Governance

The committee has followed the requirements of the FRC's Audit Committees and the External Audit: Minimum Standard (see page 130) and applied the principles of the code and reported on the provisions as applicable for the year ended 31 March 2026.

As chair of the committee, I would welcome any feedback you may have on the report that follows or the work of the committee. I intend to be present at the AGM in July 2026, and representatives from KPMG will be in attendance.

This report was approved by the committee at its meeting held on 06 May 2026.

Marina Wyatt

Chair of the audit committee

Audit committee report

































Business on the committee's agenda during the year

The committee oversees a broad programme of work including the audit, assurance and risk processes within the business. It is supported in its role by senior management, the auditor, the internal audit team and the financial reporting team to ensure





that management's disclosures reflect the supporting detail provided to the committee or challenge them to explain and justify their interpretation and, if necessary, re-present the information. The committee reports its findings and makes recommendations to the board. In doing so the committee ensures that high standards of financial governance are maintained. Furthermore, the company's

own internal audit team contributes to the assurance process by reviewing compliance with internal processes. The committee's financial reporting cycle starts each year in September, four meetings are scheduled per financial year, with meetings held in September and March in a virtual format. Items of business considered by the committee are set out in the table below.

Actions	Outcomes	Cross reference
Annual and half-year reporting		
Reviewed, discussed and challenged the financial reporting team's reports on the financial statements, management's significant accounting judgements, the policies being applied both at the half and full year, and how the statutory audit contributed to the integrity of the year-end financial reporting. A special meeting of the committee was held in April 2026 to consider the 31 March 2026 preliminary unaudited financial statements.	The committee challenged management on a number of its judgements, including the bad debt provision, fixed asset capitalisation policy, recoverability of the parent company investment in United Utilities PLC (making up 97% of the company's total assets), EIR accounting and sought detailed explanations of its interpretation. The committee was satisfied with the explanations provided by management. Recommendations were made to the board, supporting the approval of the financial statements and the 31 March 2026 preliminary unaudited financial statements.	 See page 128
Reviewed the differences between the regulatory and statutory accounts for UUW and the key changes to the key regulatory reporting requirements as determined by Ofwat.	The differences between the regulatory and statutory accounts at 31 March 2025 were noted, as were the changes to the key regulatory reporting requirements.	
Assessed management's presentation of alternative performance measures (APMs) to enable comparability with other companies.	The committee concurred with management's approach that the APMs, as defined, were satisfactory enabling comparability with other companies.	 See page 96
Reviewed and challenged the proposed audit strategy for the 2025/26 statutory audit, including the level of materiality applied by KPMG, audit reports from KPMG on the financial statements and the areas of particular focus for the 2025/26 audit.	The committee monitored progress made by the statutory audit team against the agreed plan and challenged the auditor in the resolution of any issues as they arose. The committee discussed the control observations reported to the committee by KPMG.	 See page 177
Reviewed and challenged the basis of preparation of the financial statements as a going concern and KPMG's associated control observations as reported to the committee.	A recommendation was made to the board to support the going concern statement at the full and half-year.	 See pages 121 and 195
Reviewed and challenged the long-term viability statement proposed by management and reasons why a seven-year assessment period was appropriate and which reflected requirements of Ofwat's 'Monitoring Financial Resilience' programme.	The committee concurred with management that the length of the period continued to be appropriate – the committee was satisfied with management's preference to continue to provide a statement with greater certainty over a shorter period of time compared with some other companies in the sector and to include further clarification in the disclosures.	 See page 122
Assessed control observations made by KPMG and reviewed and challenged management's progress to address points raised.	The committee was satisfied that management was taking appropriate action to enhance controls based on KPMG's observations, which were not considered to represent significant weaknesses in the group's overall control environment.	 See pages 181 to 184
Reviewed the results of the committee's assessment of the effectiveness of the 2024/25 audit.	The committee concluded that the audit was effective and a recommendation was made to the board on the reappointment of KPMG as the auditor for the year ending 31 March 2027 at the forthcoming annual general meeting.	 See page 132
Reviewed whether the company's position and prospects as presented in the 31 March 2026 integrated annual report and financial statements were considered to be a fair, balanced and understandable assessment of the company's position and prospects.	The committee was satisfied that processes had been followed to provide support to the board to enable it to state that the 31 March 2026 integrated annual report and financial statements was a fair, balanced and understandable assessment of the company's position and prospects, and concluded the same in relation to the 30 September 2025 half-year financial statements.	 See page 131
Reviewed the non-audit services and related fees provided by the auditor for 2025/26 and the policy on non-audit services provided by the auditor for 2026/27.	The committee approved the non-audit services and related fees provided by KPMG for 2025/26 and concluded that no changes were required to the policy for non-audit services provided by the auditor.	 See page 133
Negotiated and agreed the statutory audit fee for the year ended 31 March 2026.	The committee approved the fee for the 2025/26 audit.	 See page 133
Considered management's proposal to apply the assurance framework to various narrative reporting sections within the 2025/26 integrated annual report, encompassing the climate-related disclosures, the energy and carbon report, the financial oversight responsibilities of the board and the remuneration committee report.	The committee endorsed the application of the assurance framework to various narrative sections within the integrated annual report that were identified by the framework as being of higher risk of misstatement/error and would benefit from independent third-party assurance, with such assurance being applied on a limited basis.	 See page 134
A special meeting of the committee was convened in February 2026 to consider management's proposal to change the approach to estimating the effective interest rate to be applied in determining the amortised cost measurement of the group's floating-rate debt and reported in the 31 March 2026 accounts.	Management's proposal was discussed with KPMG and independently modelled. The committee were satisfied that the first year of the AMP was the most appropriate time to introduce the change which was supported by investor sentiment and would smooth inflationary impacts over a period and improve stability. The committee challenged management to provide clear disclosure in the annual report.	 See page 124

Actions	Outcomes	Cross reference
Risk management and internal control		
Reviewed the effectiveness of the risk management and internal control systems.	Recommendation made to the board that the risk management and internal control systems operated effectively.	  See page 121
The committee reviewed progress with the material controls declaration project to support the board in providing, with confidence, a material controls declaration at 31 March 2027 in accordance with provision 29 of the code.	The committee challenged management to test the process undertaking a 'dry-run' at 31 March 2026, in order that any lessons learned could be implemented at 31 March 2027.	  See page 130
Considered internal control weaknesses brought to the attention of the committee by KPMG.	Challenged management to resolve any issues relating to internal controls and risk management systems.	     See page 134
Monitored fraud reporting and received updates from management to ensure the adequacy of the group's fraud policies and procedures were aligned with the new requirements of the 2023 Economic Crime and Corporate Transparency Act (ECCTA), which came into force on 1 September 2025.	Reviewed the company's anti-fraud policies and processes and alleged incidents of fraud and the outcome of their investigation and the alignment of the group's processes with ECCTA. The committee recommended that an update be provided to the board and that board members should complete the company's fraud and bribery training module.	   See page 134
Biannual oversight and monitoring of compliance with the group's anti-bribery policy.	Reviewed compliance with the company's ongoing anti-bribery programme.	   See page 134
Approved the strategic internal audit planning approach on the work of the internal audit function from the head of audit and risk.	Monitored the implementation of the 2025/26 internal audit plan. Reviewed findings of specific internal audit and implementation of any resulting actions by management.	     See page 135
Considered the issues and findings brought to the committee's attention by the internal audit team, with special attention given to any audit graded amber or red, when management would be required to attend a meeting of the committee and provide an explanation of the actions being taken to improve the controls.	The committee was satisfied that management had resolved, or was in the process of resolving, any outstanding issues or concerns in relation to matters scrutinised by the internal audit team.	     See page 135
Reviewed the quality and effectiveness of internal audit and the effectiveness of the current co-source arrangements.	The committee reviewed the process of assessment of internal audit and made certain recommendations for enhancement, further to which it was concluded that the internal audit team, supported by the PwC co-source resource, was effective.	  See page 135
Reviewed and challenged the strategic internal audit planning approach and internal audit plan for 2026/27.	Approved the internal audit plan for 2026/27.	  See page 135
Governance		
Review of the committee's terms of reference.	Minor changes were made to the committee's terms of reference during the year.	
Reviewed the performance of committee during the year. The performance review was internally facilitated by the company secretary's team. The review explored the effectiveness of: the committee's composition, meetings and time management; committee processes and support; and the areas of work of the committee and priorities for change.	All elements of the performance review indicated the committee was working well. Points of action included ensuring papers were succinct, that the ratings applied to internal audit reports be reviewed to ensure they were sufficiently challenging of management, monitor ongoing progress with the material controls declaration project and to review the risk management systems, particularly those relating to cyber security. The board considered the results of the review of the committee and concluded that the committee continued to be effective.	  See page 119

Key:

 September	 March
 November	 May

Audit committee report

Significant issues considered by the committee in relation to the financial statements

Management presents its updated view of the significant issues, whereby it has exercised its professional judgement to each meeting of the committee, thereby providing an opportunity for oversight and for the committee to challenge management's views. Additionally, KPMG receive this information in advance of, and are present at, the committee meetings, providing KPMG with the opportunity to contribute to the discussion both with management present, and privately with only the committee members present.

Material and/or judgemental areas of the financial statements

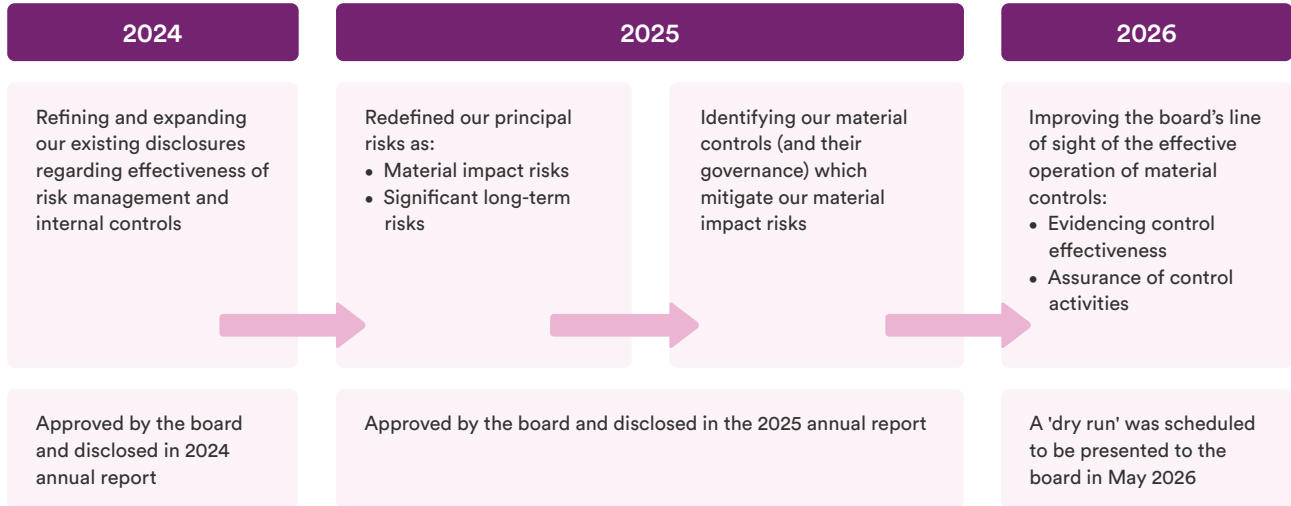
Significant issues considered	How these were addressed by the committee
<p>Change in approach to accounting for infrastructure renewals expenditure (IRE) (See pages 195, 206 and 233) – IRE has historically been recorded as an expense in the income statement in the year in which it was incurred on the basis that it comprised repairs or servicing of the infrastructure network when considered as a whole. The development of more granular infrastructure asset data improvements in data analytic capabilities now makes it possible to identify spend on the network infrastructure at the smaller component level, making it possible to capitalise the cost of replacing an individual component and simultaneously derecognise the component being replaced.</p>	<ul style="list-style-type: none"> As documented in the group's integrated annual report for the year ended 31 March 2025, an additional committee meeting was held in December 2024 at which the committee considered the extent to which IRE could be considered to be enhancement spend in relation to smaller components of the larger infrastructure networks. At that meeting the committee concluded that while the approach of treating IRE entirely as an expense was appropriate for the year ended 31 March 2025, the alternative approach of capitalising IRE spend, where appropriate, would provide useful information going forward that reflects the better data now available to management. During the year ended 31 March 2026 the committee reviewed and challenged management's proposed approach to capitalisation (and associated derecognition) in more detail and satisfied itself that the cost types and components proposed to be capitalised were appropriate. The committee monitored the level of capitalisation to date at its scheduled meetings throughout the year and noted that it was in line with expectations given the mix and nature of work being performed as part of the group's broader programme of infrastructure renewals. The committee challenged management to ensure that the proposed disclosures in respect of the change in accounting approach were clear, transparent and provided useful information to users of the financial statements and were satisfied with the appropriateness of the final disclosures.
<p>Change in measurement technique for estimating the effective interest rate (EIR) for floating-rate financial liabilities (See pages 195 to 196, 201 and 234 to 235) – the determination of the EIR for floating-rate financial liabilities incorporates the estimation of future cashflows arising on these liabilities. A change in the measurement technique was adopted in the current year so that market-derived expectations of future changes in reference rates are now included in the estimation of future cash flows instead of future expectations being based solely on the current spot rate. This application of IFRS 9 'Financial Instruments' is considered to provide more useful information than the alternative approach permitted by that standard that was previously used.</p>	<ul style="list-style-type: none"> An additional meeting of the committee was held in February 2026 to challenge, review and approve the changes in estimation technique proposed by management, who had reflected on income statement volatility in recent years driven by periods of unusually high and low inflation, and the developments to date from the IASB's ongoing Amortised Cost Measurement project. The committee sought to understand the rationale for the change in the estimation technique and inputs used, including the sources of estimation uncertainty. This was considered alongside the impact on the financial statements from a range of reasonably possible scenarios. The committee also sought to understand the technical basis for the change, and having reflected on the alternative applications permitted by IFRS 9 was satisfied that the revised approach is technically robust and rooted in a sound interpretation of the standard. As well as taking comfort from the challenge provided by group's auditor, the committee took additional comfort from the fact that management had commissioned an independent critique of the proposals from a technical perspective, and of the appropriateness of the models developed to reflect the impact of this change in the financial statements. The committee considered the reasonableness of disclosures made, including the assessment by management that this is a change in estimate and therefore applied prospectively in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'. Consideration was also given to the enhanced accounting policies disclosure and the inclusion of the estimate as a critical source of estimation uncertainty.
<p>Revenue recognition and allowance for doubtful receivables (See pages 197, 199, 208, 232 and 234) – due to the nature of the group's business, the extent to which revenue is recognised and expected credit losses are recognised in relation to doubtful customer debts is an area of considerable judgement and estimation. This has particularly been the case in recent years due to high levels of economic uncertainty and increases in the cost of living, and in the current year in particular given increases in customer bills. These factors have the potential to impact on the ability of some customers to pay their bills as they become due.</p>	<ul style="list-style-type: none"> The committee reviewed management's approach to estimating expected credit losses relating to household customer debt, recognising that there continues to be significant uncertainty associated with how cost of living challenges are impacting, and may continue to impact, customers into the future. The committee acknowledged that this is particularly the case given that bill increases during the year and over the remainder of the regulatory price control period may impact on some customers' ability to pay, albeit this risk is expected to be partially mitigated by increased levels of affordability support. The committee sought to satisfy itself that the provisioning rates used in estimating expected credit losses during the year remain appropriate, and that the resulting allowance for expected credit losses triangulated with an assessment of cash collection experience in recent years, but challenged management to continue to closely monitor any trends in cash collection performance going forward and be mindful of any indicators that the rates used need revisiting, particularly given increases in customer bills. The committee considered the adequacy of the group's provisions for credit notes that may need issuing in respect of amounts incorrectly billed, focusing particularly on non-household customers where legacy data issues since the non-household market opened to competition have resulted in allowances being processed going back several years. While satisfied with the approach taken by management, the committee requested that in the coming year a further teach-in be provided by management outside the normal cycle of committee meetings for the benefit of new committee members, to enhance their understanding of how billing and the processing of allowances in the non-household market works. It is expected that this will assist them in assessing the level of judgement and estimation uncertainty associated with the non-household credit note provision and focusing their challenge in these areas.
<p>Capitalisation of fixed assets (See pages 195, 197, 206 to 207 and 233 to 234) – fixed assets represents a subjective area, particularly in relation to costs permitted for capitalisation, depreciation policy and the identification of abortive costs and asset write-downs. The increased size of the capital programme for AMP8, together with the change in approach to accounting for IRE discussed above, has resulted in this being an area of particular focus and challenge for the committee.</p>	<ul style="list-style-type: none"> The committee considered management's updates on key issues and judgements associated with the capitalisation and measurement of fixed assets most pertinent for the year ended 31 March 2026, and was satisfied that appropriate processes and controls are in place to ensure that assets are capitalised and begin depreciating in a timely manner, and are reviewed for indicators that their carrying amount may not be fully recoverable. The committee assessed the reasonableness of the group's capitalisation and depreciation policies (including useful economic life review of asset) and, having considered the work performed by KPMG in this area, deemed this to be appropriate. The committee challenged the approach taken to capitalising the cost of support functions in the carrying value of property, plant and equipment, particularly given the increased size of the group's capital programme during AMP8.

Significant issues considered	How these were addressed by the committee
<p>Retirement benefits (See pages 196 to 197, 209, 225 to 230 and 235 to 236) – the group's defined benefit retirement schemes represent an area of considerable judgement, the performance and position of which is highly sensitive to the assumptions made. The group employs the services of an external actuary to determine the calculation of the net retirement benefit surplus and determine the appropriate assumptions to make.</p>	<ul style="list-style-type: none"> • The committee sought to understand changes in assumptions underpinning the valuation of defined benefit obligations, noting in particular an increase in the inflation risk premium (IRP) used in arriving at relevant inflation assumptions from 20bps to 30bps. They were satisfied that the methodology used for determining financial assumptions was appropriate and consistent with prior years, and that the increase in the IRP was aligned to changes observed in the broader market. • Given bulk annuity policies purchased in previous years, whereby the fair value of these assets is pegged to the present value of the associated defined benefit obligations that are now insured, the committee challenged management on how the fair value of the remaining scheme assets was arrived at. For the remaining Level 3 assets, which comprise investments in private debt funds, the committee challenged management as to how it could satisfy itself that the latest valuations performed by the investment managers, which tend to be provided on a lag of several months, remained valid at 31 March. The committee was pleased to observe that retrospective checks indicated that the approach of checking against relevant proxy indices confirmed that the approach taken is reasonable.
<p>Provisions and contingent liabilities (See pages 211, 214 and 236) – the group provides for contractual, legal and environmental claims brought against it based on management's best estimate of the value of settlement, the timing of which is dependent on the resolution of the relevant claims. Judgement is also required in determining when contingent liabilities exist that require disclosure in the financial statements.</p>	<ul style="list-style-type: none"> • The committee assessed and challenged the appropriateness of the basis on which provisions are recognised, particularly noting the significant public, political and regulatory focus on environmental investigations and prosecutions that has continued through the year, and concurred with management's assessment that, based on current experience and benchmarking of prosecutions brought against other companies in the sector, the provisions recorded at the reporting date reflect the best estimate of potential financial outflow in this regard. • The committee considered the reasonableness of disclosures made in respect of contingent liabilities. Particular focus was given to the separate ongoing Ofwat and Environment Agency sector wide investigations into companies' management of wastewater assets, and the collective action claim against a number of water and wastewater companies, including United Utilities Water Limited, for which decisions not to certify the action are set to be challenged at the Supreme Court. The committee reviewed the relevant disclosures and was satisfied that they were appropriate, and that the recognition criteria for provisions in respect of these matters was not met.
<p>Other matters considered</p>	<p>How these were addressed by the committee</p>
<p>Accounting for uncertain tax positions (See pages 202 to 204 and 232 to 233) – assessing the outcome of uncertain tax positions requires judgements to be made regarding the application of tax law and the result of negotiations with, and enquiries from, tax authorities.</p>	<ul style="list-style-type: none"> • The committee considered management's accounting treatment of uncertain elements of ongoing enquiries from the tax authorities. Recognising that where enquiries remain ongoing and that elements of claims can be subject to judgement in interpreting and applying the relevant tax legislation, the committee challenged management as to how IFRIC 23 'Uncertainty over Income Tax Treatments' had been applied, and was reassured that management had made appropriate judgements in estimating the most likely amount at which the claims would settle.
<p>Accounting for the group's investment in the Water Plus joint venture (See pages 207, 231 and 232) – the non-household retail market remains a challenging environment, and losses incurred by Water Plus during the year resulted in the value of the group's investment in the joint venture being reduced to nil as a result of the application of the equity method, with a small amount of the group's accumulated share of losses being unrecognised as at 31 March 2026.</p>	<ul style="list-style-type: none"> • The committee noted the Water Plus position for the year, and sought to understand the accounting impact of a decision taken to convert zero-coupon loan notes extended to Water Plus into equity. The committee was satisfied that given the treatment of the loan notes as part of the group's net investment in Water Plus, losses previously allocated against the loan notes continue to be recognised against the equity investment in the joint venture in accordance with IAS 28, and that the share of losses for the year reduced the carrying value of the interest in the joint venture to nil, with a small amount of losses unrecognised at the reporting date. Given this situation, the committee challenged management to explain the remaining risk associated with the joint venture, and was satisfied with management's response that this would manifest in expected credit losses associated with the revolving credit facility extended to Water Plus, for which an appropriate allowance had been made as at 31 March 2026. The committee requested that they be updated on this position going forward with reference to Water Plus's performance against its business plan.
<p>Adjustments in arriving at underlying positions reported as Alternative Performance Measures (APMs) See pages 96 to 97) – presented outside of the financial statements, APMs derived from GAAP measures reflect adjustments to enable comparison of underlying performance over time, and between companies. Judgement is required in determining which adjustments to include.</p>	<ul style="list-style-type: none"> • Given the material nature of the changes to accounting for IRE and estimating the EIR for floating-rate financial liabilities (both discussed above), the committee debated the appropriateness of re-presenting prior year APMs to reflect the estimated impact of these changes had they been applied in the prior year. While recognising that this introduces an inconsistency with the APM position previously presented, the Committee was satisfied that it facilitates better comparison on a like-for-like basis. They were therefore content for the pro forma adjustments to be included in the prior year reconciliations provided that appropriate narrative around their approximate nature was given. • The committee also debated the inclusion of adjustments in relation to material timing differences that span multiple periods, specifically in relation to HS2 diversions allowed revenues in AMP8, which is relevant for the year ended 31 March 2026, and in relation to HARP for the year ending 31 March 2027 onwards as discussed below. Having satisfied itself with the rationale for the adjustments, including the fact that IFRS accounting standards do not currently facilitate accounting for such timing differences within the financial statements themselves, the committee was content for them to be included where appropriate, again subject to adequate disclosure of the rationale being provided.
<p>Future accounting for the Haweswater Aqueduct Resilience Programme (HARP) As mentioned in the audit committee's chair's letter on page 125, during the year the competitive procurement process to identify the competitively appointed provider (CAP) to design, build, finance and maintain new sections of the Haweswater Aqueduct via a direct procurement for customers (DPC) contract was completed. While there were some limited accounting impacts during the year in respect of advanced procurement for HARP ahead of construction commencing in the year ending 31 March 2027, these were not significant compared with the future accounting impacts, which are expected to be highly material and complex given the unique nature of the DPC arrangement.</p>	<ul style="list-style-type: none"> • The committee discussed the expected future accounting implications of HARP given the material cash inflows and outflows from April 2026 and construction of highly material assets, and scrutinised the accounting treatments proposed by management in respect of the recognition and measurement of these assets and associated liabilities, taking into account the role of the CAP in the DPC arrangement. While the proposed accounting treatment remains subject to detailed consideration by the group's auditor, the committee was satisfied that the approach taken by management in developing the accounting proposals was reasonable and requested that they be updated through the course of the next financial year. The committee also requested that management give careful consideration to how any accounting treatments are disclosed in the group's financial reporting going forward. • The committee also focused on the treatment of income received through customer bills that will be passed through to the CAP as the assets are constructed. After challenge, the committee agreed with management's proposal that the impact of the programme on the group's reported income statement should be treated as adjusting items in future years in arriving at the group's alternative performance measures, given that the recognition of revenue and associated costs gives rise to material timing differences over the life of the programme that will not be representative of underlying performance in the years in which income and expenses are reported.

Audit committee report

Material controls declaration project

Following the publication of the 2024 code, work commenced to evolve the approach to principal risks and material controls and the board's preparedness to being able to provide, with confidence, a material controls declaration as required by provision 29 of the code. The activities to date are summarised below.



During the year, the audit committee has been kept fully informed of progress of the material controls declaration project, providing feedback and suggestions to management – including that the board should have early sight of and fully understand what information would be presented to it in order to make the declaration, not only in relation to the material risks, but to show it had been engaged in reviewing the material controls over a suitable time period. The existing governance, risk management, internal control and assurance frameworks will be utilised to support the material controls declaration.

In November 2025, the board was apprised of the progress of the project – including the provision of a draft material controls reporting tracker which would summarise the material impact risks and associated material controls, a view and explanation of the effectiveness of the controls and any supporting assurance. A further deep-dive session was held with the board in February 2026, updating on progress and providing a further opportunity for discussion, obtain the views of board members and points for management to action. It was agreed that a 'dry-run' would be undertaken for the 31 March 2026 year, and was scheduled to be presented to the board in May 2026.



Audit committees and the external audit: minimum standard

The committee has followed the requirements of the FRC's Audit Committees and the External Audit: Minimum Standard for the year ended 31 March 2026. With respect to the 2025/26 audit, there were no requests from shareholders for certain matters to be included in the audit nor was there a regulatory inspection of the quality of the audit. It was expected that the next audit tender would be completed by March 2028. A competitive audit tender process was last conducted in 2019, KPMG was retained as auditor following that competitive tender process (see page 133).

Reporting area

Significant issues that the committee has considered relating to the financial statements

▶ See pages 128 to 129

An explanation of the application of the company's accounting policies

▶ See pages 195 to 198

How the independence and effectiveness of the external audit process was assessed

▶ See page 132

How the external auditor's independence and objectivity are safeguarded

▶ See pages 132 to 133



Assessment of whether ‘the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the company’s position and performance, business model and strategy’.

Objective

In accordance with the code, one of the main roles of the committee should be to ‘monitor the integrity of the financial statements’, furthermore, it is responsible for making a recommendation to the board on whether ‘the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the company’s position and performance, business model and strategy’.

Actions

The committee:

- reviewed early versions of the annual report at various stages during the drafting process to ensure that the key messages were aligned with the company’s position, performance and strategy and the financial performance of the business as understood by the committee;
- reviewed the significant issues identified by management and whether the same were aligned with the key audit matters identified by the auditor;
- reviewed comments provided by the member of the executive team with extensive knowledge of the business who reviewed the draft annual report ensuring the messaging was fair and balanced, and did not just focus on, or over emphasise, the positives;
- reviewed the third-party ‘limited assurance’ provided in relation to

the reporting against the TCFD recommendations (see the index on page 53) and the remuneration committee report (see page 140);

- received updates on the calculation of underlying operating profit measures as one of the principal alternative performance measures (APMs) used by management, a full guide to APMs can be found on page 96;
- took into account reporting by KPMG (under ISA (UK) 720) of any material inconsistencies between the ‘other information’ and ‘statutory other information’ presented in the annual report (i.e. in the strategic report, the directors’ report and the corporate governance statement), and the financial statements, taking into account the auditor’s knowledge obtained in the audit, or the auditor’s understanding of the legal and regulatory requirements applicable to the ‘other information’ and ‘statutory other information’. The TCFD and Streamlined Energy and Carbon Reporting (SECR) disclosures are deemed to be ‘other information’ as they are included in the company’s strategic report, due to their importance to the company. Other assurance of the TCFD and SECR disclosures (see pages 26 and 72, respectively) is undertaken both by third parties and the internal audit team; and
- considered whether the key events and issues that had occurred and been

reported to the board during the year, both good and bad, had been adequately referenced or reflected within the integrated annual report.

Outcome

The committee concluded that processes had been followed to provide support to the board to enable it to state that ‘the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the company’s position and performance, business model and strategy’ (see page 175).

Relationship with external auditor

The committee, on behalf of the board, is responsible for managing the relationship with KPMG, the group’s external auditor, and part of that role is to examine the effectiveness of the external audit process and make an assessment of the independence of the external auditor. These assessments will contribute to the decisions on whether to reappoint the auditor or tender the audit.

Quick links

- ▶ Read more about our core values on page 22
- ▶ Read more about our financial performance on page 90

Audit committee report

Assessment of the effectiveness of the external audit process

Audit quality

Since 2021, following the FRC's audit quality review, KPMG has implemented an action plan to enhance and focus on audit quality. The committee regularly discusses audit quality with KPMG, who, on an anonymous basis, share best practice with the committee on the internal quality reviews it undertakes for other clients. As part of its review of the 2024/25 audit in July 2025, the committee reviewed the effectiveness of these processes and interactions as set out below, concluding they were effective.

Audit quality processes and interventions include:

- providing sight of their interim control findings to the committee early in the audit process and sharing their knowledge and best practice recommendations;
- improving communication and sharing of information and insight between the external and internal audit teams by implementing regular discussion sessions prior to the scheduled committee meetings;
- raising audit points in a timely manner with the financial reporting team during the audit process by holding regular discussions with the external audit team and financial reporting team;
- enhanced visibility of the key challenges and findings of the second-line of defence review performed by another team independent of the audit team, and of the independent KPMG partner's review of the audit;
- greater use of AI and technical specialists; and
- providing the details of the independent partner's review (the ECQR) of the audit to the committee as part of the year-end sign off processes.

Professional scepticism

KPMG presents its audit strategy and scope for the forthcoming financial year at the committee's meeting held in September. Based on their risk assessment and planning procedures, and using their professional judgement, KPMG highlights any areas requiring heightened audit focus due to risk or the potential magnitude of misstatement from error or fraud. This includes:

- key audit matters disclosed in the auditor's report (see pages 181 to 184). KPMG performs substantive testing on these matters rather than relying on the group's internal controls. Certain areas, such as the valuation of retirement benefit obligations, are assessed by KPMG's technical specialists. Progress against the agreed audit scope is reported at subsequent committee meetings, enabling ongoing oversight and challenge by the committee;

- throughout the year, management presents updates on the key accounting issues and its resulting judgements to the committee. In response, KPMG informs the committee, and having robustly considered alternative judgements, whether, in its professional view, the judgements management proposes, or has taken, are appropriate. Many of these issues correspond to the significant matters reviewed by the committee in relation to the financial statements (see pages 128 to 129); and
- at year end, KPMG reports all significant control deficiencies identified during the audit, noting whether management has addressed them, along with any significant difficulties or issues discussed with management during the audit.

Interactions between KPMG and the committee

Private sessions between the committee and KPMG's representatives are held regularly without management being present in order to encourage open and transparent feedback by both parties on any matter and provide the committee with an opportunity to obtain greater insight on the extent to which KPMG has challenged management's analysis and presentation of information.

KPMG presented its audit quality framework to the committee, which had been developed to ensure that its employees concentrate on the fundamental skills and behaviours required to deliver an appropriate and independent audit opinion. As in previous years, the committee considered the FRC's latest Audit Quality Inspection and Supervision Results (see page 125).

The committee provides its view to the board on the outcome of the external audit, and how the external audit contributed to the integrity of the financial reporting process. The independent nature and financial expertise of committee members further contributes to the integrity of the process.

Seeking the views of those involved in the audit

At the conclusion of the annual audit, feedback was obtained from all committee members, senior management, and other colleagues who regularly engage with the auditor, including the financial reporting team. Respondents completed a questionnaire issued in July 2025, providing views on:

The robustness of the external audit and the level of challenge applied to significant risks and areas of judgement.

- The appropriateness of the audit scope and planning in delivering an effective and efficient audit.
- The quality of audit delivery, including progress against planned quality improvements and visibility of the auditor's internal quality processes.

- The expertise of the audit team and their understanding of the company's business risks.
- The extent to which the auditor made effective use of internal audit's work as part of its risk assessment process.
- The level of professional scepticism applied.
- The quality of technical communication between the auditor and the committee.
- The overall quality of service provided by the auditor.
- The effectiveness of interactions with the audit engagement partner and senior audit manager.
- Whether the audit remained on schedule.
- The extent to which the external audit contributed to the integrity of the group's financial reporting.

The committee reviewed the feedback presented to the meeting in September 2025, concluding that the external audit process and services provided by KPMG were satisfactory and effective, with additional measures for further enhancement encouraged by the committee.

Assessment of the independence of the external auditor

Auditor independence

There are two aspects to auditor independence that the committee monitors to ensure that the auditor remains independent of the company:

- the committee considers the information and assurances provided by the auditor confirming that all its partners and staff involved with the audit are independent of any links to United Utilities. KPMG confirmed that all its partners and staff complied with their ethics and independence policies and procedures, which are fully consistent with the FRC's Ethical Standard, including that none of its employees working on our audit hold any shares in United Utilities Group PLC. As part of the audit planning process, KPMG provides an independence confirmation letter outlining any relationships or matters that could reasonably be perceived as affecting the independence or objectivity of the audit engagement partner or the audit staff who rotate at regular intervals; and
- the committee develops and recommends to the board the company's policy on non-audit services and associated fees that are paid to KPMG. The policy meets the requirements of the FRC's Revised Ethical Standard (2024). In accordance with the standard, auditors of public interest entities may only provide certain non-audit services that are closely related to the audit or required by law or regulation. Additional safeguards include requiring the auditor to discuss proposed services, identify any potential threats

to independence and corresponding safeguards, and obtain committee approval for non-audit engagements (with fees in excess of £10,000) to confirm compliance with the revised standard.

Non-audit services

An auditor is only permitted to provide certain non-audit services to public interest entities (i.e. United Utilities Group PLC) that are closely linked to the audit itself, or that are required by law or regulation, as such services could impede their independence. Amendments to the policy include additional measures to safeguard auditor independence, including the requirement for the auditor to discuss the nature of the services to be provided, identify any threats to independence and safeguards thereto, and seek approval from the committee prior to providing non-audit services and confirm whether the proposals are compliant with the Revised Ethical Standard (2024).

Fees for permitted non-audit services paid to the external auditor are subject to a fee cap of no more than 70% of the average of the annual external audit fees paid in the three preceding financial years. The 70% non-audit services fee cap has been applied to the

group for the year ended 31 March 2026, with fees for non-audit services representing 22.5% of the average audit fees on which the cap is based (as shown in the table below). Permitted services (which remain subject to the 70% cap, and exclude the regulatory audit) of up to £10,000 per engagement can be approved by the CFO with any higher-value engagements requiring the approval of the committee.

Financial year	Audit fee
2022/23	£857,000
2023/24	£977,000
2024/25	£1,110,000
Average	£981,333
2025/26 non-audit fees	£221,000
2025/26 non-audit fees as % of average audit fees (three-year rolling average)	22.5%

Auditor-provided permitted services include the non-audit fees paid to the external auditor for: the interim review; the regulatory audit; agreed-upon procedures for regulatory reporting; limited assurance work relating to the group's sustainable financing framework; the Euro Medium

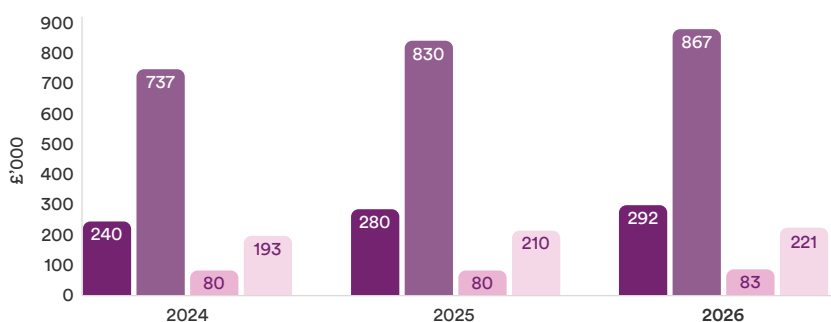
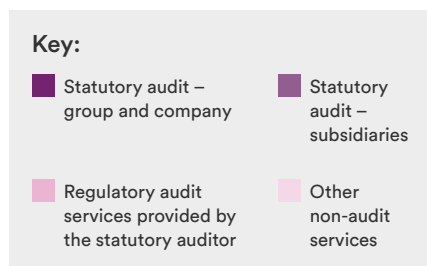
Term Note Programme; and Law Debenture Trust compliance work. Fees for non-audit services paid to KPMG include the cost of the UUV regulatory assurance work, which is separate to the regulatory audit. While this work could be performed by a different firm, the information is, in fact, more granular breakdowns of data that form part of the external audit; and by KPMG undertaking the work, it reduces duplication and saves considerable cost.

Taking into account our findings in relation to the effectiveness of the audit process, and in relation to the independence of KPMG, the committee was satisfied that KPMG continues to be independent, and free from any conflicting interest with the group.

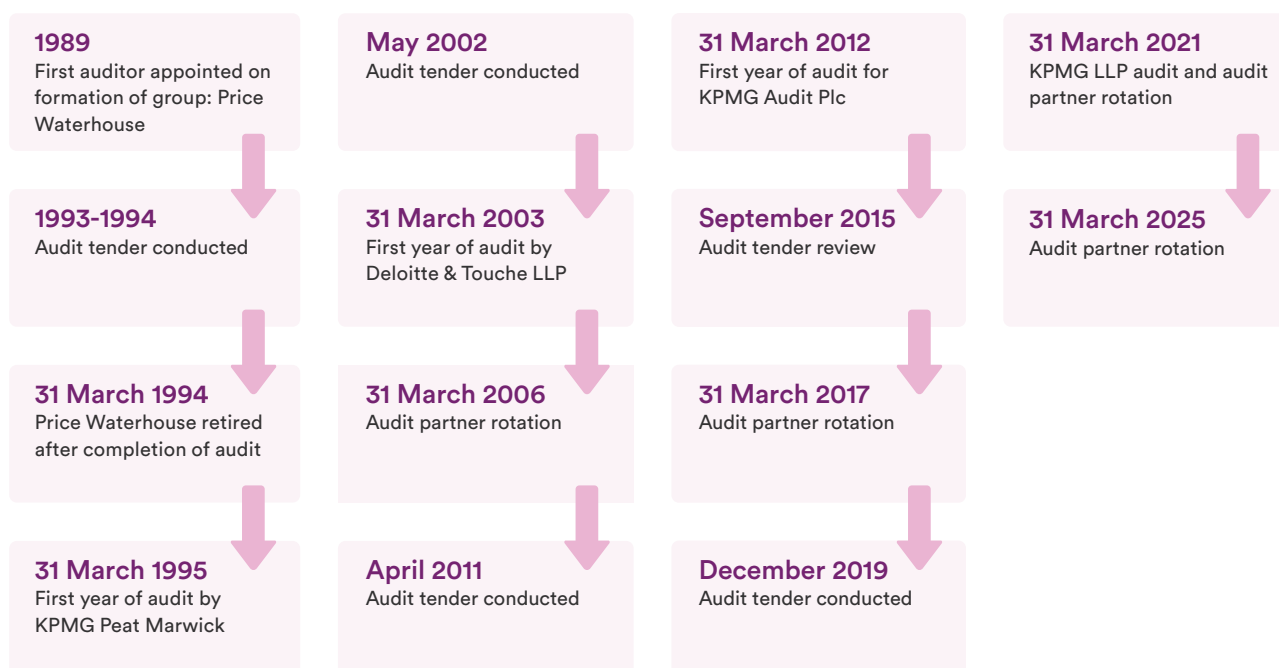
Quick links

- ▶ Read more about our regulatory environment on page 04
- ▶ Read our directors' responsibility statement on page 175
- ▶ Read more about delivering on our purpose on page 02

External auditor's fees



Rotation of external auditor to the group



Audit committee report

External auditor reappointment for the year ending 31 March 2027

KPMG has completed its 15th consecutive year as the group's external auditor for the 2025/26 financial year, following reappointment after a formal tender in December 2019. The previous tender took place in 2011, which resulted in KPMG's initial appointment for the audit of the year ended 31 March 2012. The diagram on page 133 shows the historical tendering and rotation of the role of external auditor.

The company, as a public interest entity, is required to conduct a competitive tender process every ten years, and rotate auditors after 20 years at most; as a result, KPMG can remain as auditor until the completion of the 31 March 2031 audit. The audit engagement partner rotates at least every five years. Gill Hopwood-Bell was appointed as audit engagement partner for the 2025/26 but, due to unforeseen personal circumstances, Gill was not able to complete the audit. Andrew Bradshaw, who had previously worked on the company's audit from 2011 to 2016, was appointed as audit engagement partner during the final stages of the audit.

United Utilities complied fully with the requirements of the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014 for the year ended 31 March 2026.

At its meeting on 6 May 2026, the committee recommended to the board that KPMG be proposed for reappointment for the year ending 31 March 2027 at the forthcoming AGM in July 2026. As a matter of good practice, the committee continually keeps the performance of the auditor under review and there are no contractual obligations that restrict the committee's choice of auditor; the recommendation is free from third-party influence, and no auditor liability agreement is in place.

Going concern and long-term viability

The committee challenged and scrutinised management's detailed assessment of the group's long-term viability and its ability to continue as a going concern, taking into account the risks facing the business, and its ability to withstand a number of severe but reasonable scenarios. The committee approved the long-term viability statement set out on page 122.

Risk management systems

The group designs its risk management activities to manage rather than eliminate the risk of failure to achieve its strategic objectives. A diagram and explanation of the risk management governance and reporting process can be found on page 55.

The committee receives updates and reports from the head of audit and risk on key activities relating to the company's risk management systems and processes at every meeting. These are then reported to the board, as appropriate. The CFO has executive responsibility for risk management and is supported in this role by the head of audit and risk, and the corporate risk manager and his team. The group audit and risk board (GARB) meets quarterly and reviews the governance processes and the effectiveness and performance of these processes along with the identification of emerging trends and themes within, and across, the business. The work of the GARB then feeds into the information and assurance processes of the audit committee and into the board's assessment of risk exposures and the strategies to manage these risks.

Internal control systems

The committee reviews the group's internal control systems and receives updates on the findings of internal audit investigations at every meeting, prior to reporting any significant matters to the board. Internal control systems are part of our business-as-usual activities and are documented in the company's internal control manual, which covers financial, operational and compliance controls and processes. Internal control systems over financial reporting are the responsibility of the CFO, with the support of the GARB, the financial control team and the internal audit team, although the head of audit and risk and his team are directly accountable to the audit committee.

Managers are responsible for ensuring adherence to controls, with compliance routinely tested through the internal audit programme and other assurance activities. Senior managers complete an annual internal control self assessment, which is reviewed and tested on a sample basis by internal audit, with results reported to the committee.

The internal audit team has continued to prepare for the material controls declaration which will first be provided in the 2027 annual report in accordance with principle O and provision 29 of the code – more information can be found on pages 124 and 130.

Anti-fraud and anti-bribery

The audit committee oversees the group's fraud detection procedures and the systems and controls designed to prevent inappropriate behaviour – these include policies and procedures relating to whistleblowing, anti-bribery and fraud.

When an incident is reported, a summary of the allegations is reviewed by the fraud and whistleblowing committee – comprising members of the executive team and senior management, to determine the appropriate course of action and responsibility for any investigation. The committee receives regular updates on the progress and outcomes of investigations and any resulting remedial actions. An external review of whistleblowing governance and processes,

undertaken in 2024/25 by the internal audit co-source partner, concluded that the control environment remained satisfactory. The company responded to an information request on whistleblowing procedures from Ofwat in May 2025, no follow-up enquiries have been received at the time of this report.

The group maintains a zero tolerance approach to corruption, bribery and anti-competitive behaviour. The anti-bribery policy sets clear expectations for preventing bribery, supported by monitoring processes and mandatory training for colleagues in certain roles. The hospitality policy permits only proportionate and reasonable business-related hospitality, all of which must be logged and approved. Colleagues and suppliers are required to comply with responsible sourcing principles and the United Supply Chain approach. Consistent with the group's anti-fraud culture, cross-business fraud risk assessments continue to be carried out to identify emerging threats and strengthen mitigation. The design effectiveness of controls for the most significant fraud risks is reviewed on a cyclical basis by internal audit, with the last review conducted during 2022/23, identifying no further weaknesses. As part of the internal control self assessment process, senior managers confirm adherence to anti-bribery and hospitality policies. The committee reviews and monitors the anti-bribery programme twice each year.

An external review of the group's fraud risk management framework in 2021/22 assessed its maturity and identified enhancements that were subsequently implemented, overseen by the security steering group, with the final report presented in March 2022.

Following the enactment of the Economic Crime and Corporate Transparency Act 2023 (ECCTA) and related guidance issued in November 2024, the fraud risk assessment was updated to reflect all relevant fraud offences. Associated anti-fraud policies and processes have been updated accordingly. A review of readiness for ECCTA, by PwC as co-source to the in-house internal audit team was conducted during 2025/26.

Audit and assurance framework

As a provider of essential public services, we have a responsibility to provide accurate, reliable and easily accessible information about our performance. We are committed to delivering transparent and high-quality reporting for customers, employees, investors, regulators and other stakeholders

United Utilities operates a well established 'three lines of assurance' model:

First line: Management is responsible for day-to-day operations, risk management and maintaining effective controls.

Second line: Internal assurance teams set policy, provide oversight and monitor compliance with control activities.

Third line: Internal audit and external specialist auditors independently assess the

effectiveness of governance, risk management and internal controls, and provide assurance over company disclosures.

We also apply a standardised assurance framework to assess the risk associated with narrative disclosures in the integrated annual report. As the level of risk increases, the governance and assurance applied to the reporting of data increases, with significant risks and issues escalated to the board, thereby ensuring that the management, control and reporting of any risks, and resulting actions identified through the process, are proportionate to the level of risk. This approach aligns with the assurance principles used in UUV's regulatory reporting and informs the levels of assurance proposed for the 31 March 2026 integrated annual report.

Internal audit function

The internal audit function is a key element of the group's corporate governance framework. Its role is to provide independent and objective assurance, advice and insight on governance, risk management and internal control to the audit committee, the board and to senior management. It supports the organisation's purpose and objectives by evaluating and assessing the effectiveness of risk management systems, business policies and processes, systems and key internal controls. In addition to reviewing the effectiveness of these areas, and reporting on aspects of the group's compliance with them, the internal audit function makes recommendations to address any key issues and improve processes and, as such, provides an indication of the behaviours being exhibited by colleagues in the areas under review. Once any recommendations are agreed with management, the internal audit function monitors completion of associated actions and reports to the committee on progress made at every meeting.

A five-year strategic audit planning approach is applied. This facilitates an efficient deployment of internal audit resource in providing assurance coverage over time across the whole business, as well as greater variation in the nature, depth and breadth of audit activities. This strategic approach supports the annual audit plan, which is then endorsed by management, and which the committee reviews, challenges and approves annually. The audit universe includes identifiable business processes, functions, activities and/or systems which internal audit can provide assurance over, is reviewed and updated each year and validated by management. The audit universe is risk assessed as either low, medium or high, with the risk rating determining the audit intensity of the auditable areas.

The internal audit plan covers a broad spectrum of activities and includes a mix of annual reviews, cyclical reviews and specific management requests. The areas covered by the plan for 2026/27 include:

- Cyber security, systems, and data, e.g. Network Information Systems Directive

readiness; Security and Emergency Measures Direction compliance, data protection and asset registration and deregistration;

- Transformation and programme activity, e.g. Windermere programme, industrial emissions directive programme; capital delivery transformation programme governance and AI programme governance;
- Core operational activities and resilience, e.g. covered/service reservoirs, low pressure, water production planning; laboratory testing services, and power and chemical resilience;
- Environment, e.g. environmental information request process; pollution compliance reporting; the environmental reporting assessment, and the pollution incident reduction plan;
- Regulation, e.g. charges and tariffs; annual performance report and cost allocation;
- Customer, e.g. income receipts, financial settlements, billing and credit management; and
- Statutory/corporate reporting and governance, e.g. the code, assurance of narrative reporting in the annual report and sustainable finance.

The internal audit function operates under a charter, approved annually by the audit committee, which defines its purpose, scope and authority. In line with this charter, internal audit conducts its work in accordance with the Global Internal Audit Standards, applying integrity, diligence and objectivity at all times.

The internal audit function, led by the head of audit and risk, reports to the committee chair, and functionally to the CFO, both of whom review the head of audit's annual personal objectives. The head of audit and risk attends all scheduled meetings of the audit committee. At each meeting of the committee, the head of audit and risk meets with committee members without management being present and he is in regular contact with the chair of the committee outside of formal meetings.

The in-house team is expanded as and when required with additional resource and skills co-sourced from external providers ensuring that the internal audit function has sufficient resources and expertise to deliver the annual audit plan. The committee oversees the relationship with the co-source provider to maintain the independence of the internal audit function and there is a documented process to manage possible conflicts of interest with the co-sourced resource. Ensuring that any co-source resource remains independent in the course of its work is crucial to the integrity of its work. Following a competitive tender process, PwC was last reappointed as co-source resource provider during 2020/21. Aligned to the planned tender for the external auditor, PwC would cease to provide the internal audit co-source resource with effect from 31 March 2029 to allow it, should it wish, to tender for the auditor role.

The internal audit team liaises with the external auditor to share relevant insights,

supporting the overall assurance provided to the audit committee and the board.

Assessing the effectiveness of the internal audit function

The effectiveness of the internal audit function's work is continually monitored using a variety of inputs, including ongoing audit reports received, regular interactions between the audit committee and the head of audit and risk, a biannual review of the department's internal quality assurance report, a dashboard providing a snapshot of the progress against the internal audit plan tabled at each committee meeting, as well as six-monthly reporting against a quality assurance plan.

The annual stakeholder survey was issued to committee members, senior management and other managers who have regular contact with the internal audit function, including representatives from the auditor KPMG and the co-source audit provider PwC. The responses were anonymous to encourage open and honest feedback, and were consistently favourable, as were previous surveys.

An external assessment of the quality and effectiveness of the internal audit function is undertaken at least every five years, with the most recent review by BDO in 2024. The 2024 review examined the function's compliance with the Institute of Internal Auditor's internal audit standards, audit quality, and application of the function's methodology, undertook a gap analysis against new internal audit standards, and benchmarked against other FTSE100s' internal audit functions. BDO concluded that the internal audit function was fit for purpose and was operating efficiently and effectively, in line with good practice and was attributed with the highest grading of 'generally conforms' with the internal audit standards, an improvement from the 2019 External Quality Assessment, which was graded in the category below of 'partially conforms'. Opportunities for improvement were identified including recommendations relating to the use of data analytics and the use of PwC as the current co-source partner.

Taking all these elements into account, the committee concluded that the internal audit function was an effective provider of assurance over the organisation's risks and controls and appropriate resources were available as required.

Assurance function

The assurance team, which reports to the head of audit and risk, provides a respected, independent second line of assurance service that supports the business in meeting its legal and regulatory obligations, and offering suggestions for continuous improvement. The team focuses on operational activities, principally water, wastewater and construction; and assessing compliance with site standards, health and safety and regulations such as permit compliance. Findings are reported to operational senior leadership and the GARB.

Treasury committee report

Members

Marina Wyatt
Chair

- Doug Webb
- Phil Aspin
- Brendan Murphy



Dear shareholder

During the year, with the board's delegated authority, the committee oversaw the successful execution of the group's funding plan to support delivery of the AMP8 investment programme. Approximately, £1.4 billion of new term funding was raised in the period to 31 March 2026. The committee assessed funding requirements and opportunities, overseeing several transactions including an increase in bank facility support to optimise the funding and liquidity mix, with circa £500 million coming from relationship banks via renewed or increased committed facilities and term loans, and circa £900 million from the public bond markets. Subsequent to the year end, a further €150 million was raised from the public bond markets on 10 April 2026.

The committee remains focused on increasing credit investor diversification, with the group further building-out its euro public bond market presence, issuing a €500 million ten-year green bond in August 2025, along with €100 million taps of the group's existing May 2034 and August 2035 maturities later in the year. The group now has just over €2.3 billion of bonds outstanding in the euro public bond market. In December 2025, the group also returned to the sterling public bond market for the first time since May 2024, issuing a £300 million 14-year maturity.

The committee has continued to monitor financial market conditions closely amid heightened geopolitical tensions and more volatile markets. Additionally, the committee has kept up to date with credit ratings agency developments including any reassessments of the regulatory framework following completion of Ofwat's PR24 price review, along with the regulatory reform agenda following the Independent Water Commission, chaired by Sir Jon Cunliffe, and government white paper.

The group continues to be well-positioned for AMP8, being pre-funded into 2028. The committee completed a 'deep-dive' review of the group's liquidity policy, resulting in the board approving a change to the targeted range for 'forward cover' of projected needs, whereby liquidity will be managed to a central target of 18 months +/-6 months forward on a rolling basis.

Given the UK Statistics Authority's proposal, effective from 2030, to align the UK Retail Prices Index (RPI) with the Consumer Prices Index including owner-occupier housing costs (CPIH), the group has been proactively considering the impact of such a change in respect of its existing RPI-linked notes that contain 'fallback' provisions that deal with fundamental changes to RPI.

With the written consent of the noteholder, in March 2026 we amended the fallback provisions in three of our RPI-linked notes. In the event of a fundamental change to RPI, these notes now effectively follow what happens on index-linked gilts and avoids the need for an uncertain independent process and potentially early redemption. At the same time, we took the opportunity to shorten the maturity on two of those notes from 2056 to 2047. The committee believes this 'first-of-its-kind' transaction in the corporate RPI-linked market sets a helpful precedent going forward.

The group has access to debt capital markets via its European Medium Term Note (EMTN) Programme or by putting bespoke documentation in place. The EMTN Programme, along with the group's sustainable finance framework (SFF), continues to be the primary vehicle for the group to access funding in the debt capital markets. In March 2026, the group updated its SFF to align with the latest International Capital Markets Association principles and to allow for the issue of financing designated as blue, alongside the existing green/sustainable/social categories. Each year, we publish an SFF allocations and impact report.

The committee also considered the group's approach to determining the effective interest rate to be applied in accounting for floating-rate financial liabilities, which led to a change in the estimation technique used to measure inflation-linked debt that will smooth the impact of unusually high or low inflation over the remaining life of the debt and is expected to reduce volatility in the income statement (see page 195).

Details of the group's engagement with banks and credit investors can be found on page 114.

Marina Wyatt
Chair of the treasury committee

Quick facts

- The committee meets a minimum of three times per year.
- The committee operates under terms of reference and delegated authorities approved by the board.
- Any director is entitled to attend any meeting and the company secretary attends all meetings of the committee.
- The treasurer is a member of the committee.
- A review of the responses to the 2025/26 committee evaluation can be found on page 119. In summary, the review indicated that the committee was effective and its members had the appropriate skills and experience to fulfil the committee's responsibilities.

Main responsibilities

- Review of the group's treasury policies in relation to: financing; liquidity; hedging of market risks (interest rates, inflation, currency and electricity); financial counterparty credit risk; credit ratings; and capital structure.
- Execution of the financing plan and evaluation of funding opportunities.
- Liquidity management and review of forecasts.
- Execution of hedging transactions and programmes in relation to the management of market risks in accordance with treasury policy parameters.
- Developments in relation to the credit ratings agencies.
- Credit investor relations.
- Banking relationships.
- Treasury delegated authorities, internal controls and governance.
- Reporting to the board on matters relating to the group's treasury activities, including board approval of the annual treasury update and associated financing plan and board delegated authorities.

Quick links

- ▶ Terms of reference: [unitedutilities.com/corporate-governance](https://www.unitedutilities.com/corporate-governance)

Compliance committee report

Members

Doug Webb
Chair

- Ian El-Mokadem
- Louise Beardmore
- Alison Goligher
- James Bullock
- Michael Lewis
- Matthew Hemmings



Dear shareholder

The committee's duties are focused on providing oversight and challenge of UUW's principle regulatory submissions.

Annual business

The committee has a planned annual review cycle where principal submissions made to Ofwat and other regulators are reviewed, scrutinised and challenged prior to submission to the UUW board.

UUW publishes an annual performance report (APR) to show how the company is delivering on the price and service package set out in the final determination of price controls. It also delivers on a range of other reporting requirements, including those embedded in the company's licence. These reports are published on the company website.

As part of the APR publication, the board must provide supporting board assurance statements – first, a statement demonstrating the board has met Ofwat's Board Leadership, Transparency and Governance principles, and secondly, a risk and compliance statement. This statement confirms that the company has understood and met its regulatory obligations, maintains effective controls and risk-management systems, considers its data accurate and has identified any departures from compliance in the 'Table of Departures'.

The committee reviewed the proposed approach for the production and assurance of the APR at its meeting in April 2025, challenging management and making recommendations to enhance the assurance framework. It reviewed the APR and board assurance statements at its meeting in June 2025, including the Table of Departures, and recommended the same to the UUW board for approval.

The committee also reviewed the regulatory accounts, prepared in accordance with Ofwat's regulatory accounting guidelines, and recommended them to the UUW board for approval ahead of their submission as part of the APR.

In line with Ofwat requirements, the board approves UUW's charges and tariffs annually. During the year, the committee reviewed the governance arrangements for the charges-setting process, considered the indicative charges and tariffs for 2025/26, and subsequently reviewed the final charges prior to board approval.

The committee has continued to review principal submissions to the Environment Agency relating to performance. This has included reviewing the approach to compiling information provided by the company as part of the Environmental Performance Assessment and Event Duration Monitoring submissions which covered performance in 2025. In addition, the committee was engaged in the review and development of the Pollution Incident Reduction Plan which was published in March 2026. Scrutiny and constructive challenge from the committee helped ensure the quality and completeness of this plan.

Ahead of key submissions to regulators, the committee also reviewed technical assurance reports from specialist third-party providers. This independent technical assurance offered external validation of key methodologies, data quality and compliance with regulatory obligations. These reports reflect robust challenge to management's processes and controls, which have supported the governance process and the committee's ability to evaluate the reliability, accuracy and completeness of the information presented by management.

Other business

The committee also conducted a number of deep-dive reviews into specific aspects of water and wastewater compliance activities and has received updates on completion of committed actions. The committee also received regular updates in relation to ongoing casework matters and a proactive programme of planned second-line assurance work.

During the year, the committee received updates on the process for appointing an independent technical assurance provider and provided oversight of the governance arrangements supporting that process. The committee provided feedback on the overall procurement approach and sought confirmation that appropriate controls were in place both for the procurement exercise and future delivery under the appointment.

Finally, I would like to thank Alison Goligher, who steps down from the board after this year's AGM, for her huge contribution and valuable insights in relation to the activities of the committee since its establishment in 2023.

Doug Webb
Chair of the compliance committee

Quick facts

- The committee comprises at least three directors, two of whom must be independent non-executive directors and one of whom is appointed as chair.
- The company secretary attends all meetings of the committee.
- The regulation and compliance director and chief operating officer are both members of the committee.
- A minimum of two meetings are held each year. In 2025/26, five meetings were scheduled during the year.

Main responsibilities

- Review of key UUW regulatory submissions and underlying governance policies.
- Review compliance with areas of legislation or regulation as the committee sees fit.
- Be kept abreast of changing regulatory or legislative requirements.
- Oversee the structure and processes of interactions with UUW's regulators.

Looking to the future the committee will:

- Continue to undertake deep-dive reviews on specific subjects. Exploration of these areas will include challenging management to ensure that the approach taken is appropriately identifying risks and that associated mitigating actions are delivered.
- Engage with and challenge management to ensure the processes underpinning principal regulatory submissions deliver effective and timely production of regulatory information and that these are continually scrutinised for additional improvement opportunities as part of further enhancing a proactive compliance culture.
- Proactively test and confirm the independence of the external technical assurance services.

Quick links

- ▶ Terms of reference: [unitedutilities.com/corporate-governance](https://www.uu.co.uk/corporate-governance)

ESG committee report

Members

Liam Butterworth
Chair

- Alison Goligher
- Clare Hayward
- Louise Beardmore



Dear shareholder

ESG considerations remain fundamental to the resilience of our business and central to our long-term strategy and day-to-day decision-making to deliver a stronger, greener and healthier North West.

I am pleased to present my second report on the activities of the ESG committee for 2025/26. As Alison Goligher's tenure on the committee concludes, I would like to thank Alison for her dedication and contribution over this time. A longstanding member of the committee, she has provided valuable insight through a period in which ESG has moved to the very core of our corporate purpose.

Over the past year, the committee has built on the foundations established during my first year as chair, with an increased focus on embedding ESG considerations into our business planning and value chain, while maintaining a clear view of the external environment in which we operate.

As ESG expectations continue to evolve, shaped by shifting regulatory, political and stakeholder expectations, the committee remains clear that the underlying opportunities and risks associated with environmental sustainability, our role in society and the effectiveness of our governance will continue to be critical to the long-term success of the business.

The committee has also continued to monitor and respond to the changing ESG reporting and disclosure environment. The growing emphasis on consistency, comparability and the credibility of data and narrative, aligning strongly with the company's principal material theme of trust, transparency and legitimacy.

The committee continues to operate with standing agenda items covering stakeholder expectations and reputational horizon scanning, investor and market trends, and a comprehensive ESG performance dashboard. These regular discussions are complemented by in-depth reviews of priority topics, allowing the committee to provide focused challenge and oversight as the company responds to a changing ESG landscape. This year, we have had deep dives on the following topics.

Responsible and resilient value chain

With the increased scale of our capital programme this AMP, there are increased risks and opportunities for our ESG performance throughout the supply chain. The committee received an update on commercial activities including: the group's supply chain capabilities; capacity and resilience to deliver AMP8 and beyond, and insight into the ongoing commitment to foster a responsible, value-driven and collaborative supply chain.

Community investment and social value

The committee received an update on the company's contribution to communities and discussed the scope and direction for our community strategy for AMP8, covering: engagement, education, jobs, skills, affordability, social value and mitigating the impact of our capital investment programme.

Vulnerable customers

The committee supported the company's commitment to inclusive support for vulnerable customers, reviewing the performance dashboard tracking the company's efforts and the current approach to Priority Services.

Opportunity for All

The committee endorsed the company's 'Opportunity for All' report, which shares performance on the diversity of its workforce to both retain existing colleagues and attract a diverse pipeline of new talent to help drive innovation and growth.

Net zero

An update was provided to the committee on the company's progress against its Science Based Targets initiative (SBTI) targets to reduce greenhouse gas emissions and the sector-wide project to refresh the Water UK operational net-zero target during 2026. The committee reviewed the refresh of the net-zero strategy to cut emissions at source, drive long-term system change across our operations and capital delivery programme, and address residual emissions through high-integrity greenhouse gas removals and value chain partnerships. The 2026 AGM will consider and, if thought fit, approve the company's net zero transition plan.

Nature and biodiversity

The committee discussed the group's approach to identify its impact and dependencies on nature and our strategic approach to managing biodiversity on our landholding. The committee noted the importance of understanding our interactions with nature in our long-term planning, operations and our supply chain to improve resilience and the use of natural capital accounting to track and measure our natural assets and the benefits provided to the North West.

Company water use

The committee was updated on the progress made in accounting for all the water used across our system to find demand reduction opportunities focused on driving down carbon, energy and water consumption on our sites.

Liam Butterworth
Chair of the ESG committee

Quick facts

- The committee comprises three directors appointed by the board, two of whom must be independent non-executive directors and one of whom is appointed as chair.
- The company secretary, the corporate affairs director, the asset management director, and the investor relations and clean energy strategy director attend all meetings of the committee.
- Senior operational directors attend the committee to report on the environmental, social and governance aspects of particular topics and initiatives.
- The committee has power delegated to it from the board in relation to environmental, social and governance matters.

Quick links

- ▶ Terms of reference: unitedutilities.com/corporate-governance



Looking to the future the committee will:

- Continue to look for opportunities to build on and develop our ESG subject matter expertise;
- Review ESG rating performance to benchmark against best practice and peers;
- Continue to examine the interaction between purpose, ESG and reputation, and review the approach to stakeholder engagement and the management of reputational risks;
- Oversee matters of general governance; and
- Undertake matters of committee governance such as reviewing its rolling calendar of agenda items, the annual committee evaluation and the committee's terms of reference.

Main responsibilities

- Consider and recommend to the group board the broad approach to environmental, social and governance matters taking into account the company's desired ESG positioning;
- Keep under review the group's approach to environmental, social and governance matters and ensure it is aligned with the group strategy, including the company purpose, strategic priorities and values;
- Review environmental, social and governance issues and objectives material to the group's stakeholders and identify and monitor the extent to which they are reflected in group strategies, plans and policies;
- Monitor and review the status of the company's reputation and examine the contribution of the group's corporate responsibility activities towards protecting and enhancing its reputation;
- Monitor and review compliance with the group board's approach to environmental, social and governance matters and scrutinise the effectiveness of the delivery of the ESG commitments;
- Develop and recommend to the group board ESG targets and key performance indicators and receive and review reports on progress towards the achievement of such targets and indicators; and
- Review all approved specific giving where the aggregate financial contribution exceeds £100,000 over the period of the proposed funding and to review all community-giving expenditure annually.

Remuneration committee report

Members

Kath Cates
Chair of the remuneration committee

- Doug Webb
- Alison Goligher



Annual statement from the remuneration committee chair

Our executive pay arrangements are aligned to our purpose, strategy and values, incentivising delivery for customers and the environment, and the creation of long-term value.

Dear shareholder

Adapting to an evolving context

The year ending 31 March 2026 was the first year of the new AMP, with the evolving context affecting the committee's decision-making. Under the AMP8 final determination, this five-year period will see us deliver our largest investment in water and wastewater infrastructure in over 100 years, more than doubling the size of our capital programmes compared to the previous AMP, and enabling us to drive significant environmental and service improvements across the North West, improving river quality and the resilience of our water supplies. We have made a strong start to our investment programme, as is set out throughout this report, with everyone at United Utilities committed to supporting a stronger, greener, healthier North West.

The proposals announced on 30 April 2026 for a further £1.4 billion, as part of Ofwat's 2026 Re-opener process, will bring even more benefits to our customers, the environment, and other stakeholders. It will enable the creation of even more jobs, enhance our infrastructure and aligns closely with the Government's mission for economic growth and decarbonisation. It is hugely exciting, and a testament to the ambition of the leadership team who only want the best for our region.

The talent and capability of our people is fundamental to the delivery of our business plan. Since her appointment in 2023, Louise Beardmore (our Chief Executive) has strengthened our executive management team (including through external hires), grown the workforce to ensure the necessary skills are in place, developed an inclusive workplace culture within which colleagues can thrive (the latest colleague survey showing a 90% engagement rate), and mobilised our supply chain in readiness for delivery. With over 1,000 projects live, the team is already building the infrastructure that will see performance improvements for years to come. Under the financial guidance of Phil Aspin (our Chief Financial Officer), we have already started raising the necessary funds to bring this

ambitious plan to life (with circa £1.4 billion of term funding raised in the first year of the AMP) and continue this performance delivery. Louise and Phil were also instrumental in securing strong support from new and existing shareholders for the £800 million equity placing on 30 April 2026, providing additional funding for the transformational investments that will deliver sustained improvements for customers and the environment, support economic growth and create jobs.

Regulation of the sector also continues to evolve. In June 2025, Ofwat published the final details of its performance-related executive pay prohibition rule ('PRP rule'), which retrospectively applied to performance-related pay to executive directors for the year ending 31 March 2025 onwards. In July 2025, the Independent Water Commission, led by Sir John Cunliffe, published a set of 88 recommendations designed to drive fundamental change across the industry and in January 2026, we saw the publication of Defra's white paper, 'A new vision for water'. In March/April 2026 Ofwat published further updates on its PRP rule and its requirements and expectations in respect of remuneration reporting for 2025/26.

As a listed company we have always provided full and comprehensive details about the remuneration arrangements and outcomes for our directors, and we remain committed to open and transparent reporting, delivering for stakeholders and following the highest standards. Our remuneration arrangements must recognise that we are competing to retain and attract talent in an extremely challenging and competitive marketplace, with other industries seeking the same key skills we need, but without the increasingly complex regulatory and political landscape we are operating within. To that end, it is vitally important that we have an effective remuneration policy in place that reflects the size and associated risks of AMP8 and enables us to motivate and retain our talented and experienced leadership team to deliver the challenging plan.

Quick facts

- The code states that the board should establish a remuneration committee of independent non-executive directors with a minimum membership of three.
- By invitation of the committee, meetings are attended by the Chair, the CEO, the company secretary, the people director, the head of reward and the external adviser to the committee.
- Our proposed remuneration policy will be put to shareholders for approval at the 2026 AGM.
- The remuneration report sets out how the previous remuneration policy was applied in 2025/26 and how we intend to apply the new remuneration policy in 2026/27.
- Certain sections of the remuneration report are audited. The unaudited sections of the remuneration report, including the annual statement from the remuneration committee chair have been subject to external assurance by the remuneration committee's independent adviser, Ellason. This appointment was a limited assurance engagement in accordance with the requirements of the International Standard on Assurance Engagements (UK) 3000. Ellason's assurance statement is available at unitedutilities.com/corporate/responsibility/our-approach/esg-performance

Quick links

- ▶ Terms of reference: unitedutilities.com/corporate-governance
- ▶ Read our overview of executive remuneration on pages 146 to 153
- ▶ Read about our review of the directors' remuneration policy on page 144 to 145 and our proposed new policy on pages 154 to 159
- ▶ Read our annual report on remuneration on pages 160 to 169



Finally, building on our commitment in recent years that performance-related pay received by executive directors would not be paid for by customers, the board has taken the decision to apply this same philosophy to all elements of pay receivable by executive directors going forward, i.e. all fixed and all performance-related pay.

Performance in the year

The business delivered strong financial and operational results during the year, providing a solid base for the accelerated investment programme. Underlying revenue increased 20% to £2,576 million, reflecting higher regulatory revenues under the PR24 final determination, with underlying operating profit up 35% to £1,060 million and underlying EPS up 42% to 107.1 pence. Capital investment increased 41% to £1.5 billion in line with expectations, with our regulatory commitments achieved on time in the year, and a CPDi score of 100%.

Operationally, 80% of key performance metrics were improved year-on-year, with the business ranked above median and 'in reward' for the regulatory customer service measures (two of which are captured in the bonus). Stretching targets were met for both internal and external sewer flooding – two of the outcomes customers value most, with internal sewer flooding down 42% and external flooding down 25%, despite last year's stormy weather. While the UK overall experienced a relatively dry year, the North West still saw above average rainfall. Despite this, spills performance improved, with total activations falling 22% and duration falling 27% versus the prior year. Performance fell short of the stretching targets the business set for itself on supply interruptions and water quality. However, the board remains confident that the investment and momentum achieved this year will continue to strengthen performance as we move through the AMP, and the committee will continue to use performance-rated pay mechanisms to drive this.

Remuneration during 2025/26

Consideration of Ofwat's PRP rule

Ofwat's PRP rule requires the payment or vesting of any variable pay to be contingent on the achievement of certain standards. Failure to meet any of the standards requires the committee to prohibit the payment of bonuses and apply a pro-rata reduction to in-flight LTP awards for executive directors. The PRP rule captures bonuses from 2024/25 onwards and LTP grants from April 2024 onwards (so the 2023 LTP award precedes the introduction of the PRP rule). The standards relate to (i) Consumer Matters, (ii) Financial Resilience, (iii) Criminal Liability and (iv) Environment. The committee is satisfied that based on all available information, United Utilities has passed each of the PRP rule standards in respect of 2025/26, so performance-related pay outcomes for the executive directors are not prohibited or subject to adjustment in relation to the PRP rule. Provisions are in place for corrective action to be taken if this assessment that the PRP rule has been passed is later found to be incorrect.

2025/26 annual bonus

As in previous years, a consistent bonus scorecard applied throughout the business in 2025/26, to ensure a shared focus on stretching delivery for customers and the environment. Strong performance during the year gave rise to a provisional bonus outcome of 76.6% of maximum, with the stretching targets achieved in seven out of the 13 measures in the scorecard. Further detail on the bonus scorecard, why the measures were chosen and how the committee ensures the performance range is stretching is set out on pages 150 to 151.

Application of the PRP rule in 2024/25 and impact on prior year bonuses

- In the 2025 integrated annual report, we disclosed provisional bonus outcomes of 44.8% of maximum for the executive directors based on performance for the 2024/25 financial year. The outcome remained subject to confirmation of the outcome under the serious pollution measure and application of Ofwat's new PRP rule, the final details of which had not been published when the integrated annual report was signed off.
- The PRP rule was published on 6 June 2025, so the committee reviewed its application in respect of the two executive directors. In the final version of the rule the Environment standard was expanded compared to the previous version of the rule that had been consulted upon with stakeholders, with the rule being triggered if a company has one (or more) category 1 pollution incidents during the year.
- While United Utilities did not experience a category 1 pollution incident in the year, regrettably, fish were harmed during the routine operation of a mandatory health and safety inspection at one of our water reservoirs in December 2024. The Environment Agency (EA) confirmed that, irrespective of the cause, this incident would be classified as a category 1 fisheries mortality incident, and that while it was not a pollution incident, it would nevertheless be reported within the 'serious pollution incidents' category of its Environmental Performance Assessment (EPA) report.
- Consequently, the committee concluded that this was a breach of Ofwat's new PRP rule, and accordingly, no bonuses were paid to the executive directors for the 2024/25 financial year, and the previously disclosed figures have been updated to £nil in this integrated annual report. No alternative or compensatory payments have been made.
- The breach of the PRP rule in respect of 2024/25 will also result in a pro-rata reduction to the vesting of the 2024 LTP award, the performance period for which spans the three financial years to 2026/27.

Remuneration committee report

Following the preliminary assessment of performance against targets, the committee undertook a review to determine whether the provisional outcome was aligned with overall performance and the experience of stakeholders, including customers and the environment. This involved consideration of performance across a range of stakeholder lenses which are not necessarily captured in the incentive scorecard (see further details on page 153). As a result of this review, the committee concluded that the bonus scorecard outcome fairly reflected overall performance and that it would not be necessary to exercise any discretion in respect of the bonus for 2025/26. The ranking position for BR-MeX is provisional pending formal confirmation from Ofwat, which is expected by the end of May 2026, before any bonus payments are made to the executive directors. If the final ranking is different to the best estimate shown in this report and this has an impact on the overall bonus outcomes, they will be updated in next year's report.

2023 Long Term Plan (LTP)

The 2023 LTP was based 50% on return on regulated equity (RoRE) and 50% on a basket of customer and environmental measures. The basket comprised five metrics selected to reflect customer priorities, demonstrate our focus on customer delivery and environmental performance, and recognise stakeholder expectations on ESG matters.

During the performance period the committee used its discretion to make adjustments affecting the carbon reduction and RoRE measures. For further details see page 152. RoRE has been calculated on a provisional basis pending finalisation and assurance of some of the inputs which feed into the final calculation. The final outcome for the EPA rating measure will only be known when our 2025 EPA rating is confirmed by the Environment Agency later in the year. The provisional vesting outcome for the 2023 LTP (with our best estimate for RoRE and without an outcome for the EPA rating measure) is 61.2% as shown on pages 160 and 161. We will provide an update in next year's report if the final outcome is different to this provisional position.

As with the annual bonus, the committee reviewed the provisional vesting outcome in the context of the overall performance of the business and stakeholder experience. Given the demonstrable progress made in recent years, the committee believes that the provisional LTP outcome fairly reflects the underlying performance of the company and is not currently minded to exercise any discretion in respect of the vesting of the 2023 LTP awards. The committee has the opportunity to revisit this assessment again prior to vesting. Both directors' awards will vest after the completion of a holding period taking the overall vesting period to five years from the grant date.

Base salaries for 2025/26 and 2025 Long Term Plan (LTP)

At the time of publishing last year's annual report, the committee had not finalised the salary proposals for the executive directors for 2025/26, nor the terms of the LTP award to be granted during the year.

Louise Beardmore and Phil Aspin have been in role since 2023 and 2020 respectively. Both were appointed on salaries materially lower than their predecessors (13% and 18% below respectively), with increases since then having been at or below the rate awarded to United Utilities' wider colleague base. This is in keeping with the committee's long-standing policy of restraint on executive salary levels, with increases for executive directors set at or below the workforce rate for many years.

Louise and Phil both have deep knowledge of the water industry and are highly regarded by many stakeholders. This was evidenced by the strong customer and stakeholder support received in relation to the growth proposals recently announced. Given the demands of the AMP and the expectations being placed upon the executive team, the committee concluded that this conservative salary positioning was failing to recognise the proven skills and experience of the executives, and was therefore no longer tenable. As such, Louise and Phil were each awarded a salary increase of 20%, effective 1 July 2025, bringing their salaries to £870k and £560k respectively.

In determining the appropriate salary positioning, the committee took into account market data from both water and infrastructure sector peers and comparably sized UK-focused FTSE listed companies. It was clear that the directors' salaries had fallen below market, with the revised salaries now positioned appropriately against these relevant benchmarks, as shown on page 145. The committee is aware of the preference for salary increases to be phased over multiple years and would note that this would be our typical approach. However, having already delayed making a corrective adjustment pending the start of AMP8, we concluded that to further delay addressing the salary imbalance, by a way of phased increases, would not be in the best interests of the company or its shareholders, nor fair to the executives.

Since 2013, the committee has been able to grant LTP awards up to 200% of salary to the executive directors but has historically used a lower operational limit of 130% of salary. This is materially below the normal level for a company of our size. Recognising the scale and complexity of the AMP and the need to motivate and retain the executive directors to deliver on the strategy amid the changing regulatory landscape, the committee used the flexibility afforded to it under the existing policy to grant awards at 200% of salary for 2025. The awards were made in December and are subject to challenging RoRE (50%

weighting) and customer and environmental measures (50% weighting), details of which were published on the company's website at the point of grant. See page 161 for further details.

In making its decisions the committee was acutely aware of the specific circumstances facing the sector at the moment and the need to create a fair, balanced and motivational remuneration package. Over the past two years, over half of the chief executives and chief financial officers at United Utilities' peers in the water and wastewater sector have stood down or announced their intention to stand down from their roles. Given the complexity and step-change in performance required in AMP8, retention of our experienced and capable leadership team is of increasing concern for the board and shareholders. Maintaining a remuneration structure that was knowingly below that offered by other similar companies became untenable and the committee took the necessary steps, within the parameters of the existing remuneration policy, to begin to address this.

Remuneration policy review

The current directors' remuneration policy was approved by shareholders with 99% support at the 2025 AGM. Under the remuneration reporting regulations, we were required to submit the policy to shareholders for approval last year. However, the timing was not ideal given the PR24 process, with the board only in a position to accept the final determination in January 2025. While the committee did undertake a review of the policy, the limited time available and uncertainty affecting the sector led us to conclude that the most appropriate course of action was to effectively roll over the existing policy, with only a minor change to bonus deferral being proposed (to reflect emerging market practice). The remuneration policy has remained substantively unchanged since 2013, when the current bonus and LTP limits were set, and has received strong support from shareholders over this period.

Having now had the opportunity to review the policy in more detail in the context of the challenges of AMP8 and the changing regulatory and external landscape, the committee is submitting a revised policy to shareholders for approval at the July 2026 AGM. The revised policy incorporates the following key changes:

- **Introduction of an AMP8 allowance** for the executive directors, payable in shares, to retain and ensure the stability of the executive team, and provide a competitive overall remuneration opportunity given the scale and complexity of AMP8. The shares will be beneficially owned by the executive directors from the point of receipt, with no performance or further service conditions applying; however,

directors will be required to hold the shares (net of tax) for at least two years (and longer if required to achieve their minimum shareholding requirement). The shares will be held in a nominee account to enforce this holding requirement.

The AMP8 allowance has been set at £435k per annum for the chief executive and £280k per annum for the chief financial officer (payable in six-monthly instalments to ease administration) and fixed for the duration of AMP8 (i.e. it will not be subject to inflationary increases). Payment of the allowance will cease should the director give or receive notice to terminate employment. The allowance is specific to AMP8 in recognition of the scale and complexity of this AMP, and its use will be reconsidered ahead of the next regulatory period.

- **Revised limits under the annual bonus and LTP for directors in receipt of the AMP8 allowance, with an increased emphasis on long-term performance.** The maximum opportunity for directors in receipt of the AMP8 allowance will be set at 100% of salary for the annual bonus (reduced from 130% of salary under the current policy) and 175% of salary for the LTP (reduced from a maximum of 200% of salary under the current policy). The weighting on long-term performance has been increased to align with stakeholder interests. The bonus and LTP will continue to be subject to the achievement of the standards set out in Ofwat's PRP rule and stretching targets linked to financial, customer, community and environmental performance.

- **Higher share ownership requirements.** The in-post and post-employment shareholding requirement will increase to 250% of salary (from 200% of salary). If the LTP award level were to be positioned above 250% of salary (not currently anticipated), the shareholding requirement will increase in line with this on a 1:1 basis.
 - **Expanded malus and clawback provisions.** The malus and clawback provisions have been expanded to enable the withholding or recovery of performance-related pay where necessary following a breach of the standards set out in Ofwat's PRP rule.
 - **Flexibility for directors not in receipt of the AMP8 allowance.** Recognising that as a listed company, the remuneration policy is expected to last for three years, the committee has sought to maintain appropriate flexibility, for example in a recruitment situation. The maximum available opportunity for directors not in receipt of the AMP8 allowance, has been set at 150% of salary for the annual bonus and 300% of salary under the LTP. As above, the higher weighting on long-term performance is designed to align with stakeholder interests and FTSE best practice.
- Further details on the committee's decision-making process, including the comprehensive shareholder consultation process undertaken as part of this policy review are included in the Q&A section on pages 144 to 145

The committee has thought very carefully about how to construct a fair and balanced remuneration policy that will allow us to continue to retain and incentivise our experienced leadership team, and attract new talent. It is vitally important that we have a remuneration policy in place that reflects the significant increase in scale and associated risks of AMP8. We recognise that the proposals are somewhat unusual in the context of UK-market norms but believe that the unique circumstances which our sector faces (including competing stakeholder priorities and an ever-evolving regulatory environment) warrant adoption of a tailored approach. Recognising that executive remuneration in the water sector remains a contentious matter of public interest and as noted above, the board has decided that for 2025/26 none of the pay received by the executive directors will be paid for by customers. This goes beyond our previous commitment that customers would not pay for performance-related pay outcomes.

I hope that you find this report a clear and helpful account of the committee's key areas of focus and decisions during the year, and our plans looking forward. I would be happy to answer any questions you may have at the upcoming AGM.

This report has been approved by the board and is signed on its behalf by:

Kath Cates
Chair of the remuneration committee



Review of the directors' remuneration policy

Why have you returned with a revised policy only a year after the last policy renewal?

It was difficult for the committee to make a firm decision on the policy a year ago, as much remained uncertain. Ofwat did not publish the final determination for AMP8 until 19 December 2024 (accepted by United Utilities on 29 January 2025) and consultation was ongoing on the proposed Performance Related Pay (PRP) prohibition rule. The committee therefore decided to roll forward the existing policy broadly unchanged at the 2025 AGM. However, we need to ensure that we have a policy in place that reflects the scale and ambition of the AMP and the level of risk involved which is substantially different from all previous AMPs.

What makes AMP8 more challenging than previous AMPs?

AMP8 is significantly larger than AMP7 (and previous AMPs) due to the record investment programme (our largest in over 100 years), expanded environmental programmes focusing on improving river health and reducing storm overflow activations, investment in smart networks and data-driven asset management, greater affordability packages (which will see us provide support to one in six households) and the significantly tougher performance commitments and higher expectations for asset resilience. The recently announced growth plans, creating more jobs, enhancing infrastructure, and aligning with the Government's mission for economic growth and decarbonisation, are exciting but only further increase the scale, risk and complexity of what must be delivered. Regulation of the sector is also evolving, with the move towards the creation of a single regulatory entity. This enhanced political landscape sits alongside heightened scrutiny for the executive team, including threats to personal safety, and the potential for personal criminal liability under the Water (Special Measures) Act.

Why did the committee settle on introducing an AMP8 allowance?

AMP8 will see us deliver what will be the largest investment in water and wastewater infrastructure in over 100 years. This will enable us to drive significant environmental and service improvements across the North West, improving river quality and the resilience of our water supplies. The talent and capability of our people is fundamental to the delivery of the AMP8 business plan. The PRP rule places considerable uncertainty over how we can operate our variable pay schemes and shareholders had questioned the board over the ability of our current remuneration policy to retain the current executive team and attract the calibre of talent required to deliver on this ambitious

plan. We needed to make sure that the policy and packages that could be delivered under it are fair in the context of the challenges facing the sector and the demands being placed on the executive team. The AMP8 allowance has a retention effect because it provides a degree of certainty for the executives, while ensuring long-term alignment with shareholders. The allowance is specific to AMP8 and its use will be reconsidered ahead of the next regulatory period. The AMP8 allowance, alongside all other aspects of pay for the executive directors, whether fixed or performance-related, will not be paid for by customers.

Why are you changing the balance of annual bonus and LTP opportunity?

Under the new policy, for executive directors in receipt of the AMP8 allowance, the limit will be 100% of salary for the annual bonus and 175% of salary for the LTP, as we wanted to increase the emphasis on long-term performance. This better reflects the long-term nature of the investment decisions being made by the executive team and aligns with our focus on delivering sustainable long-term performance.

Why are the maximum policy limits for the annual bonus and LTP changing under the new policy?

For executive directors not in receipt of the AMP8 allowance, the maximum policy limits are set at 150% of salary for the annual bonus and 300% of salary for the LTP. In aggregate these limits bring the policy in line with typical market practice at similar sized UK-focused FTSE companies, albeit with a greater emphasis on long-term performance, and are designed to provide flexibility to the committee, for example in a recruitment situation.

The AMP8 allowance would not necessarily be payable to a new executive director, but the policy provides flexibility for the committee to consider and determine this at the appropriate time.

What else did the committee consider as part of its review and why did you settle on this proposal?

We considered a wide range of different approaches including higher incentive opportunities, changes to the benefit provisions, different long-term incentive structures such as hybrid awards and restricted share awards, retention awards, and higher salaries. Overall, we strongly believe that the proposed approach strikes the right balance between providing a fair and motivational package for the executives while maintaining a strong link between pay and performance.

How will the changes impact the pay mix under the new policy?

The committee believes the balanced remuneration package will provide a more effective pay structure through which to reinforce short-term and long-term financial, customer and environmental goals. We are keen to ensure our executives are retained for the duration of the AMP and beyond, and that they are both able and encouraged to build up a meaningful share ownership. The equity-based pay components being proposed, and the growing shareholdings of the current executives, will ensure continued alignment with shareholders and a continued focus on long-term decision-making over the next AMP cycle, which is the fundamental mindset at United Utilities.

Under the revised policy, over 62% of the remuneration package will be performance-related and over 56% will be delivered in shares which must be held for the long term, demonstrating long-term alignment with shareholders, customers and the environment.

What consultation has taken place with stakeholders?

In formalising the policy changes, the committee undertook a comprehensive engagement process, contacting more than 20 of our largest shareholders representing almost 60% of the register, and ultimately held meetings with 14 different shareholders representing around 50% of the register. In total, the committee conducted 15 meetings, in addition to meetings with representatives from the major proxy advisory bodies (Investment Association, ISS and Glass Lewis). The committee is grateful for all the feedback received during this process.

Shareholder engagement timeline

September–November 2025	Remuneration committee meetings to review and discuss proposed policy changes
December 2025–January 2026	Meetings with 6 of our largest shareholders
January 2026	Committee considered initial feedback received
February–May 2026	Meetings with a further 8 of our largest shareholders Meetings with proxy advisers
May 2026	Committee considered all feedback and reviewed policy proposals

During the year, on behalf of the committee, the head of reward engaged with the colleague voice panel in relation to the company's executive remuneration principles and the alignment of executive remuneration with wider company pay policy, but due to the timing of the policy review it was not possible to engage directly with colleagues on the specifics of the proposed policy. Details about the policy changes will be discussed with the colleague voice panel later in the year.

What external reference points did the committee consider when assessing the appropriateness of the pay levels?

We need to be able to compete for talent both inside and outside of the water sector and our senior leadership team come from a variety of different backgrounds. The committee took into account a variety of different reference points including other water companies, the wider infrastructure sector and other UK-focused FTSE listed companies.

With greater transparency over pay arrangements at listed companies, the FTSE 31-100 UK focused group provides a robust data set for external disclosure. The peer set excludes those companies with a more global outlook (more than 50% of revenues derived from outside of the UK). The charts below summarise how the proposed remuneration arrangements compare to this peer group. In size terms, United Utilities is ranked above median on market capitalisation, just below median on headcount and around

median on revenue. In terms of relative performance, United Utilities has performed strongly against this group (between median and upper quartile relative TSR over rolling three-year performance periods to 31 March 2026).

What feedback was received and what changes were made following this consultation process?

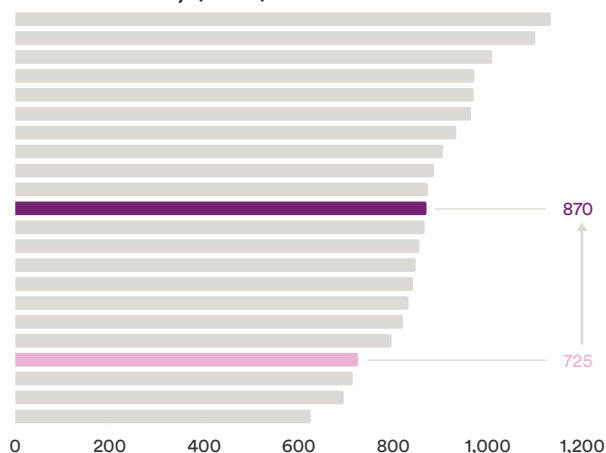
Open and meaningful dialogue was undertaken, and shareholders were understanding of the challenges facing the committee and the demands being placed on the executive directors. The retention of Louise Beardmore and Phil Aspin, and maintaining a stable executive team, was a matter of clear interest for shareholders. While strong support was expressed for the proposed changes, some shareholders raised fair and reasonable points which have been addressed in the final policy, such as the committee extending the holding period for the AMP8 allowance from one year to two years and increasing the shareholding guideline from 200% to 250% of salary.

How did the committee take into account wider workforce pay when making its decisions?

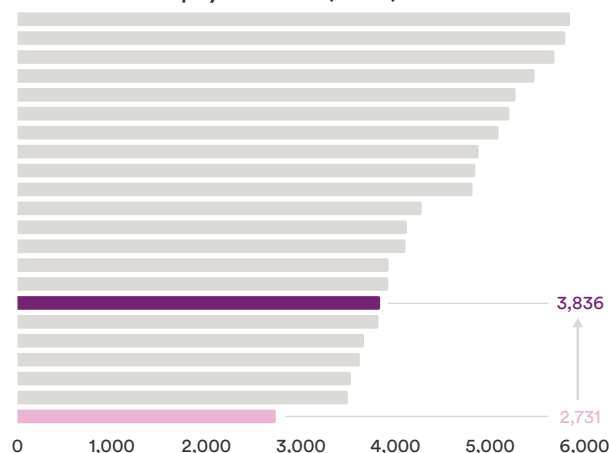
We aim to reward our colleagues fairly and competitively across all levels of the organisation, to enable us to hire and retain the best people. The committee receives regular updates on broader pay matters from the people director and head of reward, and members of the committee recently attended the company's all-colleague event in Liverpool. United Utilities is an accredited Living Wage Foundation employer and colleagues at all levels have the same bonus measures as executive directors, so everyone benefits from the success of the company. Page 164 shows how pay and benefits cascade throughout the company.

External reference point: FTSE31-100 UK focused group

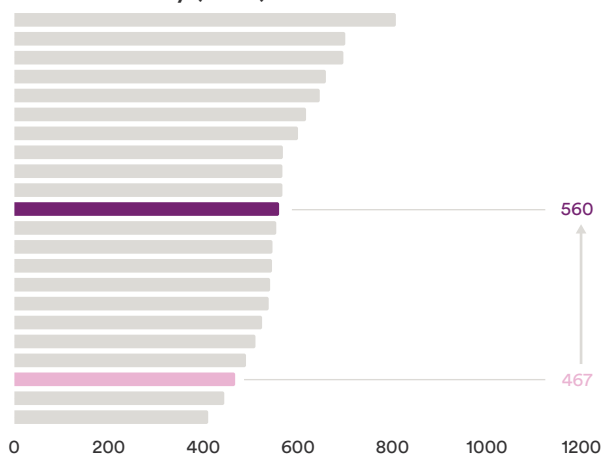
CEO base salary (£000)



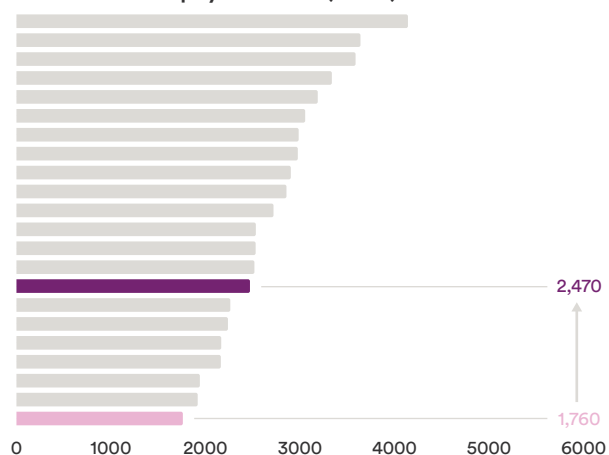
CEO maximum pay scenario (£000)



CFO base salary (£000)



CFO maximum pay scenario (£000)



Peer companies: Autotrader, Babcock, Barratt Redrow, Berkeley Group Holdings, British Land, BT, Centrica, Easyjet, Howden Joinery, J Sainsbury, Land Securities, LondonMetric Property, Marks and Spencer, Next, Persimmon, Rightmove, SEGRO, Severn Trent, SSE and Whitbread.

Note: Analysis based on latest available annual report and AGM disclosures as at 31 March 2026.



Overview of executive remuneration

How we ensure that our remuneration approach is aligned with the business strategy

Our remuneration approach is aligned to our purpose, values and strategic priorities, thereby incentivising delivery for customers and the environment, and the creation of long-term value for all of our stakeholders.

Our purpose is to provide great water for a stronger, greener, healthier North West

Our strategic priorities

Our purpose is implemented throughout our strategy

- Improve our rivers
- Create a greener future
- Deliver great service for all our customers
- Provide a safe and great place to work
- Spend customers' money wisely
- Contribute to our communities

Element	Why it's important to our remuneration approach	Link to strategic priorities /different stakeholders
2025/26 annual bonus		
Underlying operating profit	Underlying operating profit is a key measure of shareholder value.	
Reducing pollution and enhancing outcomes for customers and the environment <ul style="list-style-type: none"> • Serious pollution incidents • Sewer flooding incidents • Storm overflows: reduction in number of spills • Storm overflows: delivery of programme milestones 	Protecting and improving the environment is a priority for the company, and minimising the extent to which our operations might cause a pollution is a crucial part of this. Sewer flooding, both internal and external, is unpleasant and distressing for customers. Minimising the extent to which our operations contribute to sewer flooding is therefore crucial. Improving river health continues to be a key area of focus and we have an ambitious plan to reduce storm overflows across our region. The use of bonus measures relating to the reduction of storm overflows means our executive directors are incentivised to deliver these plans.	
Improving water quality and minimising leakage and interruptions to supply <ul style="list-style-type: none"> • Leakage • Per capita consumption • Supply interruptions • Water quality contacts (due to appearance) 	Reductions in leakage and per capita consumption will improve our water resources supply/demand balance and reduce our environmental impact. Improvements in these measures will help reduce the need for water abstraction, treatment and distribution requirements and help to maintain our trajectory towards achieving our longer-term targets for demand reduction. Customers expect a continuous reliable supply of water and the supply interruptions measure incentivises directors to invest in asset health and resilience to improve the reliability of supply, minimise the number and duration of supply interruptions and reduce the impact on customers having no water supply. Customers expect the water that comes out of their tap to be clear, and when it is discoloured it can affect public confidence in the water supply. The water quality contacts measure helps drive improvements in this aspect of our performance.	
Improving customer service <ul style="list-style-type: none"> • C-MeX ranking • BR-MeX ranking 	By using Ofwat's measures of customer experience, executive directors are incentivised to deliver the best service to customers. Ofwat can apply financial incentives or penalties depending on our customer service performance.	
Delivering our capital programme efficiently <ul style="list-style-type: none"> • Capital programme delivery incentive (CPDi) including WINEP 	The CPDi measure incentivises the executive directors to keep tight control of our capital programmes ensuring we are delivering programmes to time, cost and quality, delivering the new infrastructure that everyone wants to see, and in an environmentally conscious way.	
Looking after our people <ul style="list-style-type: none"> • Colleague lost time injury frequency rate 	We are committed to ensuring everyone goes home safe and well every day, and continue to drive performance improvements as we address our top risks by introducing life-saving rules. We have targeted a reduction in our lost time injury frequency rate and we will monitor this throughout the year and introduce targeted improvement plans in order to meet this target.	
Compulsory deferral of bonus	Requiring executive directors to defer part of their bonus into shares provides reassurance that the company is being run in the longer-term interests of shareholders, customers and the environment, including beyond the annual bonus period. It reassures shareholders and customers that some/all of the deferred bonus could ultimately be withheld if, during the deferral period, this is deemed necessary.	

Our annual bonus and Long Term Plan (LTP) are closely aligned to our strategic priorities and with delivery for our stakeholders. They each demonstrate a clear focus on customers and the environment.

Stakeholders

Delivering for all our stakeholders

Customers

Environment

Communities

Colleagues

Suppliers

Investors

Our remuneration approach supports our business and people strategy and reflects the views of different stakeholders.

There are three key principles of our approach to executive remuneration:

- 1 Align** to our purpose, values and strategy
- 2 Incentivise delivery** for customers and the environment
- 3 Create long-term value** for all of our stakeholders

Our incentive framework in 2025/26 was designed to align with our business strategy and delivers for each of our stakeholder groups, with over 60% of incentives based on customer and environmental measures.

Element	Why it's important to our remuneration approach	Link to strategic priorities /different stakeholders
2023 Long Term Plan (LTP)		
Return on regulated equity (RoRE)	RoRE is a key regulatory measure of performance against the final determination. Outperformance will result in an increase to RoRE, which should translate into higher returns for shareholders through share price performance. Outperformance also benefits customers and the environment through strong delivery against stretching performance commitments, efficiencies in the capital investment programme and lower long-term financing costs.	
Basket of customer and environmental measures	The basket is made up of specific performance commitments relevant to AMP8, focusing on areas that customers have identified via our research as being most important to them. It also includes a carbon measure linked to our efforts to continually strengthen the sustainability and resilience of our business. Strong delivery of the commitments benefits our customers, communities and the environment, and can result in outperformance payments from Ofwat, which is positive for shareholders.	
Additional holding period (so the overall vesting and holding period is at least five years)	Requiring the executive directors to wait a further period after the performance outcome of their award is known ensures continued longer-term alignment with shareholder interests and delivery for stakeholders, including customers and the environment. It reassures shareholders and customers that some/all of the LTP outcome could ultimately be withheld if, during the holding period, this is deemed necessary.	
Key governance mechanisms		
Discretion over outcomes	The committee retains discretion to override formulaic outcomes (including reducing down to zero) in both schemes to ensure that they are appropriate and reflective of overall performance, over the life of the policy (taking into account any evolution of the strategic goals for the company and to reflect customer and regulatory priorities).	
Withholding and recovery provisions	Bonuses and shares under the DBP and LTP are subject to withholding (malus) and recovery (clawback) provisions in cases of: material misstatement of audited financial results; an error in the calculation; gross misconduct; serious reputational damage; serious failure of risk management; corporate failure; or other circumstances that the committee may determine.	
Shareholding guidelines	It is important that each executive director builds and maintains a meaningful shareholding in shares of the company to provide alignment with shareholder interests (during and after employment) and as a demonstration that the company is being run for the long-term benefit of all its stakeholders, including customers and the environment.	

Overview of executive remuneration

How we have implemented the remuneration policy in 2025/26

The table below summarises the implementation of the directors' remuneration policy for executive directors in 2025/26. For further details see the annual report on remuneration on pages 160 to 169.

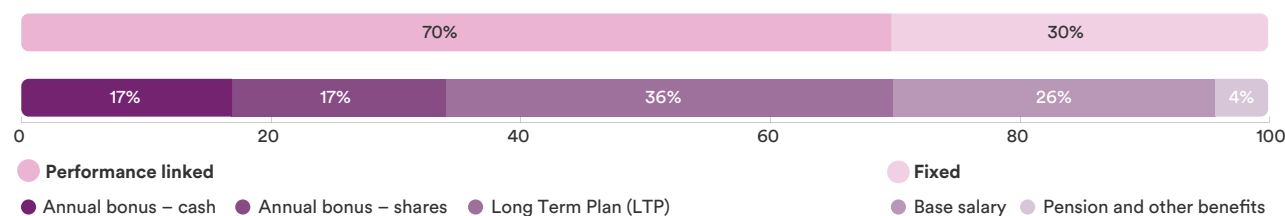
Key element	Implementation of policy in 2025/26
Base salary	<ul style="list-style-type: none"> Louise Beardmore and Phil Aspin each received a salary increase of 20% from 1 July 2025. This was a correctional increase to bring their salaries in line with the market rate for similar-sized, UK-focused companies. See pages 142 and 145.
Benefits and pension	<ul style="list-style-type: none"> Market competitive benefits package including a green travel allowance of £14,000; health, life cover and income protection; and reimbursement of taxable expenses. The pension arrangements for the executive directors are the same as those available to the wider workforce. Louise Beardmore has a combination of a cash pension allowance and a contribution into the pension scheme such that the cost to the company is broadly the same as 12% of base salary. Phil Aspin has a cash pension allowance of 12% of base salary.
Annual bonus	<ul style="list-style-type: none"> Maximum opportunity of 130% of base salary. 2025/26 annual bonus outcome of 76.6% (provisional). In line with policy, Louise Beardmore will defer 50% of her 2025/26 annual bonus for three years. Phil Aspin will defer 25% of his 2025/26 annual bonus for three years. Withholding and recovery provisions apply.
Long Term Plan	<ul style="list-style-type: none"> The 2023 LTP award was worth 130% of base salary on grant. Provisional long-term incentive vesting of 61.2% for the performance period 1 April 2023 to 31 March 2026. The awards will vest after an additional holding period, which ends no earlier than five years from the date of grant. Withholding and recovery provisions apply. The 2025 LTP award was worth 200% of base salary on grant.
Shareholding guidelines	<ul style="list-style-type: none"> Personal shareholding for Phil Aspin is above the minimum shareholding requirement. Louise Beardmore is building her respective shareholding and is expected to reach the minimum shareholding requirement within five years of her appointment as CEO, in line with policy. Post-employment shareholding requirements apply. See page 166 for further details.

How we align pay with performance

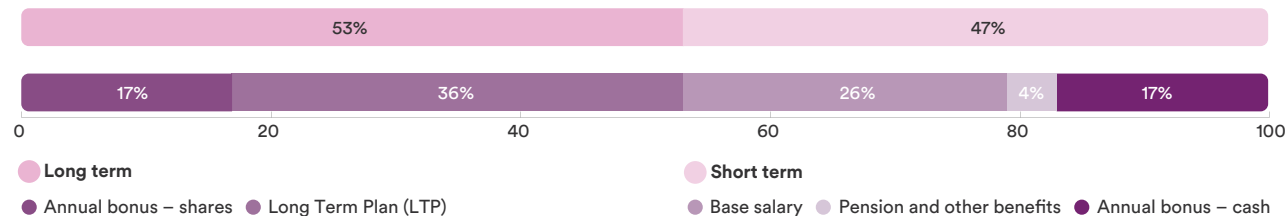
Elements of executive directors' pay for 2025/26

A significant proportion of executive directors' pay is performance-related, long-term and remains 'at risk' (i.e. subject to withholding and recovery provisions for a period over which the committee can withhold vesting or recover sums paid):

Performance-related versus fixed (%)⁽¹⁾



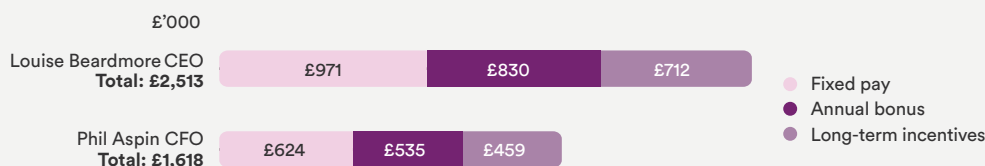
Long term versus short term (%)⁽¹⁾



⁽¹⁾ Based on maximum payout scenario for executive directors in respect of the performance related pay elements available in 2025/26, assuming 50% bonus deferral for 2025/26 and that the Long Term Plan (LTP) granted in 2023 had vested in full including share price appreciation.

Single total figure of remuneration for executive directors for 2025/26

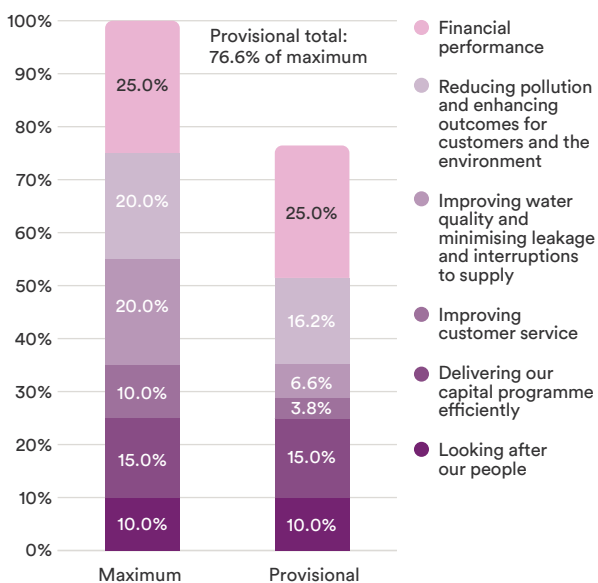
Fixed pay comprises base salary, benefits and pension. Further information on the single figure of remuneration can be seen on page 160.



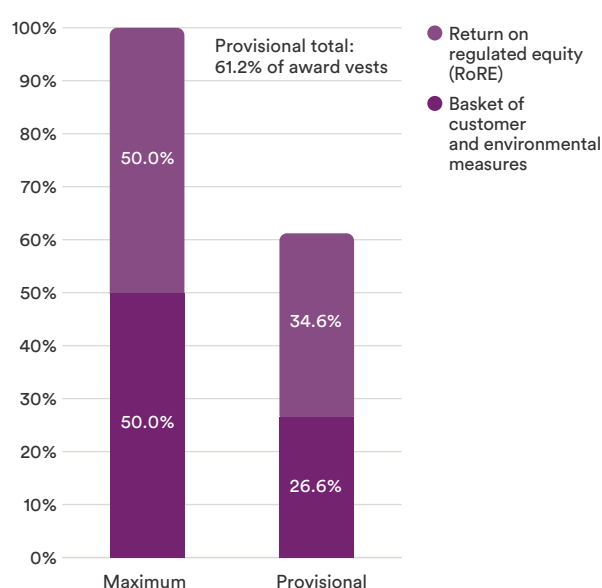
Performance-related pay outcomes

The charts below show the results of the performance against targets for the annual bonus and LTP. Further information about the annual bonus and LTP is shown on pages 150 to 152 and pages 160 to 161.

Provisional 2025/26 annual bonus outcome



Provisional 2023 Long Term Plan (LTP) outcome



Ensuring pay for performance

The committee undertakes a multi-stage process to ensure rigorous alignment between pay and performance

Measure selection and target setting	<ul style="list-style-type: none"> At the outset of the process, the committee meets to agree the performance measures to be used for the upcoming annual bonus and LTP award cycle. The measures are selected based on their importance to the business strategy and the priority areas identified by stakeholders. A balanced scorecard, incorporating financial, operational, customer and environmental metrics is used for both the bonus and LTP to ensure a rounded assessment of performance. Once the measures and weightings have been identified, a sliding scale of stretching performance targets is set for each measure. The ranges are set taking into consideration our internal business plan, the performance commitments agreed with Ofwat, our ambition to deliver industry-leading performance and the expectations of stakeholders. Full pay-out of the annual bonus and LTP requires the delivery of exceptional performance.
Interim performance updates	<ul style="list-style-type: none"> During the year, the committee receives updates on performance against targets for the annual bonus and inflight LTP awards. The committee also considers whether any other matters have arisen during the course of the year that should be taken into account when assessing the overall performance outcome at the end of the performance period that are not directly captured in the scorecard metrics.
Assessing the final performance outcome	<ul style="list-style-type: none"> At the end of the performance period, the committee reviews the formulaic outturn of each measure. A balanced review of the wider stakeholder experience is then conducted, this takes into account the customer experience, environmental performance, health and safety matters, colleague experience and the returns delivered to shareholders over the relevant performance period. The committee uses this to determine whether discretion or any adjustment should be made to the award outcome. The committee reviews whether PRP is justified and whether any incidents occurred that would result in PRP not being payable. After all three steps are reviewed, the final performance outcome is then confirmed. <p>► See page 160 for the 2025/26 annual bonus review and outturn proposal and pages 160 to 161 for the 2023 LTP review and vesting proposal</p>
Recovery and withholding provisions	<ul style="list-style-type: none"> Even after the outcome has been confirmed, cash bonuses and shares granted under the DBP and LTP remain at risk. Depending on the circumstances, awards may be withheld or recovered (repaid) within three years of the payment of a cash bonus, during the three-year vesting period of the DBP award, or within three years following the date in which the committee has determined that the LTP performance targets have been satisfied. <p>► See page 157 for further details on the timeframes and triggers for the recovery and withholding provisions</p>


Overview of executive remuneration

How we set stretching targets

2025/26 annual bonus scorecard


Straight-line vesting applies between threshold and target, and target and stretch, with nil vesting below threshold performance.

Financial performance:


Underlying operating profit (25.0%)	Threshold (25% vesting)	Target (50% vesting)	Stretch (100% vesting)	Actual	
Target range:	£978.2m	£1,013.2m	£1,048.2m	£1,048.7m	

This is based on the underlying operating profit on page 96 to 97 after deducting income in relation to diversions infrastructure renewals expenditure. Our target range for the measure is linked to the stretching board-approved budget for FY26, and reflects potential risks and opportunities which may occur during the year. The original targets were subject to a mechanistic adjustment following the audit committee's decision to exclude HS2 revenue from underlying profit measures, as set out on pages 96 to 97.


Reducing pollution and enhancing outcomes for customers and the environment:

Serious pollution incidents (5.0%)	Threshold (25% vesting)	Target (50% vesting)	Stretch (100% vesting)	Actual	
Target range:	2 incidents	1 incident	0 incidents	2 category 2 incidents	


Serious pollution incidents are defined as the number of category 1 and 2 pollution incidents occurring during the calendar year. In three out of the past five years the company has had one or more serious pollution incidents. Across the sector in 2024 there were 75 category 1 and 2 serious pollution incidents (EPA results 2024). The stretch target represents industry-leading performance.

Sewer flooding incidents (5.0%)	Threshold (25% vesting)	Target (50% vesting)	Stretch (100% vesting)	Actual	
Target range:	22.72	20.89	19.65	17.87	

This measure is based on both internal and external flooding incidents per 10,000 connected properties. The stretch target requires a 20% improvement over prior year (FY25) and aligns with the ambition in our AMP8 business plan for FY26.


Storm overflows (activations) (5.0%)	Threshold (25% vesting)	Target (50% vesting)	Stretch (100% vesting)	Actual	
Target range:	3,000 fewer	6,000 fewer	10,000 fewer	16,974 fewer	

Storm overflow activations are significantly impacted by rainfall as well as being dependent on the operation and capacity of the wastewater system. This measure is based on reduction in reportable storm overflow activations in calendar year 2025 compared to our 2024 outturn (77,817), with the stretch target corresponding to a 13% reduction.


Storm overflows (milestones) (5.0%)	Threshold (25% vesting)	Target (50% vesting)	Stretch (100% vesting)	Actual	
Target range:	90.0%	95.0%	100%	100%	

Based on the delivery of our storm overflows programme milestones. Improving river health continues to be a key area of focus for United Utilities and we have an ambitious multi-year plan to reduce storm overflows across our region. Our stretch target for this measure requires full achievement of programme milestones during FY26.


Improving water quality and minimising leakage and interruptions to supply:

Leakage (5.0%)	Threshold (25% vesting)	Target (50% vesting)	Stretch (100% vesting)	Actual	
Target range:	407.0	399.6	385.0	404.9	


Based on leakage (megalitres per day as a three-year average) using FY26 performance reporting. Reducing leakage is central to improving efficiency and ensuring continuity of supply. The stretch target requires 6% improvement over FY25 and aligns with the ambition in our AMP8 business plan.

Supply interruptions (5.0%)	Threshold (25% vesting)	Target (50% vesting)	Stretch (100% vesting)	Actual	
Target range:	00:10:44	00:07:11	00:05:00	00:13:02	

Based on supply interruptions expressed as minutes lost during FY26. The stretch target represents a 65% improvement over FY25, would equate to upper quartile performance, and aligns with the ambition in our AMP8 business plan.

Water quality contacts (5.0%)	Threshold (25% vesting)	Target (50% vesting)	Stretch (100% vesting)	Actual	
Target range:	5,000	4,800	4,600	5,529	

Based on water quality contacts due to appearance during FY26. The stretch target represents a 11% improvement over FY25 and aligns with the ambition in our AMP8 business plan.

Water consumption (5.0%)	Threshold (25% vesting)	Target (50% vesting)	Stretch (100% vesting)	Actual	
Target range:	136.6	136.1	135.6	126.3	

Based on per capita consumption expressed as litres per day during FY26. This measure reflects our commitment to sustainably manage natural resources and work on our lowest bill guarantee, including helping customers to understand their usage and our targeted water efficiency home audits. The stretch target represents a 1% improvement over FY25 and aligns with the ambition in our AMP8 business plan.

Key:



At or above stretch target



Between threshold and stretch targets



Below threshold target

Improving customer service:

C-MeX (experience) (5.0%)	Threshold (25% vesting)	Target (50% vesting)	Stretch (100% vesting)	Actual	A
Target range:	7th	6th	5th	7th	

We are ranked out of the 17 water and wastewater companies serving household customers in England and Wales for this measure. The stretch target of 5th would equal our best ever ranking position, placing us just below upper quartile.

BR-MeX (experience) (5.0%)	Threshold (25% vesting)	Target (50% vesting)	Stretch (100% vesting)	Provisional	A
Target range:	6th	5th	4th	5th	

We are ranked out of the 15 wholesalers operating in the business retail market in England for this measure. The stretch target of 4th exceeds our performance commitment for an outcome delivery Incentive reward.

Delivering our capital programme efficiently:

Capital Programme Delivery incentive (15.0%)	Threshold (25% vesting)	Target (50% vesting)	Stretch (100% vesting)	Actual	G
Target range:	90.0%	95.0%	100%	100%	

CPDi is an internal measure that measures the extent to which we deliver our capital projects on time, to budget and to the required quality standard. It is expressed as a percentage, with a higher percentage representing better performance. The stretch target of 100% represents the best possible performance.

Looking after our people:

Health and Safety (10.0%)	Threshold (25% vesting)	Target (50% vesting)	Stretch (100% vesting)	Actual	G
Target range:	0.246	0.233	0.220	0.177	

Based on colleague lost time injury frequency rate for the year, with the stretch target representing a 15% improvement on prior year performance and requiring material workforce engagement with our refreshed Home Safe and Well programme.




Overview of executive remuneration

How we set stretching targets (continued)

2023 LTP (performance period ending 31 March 2026)


Straight-line vesting applies between threshold and stretch, with nil vesting below threshold performance.

Financial performance:


Return on regulated equity (50.0%) ⁽¹⁾	Threshold (25% vesting)	Stretch (100% vesting)	Provisional 
Target range:	1.00% above average allowed RoRE	2.75% above average allowed RoRE	2.04% above average allowed RoRE

Based on outperformance of the average allowed return set by the regulator across the performance period. Stretching targets were set with reference to the board-approved business plan, requiring ambitious performance delivery alongside significant cost efficiencies.

Customer and environment basket:

Average number of spills per overflow (10.0%) ⁽²⁾	Threshold (25% vesting)	Stretch (100% vesting)	Actual 
Target range:	27.51	26.20	26.8

Based on the average number of spills per overflow using FY26 reporting, with the stretch target representing a 25% improvement on FY23 performance but noting that when the target was set not all overflows had event duration monitors (EDMs) installed. Since 2024 all overflows have EDMs and with increased monitoring potentially helping to identify more spills, this potentially added further stretch on the measure.

Environment Agency EPA rating (10.0%) ⁽³⁾	Threshold (25% vesting)	Stretch (100% vesting)	tbc 
Target range:	3*	4*	tbc

Based on our EPA rating in respect of the 2025 calendar year. The stretch target of 4* requires achievement of the highest possible rating and represents industry-leading performance.

Leakage (10.0%) ⁽⁴⁾	Threshold (25% vesting)	Stretch (100% vesting)	Actual 
Target range:	92.4	88.0	93.6

Based on megalitres of leakage per 10,000 kilometres of water network per day (three-year average). The stretch target requires 10.6% improvement over the 2022/23 base year performance and aligns with the ambition in our AMP8 business plan.

Priority Services (10.0%) ⁽⁴⁾	Threshold (25% vesting)	Stretch (100% vesting)	Actual 
Target range:	15.20%	16.00%	18.26%




Based on the percentage of our customers who are listed on our Priority Services Register by 2026. The achievement of the stretch target would demonstrate material progress towards the ambition set out in our vulnerability strategy, within which we are aiming for 25% of customers to be accessing the Priority Services scheme by 2030.

Carbon reduction (10.0%) ⁽⁴⁾⁽⁵⁾	Threshold (25% vesting)	Stretch (100% vesting)	Actual 
Target range:	23.0%	25.0%	25.3%

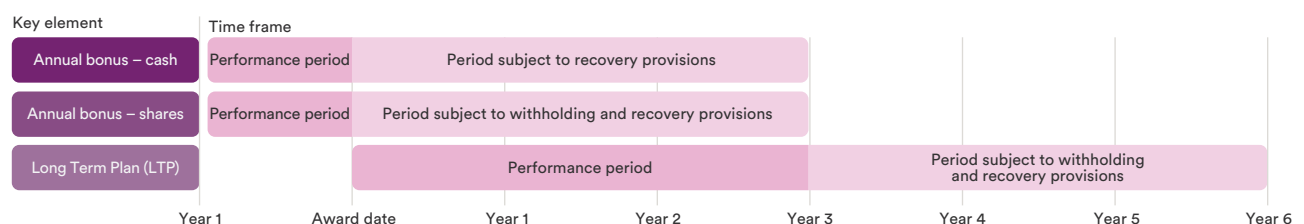
Based on the percentage of our energy use which is derived from low-carbon sources. The stretch target requires an absolute improvement in our use of low-carbon sources during the performance period, alongside minimising energy demand growth driven by growth in population and quality requirements to improve water and wastewater quality. Key actions taken over the three-year period include growing our use of electrical vehicles, accelerating switching to low-carbon fuels to reduce fossil fuel use and driving innovation to support future decarbonisation of our business.

- ⁽¹⁾ RoRE calculated consistent with the tax and outcome delivery incentive assumptions used when the targets were set which were subject to further regulatory clarification, and excluding the impact of board-approved actions taken in the best interests of customers and the environment.
- ⁽²⁾ Outcome based on performance in the calendar year ending 31 December 2025 as published in our own annual performance report for 2025/26.
- ⁽³⁾ Outcome based on performance in the calendar year ending 31 December 2025 as published in the Environment Agency's published report in 2026.
- ⁽⁴⁾ Outcome based on performance in the financial year ending 31 March 2026 as published in our own integrated annual report and/or annual performance report for 2025/26.
- ⁽⁵⁾ Carbon measure performance excludes the impact of board-approved additional actions taken to progress compliance requirements for the Industrial Emissions Directive during the performance period that were not known when targets were set.

Key:

 At or above stretch target  Between threshold and stretch targets  Below threshold target

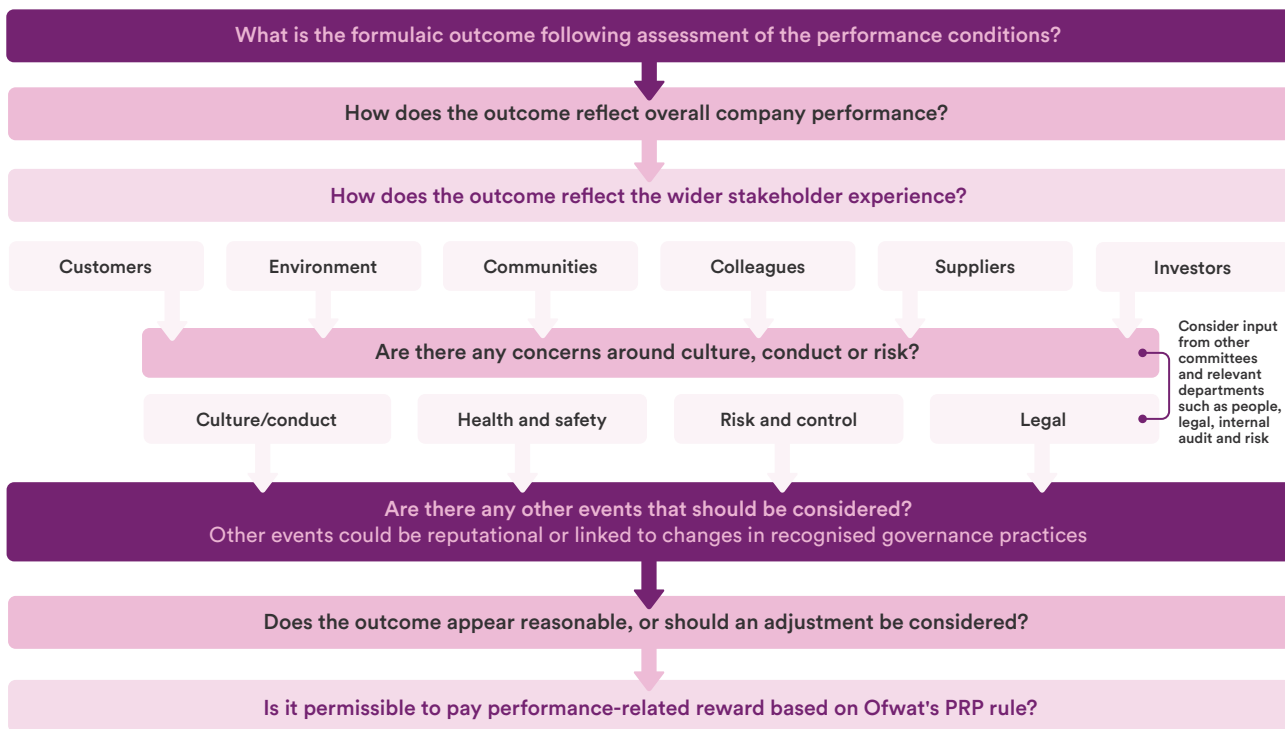
Pay at risk



► Further details on the timeframes and triggers for the withholding and recovery provisions can be found on page 157.

How the committee conducts its final performance assessment

Assessing the final performance outcome



Consideration of alignment with stakeholders

Customers

- Rated 4.5 out of 5 (Excellent) on Trustpilot
- >422,000 customers supported with affordability
- >597,000 customers registered for Priority Services (up 10%)
- Above median on Ofwat's C-MeX, D-MeX and BR-MeX rankings

Environment

- No category 1 pollution incidents
- Reduction in category 2 and 3 pollution incidents
- 23% reduction in number of spills per overflow and 27% reduction in spill duration year-on-year
- 42% reduction in internal sewer flooding and 25% reduction in external sewer flooding cases year-on-year

Communities

- Circa 34,000 jobs to be supported by AMP8 investment programme
- £3.84 million community investment, assured by B4SI
- Empowered community groups to tackle water management challenges, such as by providing equipment to help them be more water efficient

Colleagues

- Colleague engagement at 90%
- Rated 4.6 out of 5 on Glassdoor as an employer in the region
- 30% reduction in lost time injury frequency rate
- 1,300 new colleagues joined in year

Suppliers

- >1,000 live projects
- >100 new suppliers on-boarded
- 100% CPDi score

Investors

- EPS up 42% to 107.1p
- Regulatory return of 13.0%
- 53.66p dividend in line with policy
- Robust balance sheet, with gearing at 60%
- +36.4% TSR over the year, outperforming our listed water company peers and the FTSE 100 return of 22.6%

Directors' remuneration policy

This part of the directors' remuneration report sets out the remuneration policy for the company, and has been prepared in accordance with the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013.

The policy in this report will be put to a binding shareholder vote at the AGM on 17 July 2026, and will take formal effect from that date, subject to shareholder approval. A summary of the policy development process and key changes are provided on pages 142 to 145.

Overview of remuneration policy

The company's remuneration arrangements are ultimately designed to promote the long-term success of the company, without paying more than is necessary for this objective. The committee recognises that the company operates in the North West of England in a regulated environment and, therefore, needs to ensure that the structure of executive remuneration reflects both the practices of the markets in which its executives operate, and stakeholder expectations of how the company should be run.

The committee also recognises that the success of the company is dependent on the company's ability to attract, motivate and retain senior executives of the calibre required to deliver against the business plan and long-term strategy. This requires the design and application of the remuneration

policy to be fair, consistent and transparent. The committee monitors the remuneration arrangements to ensure that there is an appropriate balance between risk and reward.

There is a clear and direct link between incentives and the delivery of the company's business plans. If the business plan is delivered within an acceptable level of risk, the committee believes that there should be the opportunity for senior executives to be rewarded through the annual bonus and long-term incentives. If it is not delivered, then a significant part of their potential remuneration will not be paid, providing alignment with stakeholders.

The committee understands that listening to the views of the company's key stakeholders plays a vital role in formulating and implementing a successful remuneration policy over the long term.

The committee thus actively seeks the views of shareholders and other key stakeholders to inform the development of the remuneration policy, particularly where any changes to policy are envisaged. Customer and stakeholder engagement directly informed the development of our business plan on which our variable pay arrangements are based. Engagement is conducted in a

variety of ways including customer focus groups, workshops, online community panels and surveys to understand the key priorities for our customers and this feedback is used by the committee to inform the choice and weighting of measures used in the annual bonus and LTP.

Account is also taken of colleague views on the policy, typically via the Colleague Voice panel. Additionally, the company carries out colleague engagement surveys and regular discussion takes place with union representatives on matters of pay and remuneration for colleagues covered by collective bargaining or consultation arrangements, all of which can provide insight which is of value to the committee. The general base salary increase and broader remuneration arrangements, including pension provision, for the wider colleague population are considered by the committee when determining remuneration policy for the executive directors. As outlined on page 165 processes are in place for the committee to regularly review and consider any remuneration-related matters that may arise from the activities undertaken by the board to take account of the 'colleague voice'.

Future policy for directors

Base salary

Purpose and link to strategy:

To attract and retain executives of the experience and quality required to deliver the company's strategy.

Operation	Maximum opportunity
Normally reviewed annually.	Current salary levels are shown in the annual report on remuneration.
Significant increases in salary should only take place infrequently, for example where there has been a material increase in: <ul style="list-style-type: none"> the size of the individual's role; the size of the company (e.g. through mergers and acquisitions); or the pay market for directly comparable companies (for example, companies of a similar size and complexity). 	Executive directors will normally receive a salary increase that is generally no greater than the increase awarded to the general workforce, unless one or more of the conditions outlined under 'Operation' is met.
On recruitment or promotion to executive director, the committee will take into account previous remuneration, and pay levels for comparable companies, when setting salary levels. This may lead to salary being set at a lower or higher level than for the previous incumbent.	Where the committee has set the salary of an executive director at a discount to the market level, increases can be implemented in the following years to bring the salary to the appropriate market position, subject to individual performance.
	Performance measures
	None.

Pension

Purpose and link to strategy:

To provide a level of benefits that allows for personal retirement planning.

Operation	Maximum opportunity
Executive directors are offered the choice of: <ul style="list-style-type: none"> a company contribution into a defined contribution pension scheme; a cash allowance in lieu of pension; or a combination of a company contribution into a defined contribution pension scheme and a cash allowance. 	The maximum opportunity is aligned to the approach available to the wider workforce, currently: <ul style="list-style-type: none"> up to 14% of salary into a defined contribution scheme; cash allowance of broadly equivalent cost to the company (up to 14% of salary less employer national insurance contributions at the prevailing rate, i.e. up to 12% of base salary for 2025/26); or a combination of both such that the cost to the company is broadly the same.
	Performance measures
	None.

Benefits

Purpose and link to strategy:

To provide market competitive benefits to help recruit and retain high-calibre executives.

Operation	Maximum opportunity
Provision of benefits such as: <ul style="list-style-type: none"> • health benefits; • green travel allowance; • relocation assistance; • life assurance; • group income protection; • all-employee share schemes (e.g. opportunity to join the ShareBuy scheme); • travel; and • communication costs. 	As it is not possible to calculate in advance the cost of all benefits, a maximum is not predetermined.
	Performance measures
	None.
Any reasonable business-related expenses can be reimbursed (and any tax thereon met if determined to be a taxable benefit).	
Executives will be eligible for any other benefits that are introduced for the wider workforce on broadly similar terms and additional benefits might be provided from time to time if the committee decides payment of such benefits is appropriate.	

AMP8 allowance

Purpose and link to strategy:

To provide a competitive overall remuneration opportunity that reflects the scale and complexity of AMP8 and to help retain executives of the experience and quality required to deliver the company's strategy.

Operation	Maximum opportunity
Paid in company shares, typically in six-monthly instalments. Shares (net of tax) must be held for two years (or longer, if required under the Directors' Shareholding Requirements). Nominee accounts are used to ensure the holding requirement can be robustly enforced. Payment of the AMP8 allowance will commence in FY27 (following approval of the directors' remuneration policy at the 2026 AGM) and last for the duration of AMP8 (until 31 March 2030).	Fixed in monetary terms at £435,000 per annum for the chief executive officer and £280,000 per annum for the chief financial officer.
	Performance measures
	None.
Not pensionable.	

Annual bonus

Purpose and link to strategy:

To incentivise performance against selected financial and operational KPIs that are directly linked to business strategy. Deferral of part of bonus into shares aligns the interests of executive directors and shareholders.

Operation	Maximum opportunity
Until an executive director has met their shareholding requirement, at least 50% of any bonus earned will be deferred into company shares under the Deferred Bonus Plan (DBP) for a period of at least three years. Once an executive director has met their shareholding requirement, at least 25% of any bonus earned will be deferred under the DBP.	For directors in receipt of AMP8 allowance: 100% of salary. For directors not in receipt of AMP8 allowance: 150% of salary.
	Performance measures
Dividends or dividend equivalents accrue during the DBP deferral period and are paid upon vesting.	Payment of any bonus is subject to meeting the standards set out in Ofwat's performance-related pay prohibition rule and the achievement of stretching performance objectives.
Not pensionable.	Payments are predominantly based on financial and operational performance, including customer and environmental performance, with the possibility of a minority to be based on achievement of personal objectives if determined by the committee.
Bonuses and DBP shares are subject to withholding and recovery provisions, details of which are included as a note to this policy table.	Targets and weightings set by reference to the company's financial and operating plans.
	Bonus outcomes are subject to the committee being satisfied that the company's performance on the measures is consistent with underlying business performance and individual contributions.
	The committee will exercise discretion on bonus outcomes if it deems necessary.
	100% of maximum bonus potential for stretch performance; up to 50% of maximum for target performance; and up to 25% of maximum for threshold performance. No payout for below-threshold performance.

Directors' remuneration policy

Long Term Plan (LTP)

Purpose and link to strategy:

To incentivise long-term value creation and alignment with the long-term interests of shareholders, customers, and other stakeholders.

Operation	Maximum opportunity
Awards under the LTP are rights to receive company shares, subject to certain performance conditions.	For directors in receipt of AMP8 allowance: 175% of salary.
Each award is measured over at least a three-year performance period.	For directors not in receipt of AMP8 allowance: 300% of salary.
An additional holding period applies after the end of the three-year performance period so that the total vesting and holding period is at least five years.	Performance measures
Dividends or dividend equivalents accrue until awards are released to participants, to the extent that such awards vest for performance.	The two performance conditions are return on regulated equity and a basket of customer and environmental measures. The weighting of each of these two components is 50%.
Shares under the LTP are subject to withholding and recovery provisions, details of which are included as a note to this policy table.	Any vesting is subject to the delivery of the dividend policy applicable to each year of the respective performance period, and the committee being satisfied that the company's performance on these measures is consistent with underlying business performance. The committee will exercise discretion on LTP outcomes if it deems it necessary. LTP vesting outcomes are subject to Ofwat's performance-related executive pay prohibition rule.
	The committee has discretion to set alternative performance measures and/or weightings for future awards but will consult with major shareholders before making any material changes to the currently applied measures and/or weightings.
	100% of awards vest for stretch performance and up to 25% of awards vest for threshold performance. No awards vest for below-threshold performance.

Shareholding requirements

Purpose and link to strategy:

The committee believes that it is important for each executive director to build and maintain a meaningful investment in shares of the company to provide alignment with shareholder interests during and after employment.

Operation	Maximum opportunity
Executive directors are expected to reach an in-post shareholding requirement of 250% of salary, (or aligned to the ongoing LTP opportunity, if higher), normally within five years of appointment.	None.
The following post-employment shareholding requirements apply in the event of an executive director leaving the company:	Performance measures
<ul style="list-style-type: none"> Executive directors must continue to hold the lower of the in-post shareholding requirement or their actual shareholding on departure, for two years after ceasing employment with the group. Executive directors must retain shares vesting (net of tax) from all share awards (including in-flight awards) if not doing so would take their shareholding below the requirement. 	None.
Nominee accounts are used to enable the post-employment shareholding requirements to be robustly enforced.	

Non-executive directors' fees and benefits

Purpose and link to strategy:

To attract non-executive directors with a broad range of experience and skills to oversee the development and implementation of our strategy.

Operation	Maximum opportunity
The remuneration policy for the non-executive directors (with the exception of the Chair) is set by a separate committee of the board. The policy for the Chair is determined by the remuneration committee (of which the Chair is not a member).	Current fee levels are shown in the annual report on remuneration.
Fees are reviewed annually taking into account the salary increase for the general workforce and the levels of fees paid by companies of a similar size and complexity. Additional fees may be paid in relation to extra responsibilities undertaken, such as for chairing certain board sub-committees, undertaking the role of senior independent non-executive director or other roles where an additional time-commitment is required.	The value of benefits may vary from year to year, according to the cost to the company.
In exceptional circumstances, if there is a temporary yet material increase in the time commitments for non-executive directors, the board may pay extra fees on a pro rata basis to recognise the additional workload.	Performance measures
No eligibility for bonuses, long-term incentive plans, pension schemes, healthcare arrangements or colleague share schemes.	Non-executive directors are not eligible to participate in any performance-related arrangements.
The company repays any reasonable expenses that a non-executive director incurs in carrying out their duties as a director, including travel, hospitality-related and may provide other modest benefits (including covering any tax liabilities thereon), if appropriate.	

Notes to the policy table

Selection of performance measures and targets

Performance measures for the annual bonus are selected annually to align with the company's key strategic goals for the year and reflect financial, operational and, where relevant, personal objectives. 'Target' ranges are set taking into account the business plan for the year, (following rigorous debate and approval of the plan by the board) and other relevant factors (including relative sector performance, customer priorities and regulatory expectations).

Only modest rewards are available for delivering threshold performance levels, with rewards at stretch normally requiring substantial outperformance. Details of the current measures used for the annual bonus are given in the annual report on remuneration.

The LTP structure (as shown in the table on the right) was set by the committee to align with the company's key strategic goals, customer priorities and the creation of long-term shareholder value. No changes are proposed to the current structure and it will remain linked to stretching delivery for customers, communities, shareholders and the environment.

The policy provides for committee discretion to alter the LTP measures and weightings to ensure they continue to facilitate an appropriate measurement of performance over the life of the policy (taking into account any evolution of the strategic goals of the company and to reflect customer and regulatory priorities). LTP targets are set taking into account a number of factors, including reference to market practice, the company business plan and analysts' forecasts where relevant. The LTP will only vest in full if stretching business performance is achieved.

Flexibility, discretion and judgement

The committee will operate the company's incentive plans according to their respective rules and consistent with normal market practice, the Listing Rules and HMRC rules where relevant, including flexibility in a number of regards.

These include making awards and setting performance criteria each year, dealing with leavers, and adjustments to awards and performance criteria following acquisitions, disposals, changes in share capital and to take account of the impact of other merger and acquisition activity.

The committee retains discretion within the policy to adjust the targets, set different measures and/or alter weightings for the annual bonus and LTP and can, in exceptional circumstances, under the rules of these plans adjust performance conditions to ensure that the awards fulfil their original purposes (for example, if an external benchmark or measure is no longer available). All assessments of performance are ultimately subject to the committee's judgement.

When determining performance pay outcomes for executives, in addition to reviewing performance against the specified measures, the committee will consider other factors, including legal and regulatory requirements, the overall pay

Long Term Plan structure

	What is it?	Key reasons for selection
Basket of customer and environmental measures	<ul style="list-style-type: none"> A basket of customer measures such as operational, service, resilience, community, and environmental measures to capture the delivery of performance for customers and the environment. Customer priorities are reflected in the measures selected. 	<ul style="list-style-type: none"> Customers will benefit from improvements in key performance areas of importance to them, and from long-term reliability in the quality of their water supplies, and ways of working that protect and improve the environment. Investors will be impacted by financial rewards resulting from delivery on service commitments, and through investments made to ensure the long-term health and sustainability of our assets.
Return on regulated equity (RoRE)	<ul style="list-style-type: none"> RoRE is the return that the company is expected to earn relative to the equity portion of its Regulatory Capital Value. The return is comprehensive in that it is composed of the company's performance on expenditure, investment and financing decisions, and operational and customer initiatives undertaken over the regulatory period. 	<ul style="list-style-type: none"> Directly linked to the allowable return set by the regulator, and is comparable across the sector. Captures financial, operational and customer performance. Outperformance will result in an increase to RoRE which should translate into higher returns for investors through share price performance. Outperformance also benefits customers through strong delivery against stretching performance commitments, efficiencies in the capital investment programme and lower long-term financing costs.

outcome delivered and the extent to which the formulaic outturns are aligned with the experience of stakeholders. Full details of this assessment and the rationale for any discretion exercised will be disclosed in the annual remuneration report.

Recovery and withholding

Cash bonuses and shares granted under the DBP and LTP are subject to withholding (malus) and recovery (clawback) provisions in cases of: material misstatement of audited financial results; an error in the calculation; gross misconduct; serious reputational damage; serious failure of risk management; corporate failure; or other circumstances that the committee may determine.

These provisions may be invoked at the committee's discretion at any time within two years of the payment of a cash bonus (in respect of the annual bonus), at any time within three years of a deferred bonus award being granted (in respect of the deferred bonus), or within two years following the date on which the committee has determined that the performance targets have been satisfied for an LTP award (in respect of the LTP).

In addition, the committee has the authority to prohibit the payment of performance-related pay (cash bonuses and shares granted under the DBP and LTP) if the company has failed any of the required standards set out in Ofwat's performance-related executive pay

prohibition rule. This includes the ability in relation to a breach of the required standards, to withhold deferred pay and to claw back performance-related pay for a period of three years following the payment of a cash bonus, the granting of a DBP award, or the vesting date of an LTP award.

The committee considers that the time periods for the recovery and withholding provisions are appropriate in the context of United Utilities' business operations.

Alignment of executive director remuneration with the wider workforce

The remuneration approach is consistently applied at levels below the executive directors. Key features include:

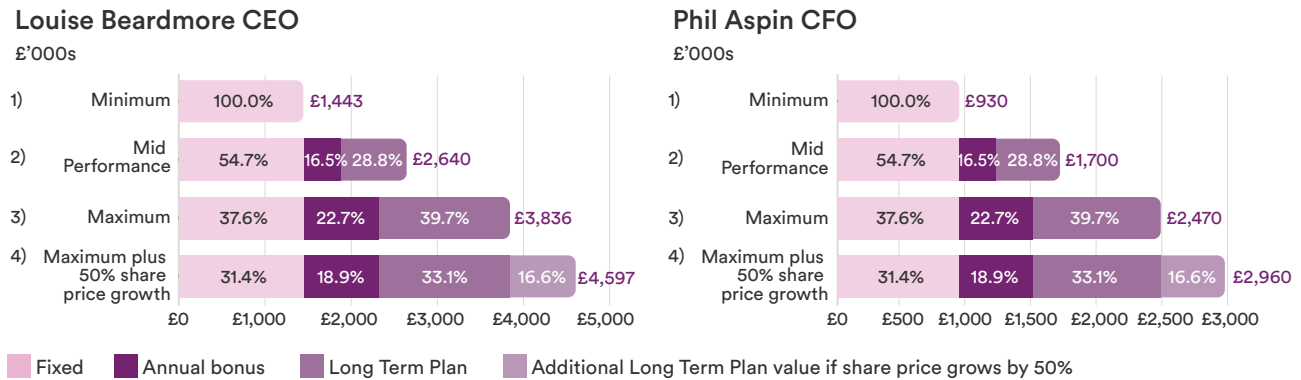
- market competitive levels of remuneration, incentives and benefits to attract and retain colleagues;
- colleagues at all levels participate in a bonus scheme with the same corporate performance measures as for executive directors; and
- all colleagues have the opportunity to participate in the HMRC-approved share incentive plan, ShareBuy.

At senior levels, remuneration is increasingly long term, and 'at risk' with an increased emphasis on performance-related pay and share-based remuneration.

Directors' remuneration policy

Scenarios for total remuneration

The charts below show the illustrative pay-outs under the remuneration policy for each current executive director under four different scenarios.



In order for 'Maximum' and 'Maximum plus 50% share price growth' scenarios to be achieved, the company will need to have met or exceeded all of the performance targets in the annual bonus and LTP and for there to have been no breach of the required standards under Ofwat's performance-related executive pay prohibition rule in the performance year (for the bonus) or the three preceding performance years for the LTP. Due to the stretching nature of the targets, this would represent truly exceptional performance.

Notes on the scenario methodology:

- 'Minimum' is base salary as at 1 April 2026 plus the applicable pension contribution/cash allowance, the value of benefits as shown in the single total figure of remuneration table for 2025/26 and the AMP8 allowance which would take effect in 2026/27 if approved by shareholders at the 2026 AGM;
- 'Mid-performance' is the level of performance required for the annual bonus and LTP to pay out at 50% of maximum;
- 'Maximum' performance would result in 100% vesting of the annual bonus and LTP (assumed to be 275% of salary in total);
- 'Maximum performance plus 50% share price growth' shows maximum performance plus the impact on the LTP of a hypothetical 50% increase in the share price;
- Annual bonus includes amounts compulsorily deferred into shares;
- LTP is measured at face value, i.e. no assumption for dividends or changes in share price (except in the fourth scenario); and
- Amounts relating to all-colleague share schemes have, for simplicity, been excluded from the charts.

External directorships

The company recognises that its executive directors may be invited to become non-executive directors of other companies outside the company and exposure to such non-executive duties can broaden experience and knowledge, which would be of benefit to

the company. Any external appointments are subject to board approval (which would not be given if the proposed appointment was with a competing company, would lead to a material conflict of interest or could have a detrimental effect on a director's performance). Directors will be allowed to retain any fees received in respect of such appointments.

Service contracts and letters of appointment

Copies of executive directors' service contracts and non-executive directors' letters of appointment are available for inspection at the company's registered office during normal hours of business and will be available at the company's AGM. Copies of non-executive directors' letters of appointment can also be viewed on the company's website.

The notice period in the service contracts for executive directors appointed on or after 1 May 2022 is one year. For executive directors appointed prior to 1 May 2022 the notice period is up to one year when terminated by the company and at least six months' notice when terminated by the director. The policy on payments for loss of office is set out in the next section.

The Chair and other non-executive directors have letters of appointment rather than service contracts. Their appointments may be terminated without compensation at any time. All non-executive directors are subject to re-election at each AGM.

Date of service contracts

Executive directors	Date of service contract
Louise Beardmore	1.4.23
Phil Aspin	24.7.20

Approach to recruitment remuneration

The remuneration package for a new executive director would be set in accordance with the terms of the company's approved remuneration policy in force at the time of appointment.

Buy-out awards

The committee may offer additional cash and/or share-based elements (on a one-time basis or ongoing) when it considers these to be in the best interests of the company (and therefore shareholders). Any such payments would be limited to a reasonable estimate of value of remuneration lost when leaving the former employer and would normally reflect the delivery mechanism (i.e. cash and/or share-based), time horizons and whether performance requirements are attached to that remuneration. Shareholders will be informed of any such payments at the time of appointment.

Maximum level of performance-related pay

The maximum performance-related pay opportunity for a new director will be aligned with the limits set out in the policy table. Namely, 275% of salary for a director in receipt of the AMP8 allowance or 450% of salary for a director not receiving the AMP8 allowance. These limits are in addition to the value of any buy-out arrangements which are governed by the policy above.

In the case of an internal appointment, any variable pay element awarded in respect of the prior role would be allowed to pay out according to its terms, adjusted as relevant to take into account the appointment. In addition, any other previously awarded entitlements would continue, and be disclosed in the next annual report on remuneration.

Base salary and relocation expenses

Base salary levels for new executive directors will be set in accordance with the policy, taking into account the experience of the individual recruited and the market rate for the role. The committee has the flexibility to set the salary of a new appointee at a discount to the market level initially, with increases implemented over the following years to bring the salary to the appropriate market position, subject to individual performance in the role. The committee may agree that the company will meet certain relocation and/or incidental expenses as appropriate.

Annual bonus performance conditions

Where a new executive director is appointed part way through a financial year, the committee may set different annual bonus measures and targets for the new executive director from those used for other executive directors (for the initial part-year only).

Appointment of non-executive directors

For the appointment of a new Chair or non-executive director, the fee arrangement would be set in accordance with the approved remuneration policy in force at that time. Non-executive directors' fees are set by a separate committee of the board; the Chair's fees are set by the remuneration committee.

Payment for loss of office

The circumstances of the termination, including the individual's performance and an individual's duty and opportunity to mitigate losses, are taken into account in every case. Our policy is to stop or reduce compensatory payments to former executive directors to the extent that they receive remuneration from other employment during the compensation period. A robust line on reducing compensation is applied and payments to departing executive directors may be phased to mitigate loss. Our policy is shown in the table below:

Provision	Summary terms
Compensation for loss of office	<ul style="list-style-type: none"> An executive director's service contract may be terminated without notice and without any further payment or compensation, except for sums earned up to the date of termination, on the occurrence of certain contractually specified events such as gross misconduct. No termination payment if full notice is worked. Otherwise, a payment in respect of the period of notice not worked of basic salary, plus pension and green travel allowance for that period. Half of the termination payment will be paid within 14 days of date of termination. The other half will be paid in monthly instalments over what would have been the second half of the notice period. This will be reduced by the value of any salary, pension contribution and green travel allowance earned in new paid employment in that period.
Treatment of annual bonus on termination	<ul style="list-style-type: none"> Normally, eligibility for any bonus payment will be forfeited where the annual performance period has not yet been completed. However, in certain circumstances, such as death, disability, mutually agreed retirement or other circumstances at the discretion of the committee, a time pro-rated bonus may be payable for the period of active service. There is no automatic entitlement to payments under the bonus scheme. Any payment is at the discretion of the committee and is subject to withholding and recovery provisions as detailed in the policy table. Performance targets would apply in all circumstances. If it is not possible for legal reasons to grant a deferred share award (for example, if the director is no longer employed by the company at the point of payment), the committee will seek to effect the normal deferred element in the form of a deferred cash award, but may ultimately use its discretion to pay the bonus wholly in cash.
Treatment of deferred bonus on termination	<ul style="list-style-type: none"> Determined on the basis of the relevant plan rules. Full details can be found on the company's website. The default treatment is that any outstanding awards will vest in full on the originally intended vesting date with no time pro-rating applying. Deferred bonuses are subject to withholding and recovery provisions as detailed in the policy table.
Treatment of unvested long-term incentives on termination	<ul style="list-style-type: none"> Determined on the basis of the relevant plan rules. Full details can be found on the company's website. Normally, any outstanding awards where the performance period has not yet been completed will lapse on date of cessation of employment (awards which are in a holding period following the completion of the performance period will not lapse). However, under the rules of the plan, in certain prescribed circumstances, such as death, ill health, injury, disability, or other circumstances at the discretion of the committee, 'good leaver' status can be applied. In these circumstances, a participant's awards vest on a time prorated basis subject to the satisfaction of relevant performance criteria, with the balance of awards lapsing. The committee retains discretion to lapse a good leaver's outstanding awards in some circumstances, for example, should they take up comparable employment with another company after leaving, without the consent of the committee. The committee retains the discretion not to time pro-rate if it is inappropriate to do so in particular circumstances. The committee will take into account the individual's performance and the reasons for their departure when determining whether 'good leaver' status can be applied.
Treatment of AMP8 allowance on termination	<ul style="list-style-type: none"> Shares received under the AMP8 allowance will be retained on cessation of employment, with any applicable holding period continuing to apply. Normally, no further payments will be made under the AMP8 allowance upon giving or receipt of notice, save in exceptional circumstances at the discretion of the committee.
Treatment of pensions on termination	<ul style="list-style-type: none"> On redundancy, an augmentation may apply in relation to benefits accrued under a United Utilities defined benefit pension scheme, in line with the trust deed and rules of the appropriate section.

Outplacement services, reimbursement of legal costs and any other incidental expenses may be provided where appropriate. Any statutory entitlements or compromise claims in connection with a termination of employment would be paid as necessary. Outstanding savings/shares under all-employee share plans would be transferred in accordance with the terms of the plans as approved by HMRC.

Change of control

On a change of control, executive directors' incentive awards will be treated in accordance with the rules of the applicable plans. In summary:

- Bonus payments will take into account the extent to which the performance measures have been satisfied between the start of the performance period and the date of the change of control, and the value will typically be pro-rated to reflect the same period. Any such payments would normally be paid entirely in cash.
- Deferred bonuses will generally vest on the date of a change of control. Awards may alternatively be exchanged for new equivalent awards in the acquirer, where appropriate.
- Long Term Plan awards will generally vest on the date of a change of control taking into account the extent to which the committee assesses that any performance condition has been satisfied at that point. Time prorating will normally apply unless the committee determines otherwise. Awards may alternatively be exchanged for new equivalent awards in the acquirer, where appropriate.
- The AMP8 allowance will continue in the event that a change of control is proposed, with the committee having discretion to determine whether it will be paid in cash or shares, the timing of any payment, and whether it may be pro-rated. The holding period in relation to any shares acquired pursuant to the AMP8 allowance prior to the change of control will end at or shortly prior to the change of control so that these shares can be sold under the change of control. The AMP8 allowance may alternatively be exchanged for a new equivalent allowance paid in shares in the acquirer, where appropriate.

Annual report on remuneration

Single total figure of remuneration for executive directors (audited information)⁽¹⁾

Year ended	Fixed pay								Performance-related pay							
	Base salary £'000		Pension £'000		Benefits £'000		Subtotal £'000		Annual bonus £'000		Long-term incentives £'000		Subtotal £'000		Total £'000	
	2026	2025	2026	2025	2026	2025	2026	2025	2026 ⁽²⁾	2025 ⁽³⁾	2026 ⁽⁴⁾	2025 ⁽⁵⁾	2026	2025	2026 ⁽⁶⁾	2025
31 March																
Louise Beardmore	834	716	103	89	34	34	971	839	830	–	712	567	1,542	567	2,513	1,406
Phil Aspin	537	462	64	55	23	23	624	540	535	–	459	544	994	544	1,618	1,084

⁽¹⁾ Covers the entirety of remuneration received for all activity on behalf of the Group.

⁽²⁾ Annual bonus outcomes for the year are provisional. See details below.

⁽³⁾ The annual bonus values presented for 2025 reflect the committee's subsequent consideration of Ofwat's performance-related executive pay prohibition rule that was published in June 2025 after the approval of the 2025 integrated annual report. This reflects that the annual bonuses the executive directors would have otherwise been due to receive in relation to 2024/25, and which were provisionally set out in that report, were not paid.

⁽⁴⁾ This relates to the 2023 Long Term Plan (LTP) award which vests in 2026. The amount is provisional as the vesting percentage for the customer and environmental measures will not be known until later in 2026 and the awards will not vest until the end of an additional holding period. The value of LTP awards has been calculated using an average share price over the three-month period from 1 January 2026 to 31 March 2026 of 1,289.8 pence per share.

⁽⁵⁾ This relates to the 2022 Long Term Plan (LTP) award which vested in 2025. The figure stated in last year's report was estimated, but was subsequently confirmed at 73.1%. The awards for Louise Beardmore and Phil Aspin will not vest until the end of an additional holding period. Dividend equivalents accrued to 31 March 2026 have been added, and the value of the awards have been calculated using an average share price over the three-month period from 1 January 2026 to 31 March 2026 of 1,289.8 pence per share.

⁽⁶⁾ None of the remuneration received by the executive directors will be funded by customers.

Performance-related pay in 2025/26

Annual bonus in respect of the financial year ended 31 March 2026 (audited information)

The maximum annual bonus opportunity for each executive director in 2025/26 was 130% of base salary, with Threshold and Target performance paying 25% and 50% of maximum respectively under each performance measure. The 2025/26 annual bonus was based on a range of financial, operational, customer and environmental measures reflecting our business strategy. Full details of why each measure was chosen, the targets set and why these were considered stretching, as well as actual/provisional performance outcomes are set out on pages 150 to 151. In summary:

Measure category	Overall weighting	Provisional/Actual outcome as a % of maximum	
		Provisional/Actual outcome	Provisional/Actual outcome
Financial performance	25.0%	100%	25.0%
Reducing pollution and enhancing outcomes for customers and the environment	20.0%	81.3%	16.2%
Improving water quality and minimising leakage and interruptions to supply	20.0%	33.0%	6.6%
Improving customer service	10.0%	37.5%	3.8%
Delivering our capital programme efficiently	15.0%	100%	15.0%
Looking after our people	10.0%	100%	10.0%
Provisional overall outcome (% of maximum)		76.6%	76.6%
		Louise Beardmore	Phil Aspin
Maximum bonus (% of salary)		130.0%	130.0%
Provisional bonus (% of salary)		99.6%	99.6%
Provisional bonus (£'000 – shown in single figure table)⁽¹⁾		830	535

⁽¹⁾ A proportion of the annual bonus will be deferred for three years in line with policy.

As outlined in the chair's statement (see page 141), the committee believes that the executive directors will be permitted to receive bonus payments because Ofwat's PRP rule has not been breached. The final ranking position for BR-MeX is provisional pending formal confirmation from Ofwat, which is expected by the end of May 2026. As such the bonus scorecard outcome has been provisionally calculated using our best estimate of performance for this measure, and if the final ranking is different and this impacts on the overall bonus outcomes, they will be updated in next year's report. Based on its assessment, the committee believes that the provisional formulaic outcome is aligned with overall performance and the experience of stakeholders, including customers and the environment, and therefore no discretion will be applied. No bonuses will be paid to the executive directors until the final ranking position for BR-MeX is confirmed.

2023 Long Term Plan (LTP) awards with a performance period ended 31 March 2026 (audited information)

The 2023 LTP awards were granted before 1 April 2024 and are not subject to Ofwat's performance-related executive pay prohibition rule. Vesting of these awards is based 50% on RoRE and 50% on a basket of customer and environmental measures. Full details of why each measure was chosen, the targets set and why these were considered stretching, as well as actual performance outcomes are set out on page 152. In summary:

Measure category	Overall weighting	Provisional/Actual vesting as a % of maximum	
		Provisional/Actual outcome	Provisional/Actual outcome
Return on regulated equity (RoRE)	50.0%	69.3%	34.6%
Basket of customer and environmental measures	50.0%	53.1%	26.6%
Overall underpin			✓ Assumed met
Overall vesting is subject to the committee being satisfied that the company's outcome performance on these measures is consistent with underlying business performance and that the company's dividend policy has been delivered in respect of each financial year of the performance period.			
			61.2%

	Louise Beardmore	Phil Aspin
Number of shares granted	80,847	52,140
Number of dividend equivalent shares	9,330	6,016
Number of shares before performance conditions applied	90,177	58,156
Estimated number of shares after performance conditions applied	55,188	35,591
Three-month average share price at end of performance period (pence) ⁽¹⁾	1,289.8	1,289.8
Provisional value (£'000 – shown in single figure table)⁽²⁾	712	459

⁽¹⁾ Average share price over three-month period from 1 January 2026 to 31 March 2026.

⁽²⁾ 16.25% of the value vesting is attributable to share price appreciation, which equates to £99,504 for Louise Beardmore and £64,171 for Phil Aspin.

The company's dividend policy has been delivered in respect of each financial year of the performance period. Details of the committee's preliminary assessment on the alignment of the vesting outcome to the underlying performance of the business is set out in the chair's statement. The committee will make a final assessment of the company's performance once the final outcome of all measures is known later in the year and will reconsider whether any discretion should be applied at that point. The value of the awards will be updated, if necessary, in next year's report. The awards will vest after an additional holding period, which ends no earlier than five years from the date of grant.

2025 LTP awards with a performance period ending 31 March 2028 (audited information)

The table below provides details of share awards made to executive directors on 5 December 2025 in respect of the 2025 LTP:

Executive director	Type of award	Basis of award	Face value of award ⁽¹⁾ (£'000)	Number of shares under award	% vesting at threshold	End of performance period ⁽²⁾
Louise Beardmore	Conditional shares	200% of salary	£1,740	141,486	25%	31.03.28
Phil Aspin	Conditional shares	200% of salary	£1,120	91,071	25%	31.03.28

⁽¹⁾ Face value calculated using the average share price from the five days preceding the grant date, which was 1,229.8 pence per share.

⁽²⁾ An additional holding period applies after the end of the performance period such that the combined vesting and holding period is at least five years.

As per the policy, the structure of the 2025 LTP awards for the three-year performance period was 50% related to return on regulated equity (RoRE) and 50% related to a basket of customer and environmental measures.

Details about the measures, targets and underpins were published on the company website at the point of grant and are summarised in the table below.

Measure	Targets ⁽¹⁾		Weighting
	Threshold (25% vesting)	Stretch (100% vesting)	
Return on regulated equity (RoRE)⁽²⁾			
RoRE	Equal to the average of Ofwat's allowed RoRE over the three years of the performance period	2.0% (or more) above the average of Ofwat's allowed RoRE over the three years of the performance period	50.0%
Basket of customer, community and environmental measures⁽³⁾			
Price control deliverables (PCDs) ⁽⁴⁾	90.0% of in-flight PCDs on track versus the phased milestones agreed with relevant regulators for AMP8	100% of in-flight PCDs on track versus the phased milestones agreed with relevant regulators for AMP8	20.0%
Priority Services ⁽⁵⁾	19.0% of our customers are listed on the Priority Services Register	20.0% (or more) of our customers are listed on the Priority Services Register	10.0%
Carbon reduction ⁽⁵⁾	23.0% of the energy used by United Utilities Group PLC is generated from low-carbon sources	25.0% (or more) of the energy used by United Utilities Group PLC is generated from low-carbon sources	10.0%
Social Value ⁽⁶⁾	United Utilities Group PLC generates £10 million of Social Value during the performance period	United Utilities Group PLC generates £12 million (or more) of Social Value during the performance period	10.0%
Total			100%

Overall underpin

Overall vesting is subject to the committee being satisfied that the company's performance on these measures is consistent with underlying business performance and that the company's dividend policy has been delivered in respect of each financial year of the performance period.

⁽¹⁾ Straight-line vesting applies between the threshold and stretch targets, with nil vesting below threshold performance.

⁽²⁾ Targets for RoRE reflect the known impact in the first year of the performance period (2025/26) of the planned investment above the final determination totex allowance for AMP8.

⁽³⁾ The basket of customer and environmental measures will be based on the performance commitment definitions as per the AMP8 final determination.

⁽⁴⁾ Price control deliverables (PCDs) are specific delivery expectations on water companies set out by Ofwat in relation to AMP8.

⁽⁵⁾ Based on performance in respect of the financial year ending 31 March 2028 as published in the United Utilities Group PLC integrated annual report and/or United Utilities Water Limited annual performance report for 2027/28.

⁽⁶⁾ Subject to external verification/external assurance.

Annual report on remuneration

Remuneration in 2026/27

The performance measures used in our performance-related pay schemes during 2026/27 will remain closely aligned with our strategic priorities, and focused on delivery for our stakeholders. As in recent years, across both of our incentive schemes there will be a material weighting linked to delivery for customers and on measures that relate to our environmental performance.

As always, the committee has the discretion to override formulaic incentive outcomes by exercising discretion on outcomes if deemed necessary, including by taking account of overall performance through our various stakeholder lenses. As stated on page 143, all pay received by the executive directors, including any performance-related pay outcomes, will not be paid for by customers.













Fixed pay in 2026/27

As set out on page 142, following the correctional increases in 2025 Louise Beardmore and Phil Aspin have base salaries of £870,000 and £560,000 respectively. A decision on salary increases for 2026 will be taken later in the year and disclosed in next year's report. If salary increases are applied they will be no higher than the workforce increase. No change is expected to pension provisions or other benefits.

Subject to shareholder approval at the 2026 AGM, the first instalment of the AMP8 allowance are expected to be made in August 2026 with the second instalments expected in February 2027.

Annual bonus for 2026/27

As is outlined on pages 146 to 147, the measures used in our annual 2025/26 bonus arrangements for executive directors demonstrated significant alignment to stakeholder interests, and we will use the same measures in 2026/27, with a small change to the operation of the serious pollution incidents measure. We remain satisfied that the balanced scorecard supports our purpose of building a stronger, greener and healthier North West. Overall, 75% of the annual bonus remains based on delivery for customers and the environment, and almost half of the overall bonus (around 45%) is based on measures linked to reducing pollution, storm overflow spills, or other aspects of environmental performance. The maximum bonus opportunity for the year commencing 1 April 2026 will be 100% of base salary based on the directors' remuneration policy being proposed at the 2026 AGM. The table below summarises the measures and weightings we will use, and how they align to stakeholders. The targets are closely linked to our strategy and so are considered commercially sensitive and will therefore be disclosed retrospectively in the 2026/27 annual report on remuneration.

	Weighting (% of award)	Link to strategic priorities/ different stakeholders
Underlying operating profit	25.0%	 
Reducing pollution and enhancing customer and environmental outcomes		
Serious pollution incidents	5.0%	
Sewer flooding	5.0%	
Storm overflow activations (reduction in number of spills)	5.0%	
Storm overflow programme (milestone delivery)	5.0%	
Improving water quality and minimising leakage and interruptions to supply		
Leakage	5.0%	
Supply interruptions	5.0%	
Water quality contacts (due to appearance)	5.0%	
Per capita consumption	5.0%	
Improving customer service		
C-MeX contactor ranking (service for domestic customers)	5.0%	
BR-MeX ranking (service for businesses)	5.0%	
Delivering our capital programme efficiently		
Capital programme delivery incentive (CPDi)	15.0%	
Looking after our people		
Health and safety: colleague lost time injury frequency rate	10.0%	
Total	100%	

The executive directors will be required to defer a proportion of any bonus received into shares and these will only become available after a period of three years in line with policy. This provides the committee with time to consider and respond appropriately to any matters that were not known at the end of the relevant performance period but become apparent during the deferral period. This could include the use of the withholding and recovery provisions.

2026 LTP awards (performance period ending 31 March 2029)

Consistent with the approach in recent years, we expect the awards to be based on return on regulated equity and a basket of customer and environmental measures, with each component being equally weighted at 50%, and the performance period for the awards will be 1 April 2026 to 31 March 2029. The committee has decided to wait until after the new directors' remuneration policy has been approved by shareholders at the 2026 AGM to grant the awards, to take account of any feedback that may arise. If the policy is approved as proposed, the 2026 LTP awards for the executive directors will be worth 175% of base salary, and the performance measures and targets will be disclosed at the time of grant.

CEO pay ratios

The table below sets out the ratio of the CEO's pay to that of the 25th percentile (P25), median (P50) and 75th percentile (P75) full-time equivalent colleagues over the last seven years.

The ratios have been calculated in accordance with option A as set out in the regulations. This is considered to be the most accurate methodology and uses the same calculation basis as required for the CEO's total remuneration as shown in the single figure table on page 160. Full details of the methodology used are set out in the box on the right of this page.

When comparing this year to last year the ratios have increased, and this is explained by two key reasons. Firstly, Louise Beardmore did not receive an annual

bonus in 2024/25 in accordance with Ofwat's performance related executive pay prohibition rule (see page 141). The second reason is that whilst the base salary increase during the year for colleagues below the board was 4.5%, Louise received a larger, correctional salary increase as described on page 142. The committee is content that overall the ratios are appropriate and will continue to consider the pay ratios in the context of other important metrics such as colleague engagement levels and the gender pay gap.

How we calculated our pay ratios:

- We identified all colleagues who received base salary during the year and who were still employed on 31 March 2026.
- The calculations were carried out using their total pay and benefits received in respect of the year ended 31 March 2026, including bonuses earned by reference to performance in the financial year and paid in June following the end of the financial year.
- 'Base salary' includes standby pay, shift pay, overtime and on-call allowances.
- For colleagues who were employed on a part-time basis, or who were not employed for the full year, their remuneration has been annualised to reflect the full-time equivalent.
- No other estimates or adjustments have been used in the calculations and no other remuneration items have been omitted.

	2025/26	2024/25 ⁽¹⁾	2023/24	2022/23	2021/22	2020/21	2019/20
Methodology used	A	A	A	A	A	A	A
CEO	L Beardmore	L Beardmore	L Beardmore	S Mogford	S Mogford	S Mogford	S Mogford
Ratio of CEO single figure total remuneration:							
– To colleague at the 25th percentile (P25)	58:1	34:1	36:1	63:1	95:1	98:1	87:1
– To colleague at the 50th percentile (P50)	44:1	26:1	27:1	47:1	71:1	73:1	66:1
– To colleague at the 75th percentile (P75)	35:1	20:1	22:1	38:1	56:1	58:1	53:1

⁽¹⁾ The figures for 2024/25 have been updated to reflect that no bonus was paid for 2024/25 and the final vesting outcome, additional dividend equivalents and updated share price for Louise Beardmore's 2022 LTP.

Total pay and fixed pay for the UK employees at the 25th percentile, median and 75th percentile are set out in the table below.

	Colleague Pay (£'000)					
	25th percentile		Median		75th percentile	
	Total Pay	Salary	Total Pay	Salary	Total Pay	Salary
2025/26	43	37	57	47	73	61
2024/25	41	31	55	48	69	57
2023/24	39	33	53	41	66	53
2022/23	37	31	49	43	61	52
2021/22	35	32	46	39	59	47
2020/21	34	29	46	39	58	50
2019/20	33	30	44	38	56	44

Relative importance of spend on pay

The table below shows the relative importance of spend on pay compared to distributions to shareholders.

	2025/26	2024/25	%
	£m	£m	change
Dividends paid to shareholders	358	344	3.9%
Colleague costs ⁽¹⁾	493	410	20.4%

⁽¹⁾ Colleague costs includes wages and salaries, social security costs, and post-employment benefits, noting that employer national insurance increased from 13.8% to 15.0% with effect from April 2025 and headcount has also increased since last year. Had headcount remained the same, the percentage change to colleague costs would be 9.7%.

Annual report on remuneration

Cascade of remuneration through the organisation

Consistent with best practice, the remuneration committee spends considerable time on matters relating to remuneration arrangements in the wider organisation. Details of pay trends for the wider colleague base provide important context when making decisions regarding remuneration for the executive directors as well as ensuring that consistent approaches are being adopted across the organisation.

The table below summarises how remuneration compares across the different groups of colleagues throughout the company.

Colleague group (number of colleagues currently covered)	Element of pay	Policy	Implementation
Colleagues at all levels (around 7,350)	Salary	We want to attract and retain colleagues of the experience and quality required to deliver the company's strategy. Salaries are reviewed annually, with executive directors normally receiving a salary increase no greater than the increase awarded to the general workforce, unless there are circumstances requiring an alternative approach in which case the rationale will be clearly explained in the directors' remuneration report.	In 2025, the standard base salary increase for colleagues (below the board) was 4.5%. As a real Living Wage accredited employer, all our colleagues (except those on a training scheme such as apprentices) receive at least the voluntary real Living Wage rate.
	Health and wellbeing benefits	We want to create an environment that promotes healthy behaviours and ensures that colleagues have access to early and effective treatment, advice and information to improve their health and wellbeing.	Colleagues at all levels are eligible for company funded healthcare and an enhanced company sick-pay scheme, and a Virtual GP service is available for all colleagues and their families. All colleagues have free 24/7 access to our employee assistance programme, which provides counselling and support to them and their households. All colleagues can access discounted gym membership and a menopause support app. We have around 500 trained mental health first aiders who can listen to, and signpost colleagues to relevant wellbeing support. Financial wellbeing is a key focus, with financial education tools and awareness courses available for all colleagues covering a broad range of money management topics such as financial planning, managing debt and pensions.
	Flexible benefits	All colleagues have access to a variety of additional voluntary benefits to suit their lifestyle, including environmental benefits such as our electric car scheme and the opportunity to buy or sell annual leave. Colleagues can choose from a range of deals and discounts all year round, and can donate to their chosen charities directly from their pay if they want to.	Around half of the workforce take up at least one of our flexible benefit options.
	Pension	Almost all colleagues participate in our company pension arrangements, which have received the 'Pension Quality Mark Plus' accreditation in recognition of their high quality.	The company doubles any personal pension contributions made, up to a maximum of 14% of salary. As part of the pension scheme, colleagues receive company-funded life assurance and income protection.
	ShareBuy	Any colleague can become a shareholder in our company and share in our success by participating in our ShareBuy scheme. For every five shares purchased under the scheme, the company gives another one free.	Around half of the workforce participate in our ShareBuy scheme.
	Annual bonus – cash	Our bonus scheme provides a strong alignment to strategy throughout the organisation, with the same bonus scorecard applying at all levels.	Colleagues at all levels participate in the annual bonus scheme, receiving financial rewards based on the performance of the company and/or their personal contribution. Specific weightings and awards vary by level.
	CEO, CFO and executives (11)	Annual bonus – deferred shares	Deferral of part of bonus into shares aligns the interests of executives and shareholders.
CEO, CFO, executives and other senior leaders (around 90)	Long Term Plan (LTP)	To incentivise long-term value creation and alignment with the long-term interests of shareholders, customers, and other stakeholders.	Executives and other senior leaders may be invited to participate in the LTP. Performance conditions are the same for all participants but award sizes vary.
CEO, CFO and executives (11)	Shareholding	The committee believes that it is important for each executive to build and maintain a meaningful investment in shares of the company to provide alignment with shareholder interests.	All executives are subject to shareholding guidelines, aligning their interests with those of shareholders.

Supporting our colleagues' wellbeing

In recognition of the ongoing challenging financial environment, the company has continued to take action to support colleagues. Recognising our lowest paid colleagues, in November 2025 we increased the pay rates of around 200 colleagues in relation to the new real Living Wage rates that had been announced in October. While all Living Wage accredited employers had until May 2026, we decided to implement the new rates early.

In 2025 we agreed a two-year pay settlement with the trade unions meaning that around 5,200 collectively bargained colleagues received salary increases worth 4.5% from 1 April 2025. Increases of a similar value were also paid to colleagues who are not collectively bargained. In addition, the company provided all colleagues with an additional day's leave in the form of a wellbeing day, providing them with an opportunity to spend time with family and friends, or to focus on themselves. The certainty provided by the two-year pay settlement means collectively bargained colleagues have already received a further increase of 4.6% with effect from 1 April 2026 with the annual salary review processes for other colleagues due to take place later in the year.

The company provides holistic wellbeing support to colleagues, encouraging them to make use of the great range of benefits, tools and resources that are available. Some examples are shown below.

Physical wellbeing	<ul style="list-style-type: none"> • Our Virtual GP service enables colleagues and immediate family to get advice from a GP quickly and conveniently. • We have improved the support we offer in relation to the perimenopause, menopause and other hormone health matters. All colleagues continue to have access to an app that provides personalised expert content, and to a programme of training and education to support colleagues whether they are personally affected by the menopause or hormone health matters, or they know someone who is. • All colleagues can access discounted gym memberships and active discounts on sportswear and equipment at locations convenient to them across the North West. • All colleagues have been able to claim back the cost of a flu vaccination. • Members of our colleague healthcare scheme can claim back the cost of everyday healthcare items including support for hearing loss and eye tests • Our ability network has links with local disability charities and uses a company to ensure we provide reasonable adjustments for anyone with ability needs. • We delivered a number of wellbeing roadshows, ensuring colleagues across our five counties know what wellbeing support is available to them and how to access it.
Mental wellbeing	<ul style="list-style-type: none"> • All colleagues have access to our employee assistance programme. • We have a network of mental health first aiders providing support across the company. • Our senior leadership and executive teams are engaged with our wellbeing calendar and we have appointed a wellbeing sponsor and a mental health sponsor across the business. • We have partnered with the Hub of Hope for our colleagues and customers to be able to easily access mental health support services which are local and timely when it comes to gaining wellbeing support. • We have developed and run regular support groups around mental health, men's health and grief and bereavement.
Financial wellbeing	<ul style="list-style-type: none"> • Money management tips and tools from a range of trusted financial wellbeing providers help colleagues manage their money better, including the option to borrow responsibly in appropriate circumstances, alongside financial planning courses to suit colleagues at different stages of their careers. • We are a real Living Wage employer and commit to ensuring all our colleagues are able to maintain a wage that supports real cost of living. • We offer a ShareBuy scheme that provides an opportunity for colleagues to invest with incentives for medium to long-term shareholding. • Our discounts platform helps colleagues save money on everyday living costs. • Colleagues who are part of our early careers schemes are eligible for financial support with driving lessons and tests.

The committee is always mindful of the alignment of executive pay arrangements with those of the wider workforce and, as is demonstrated in the table on page 164, there is a high level of alignment and consistency of approach.

When reviewing salaries and assessing incentive outcomes for the executives, the committee takes account of how those elements of remuneration have been (or will be) applied across the wider workforce in respect of the same periods. At each of its scheduled meetings, the committee receives an update on notable matters affecting pay and benefits among the wider workforce since its previous meeting, and at least annually the committee formally reviews and discusses a report detailing all elements of the pay and benefits framework that applies to the workforce.

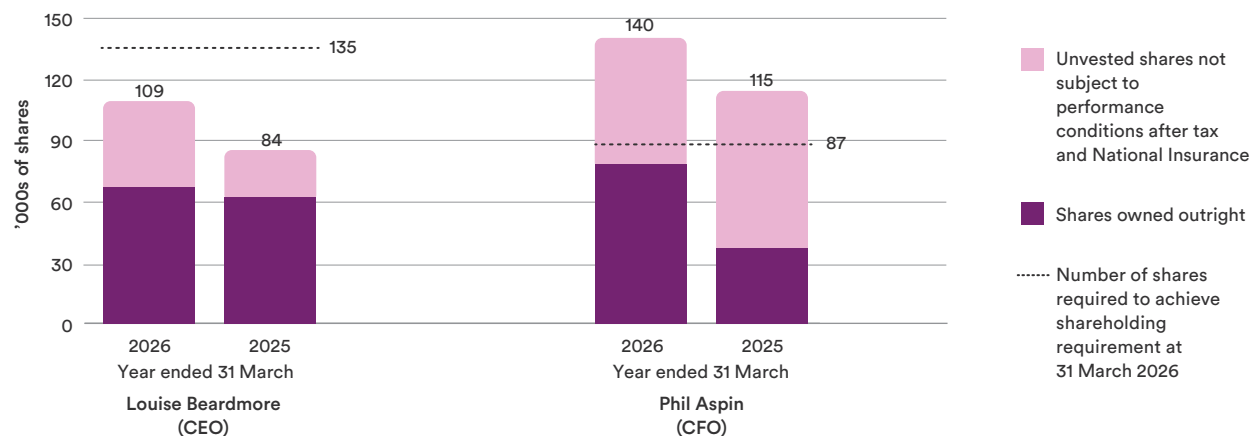
The committee has mechanisms through which it hears from and engages with the workforce on executive pay. Insights related to remuneration that arise via Liam Butterworth in his role as designated non-executive director for workforce engagement are fed back to the board, and a formal report is presented to the committee at least annually. The colleague voice panel provides valuable opportunities during the year for open discussions and feedback on a variety of topics including remuneration. See page 112 for further details. On invitation from Liam, the head of reward engages with the panel to provide an overview of relevant corporate governance and reporting requirements, summarise our executive remuneration approach and the role of the committee in setting executive remuneration, and discuss the alignment of our executive pay approach with the arrangements that apply across the wider workforce.

Annual report on remuneration

Executive directors' shareholding (audited information)

Details of beneficial interests in the company's ordinary shares as at 31 March 2026 held by each of the executive directors and their connected persons are set out in the charts below, along with progress against the target shareholding required under the current policy. Louise Beardmore is expected to reach the current shareholding requirement of 200% of salary by 1 April 2028 (within five years of her appointment as CEO). Phil Aspin continues to exceed the current shareholding requirement level of 200% of salary.

► Further details of the executive directors' shareholdings and share plan interests are given in the table below and in appendix 1 on page 170.



► Further details of the executive directors' shareholdings and share plan interests are given in the table below and in appendix 1 on page 170.

Director	Shareholding requirement (% of salary)	Number of shares required to meet shareholding requirement ⁽¹⁾	Number of shares owned outright (including connected persons)		Unvested shares not subject to performance conditions ⁽²⁾		Total shares counting towards shareholding requirements ⁽³⁾		Shareholding as % of base salary at 31 March	Shareholding requirement met at 31 March	Unvested shares subject to performance conditions ⁽⁴⁾	
			2026	2025	2026	2025	2026	2025			2026 ⁽⁵⁾	2026
Louise Beardmore ⁽⁵⁾	200%	134,905	67,307	61,679	78,213	42,759	108,774	84,358	161%	No	334,334	240,104
Phil Aspin ⁽⁵⁾	200%	86,835	76,920	36,979	119,572	146,988	140,308	114,899	323%	Yes	215,445	172,976

⁽¹⁾ Share price used is the average share price over the three months from 1 January 2026 to 31 March 2026 (1,289.8 pence per share).

⁽²⁾ Unvested shares subject to no further performance conditions such as matching shares under the ShareBuy scheme. Includes shares subject only to withholding provisions such as Deferred Bonus Plan shares in the three-year deferral period and Long Term Plan shares in the applicable holding period.

⁽³⁾ Includes unvested shares not subject to performance conditions (net of tax and National Insurance), plus the number of shares owned outright.

⁽⁴⁾ Includes unvested shares under the Long Term Plan.

⁽⁵⁾ In the period 1 April 2026 to 15 May 2026, additional shares were acquired by Louise Beardmore (25 shares) and Phil Aspin (25 shares) in respect of their monthly contributions to the all-employee ShareBuy scheme. Matching shares vest one year after grant provided the colleague remains employed. Additionally, Louise Beardmore and Phil Aspin each subscribed for a further 3,810 shares as part of the capital raising exercise (see page 107) with shares allotted on 5 May 2026.



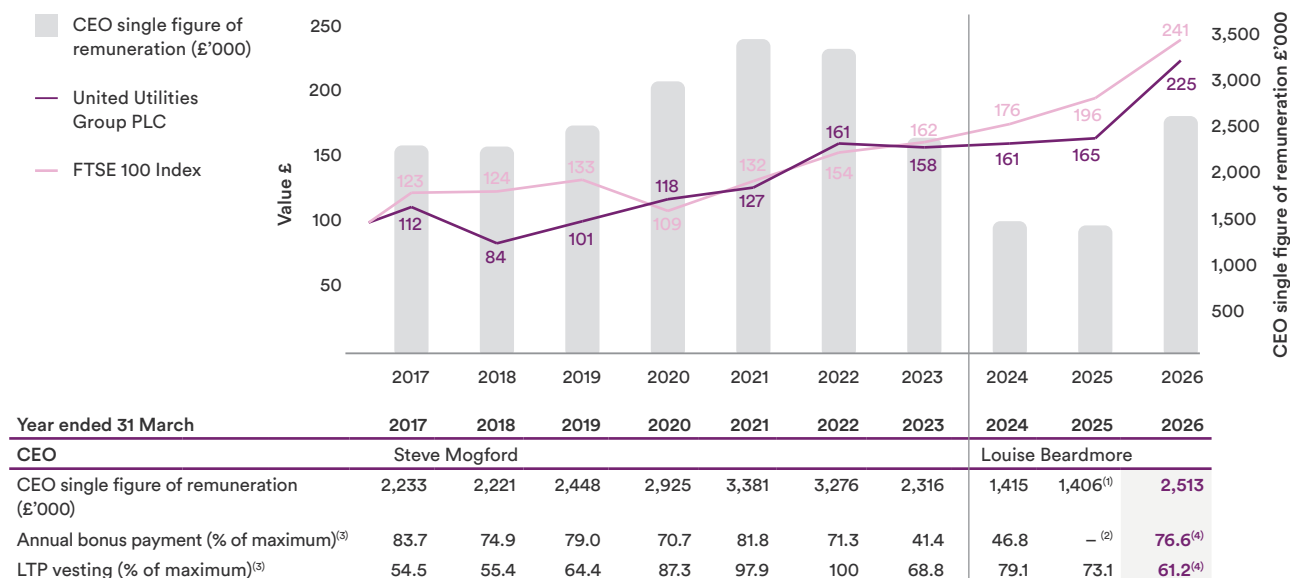
Other information

Company performance and CEO remuneration comparison

The total shareholder return (TSR) chart below illustrates the company's performance against the FTSE 100 over the past ten years.

The FTSE 100 is an appropriate comparator as the company is a member of the FTSE 100 and it is a widely published benchmark for this purpose. The chart shows the growth in the value of a hypothetical £100 holding invested in the company over the ten-year period.

The chart also shows the CEO's single total figure remuneration over the ten years ended 31 March 2026 for comparison. The table below the TSR chart shows the remuneration data for the CEO over the same period.



⁽¹⁾ This figure has been updated to reflect that no bonus was paid in 2024/25 and the payout for the 2022 LTP has been updated to reflect the additional dividend equivalents accruing on the award and updated share price. See page 160 for further details.

⁽²⁾ No bonus was payable in compliance with Ofwat's performance-related executive pay prohibition rule. The bonus that would have otherwise been due would have been 44.8% of maximum.

⁽³⁾ For performance periods ended on 31 March, unless otherwise stated.

⁽⁴⁾ The 2025/26 annual bonus and 2023 Long Term Plan vesting outcomes are provisional. See pages 160 and 161 for details.

Exit payments and payments to former directors made in the year (audited information)

There have been no exit payments or payments to former directors in respect of their roles as directors during the year ended 31 March 2026 other than the vesting of legacy share awards (see page 170).

External appointments

Phil Aspin was a board member of the UK Endorsement Board (UKEB) and chair of the organisation's Rate-regulated Activities Advisory Group during the year ended 31 March 2026, for which he received and retained an annual fee of around £18,000. He completed his second fixed term on 14 March 2026 and as required under the UKEB constitution, stepped down from the board.

Non-executive directors

Single total figure of remuneration for non-executive directors (audited information)

Year ended 31 March	Salary/fees £'000		Taxable benefits £'000		Total £'000	
	2026	2025	2026	2025	2026	2025
Sir David Higgins	353	337	–	–	353	337
Liam Butterworth	95	87	2	–	97	87
Kath Cates	95	91	1	–	96	91
Ian El-Mokadem ⁽¹⁾	67	n/a	2	n/a	69	n/a
Alison Goligher ⁽²⁾	86	97	10	12	96	109
Clare Hayward ⁽³⁾	80	74	9	9	89	83
Michael Lewis	80	77	4	6	85	83
Doug Webb ⁽⁴⁾	106	94	–	–	106	94
Marina Wyatt ⁽⁵⁾	47	n/a	2	n/a	49	n/a

⁽¹⁾ Ian El-Mokadem joined the board on 1 June 2025.

⁽²⁾ Alison Goligher stepped down as the senior independent non-executive director and chair of the compliance committee with effect from 18 July 2025 and ceased to receive the applicable additional fees from that date.

⁽³⁾ Clare Hayward joined the board on 16 April 2024.

⁽⁴⁾ Doug Webb was appointed as the senior independent non-executive director and chair of the compliance committee with effect from 18 July 2025 and received the applicable additional fees from that date.

⁽⁵⁾ Marina Wyatt joined the board on 1 October 2025.

Annual report on remuneration

Fees

Non-executive director base fees were reviewed and increased with effect from 1 July 2025 as shown below. Base fees and additional fees for the senior independent non-executive director and the chairs of committees were increased by around 4.5%, which was broadly in line with the increase applying to the general workforce in 2025.

Role	Fees £'000	
	1 July 2025	1 July 2024
Base fee: Chair ⁽¹⁾	356.4	341.0
Base fee: other non-executive directors ⁽²⁾	81.1	77.6
Senior independent non-executive director ⁽²⁾	15.0	14.3
Chair of audit and treasury committees ⁽²⁾	17.8	17.0
Chair of remuneration committee ⁽²⁾	15.0	14.3
Chair of ESG committee ⁽²⁾	15.0	14.3
Chair of compliance committee ⁽²⁾	6.3	6.0

⁽¹⁾ Approved by the remuneration committee.

⁽²⁾ Approved by a separate committee of the board.

Non-executive directors' shareholdings (audited information)

Details of beneficial interests in the company's ordinary shares as at 31 March 2026 held by each of the non-executive directors and their connected persons are set out in the table below.

Non-executive directors	Date first appointed to the board	Number of shares owned outright (including connected persons) at 31 March 2026
Sir David Higgins ⁽¹⁾	13.05.19	3,000
Liam Butterworth	01.01.22	3,000
Kath Cates ⁽¹⁾	01.09.20	2,135
Ian El-Mokadem ⁽¹⁾	01.06.25	3,000
Alison Goligher ⁽²⁾	01.08.16	6,000
Clare Hayward ⁽¹⁾	16.04.24	3,000
Michael Lewis	01.05.23	3,000
Doug Webb ⁽¹⁾	01.09.20	10,200
Marina Wyatt	01.10.25	2,400

⁽¹⁾ Subscribed for a further 1,143 shares as part of the capital raising exercise (see page 107) with shares allotted on 5 May 2026.

⁽²⁾ Subscribed for a further 2,000 shares as part of the capital raising exercise (see page 107) with shares allotted on 5 May 2026.

Change in board member and colleague remuneration⁽¹⁾

The table below shows the percentage change in each director's remuneration compared to that of an average employee between the financial years ending 31 March 2021 and 31 March 2026. The 2026 remuneration figures for the directors are taken from the data used to compile the single total figure of remuneration tables shown earlier in this report, prior to any rounding.

Year ended 31 March vs prior year	Salary/total fees %					Benefits %					Bonus %				
	2026	2025	2024	2023	2022	2026	2025	2024	2023	2022	2026	2025	2024	2023	2022
Executive directors															
Louise Beardmore	16.4	3.8	62.4	n/a	n/a	(0.3)	18.7	34.9	n/a	n/a	n/a ⁽²⁾	(100.0)	83.5	n/a	n/a
Phil Aspin	16.3	5.5	4.4	3.6	1.2	2.2	8.9	3.7	(6.3)	67.3	n/a ⁽²⁾	(100.0)	18.0	(50.1)	6.4
All colleagues	8.0	7.5	9.4	6.6	3.7	8.6	35.8	12.0	4.1	5.0	56.4	(2.7)	11.4	(27.3)	11.6
Non-executive directors⁽³⁾															
Sir David Higgins	4.6	5.0	3.0	2.6	6.5	(19.1)	9.0	(37.9)	(55.6)	1,555.9					
Liam Butterworth	9.6 ⁽⁴⁾	18.8	3.0	2.6	n/a	278.8	(55.5)	66.2	n/a	n/a					
Kath Cates	4.5	4.4	8.3	16.5	6.5	69.9	(57.0)	66.2	(59.4)	1,555.9					
Ian El-Mokadem	n/a ⁽⁵⁾	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a					
Alison Goligher	(11.0) ⁽⁶⁾	7.0	7.2	2.5	11.5	(17.8)	n/a	0	(100.0)	708.6					
Clare Hayward	4.6 ⁽⁷⁾	n/a	n/a	n/a	n/a	3.5	n/a	n/a	n/a	n/a					
Michael Lewis	4.6	5.1	n/a	n/a	n/a	(29.4)	n/a	n/a	n/a	n/a					
Doug Webb	13.2 ⁽⁸⁾	4.3	3.1	8.8	23.6	n/a	(100.0)	66.2	(55.7)	1,418.0					
Marina Wyatt	n/a ⁽⁵⁾	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a					

⁽¹⁾ For details about changes in prior years see the respective directors' remuneration reports.

⁽²⁾ As detailed on page 141, no bonus was payable in respect of 2024/25 so presenting a year-on-year change is not meaningful.

⁽³⁾ Calculated using actual fees and taxable benefits. In line with policy the non-executive directors do not participate in the annual bonus.

⁽⁴⁾ The year-on-year fee change for Liam Butterworth reflects his role as ESG committee chair for the full year, whereas in the prior year he was only chair for part of the year and so only received the relevant fee for that part of the year.

⁽⁵⁾ Ian El-Mokadem and Marina Wyatt were appointed to the board on 1 June 2025 and 1 October 2025 respectively, so no year-on-year comparison is possible.

⁽⁶⁾ The year-on-year fee change for Alison Goligher reflects her stepping down as senior independent non-executive director and compliance committee chair during the year.

⁽⁷⁾ Clare Hayward joined the board on 16 April 2024. To enable a meaningful year-on-year comparison her fees reflect hypothetical full-year earnings in 2024/25.

⁽⁸⁾ The year-on-year fee change for Doug Webb reflects his appointment as senior independent non-executive director and compliance committee chair during the year with the relevant fees then becoming due.

The remuneration committee

Composition of the remuneration committee during the year ended 31 March 2026

Member	Member since
Kath Cates (chair since 22.07.22)	01.09.20
Alison Goligher	01.08.16
Doug Webb	23.07.21

The committee's members have no personal financial interest in the company other than as shareholders and the fees paid to them as non-executive directors.

Activities of the remuneration committee over the past year

The committee met nine times in the year ended 31 March 2026 (four scheduled meetings and five additional meetings) and carried out a number of key activities:

- Assessed the achievement of targets for the 2024/25 annual bonus scheme and set the targets for the 2025/26 annual bonus scheme;
- Approved the 2024/25 directors' remuneration report, including the 2025 directors' remuneration policy for shareholder approval at the 2025 AGM;
- Wrote to major shareholders following the publication of the company's 2025 annual report;
- Considered governance developments and market trends in executive remuneration, including the specific changes in the water sector the Water (Special Measures) Act 2025 and related Ofwat guidance and consultation on executive remuneration;
- Reviewed the pay comparator group;
- Reviewed the base salaries of executive directors and other members of the executive team;
- Reviewed the base fee for the Chair;
- Conducted a competitive tender process for the committee's adviser (following which Ellason were reappointed);
- Assessed the achievement of targets for the Long Term Plan (LTP) awards made in 2022;
- Reviewed progress against the targets for the 2025/26 annual bonus scheme, and the 2023 and 2024 LTP awards;

- Set the measures and targets for the 2025 LTP awards;
- Considered the remuneration arrangements of the wider workforce and their alignment with those of the executives, alongside feedback received from the workforce via Liam Butterworth to the board in his role as the non-executive director for workforce engagement;
- Monitored progress against shareholding guidelines for executive directors and other members of the executive team;
- Consulted with shareholders and other stakeholders on potential changes to the directors' remuneration policy, and considered the feedback received;
- Determined the remuneration arrangements for new executives falling under the remit of the committee; and
- Reviewed the committee's performance during the period.

Support to the remuneration committee

By invitation of the committee, meetings are attended by the Chair, the CEO, the company secretary (who acts as secretary to the committee), the people director, and the head of reward who are consulted on matters discussed by the committee, unless those matters relate to their own remuneration. Advice or information is also sought from other colleagues where the committee feels that such additional contributions will assist the decision-making process.

The committee is authorised to take such internal and external advice as it considers appropriate in connection with carrying out its duties, including the appointment of its own external remuneration advisers.

During the year ended 31 March 2026, the committee was assisted in its work by independent external remuneration advisers, Ellason, who were reappointed in 2025 following a competitive tender process. Ellason have been adviser to the committee since January 2021. They provided advice to the committee on remuneration matters including analysis of the remuneration policy and regular market and best practice updates. In addition, other services provided to the company included advice and benchmarking on non-executive director and senior leader remuneration, advice on

Main responsibilities

- Determining and recommending to the board the policy for executive director remuneration, having reviewed and taken into account workforce remuneration and related policies and the alignment of incentives and reward with our purpose, values and culture;
- Setting the individual employment and remuneration terms for executive directors and other senior executives, including: recruitment and severance terms, bonus plans and targets, and the achievement of performance against targets, including consideration and use of discretion as appropriate;
- Approving the general employment and remuneration terms for selected senior colleagues;
- Setting the remuneration of the Chair of the company;
- Proposing all new long-term incentive schemes for approval by the board, and for recommendation by the board to shareholders; and
- Assisting the board in reporting to shareholders and undertaking appropriate discussions as necessary with institutional shareholders on aspects of executive remuneration.

the company's share schemes and assurance work on the directors' remuneration report for the audit committee. Fees on a time/cost basis for the advice provided to the committee during the year were around £152,000 as set out in the terms and conditions in the relevant engagement letter.

Ellason is a signatory to the Remuneration Consultant Group's Code of Conduct, which sets out guidelines to ensure that any advice is independent and free of undue influence (which can be found at remunerationconsultantsgroup.com). None of the individual directors have a personal connection with Ellason. The committee is satisfied that the advice it receives is objective and independent and confirms that Ellason does not have any connection with the company that may impair its independence.

In addition, during the year, the law firm Eversheds Sutherland provided advice to the company in relation to the company's share schemes.

2025 AGM: statement of voting

At the last annual general meeting on 18 July 2025, votes on the resolutions to approve the remuneration policy and annual report on remuneration were cast as follows:

Resolution	Votes for	Votes against	Votes withheld (abstentions)	Total votes cast
Approval of the directors' remuneration policy	510,748,135 (99.41%)	3,006,565 (0.59%)	1,814,417	513,754,700
Approval of the directors' remuneration report (other than the part containing the directors' remuneration policy)	509,687,660 (99.43%)	2,937,760 (0.57%)	2,943,697	512,625,420

The directors' remuneration report was approved by the board of directors on 15 May 2026 and signed on its behalf by:

Kath Cates

Chair of the remuneration committee

Stock code: UU.

Appendix 1: Executive directors' share plan interests

1 April 2025 to 31 March 2026 (audited information)

	Award date	Awards held at 1 April 2025	Awards granted in year	Vested in year	Lapsed/ forfeited in year	Notional dividends accrued in year ⁽¹⁾	Awards held at 31 March 2026 ⁽¹⁾
Louise Beardmore							
Shares not subject to performance conditions at 31 March 2026							
DBP	16.06.22	9,954	–	9,954	–	–	0
DBP	16.06.23	11,496	–	–	–	517	12,013
DBP	17.06.24	21,274	–	–	–	959	22,233
LTP	29.07.22	57,513	–	–	15,941	2,364	43,936
ShareBuy matching shares ⁽²⁾	01.04.25 to 31.03.26	35	31	35	–	–	31
Subtotal		100,272	31	9,989	15,941	3,840	78,213
Shares subject to performance conditions at 31 March 2026							
LTP	15.12.23	86,288	–	–	–	3,889	90,177
LTP	14.03.25	96,303	–	–	–	4,341	100,644
LTP ⁽³⁾	05.12.25	–	141,486	–	–	2,027	143,513
Subtotal		182,591	141,486	0	0	10,257	334,334
Total		282,863	141,517	9,989	15,941	14,097	412,547

Phil Aspin							
Shares not subject to performance conditions at 31 March 2026							
DBP	16.06.22	24,792	–	24,792	–	–	0
DBP	16.06.23	11,967	–	–	–	538	12,505
DBP	17.06.24	13,494	–	–	–	608	14,102
LTP	30.11.20	48,133	–	49,592	–	1,459	0
LTP	30.06.21	48,567	–	–	–	2,188	50,755
LTP	29.07.22	55,213	–	–	15,303	2,269	42,179
ShareBuy matching shares ⁽²⁾	01.04.25 to 31.03.26	35	31	35	–	–	31
Subtotal		202,201	31	74,419	15,303	7,062	119,572
Shares subject to performance conditions at 31 March 2026							
LTP	15.12.23	55,648	–	–	–	2,508	58,156
LTP	14.03.25	62,115	–	–	–	2,799	64,914
LTP ⁽³⁾	05.12.25	–	91,071	–	–	1,304	92,375
Subtotal		117,763	91,071	0	0	6,611	215,445
Total		319,964	91,102	74,419	15,303	13,673	335,017

⁽¹⁾ Note that these are subject to performance conditions where applicable.

⁽²⁾ Under ShareBuy, matching shares vest provided the colleague remains employed by the company one year after grant. During the year, Louise Beardmore purchased 154 partnership shares and was awarded 31 matching shares (at an average share price of 1,159.6 pence per share). Phil Aspin purchased 154 partnership shares and was awarded 31 matching shares (at an average share price of 1,159.6 pence per share).

⁽³⁾ See page 161 for further details.

Vesting of legacy share awards for former directors (audited information)

Steve Mogford retired from the board and left the company in March 2023. In line with policy he retained a number of awards under the DBP, and as a 'good leaver', the LTP. On 2 December 2025, 96,112 shares arising from his 2020 LTP vested. On 16 June 2025, 39,829 shares arising from his 2022 DBP vested.

Dilution limits

Awards granted under the company's share plans are satisfied by market-purchased shares bought on behalf of the company by United Utilities Employee Share Trust immediately prior to the vesting of a share plan. The company does not make regular purchases of shares into the Trust nor employ a share purchase hedging strategy.

The rules of the Deferred Bonus Plan do not permit awards to be satisfied by newly issued shares and must be satisfied by market-purchased shares. The rules of the Long Term Plan permit the awards to be satisfied by newly issued shares but the company has decided to satisfy awards by market-purchased shares.

Should the company's method of satisfying share plan vestings change (i.e. issuing new shares) then the company would monitor the number of shares issued and their impact on dilution limits set by the Investment Association at the time of shareholder approval of the respective plan rules. No treasury shares were held or utilised in the year ended 31 March 2026.

UK tax policies and objectives

Consistent with our wider business objectives, we are committed to acting in a responsible manner in relation to our tax affairs.

Our tax policies and objectives, which are approved by the board on an annual basis, ensure that we:

- only engage in reasonable tax planning aligned with our commercial activities and we always comply with what we believe to be both the letter and the spirit of the law;
- adopt a low-risk approach to taxation;
- do not engage in marketed, artificial or abusive tax avoidance;
- do not use tax havens for tax avoidance purposes, including not taking advantage of any related secrecy rules that can apply to tax havens;
- are committed to an open, transparent and professional relationship with HMRC based on mutual trust and collaborative working; and
- maintain a robust governance and risk management framework to ensure that these policies and objectives are fully complied with and applied at all levels.

We expect to fully adhere to the HMRC framework for co-operative compliance.

Our Chief Financial Officer (CFO) has responsibility for tax governance with oversight from the board. The CFO is

supported by a specialist team of tax professionals with many years of tax experience within the water sector and led by the head of tax.

The head of tax has day-to-day responsibility for managing the group's tax affairs and engages regularly with key stakeholders from around the group in ensuring that tax risk is proactively managed. Where appropriate, she will also engage with both external advisers and HMRC to provide additional required certainty with the aim of ensuring that any residual risk is typically low. All significant tax issues are reported to the board regularly.

Consistent with the group's general risk management framework, all tax risks are assessed for the likelihood of occurrence and the negative financial or reputational impact on the group and its objectives, should the event occur. In any given period, the key tax risk is likely to be the introduction of unexpected legislative or tax practice changes that lead to increased cash outflow which has not been reflected in the current regulatory settlement. The group is committed to actively engaging with relevant authorities in order to manage any such risk.

In any given year, the group's effective cash tax rate on underlying profits may fluctuate from the standard UK rate mainly due to the available tax deductions on capital investment. These deductions are achieved as a result of utilising tax incentives, which have been explicitly put in place by successive governments precisely to encourage such investment. This reflects responsible corporate behaviour in relation to tax. Under the regulatory framework the group operates within, the majority of any benefit from reduced tax payments will typically not be retained by the group but will pass to customers; reducing their bills.

The group's principal subsidiary, United Utilities Water Limited (UUW), operates solely in the UK and its customers are based here. In addition, all of the group's profits are taxable in the UK.

Every year, the company pays significant contributions to the public finances on its own behalf as well as collecting and paying further amounts for its 7,622 strong workforce. Details of the total payments for 2026 of around £290 million are set out below.

Taxes/contributions to public finances for 2026

Total taxes and contributions to public finances

£290m

£94m

Business rates

£0m

Corporation tax

£45m

Employment taxes: company

£80m

Employment taxes: employees

£14m

Environmental taxes and other duties

£57m

Regulatory services fees (e.g. water extraction charges)

The above tax policy disclosure meets the group's statutory requirement under Paragraph 16(2) of Schedule 19 of Finance Act 2016 to publish its UK tax strategy for the year ended 31 March 2026.

See our website for our latest separate annual tax report, which includes further details in relation to the following key areas:

- How much tax we pay;
- How we ensure that we pay the right tax at the right time; and
- How we ensure that our tax affairs are transparent for all our stakeholders.

Recognising the group's ongoing commitment to paying its fair share of tax and acting in an open and transparent manner in relation to its tax affairs, we were delighted to have retained the Fair Tax Mark independent certification for a seventh year.

Directors' report

The directors present their management report, including the strategic report, on pages 01 to 99 and the audited financial statements of United Utilities Group PLC (the company) and its subsidiaries (together referred to as the group) for the year ended 31 March 2026.

Business model	A description of the company's business model can be found within the strategic report on pages 12 to 63.															
Dividends	The directors are recommending a final dividend of 35.78 pence per ordinary share for the year ended 31 March 2026, which, together with the interim dividend of 17.88 pence, gives a total dividend for the year of 53.66 pence per ordinary share (the interim and final dividends paid in respect of the 2024/25 financial year were 17.28 pence and 34.57 pence per ordinary share respectively). Subject to approval by our shareholders at our AGM, the final dividend will be paid on 3 August 2026 to shareholders on the register at the close of business on 26 June 2026.															
Directors	The names of our directors who served during the financial year ended 31 March 2026 can be found on pages 102 to 105 and on page 110.															
Reappointment	Our articles of association provide that our directors must retire at every annual general meeting following their last election or reappointment by our shareholders, which is consistent with the recommendation contained within the 2024 UK Corporate Governance Code (the code) that all directors should be subject to annual election by shareholders. This has been the case at all the AGMs since 2011. Information regarding the appointment of our directors is included in our corporate governance report on pages 100 to 170.															
Interests	Details of the interests in the company's shares held by our directors and persons connected with them are set out in our directors' remuneration report on pages 140 to 170, which is hereby incorporated by reference into this directors' report.															
Corporate governance statement	The corporate governance report on pages 100 to 170 is hereby incorporated by reference into this directors' report and includes details of our application of the principles and reporting against the provisions of the code. Our statement includes a description of the main features of our internal control and risk management systems in relation to the financial reporting process and forms part of this directors' report. A copy of the 2024 version of the code, as applicable to the company for the year ended 31 March 2026, can be found at the Financial Reporting Council's website at frc.org.uk . Copies of the matters reserved for the board and the terms of reference for each of the main board committees can be found on our website.															
Share capital	<p>At 31 March 2026, the issued share capital of the company was £499,819,926 divided into 681,888,418 ordinary shares of 5 pence each and 273,956,180 deferred shares of 170 pence each. Details of our share capital and movements in our issued share capital are shown in note 21 to the financial statements on page 213. The ordinary shares represented 71.3% and the deferred shares represented 28.7% respectively of the shares in issue as at 31 March 2026.</p> <p>All our ordinary shares have the same rights, including the rights to one vote at any of our general meetings, to an equal proportion of any dividends we declare and pay, and to an equal amount of any surplus assets, which are distributed in the event of a winding-up.</p> <p>Our deferred shares convey no right to income, no right to vote and no appreciable right to participate in any surplus capital in the event of a winding-up. The rights attaching to our shares in the company are provided by our articles of association, which may be amended or replaced by means of a special resolution of the company in a general meeting. The company renews annually its power to issue and buy back shares at our AGM and such resolutions will be proposed at our 2026 AGM. Our directors' powers are conferred on them by UK legislation and by the company's articles. At the AGM of the company held on 18 July 2025, the directors were authorised to issue relevant securities up to an aggregate nominal amount of £11,364,806 and were empowered to allot equity securities for cash on a non-preemptive basis to an aggregate nominal amount of £3,409,442. The authority given at the 2025 AGM was used for a non-preemptive placing as announced on 30 April 2026 (see note 24, page 214).</p>															
Voting	Electronic and paper proxy appointment and voting instructions must be received by our registrar, Equiniti, no less than 48 hours before a general meeting and when calculating this period, the directors can decide not to take account of any part of a day that is not a working day.															
Transfers	<p>There are no restrictions on the transfer of our ordinary shares in the company, nor any limitations on the holding of our shares in the company, save: (i) where the company has exercised its right to suspend their voting rights or to prohibit their transfer following the omission of their holder or any person interested in them to provide the company with information requested by it in accordance with Part 22 of the Companies Act 2006; or (ii) where their holder is precluded from exercising voting rights by the Financial Conduct Authority's Listing Rules or the City Code on Takeovers and Mergers.</p> <p>There are no agreements known to us between holders of securities that may result in restrictions on the transfer of securities or on voting rights. All our issued shares are fully paid.</p>															
Major shareholdings	<p>At 15 May 2026, our directors had been notified of the following interests in the company's issued ordinary share capital in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority:</p> <table border="1"> <thead> <tr> <th></th> <th>% of issued share capital</th> <th>Direct or indirect nature of holding</th> </tr> </thead> <tbody> <tr> <td>Lazard Asset Management LLC</td> <td>9.93</td> <td>Indirect</td> </tr> <tr> <td>BlackRock, Inc.</td> <td>10.75</td> <td>Indirect</td> </tr> <tr> <td>Atlas Infrastructure Partners (UK) Ltd</td> <td>6.55</td> <td>Direct</td> </tr> <tr> <td>Future Fund Board of Guardians</td> <td>4.44</td> <td>Indirect</td> </tr> </tbody> </table>		% of issued share capital	Direct or indirect nature of holding	Lazard Asset Management LLC	9.93	Indirect	BlackRock, Inc.	10.75	Indirect	Atlas Infrastructure Partners (UK) Ltd	6.55	Direct	Future Fund Board of Guardians	4.44	Indirect
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Purchase of own shares	At our AGM held on 18 July 2025, our shareholders authorised the company to purchase, in the market, up to 68,188,841 of our ordinary shares of 5 pence each. We did not purchase any shares under this authority during the year. We normally seek such an authority from our shareholders annually. At our 2026 AGM, we will seek authority from our shareholders to purchase up to 74,286,402 of our ordinary shares of 5 pence each with such authority expiring at the end of our AGM held in 2027.															
Change of control	<p>As at 31 March 2026, Ocorian Administration (UK) Limited was the trustee that administered our executive share plans and had the ability to exercise voting rights at its discretion, which related to shares that it held under the trust deed constituting the trust. In the event of a takeover offer, which could lead to a change of control of the company, the trustee must consult with the company before accepting the offer or voting in favour of the offer. Subject to that requirement, the trustee may take into account a prescribed list of interests and considerations prior to making a decision in relation to the offer, including the interests of the beneficiaries under the trust.</p> <p>In the event of a change of control, the participants in our all-employee share incentive plan (ShareBuy) would be able to direct the trustee of ShareBuy, Equiniti Share Plan Trustees Limited, how to act on their behalf.</p>															

Information required by UK Listing Rule 6.6.1	<p>Details of the amount of interest capitalised by the group during the financial year can be found in note 6 to the financial statements on page 201. In line with current UK tax legislation, the amount is fully deductible against the group's corporation tax liability, resulting in tax relief of £18.8 million.</p> <p>There are no other disclosures to be made under UK Listing Rule 6.6.1.</p>
Directors' indemnities and insurance	<p>We have in place contractual entitlements for the directors of the company and of its subsidiaries to claim indemnification by the company in respect of certain liabilities that might be incurred by them in the course of their duties as directors. These arrangements, which constitute qualifying third-party indemnity provision and qualifying pension scheme indemnity provision, have been established in compliance with the relevant provisions of the Companies Act 2006 and have been in force throughout the financial year. They include provision for the company to fund the costs incurred by directors in defending certain claims against them in relation to their duties as directors of the company or its subsidiaries. The company maintains an appropriate level of directors' and officers' liability insurance.</p>
Political donations	<p>It is the company's policy position that we do not support any political party and do not make what are commonly regarded as donations to any political party or other political organisations. The wide definition of donations in the Political Parties, Elections and Referendums Act 2000, however, covers activities that form part of the necessary relationship between the group and our political stakeholders. This can include promoting United Utilities' activities at the main political parties' annual conferences, as well as occasional stakeholder engagement in Westminster. The group incurred expenditure of £43,272 (2024/25: £11,450, 2023/24:£8,091) as part of this process. At the 2025 AGM, an authority was taken to cover such expenditure. A similar resolution will be put to shareholders at the 2026 AGM to authorise the company and its subsidiaries to make such expenditure.</p> <p>Relationships with regional MPs are very important to United Utilities, and as the provider of an essential service to around eight million people across the North West, customers do raise issues with their constituency MP. In 2025/26, we received just over one thousand MP contacts covering a wide range of topics, particularly as we face challenging times from an economic, environmental and social perspective. Our approach is to always have an open door policy with our MPs and members of their offices, to meet with us and visit our sites or land at any time. We are readily available to discuss topics, whether that is about service, climate change, environmental performance, flooding or quality, and regularly meet our MPs face to face.</p> <p>We engage regularly with the two devolved administrations in the North West – the Greater Manchester Combined Authority (GMCA) and the Liverpool City Region (LCR) – as well as the region's local authorities, on a range of topics of shared interest, such as tackling flooding risk, better managing rainfall, enhancing the North West's natural capital and helping customers who struggle to pay their bills. Our sponsorship of the All Party Political Groups for Greater Manchester and LCR helps bring MPs and peers of all parties together with key leaders to help maximise future investment in these areas for the benefit of local communities.</p> <p>In addition, the company's activities to engage with political stakeholders on matters relevant to the water industry and its operating footprint of North West England extend to its membership of trade associations. This is described in the section below.</p>
Trade associations	<p>We are members of a small number of trade associations where we make a financial contribution. Some have a national focus, such as Water UK, the representative body of the UK water industry and others focus on specific professions such as the GC100, the voice of general counsel and company secretaries in FTSE 100 companies. The company is a member of regional bodies, such as the North West Business Leadership Team, which encourages engagement across the public and private sectors. Our total contribution to these associations in 2025/26 was £657,166 (2024/25: £521,706, 2023/24:£394,507).</p> <p>Through Water UK, the company has supported efforts to interact with parliamentary bodies, such as Select Committees and chairs of specific committees, to provide information on a range of topics. In the past year, we have worked with Water UK on topics such as storm overflows, river water quality and the Government's white paper in response to the Independent Water Commission's final report.</p> <p>Through our membership of the North West Business Leadership Team, we have engaged with regional MPs and political stakeholders, such as local authorities and metro mayors, to explore how the business community can work more effectively with the public sector to drive economic growth in the region and tackle some of the North West's pressing social issues.</p>
Colleagues	<p>Our policies on employee consultation and on equal opportunities for all colleagues can be found on pages 14, 20 and 47 to 48. Applicants with disabilities are given equal consideration in our application process, and disabled colleagues have equipment and working practices modified for them as far as possible and where it is safe and practical to do so. Importance is placed on strengthening colleagues' engagement (see page 10). The effect of our regard towards colleagues in relation to the decisions taken during the financial year is included in our S172(1) Statement on pages 88 to 89.</p> <p>Colleagues are encouraged to own shares in the company through the operation of an all-employee share incentive plan (ShareBuy). Information on our average number of employees during the year can be found in note 3 on page 200.</p>
Customers and suppliers and key stakeholders	<p>Our approach to engagement with customers, suppliers, regulators and other key stakeholders can be found on page 20. The effect of our regard towards customers, suppliers, regulators and other key stakeholders in relation to the decisions taken during the financial year is included in our S172(1) Statement on pages 88 to 89.</p> <p>Our United Supply Chain approach sets out how we work with our suppliers, which can be found on our website at unitedutilities.com/corporate/about-us/governance/suppliers/delivering-value/united-supply-chain</p> <p>We are a signatory to the Prompt Payment Code. We publish key statistics and other information on our payment practices in line with the Duty to Report on Payment Practices and Performance on the Department for Business, Energy & Industrial Strategy's website. Information is published on a six-monthly basis. For the six months to 31 March 2026, our average time taken to pay invoices was 14 days; in the previous six months it was 13 days.</p>
Energy and carbon report	<p>Our energy and carbon report can be found on pages 72 to 74 and is hereby incorporated by reference into this directors' report.</p>
Approach to technology development	<p>We are committed to using innovative, cost-effective and practical solutions for providing high-quality services. We recognise the importance of ensuring that we focus our investment on the development of technology, having the right skills to apply technology to achieve sustainable competitive advantage, and continuing to be alert to emerging technological opportunities.</p>
Financial instruments	<p>Our risk management objectives and policies in relation to the use of financial instruments can be found in note A3 on page 218.</p>
Slavery and human trafficking	<p>Our statement can be found on our website at unitedutilities.com/humanrights</p>
Events occurring after the reporting period	<p>Details of events after the reporting period are included in note 24 on page 214.</p>

Directors' report

Annual general meeting

The 2026 annual general meeting (AGM) will be held on 17 July 2026. Full details of the resolutions to be proposed to shareholders, and explanatory notes in respect of these resolutions, can be found in the notice of AGM. A copy can be found on our website.

At the 2026 AGM, resolutions will be proposed, among other matters: to receive the integrated annual report and financial statements; to approve the directors' remuneration report; to approve the directors' remuneration policy; to declare a final dividend; to approve the directors' general authority to allot shares; to grant the authority to issue shares without first applying statutory rights of pre-emption; to authorise the company to make market purchases of its own shares; to enable the company to continue to hold general meetings on not less than 14 clear days' notice

to approve the company's net zero transition plan and to authorise the making of limited political donations by the company and its subsidiaries.

Information given to the auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. This confirmation is given, and should be interpreted, in accordance with the provisions of s418 of the Companies Act 2006.

Reappointment of the auditor

The board is proposing that shareholders reappoint KPMG LLP as the company's auditor at the forthcoming AGM and authorises the audit committee of the board to set the auditor's remuneration.

Approved by the board on 15 May 2026 and signed on its behalf by:

Simon Gardiner
Company Secretary

Pre-emption group reporting

The equity issue announced on 30 April 2026 was a non-preemptive issue of equity securities for cash. The company makes the following post-transaction report in accordance with the most recently published Pre-Emption Group Statement of Principles (2022).

Name of issuer	United Utilities Group PLC
Transaction details	The equity issue of 60,975,610 new ordinary shares comprised the placing to institutional investors (including the cornerstone commitment from ATLAS Infrastructure with the Future Fund), the retail offer to eligible UK retail investors via RetailBook and the director subscription by certain directors, and represents, in aggregate, approximately 8.9% (being less than 10%) of the existing issued ordinary share capital of the company prior to the equity issue. Settlement for the placing shares, retail offer shares and director subscription shares and admission took place at 8.00 a.m. on 5 May 2026.
Use of proceeds	The net proceeds of the equity issue will be used to fund the equity element of the company's circa £2.5 billion incremental capital investment programme during the AMP8 regulatory cycle (FY2025–30), ensuring the company is fully funded for its upgraded circa £11.5 billion total AMP8 investment programme, while maintaining gearing within the company's 55–65% target range.
Quantum of proceeds	In aggregate, the placing, retail offer and director subscription raised gross proceeds of approximately £800 million and net proceeds of approximately £788 million.
Discount	The placing price of 1,312 pence represented the closing price on 29 April 2026. ⁽¹⁾
Allocations	The committed allocation to ATLAS Infrastructure with the Future Fund recognises the early support of ATLAS Infrastructure with the Future Fund to the company. Allocations were determined in consultation between the company and the Joint Global Coordinators, and allocations were carried out in compliance with the applicable MiFID II allocation requirements. Where possible, soft pre-emption was adhered to in the allocations process. Allocations made outside of soft pre-emption were preferentially directed towards existing shareholders in excess of their pro rata entitlements, and wall-crossed investors.
Consultation	Prior to launch of the placing, the Joint Global Coordinators undertook a market sounding process, including with major shareholders, to the extent reasonably practicable and permitted by law.
Retail investors	The equity issue included the retail offer, for a total of 381,000 retail offer shares, via the RetailBook platform. Retail investors who participated in the retail offer were able to do so at the same placing price as all other investors participating in the placing and the director subscription. The retail offer was made available to existing shareholders and new investors in the UK. Investors were able to participate through RetailBook's partner network of retail brokers, wealth managers and investment platforms. As such, to the extent practicable on the transaction timetable, eligible UK retail investors (including certificated retail shareholders) had the opportunity to participate in the retail offer alongside institutional investors. Allocations in the retail offer were preferentially directed towards existing shareholders in keeping with the principle of soft pre-emption.

⁽¹⁾ The placing price represents a discount of 9.9% to the middle market price of 1,457 pence at the time at which the company and the Joint Global Coordinators agreed the placing price.

Statement of directors' responsibilities in respect of the integrated annual report and the financial statements

The directors are responsible for preparing the integrated annual report and the group and parent company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare group and parent company financial statements for each financial year. Under that law they are required to prepare the group financial statements in accordance with UK-adopted international accounting standards and applicable law and have elected to prepare the parent company financial statements in accordance with UK accounting standards and applicable law, including FRS 101 Reduced Disclosure Framework.

Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of the group's profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable and, in respect of the parent company financial statements only, prudent;
- for the group financial statements state whether they have been prepared in accordance with UK-adopted international accounting standards;
- for the parent company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the parent company financial statements;
- assess the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a strategic report, directors' report, directors' remuneration report and corporate governance statement that complies with that law and those regulations.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In accordance with Disclosure Guidance and Transparency Rule (DTR) 4.1.16R, the financial statements will form part of the annual financial report prepared under DTR 4.1.17R and 4.1.18R. The auditor's report on these financial statements provides no assurance over whether the annual financial report has been prepared in accordance with those requirements

Responsibility statement of the directors in respect of the integrated financial report

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole; and
- the strategic report/directors' report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

We consider the integrated annual report and the financial statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the group's position and performance, business model and strategy.

Approved by the board on 15 May 2026 and signed on its behalf by:

Sir David Higgins
Chair

Phil Aspin
Chief Financial Officer