

## How we assess and prioritise material themes

Our strategic priorities reflect the areas of highest focus for our business and our stakeholders. To ensure our disclosures cover all areas of material interest, we regularly refresh our materiality assessment, which ranks material themes based on their potential impact on our ability to create value for the company and for our stakeholders.

### Stakeholder views and priorities

There are many stakeholders who take an interest in the water industry, its role in society, and the North West. We actively engage with these stakeholders to help us understand their views and priorities.

Understanding what matters to our stakeholders helps us to prioritise areas for focus and investment, enabling us to factor their views into strategic decision-making at board level, as set out in our S172(1) Statement on pages 88 to 89.

This understanding feeds into our materiality assessment and materiality matrix on page 25, which drives the matters disclosed across this report, helping to ensure we are disclosing all material information.

### Other considerations

In defining the strategic relevance of a theme to the company, we continue to adopt the integrated reporting <IR> framework definition of materiality and value creation. This means considering the impacts of the company on all of our stakeholders, alongside our dependencies, i.e. the impacts of the material themes on the company. This value may be financial or non-financial, and this approach is consistent with the concept of double materiality.

We consider the impact on value created for stakeholders (based on a balance of views from those who influence what we do and/or benefit from the value we create), in addition to the potential effect on our ability to create value as a company (based on the potential effect on our ability to create financial and non-financial value over the short, medium and long term).

Disclosure guidance from the ISSB suggests that material sustainability-related risks and opportunities are discussed using a four pillar approach. We have adopted this approach to report on our most material themes.

### 2025/26 assessment

We have carried out a thorough review of our material themes and materiality matrix. Striking the right balance between different interests and views is not easy, but our assessment process consolidated feedback based on a balance of views from across our stakeholders.

The applicability of industry-specific topics in the Sustainability Accounting Standards Board (SASB) standards were also considered as part of this assessment, as required by ISSB S1: General requirements for disclosure of sustainability-related financial information. We also considered the UN Sustainable Development Goals, which we contribute towards.

Our materiality assessment is aligned closely with our assessment of principal risks and uncertainties, with close linkage between the themes highest in terms of company value (horizontal axis) and our top principal risks and common causal and consequence themes identified.

Our assessment process this year identified 29 material themes.

## Our materiality assessment process

### 1 Define

We reviewed current best practice in materiality reporting. The assessment criteria was confirmed as potential value creation for both the company and stakeholders. This assessment provides the basis for disclosures included in this report, with more detailed commentary on the most material themes.

### 2 Engage

Views were obtained from across all our stakeholder groups. Insight from consultations and data was made available through the engagement processes described on page 20. Key internal subject matter experts and stakeholder relationship managers provided further insight on themes.

### 3 Assess

Comments and data were drawn together to form an initial view of the themes. The rationale for theme selection and its significance was reviewed and approved by the executive team. This included potential new themes, removal of themes, and movement of existing themes.

### 4 Align

We cross-referenced and aligned identified themes with SASB industry-specific topics and our principal risks and uncertainties, as set out on pages 54 to 63. Matrix visuals were then created to easily display the prioritisation of themes.

### Reporting on our material themes

One way that we use the assessment and ranking of material themes is to ensure that our disclosures, in this integrated report and across our other reports and corporate website, are comprehensive.

Information on all material themes can be found within our reporting, with the most material of these themes being covered by the fullest disclosures. The material themes matrix, and signposting to key disclosures, can be found on the next page.

The top three are overarching themes that are addressed extensively across the report.

For the remaining material themes in the top two segments of the matrix, which cover the next 15 highest areas of interest, we provide voluntary disclosures across the four pillars set out by the ISSB – strategy, governance, risk management, and metrics and targets.

These are grouped in line with the key elements of our purpose – greener, healthier and stronger. The ‘greener’ elements cover our disclosure requirements under TCFD (climate-related) and voluntary disclosures

under TNFD (nature-related), as shown on page 53.

Other material themes are addressed to the level of detail deemed appropriate.