

# United Utilities Group PLC

Integrated Annual Report and  
Financial Statements for the  
year ended 31 March 2026



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## Our reporting suite

For further information and reporting across our business, please visit the following publications on our website:



### Our online annual report

► Use the link below or scan the QR code to view our online report and download the full integrated annual report and financial statements. Visit our online report at [unitedutilities.annualreport2026.com](https://unitedutilities.annualreport2026.com)



### Our sustainability report

► Our sustainability report is available at [unitedutilities.com/corporate/responsibility/our-approach/esg-performance](https://unitedutilities.com/corporate/responsibility/our-approach/esg-performance)



### Our annual performance report

► Our annual performance report will be available from 15 July at [unitedutilities.com/corporate/about-us/performance/annual-performance-report](https://unitedutilities.com/corporate/about-us/performance/annual-performance-report)



### Corporate website

► [unitedutilities.com/corporate](https://unitedutilities.com/corporate)

# Our BIG North West upgrade.

We are delivering the step change that customers want to see, bringing the largest investment in infrastructure that our region has seen for decades, to build a stronger, greener and healthier North West.

Our investment throughout 2025 to 2030 is delivering on the things that matter for customers, communities and the environment:

**0**

**category 1  
pollution incidents**

the most serious  
form of pollution

**23%**

**reduction in spills  
per overflow**

which has contributed to a  
47% reduction versus our  
2020 baseline, on track  
to meet our target of 60%  
by 2030

**422,041**

**customers supported  
with affordability**

and on track to support  
one in six customers with  
affordability by 2030

**42%**

**reduction in internal  
sewer flooding**

since last year, with  
external sewer flooding  
down by 25%

## Financial highlights

**34.8%**

increase in underlying operating  
profit year on year to £1,060 million  
(reported: £1,099 million)

**107.1p**

underlying earnings per share (EPS) up  
from 75.3p in FY25 (reported: 86.1p, up  
from 38.8p in FY25)<sup>(1)</sup>

**35.78p**

final recommended dividend,  
in line with policy

**13.0%**

regulatory return, reflecting the return  
on regulatory equity comprising base  
return, outperformance and inflation<sup>(2)</sup>

**£1,525m**

capital expenditure, with asset base  
growth of 7.5% to £16.5 billion

**60%**

gearing, within the target range  
of 55–65%

<sup>(1)</sup> Details of the group's alternative performance measures, including a reconciliation between underlying and reported metrics, is provided on pages 96 to 97.

<sup>(2)</sup> See page 65 for details of how regulatory return is calculated.

Our purpose

# To provide great water for a stronger, greener and healthier North West.

Our purpose highlights how environmental, social and governance (ESG) considerations are at the heart of what we do.

Our purpose is underpinned by six strategic priorities permeating our activities, including throughout this integrated report.

This includes the stages in our water cycle, material themes, our principal risks, board and committee activities, and the measures in our remuneration policy.





## Stronger

We deliver an essential service, help customers in vulnerable situations, invest in local communities across the region, and support thousands of jobs and the economy, giving the North West resilience in a changing world.

### Strategic priorities



Spend customers' money wisely



Contribute to our communities

### Governance

#### Operational highlights

**100%**

performance of our internal capital programme delivery incentive (CPDi)

**£3.84m**

community investment into North West communities (B4SI)

**Upper quartile**

performance across a range of trusted investor indices



## Greener

We protect and enhance urban and rural environments, and adapt to the challenges of climate change, allowing people, wildlife and nature to thrive, making the North West a better place to live now and for the future.

### Strategic priorities



Improve our rivers



Create a greener future

### Environmental

#### Operational highlights

**0**

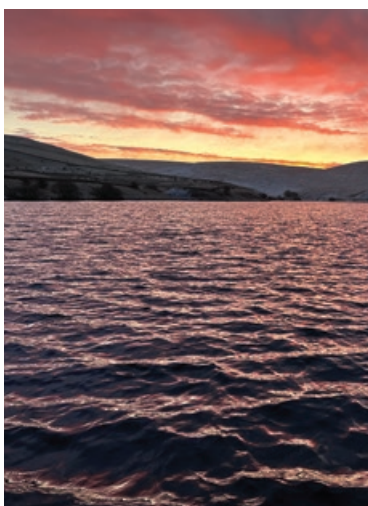
category 1 pollution incidents

**47%**

reduction in spills against 2020 baseline

**13%**

reduction in scope 1 and 2 greenhouse gas emissions since 2019/20



## Healthier

We provide great-quality drinking water and safely remove and recycle used water for around eight million people in the North West, while providing excellent customer service and a great place to work.

### Strategic priorities



Deliver great service for all our customers



Provide a safe and great place to work

### Social

#### Operational highlights

**Excellent**

customer service rating of 4.5 on Trustpilot

**422,041**

customers supported with affordability

**90%**

level of colleague engagement from our annual colleague opinion survey

## Chair's review

# Resilient, high-performing, and well placed to deliver in AMP8 and beyond.



“At the end of April, we submitted our proposals to Ofwat requesting approval for additional investment in housing growth, the new economy and proactive asset replacement. This £1.4 billion investment plan underlines the critical importance of our infrastructure as an enabler of economic growth and development.

### Performance review

This year is the first year of our transformational plan, which will bring a huge upgrade to the water and wastewater infrastructure in the North West. Before the start of the year, we talked a lot about our plan, but now our colleagues and suppliers are delivering, making great progress, with a ramp up in capital expenditure, creating jobs and bringing economic growth to the region. We are focused on delivering this investment efficiently and on time.

We have also achieved improvements in performance, with 80% of our key performance metrics improving since last year. Despite this culture of continuous improvement, this year we are in a net penalty against the outcome delivery incentives (ODIs), set by Ofwat in this first year of the asset management plan (AMP) period. As more of our investment is finalised, and our investments in asset health and operational efficiency continue to pay off, we expect to see this turn into a reward as we progress through the AMP. We have also seen strong financial performance this year, with an increase to our regulatory capital value (RCV) of 7.5%, and earnings per share of 107.1p, up from 75.3p in the prior year.

### Regulatory environment

Month by month, we are getting more clarity on the future regulatory environment of the water sector following the Independent Water Commission's (IWC) 88 recommendations released in July 2025. In January 2026, Defra published its white paper 'A new vision for water', setting out

the Government's plans to take forward IWC recommendations for reform. We then expect Defra to release its transition plan and a ministerial statement sharing more detail on the move to a new regulatory environment in 2026. We have been working collaboratively with regulators and Defra during this process to ensure a smooth transition. We have confidence in the direction being taken and are pleased to see that many recommendations that United Utilities proposed are being pursued. In particular, we are happy to see the shift towards a regional systems planning approach gaining momentum, with the first pilot being held in the North West, taking learnings from our multi-sectoral integrated water planning activities across the Manchester and Liverpool city regions. We have been proponents of place-based approaches for many years and it is positive to see these gain greater traction across the sector.

### Supply chain capacity and capability

A key area of focus for the board and management throughout the year has been the capacity and capability of our supply chain partners. We have appointed over 100 partners, ranging from smaller build-only contractors, to the eight large infrastructure companies making up our Enterprise delivery model. We have been delighted with the progress so far, achieving 100% against our internal capital delivery key performance indicator, demonstrating that the scaling up of our programme has not negatively impacted its quality or efficiency.

### Haweswater Aqueduct Resilience Programme (HARP)

A significant milestone this year is the board's approval of the contract with the competitively appointed provider (CAP), Cascade Infrastructure, which was formed from a consortium that included STRABAG and Equitix. The CAP will finance, design, build and maintain a £3 billion replacement of six sections of the Haweswater Aqueduct, bringing enhanced resilience to 2.5 million people in the Greater Manchester region. This flagship direct procurement for customers (DPC) project is demonstrating how large-scale water infrastructure can be competitively tendered to deliver best value, innovation and long-term efficiency.

### Cyber security

As with all companies, the external operating environment remains challenging, with a rise in uncertainty around global security. The board has continued to provide challenge and oversight to the group's approach to cyber security. The chief security officer provides the board with focused reports twice a year, outlining the mitigation measures in place to address the continually evolving risk of cyber attacks. In addition, the board receives regular updates on relevant industry and national security developments to ensure it remains fully informed of the broader threat landscape.



## 53.66p

per share total dividend in respect of the 2025/26 year

## +3.5%<sup>(1)</sup>

CPIH inflation-linked increase in the dividend

## 17 July

annual general meeting (AGM) to be held at our head office in Warrington

<sup>(1)</sup> The dividend increase is based on the CPIH element included within allowed regulatory revenue for the 2025/26 financial year (i.e. the movement in CPIH inflation between November 2023 and November 2024).

## Dividends and annual general meeting

I look forward to welcoming shareholders to our main offices in Warrington for the annual general meeting (AGM) in July. Full details are provided in the notice of meeting, and this year's agenda includes a revised remuneration policy that reflects the scale and ambition of the current AMP and a non-binding advisory vote on the company's net zero transition plan.

The board has proposed a final dividend of 35.78 pence per share to be paid on 3 August 2026, taking the total dividend to 53.66 pence per share for FY26, increasing in line with CPIH.

## Board succession

Marina Wyatt joined the board on 1 October 2025, succeeding Doug Webb as chair of both the audit and treasury committees with effect from 14 November 2025. The board considers that Marina brings recent and relevant financial experience to these roles, drawing on her background as a chartered accountant and her recent retirement as Chief Financial Officer of Associated British Ports.

Alison Goligher will step down at the conclusion of the AGM on 17 July 2026, after serving on the board for more than nine years. Throughout her tenure as a non-executive director, she has made an outstanding contribution, particularly through her expertise in major capital programmes, her wise counsel and her

pragmatic approach. As the board's first designated non-executive director for workforce engagement, Alison established a relationship of trust and openness with members of the colleague voice panel. Liam Butterworth will now lead on workforce engagement on behalf of the board. We thank Alison sincerely for her service and wish her every success in her future roles.

## Enabling economic growth

At the end of April, we submitted our proposals to Ofwat requesting approval for additional investment to support housing growth, the new economy and proactive asset replacement. This £1.4 billion investment plan underlines the critical importance of our infrastructure as an enabler of economic growth and development. The proposed package of investment would see us supplying the region's growing population with critical water infrastructure, unlocking data centre growth and providing water for the hydrogen economy. We have also submitted plans to invest in asset health to bring further resilience to our networks and services. We await the draft decision on these plans in August, with the final decision expected in December.

This growth has been underpinned by a successful £800 million equity placement, providing a robust foundation for our expanded strategic ambitions. Consequently, we have upgraded our financial guidance for the AMP, increasing our capital expenditure forecast to £11.5 billion – a significant rise from the previous guidance of £9.0 billion.

## Outlook

Despite some residual regulatory uncertainty, a significant reason for optimism is the culture of continuous improvement that has been instilled across United Utilities by our CEO, Louise, and her executive team. This can be seen in an engagement score of 90% in our colleague survey, well above industry benchmarks, the ongoing reduction in our occupational health and safety risk, and how teams have grasped the opportunity of Ofwat's Re-openers to improve our resilience. My priority as Chair is to bring stability and continuity to our leadership team, ensuring that the same focused individuals who created our generational investment plan are the ones who drive its full delivery.

**Sir David Higgins**  
Chair

15 May 2026

The strategic report on pages 01 to 99 was approved at a meeting of the board on 15 May 2026 and signed on its behalf by Sir David Higgins, Chair.

## Our business at a glance

We provide essential water and wastewater services to around **eight million people** across the **North West of England**.

We have consistently been one of the strongest performers against the regulatory framework in the UK water industry.

Our strong track record and sustainability credentials, alongside predictable earnings, long-term investment drivers, and robust financial resilience, position us very well for long-term success.

We are one of only three listed water companies in the United Kingdom. The vast majority of our activities sit within our regulated business. The regulatory model for UK water sets revenue over five-year periods, giving a high degree of clarity and certainty over future income.



## Our performance in 2026

We have consistently earned regulatory outperformance and we maintain a robust balance sheet with low gearing, investment-grade credit ratings, and a fully funded, low dependency defined benefit pension scheme.

**£1.5bn**  
**capex**

Delivering the first year of our five-year plan, contributing to 7.5% RCV growth

**£2.6bn**  
**revenue**

With an underlying operating profit of £1,060 million

**13.0%**  
**return**

The regulatory return is made up of the base return, outperformance and inflation

**60%**  
**gearing**

Gearing is within the target range of 55–65%

## Our five-year plan to 2030

With asset management period 8 (AMP8) representing the biggest investment in water and wastewater infrastructure in over 100 years, we have entered a new period of high growth and will be delivering significant improvements for customers, communities and the environment.

**c. £11.5bn**  
**capex**

Cumulative capital expenditure for the five-year period

**10–11% return**

The regulatory return generated is based on actual regulatory equity, calculated using average actual gearing, applied to RCV

**c. 10%**  
**CAGR**

Asset base compound annual growth rate

**Fully equity funded**

A strong balance sheet to maintain financial resilience

## Longer-term opportunities (after 2030)

Higher investment needs in the sector are expected to persist beyond AMP8; they are driven by a number of long-term regulatory and environmental drivers. These include:

- tightening environmental standards;
- the renewal and replacement of ageing infrastructure;
- long-term resource management and industrial development; and
- climate change resilience, and net-zero targets.

**Our dividend policy remains unchanged, growing in line with CPIH**

## Our core activities

1

### Water resources: sustainably sourcing water

We source raw water from lakes, rivers, boreholes and, mainly, open reservoirs. We manage over 56,000 hectares of land, mainly around these reservoirs to protect raw water quality.

2

### Water network and treatment: supplying treated water 24/7

We treat water at 96 treatment works, store it in covered reservoirs, and distribute via 43,000 kilometres of pipes – longer than the circumference of the Earth. We deliver 1.8 billion litres of safe, clean drinking water to around 8 million people and businesses each day.

5

### Customer services

We provide household customer services, including meter reading, billing, account management, and water-efficiency support. We offer multiple contact channels such as phone, social media, and online live chat, so customers can reach us in the way that suits them. We also involve customers in improving the experience, including bill design. Our affordability support is sector leading, and our Priority Services offering assists customers who would benefit from extra support.

4

### Bioresources: generating renewable energy

Sludge is a by-product of the wastewater treatment process. It is transported to our bioresources treatment facilities, which use digestion technologies to safely and compliantly treat more than 200,000 dry tonnes of sewage sludge each year. The digestion treatment process produces biogas, to generate renewable energy, and biosolids, used as a local fertiliser.

3

### Wastewater network and treatment: cleaning and returning wastewater

We collect wastewater from homes and businesses via our wastewater network, 54% of which also carries rainwater. Over 79,000 kilometres of pipes take flows to 583 treatment works, where water is treated to a high standard and returned to the environment so the water cycle can begin again.

Our year in review

# Making strong progress in AMP8...

We have kicked off AMP8 at pace, focusing on delivery, with over 1,000 projects live: we're building the infrastructure that will see performance improvements for years to come.

## Strong operational performance

Driving continuous improvement across the majority of our performance measures, supported by infrastructure investment securing further improvements into the future.

**80%**

of key performance metrics improved since last year

**42%**

reduction in internal sewer flooding

**47%**

fewer spills (vs. 2020 baseline)

**200,000**

smart meters installed

## Robust financials

Strong balance sheet, with gearing in the middle of our target range, supporting solid credit ratings across Moody's, Fitch and S&P.

**22%**

increase in revenue

**13.0%**

underlying regulatory return

## Putting customers first

Driving great customer service with an 'excellent' Trustpilot rating, and an ambition to support one in six customers with affordability by 2030.

**Reward**

for our regulatory customer service metrics

**Record levels**

of affordability support

# ...and new economy growth unlocked.

On 30 April, we submitted plans for additional investment to our regulator, Ofwat, totalling £1.4 billion. This was supported by a highly successful equity placing of £800 million from new and existing shareholders.

## 1 Supporting housing growth

Providing essential infrastructure for 66,000 new homes

## 2 Enabling green energy and data centres

Supporting the hydrogen economy and artificial intelligence

## 3 Building resilience into our services

Through proactive asset replacement

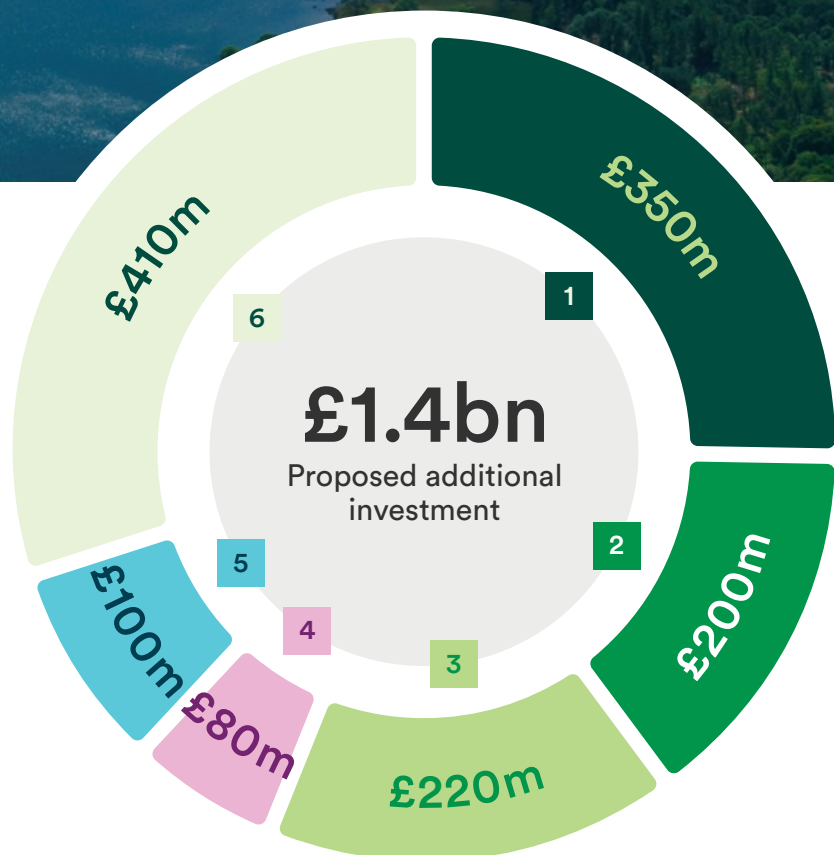
### Providing critical infrastructure for key sectors

This £1.4 billion programme reinforces our role as an enabler of the region's broader growth ambitions through the construction of essential infrastructure.

- 1 New homes
- 2 Data centres and growth in Greater Manchester
- 3 Enabling green energy
- 4 Strategic water resources
- 5 Windermere
- 6 Proactive asset replacement

Figures in nominal prices as at 31 March 2026

Stock code: UU.



## Chief Executive Officer's review

# Our BIG North West upgrade – for a stronger, greener, healthier future.



“ This year marks a truly defining moment for United Utilities and for the communities we are so proud to serve. We have begun the biggest upgrade to our region’s water and wastewater infrastructure in more than a century.

### Efficient delivery at scale: the BIG North West upgrade

Our AMP8 capital delivery is progressing to plan. We have successfully recruited over 1,300 new colleagues to join United Utilities whilst at the same time onboarding over 100 suppliers to help us deliver our ambitious programme. The scaling-up of our activity has not impacted its quality, with the capital programme delivery incentive (CPDI), our measure of effective, efficient and quality delivery of the capital programme, hitting 100%. We have achieved our year one regulatory outcomes with our spend in line with the expected profile.

As AMP8 scales up, our award-winning approach to standardisation, Project Blueprint, is playing a vital role in keeping us within cost and quality allowances while accelerating delivery for customers and communities. By standardising designs, bulk-purchasing materials and embedding more efficient maintenance regimes, we are cutting cost and time across multiple projects. This approach allows us to identify repeatable solutions, streamline design, and secure critical components early.

### Continuous improvement across our operations

We are pleased to report a strong start to the year, with the majority of our operational performance measures improving year on year. We met our stretching targets for both internal and external sewer flooding – two of the outcomes customers value most. Long-term investment in dynamic network management is supporting this improved performance, despite last year’s stormy weather, with internal sewer flooding down 42% and external flooding down 25%.

While the UK, overall, experienced a relatively dry year, the North West still saw above-average rainfall. Despite this, our spills performance improved, with activations falling 23% and duration falling 27% versus the prior year. We remain firmly on track to deliver a 60% reduction in spills by 2030 with our current performance showing a 47% reduction against our 2020 baseline.

We also made strong progress on smart metering, installing more than 200,000 meters during the year. This marks the first phase of a sustained rollout across the region. Smart meters are a critical enabler of better network insight, helping us identify losses earlier, improve water efficiency and support long-term demand management.

Due to the current geo-political environment, energy markets remain volatile. We continue to benefit from our disciplined and prudent energy hedging. Our hedging levels remain above policy minimums, reflecting proactive execution during the benign market conditions experienced in the third and fourth quarters. We are fully hedged for summer 2026 and over 90% hedged for winter 2026/27. In addition, the regulatory true-up mechanism introduced for AMP8 provides further protection against any potential future commodity price movements.

### Future areas of focus

We are delivering strong all-round performance, while staying focused on the areas where we can go further. One of these is total pollution incidents – importantly, we recorded no category 1 pollutions, the most serious form of pollution. Despite a reduction in category 2 and 3 pollution incidents compared with the previous year, we expect an overall penalty for FY26 for this measure. Industry reporting rules have changed, meaning incidents previously excluded,

such as those caused by extreme weather and power supply interruption, are now counted. Around 21% of our 2025 incidents were linked to named storms, including 12% during Storm Éowyn. We remain fully committed to driving pollution down and are confident in our Pollution Incident Reduction Plan, which focuses on strengthening asset resilience, boosting customer engagement on responsible waste disposal and deepening partnerships to tackle wider pollution drivers.

Leakage is another key area of focus. This year we fixed more leaks than ever and replaced over 150 kilometres of mains, more than in the previous five years combined, supporting long-term leakage reduction and fewer supply interruptions. Our in-year leakage performance is the best the North West has ever seen. Despite this progress, we expect to miss our regulatory three-year rolling average target, reflecting the impact of prior years and the time it takes for the rolling methodology to capture improvements. We are confident that the investment and momentum built in year one will continue to strengthen performance as we move through the AMP.

### Prioritising customers

Delivering a high-quality service every time customers contact us is central to building trust. We are proud that every caller speaks directly to our North West-based customer service team, whose strong service culture is reflected in our Trustpilot score of 4.5 (Excellent) out of 5. We remain above the median and ‘in reward’ for our regulatory customer service measures. While performance is strong, our ambition is higher: to deliver a consistently leading customer experience, benchmarked not just within the water sector but against the best service providers in any industry.



With bills rising this year, we strengthened our sector-leading affordability support. Our ambition to help one in six customers is progressing well, with over 422,000 customers now receiving support. Working with partners such as the Department for Work and Pensions, we have proactively moved 180,000 customers onto better tariffs without them needing to get in touch. We know how important this support is, and we are proud to be among the first in the sector to achieve the Martin Lewis Money and Mental Health accreditation.

We are equally committed to accessibility. More than 580,000 customers are now registered for Priority Services, enabling us to tailor support for those who need it most. We are leading the sector both in the breadth of services offered and the number of customers enrolled, working closely with outreach partners to ensure our services flex and adapt to meet the needs of every community we serve.

## A great place to work

Our 7,000 colleagues are at the forefront of the BIG North West upgrade, delivering for customers across the five counties. Given the size and scale of our investment programme, health and safety remains a top priority. Over the year, we have further strengthened our Home Safe and Well programme, which underpins our approach to occupational health and safety. The increased focus, awareness and capability delivered through these initiatives has resulted in meaningful improvements in safety performance. Our lost time injury rate reduced by 30% during the year, reflecting the collective commitment of our people to continuous improvement. These initiatives will remain central to our approach throughout AMP8 as we work towards sustained, long-term improvements in keeping colleagues safe.

Engaged, committed colleagues are central to our success. This year, 86% of employees took part in our engagement survey, and we are proud to report an outstanding 90% engagement score, well above global utilities and UK high-performance benchmarks. Our strong culture is also reflected in our Glassdoor rating of 4.6 out of 5. The strength of our brand as an employer is critical to ensure we retain and attract the talent that we need to deliver our ambitious plans.

## Looking ahead: unlocking growth in the new economy

On 30 April, we submitted to Ofwat our plans for additional investment to support housing growth, the new economy and proactive asset replacement. This £1.4 billion programme reinforces our role as an enabler of the country's broader growth ambitions through the construction of essential infrastructure. We expect our investment could support a further 4,000 jobs across our supply chain, on top of the 30,000 supported by our existing AMP8 programme.

The investment programme sets out how we will deliver the vital water infrastructure required for thousands of new homes across the region, unlock capacity for data centre expansion and facilitate decarbonisation. We have also outlined further investment in our assets to strengthen the resilience and reliability of our networks, treatment works, and services.

It is a proposal which will enable an additional £17 billion of economic value in the North West and £31 billion nationally by 2050. It will support the housing growth that our region needs, and help to turbocharge the UK's digital economy. We expect Ofwat's draft decisions in August, with final decisions due in December.

Plans for a further circa £1.2 billion of investment are expected to be submitted for approval through subsequent submissions in 2027 and 2028 and transitional investment into AMP9, taking total incremental investment to circa £2.5 billion and total AMP8 capital investment to circa £11.5 billion.

This was supported by a highly successful equity placing of £800 million from new and existing shareholders, providing additional funds for the transformational investments we are making in the water and wastewater infrastructure of the North West.

**Louise Beardmore**  
Chief Executive Officer

15 May 2026

## Materiality

Our integrated annual report and financial statements aim to meet the information needs of our investors to help them make informed decisions regarding their participation, for example, whether to buy, hold or sell our shares or bonds, whether to engage with management on issues, and to inform voting. We have included information that we believe is material to these decisions, which is presented in a way that we believe is fair, balanced and understandable. Our assessment of materiality can be found on page 25.

## Integrated Report and TCFD disclosure

This annual report is an Integrated Report and has been prepared and presented in accordance with the International <IR> Framework published by the International Integrated Reporting Council in January 2021. The board, which is responsible for the integrity of this report, has considered the preparation and presentation of this report and concluded that it is in accordance with the Framework. This report contains all climate-related financial disclosures required to be consistent with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), and in line with the Listing Rules requirements (UK Listing Rule 6.6R(8)) and the 2022 amendments in S414CB (A1) of the Companies Act. In making our disclosures, we have considered 'Guidance for All Sectors' in the TCFD implementation guidance. Further supplementary detail, such as our 2024 adaptation progress report, Water Resilience Management Plan (WRMP) and supporting technical documents, are available on our website.

## Our business model

# Providing great water...

## 1. Key resources

We depend on, and strive to have positive impacts on, each of the six capitals (see pages 14 to 15) – from sustainable natural resources across the water cycle, to our extensive network of assets, and our colleagues and supply chain.

► See more on pages 14 to 15

**1.8bn**

litres of water supplied every day across the North West

**122,000km**

of water and wastewater pipes – enough to circle the Earth more than three times

## 2. External environment

We are influenced by, and must adapt to, a number of external factors, including the regulatory and economic environment we operate in, and our reliance and impact on the natural environment.

► See more on pages 16 to 20

**Five-year**

regulatory cycles (AMPs), with long-term adaptive plans

**40%**

higher urban rainfall in the North West than average across England and Wales

## 3. Culture and core values

We have an innovative and high-performance culture, underpinned by three core values that reflect the behaviours we believe are most important to help us deliver our purpose.

► See more on pages 21 to 22

**Robust**

governance with culture clearly led from the top

**Aligned**

executive remuneration, closely linked to sustainability-related performance

## 4. Strategic priorities and material themes

Our strategic priorities are designed to help us deliver our purpose, and we regularly engage with stakeholders to ensure we are addressing the things that are most material to them and to the company.

► See more on pages 23 to 25

**Progressive**

approach to ESG with strategy clearly aligned

**Transparent**

reporting with most material themes all covered through comprehensive disclosures



Sustainably sourcing water

Supplying treated water 24/7



Renewable energy from bioresources

Cleaning and returning wastewater

# ...for years to come.

## We plan across multiple planning horizons to protect long-term resilience and sustainability.

We look at key trends and developments in the external environment, strategic priorities to deliver our purpose and other things that are material to our stakeholders. We undertake long-term horizon scanning, and use an adaptive planning approach to ensure we are delivering our commitments in the most efficient and effective way, whatever the future brings.

### One year

#### Short-term planning

Short-term planning helps us work towards our medium- and long-term goals and provides us with measurable targets so that we can continually monitor and assess our progress.

We set annual, measurable targets but retain flexibility so we can respond to emerging challenges. Each year, we agree an internal company business plan with targets for service, environment and efficiency, approved by the board. These are designed to work towards the medium-term regulatory commitments, and to help us move closer to our longer-term goals.

Executive directors hold regular reviews with senior managers, and key measures are monitored in monthly performance reporting. We operate with flexibility, allowing us to adjust plans while still delivering resilient, cost-effective services, for example, by bringing forward enhancements, investing to maintain service or reprioritising spend to reflect unexpected issues. Recent extreme weather shows why this adaptability is essential, as climate change increases risks such as drought, flooding and freeze-thaw damage to pipes.

Performance against stretching annual targets underpins bonus outcomes for all colleagues, covering customers, the environment, health and safety, and financial performance. To keep focus on longer-term outcomes, executive directors and senior leaders also have a three-year long-term incentive plan (LTP) based on RoRE and customer and environmental measures.

### Up to 2035

#### Medium-term planning

Our medium-term plans align with five-year regulatory asset management plan (AMP) periods and regulatory final determinations. The current period, AMP8, runs from 2025 to 2030. The period from 2030 to 2035 is referred to as AMP9. For each AMP, we develop a five-year plan, which sets out how we will deliver required service levels, incentives and returns, and support our long-term delivery strategy and resilience. We use extensive stakeholder research so plans reflect customer preferences and environmental priorities.

Following scrutiny and challenge from Ofwat, we receive the final determination, which sets the price (in terms of total expenditure recovered through customer bills) and the service-level package that we must deliver over the five-year period, including an expected return to meet financing costs and a series of performance targets and incentives. We create value by delivering or outperforming the final determination. Each July, we publish an annual performance report (APR), allowing stakeholders to compare sector performance on metrics such as RoRE.

Medium-term plans are developed and executed by our team of strategic asset managers, one for each of the five counties in our region, allowing for tailoring to the circumstances of each county. These strategic asset managers will incorporate factors such as asset health, performance, local stakeholder views and expenditure to feed into the company-wide business plans for each AMP, as well as provide alignment with our long-term activity.

### Up to 2100

#### Long-term planning

We plan decades ahead, using adaptive pathways to manage uncertainty while maintaining reliable, high-quality services. We track asset health, technology, long-term customer and environmental commitments, and risk indicators such as economic forecasts, population growth, climate projections and regulatory change. Depending on the context, 'long term' can mean 25 to 75+ years. This intelligence feeds our long-term planning and risk management, shaping how we respond to climate change, population growth, competition, water trading, tighter environmental standards and evolving customer expectations. Key long-term plans include our:

- Drainage and Wastewater Management Plan (flooding, pollution, storm overflows and treatment over 25 years);
- Water Resources Management Plan (investment to maintain supplies under climate change, considering forecasts out to 2080);
- Drought Plan (actions to manage drought risk); and
- Climate adaptation progress reports.

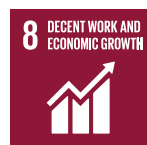
Our long-term delivery strategy to 2050 underpins AMP8 and beyond. We use whole-life cost modelling and a robust financing structure to invest efficiently, and we build a strong talent pipeline through training, graduate and apprenticeship programmes, and work with schools on STEM careers, ensuring we retain the skills needed to keep delivering for the North West.

## How we manage our dependencies and impacts

# We strive to positively impact and manage our dependencies on each of the six capitals.

	We depend/rely on it:	We can impact on it:	How we manage this resource	UN SDG link
<b>Natural capital</b>	<ul style="list-style-type: none"> <li>to source clean water from reservoirs, rivers and boreholes, from which abstraction licences permit us to take water to be treated and supplied to customers;</li> <li>to receive cleaned wastewater back into the environment;</li> <li>to recycle biosolids, citing engineered or nature-based interventions, and to attenuate water flows; and</li> <li>to provide resources, such as chemicals, cement, metals and energy.</li> </ul>	<ul style="list-style-type: none"> <li>by improving the condition of land, including habitat health and biodiversity;</li> <li>by improving the condition of rivers and water bodies and reducing overflows and pollution incidents;</li> <li>by reducing greenhouse gas (GHG) emissions contributing to climate change; and</li> <li>by storing greenhouse gases in our land, e.g. in soils and woodland.</li> </ul>	<p>Our approach to managing natural capital is underpinned by our strategic priorities to create a greener future and improve our rivers. We produce natural capital accounts of our land and region to understand the stocks and flows of natural capital in our region.</p> <p>► Our TNFD on pages 36 to 44 has more information on our strategy to protect and enhance natural capital</p>	3, 6, 13, 14, 15
<b>Intellectual capital</b>	<ul style="list-style-type: none"> <li>to provide real-time monitoring and analytics that helps us provide our service efficiently and effectively;</li> <li>to provide innovative ways of doing things, which drive more value and better efficiency;</li> <li>to keep us safe from cyber attacks; and</li> <li>to give us a competitive advantage in how our processes and systems drive continuous improvement.</li> </ul>	<ul style="list-style-type: none"> <li>by investing in research and development, and innovation;</li> <li>by improving our system monitoring and investing in smart assets;</li> <li>by investing in our digital capability and harnessing the power of artificial intelligence; and</li> <li>by collaborating with the supply chain and other partners.</li> </ul>	<p>Our simpler, smarter, better approach dictates how we work to improve our intellectual capital. This includes embracing technological change by making better use of data and artificial intelligence (AI), investing in innovative ideas, or working across the sector on collaborative innovation projects to tackle long-term challenges such as process emissions or river health.</p>	6, 9, 11, 12
<b>Human capital</b>	<ul style="list-style-type: none"> <li>to deliver great services for customers through the skills, knowledge and experience of our workforce and supply chain;</li> <li>to provide diversity of thought and a range of perspectives; and</li> <li>to run a responsible business and deliver our services in an efficient and productive way.</li> </ul>	<ul style="list-style-type: none"> <li>by creating a safe and great place to work;</li> <li>by prioritising health, safety and wellbeing;</li> <li>by bringing in new colleagues, including through graduate and apprentice programmes;</li> <li>by developing and training all of our people; and</li> <li>by creating a diverse workforce with fair opportunity for all.</li> </ul>	<p>The importance of our colleagues to the success of our business is reflected in our strategic priority to provide a safe and great place to work. This means attracting and retaining a diverse and highly engaged team of people, continuously training and developing them, and looking after their health and wellbeing as well as their safety.</p> <p>► Read more on our approach on pages 47 to 48</p>	3, 4, 5, 8, 10

### UN Sustainable Development Goals (SDGs) key:



<b>Social capital</b>	<p><b>We depend/rely on it:</b></p> <ul style="list-style-type: none"> <li>to build trust with all of our stakeholders (customers, environment, communities, colleagues, suppliers and investors);</li> <li>to understand the needs of customers and stakeholders to deliver the things that are important to them; and</li> <li>to collaborate with customers and stakeholders on shared challenges such as flooding and water efficiency.</li> </ul>	<p><b>We can impact on it:</b></p> <ul style="list-style-type: none"> <li>by providing high-quality water, wastewater and customer services;</li> <li>by making our services resilient now and for the future;</li> <li>by supporting customers who struggle to pay their bills and those in vulnerable circumstances;</li> <li>by creating spaces for access and recreation; and</li> <li>by communicating and collaborating with all stakeholders.</li> </ul>	<p><b>How we manage this resource</b></p> <p>Our strategic priorities to deliver a great service for all our customers and contribute to our communities underpin how we work to enhance social capital with our stakeholders. Our place-based approach helps us tailor our service to what matters most across the five counties we serve.</p> <p>► Read more about our customer strategy on pages 45 to 46 and our community strategies on page 50</p>	<p><b>UN SDG link</b></p> <p>1, 8, 11, 16, 17</p>
<b>Manufactured capital</b>	<p><b>We depend/rely on it:</b></p> <ul style="list-style-type: none"> <li>to deliver reliable performance for customers;</li> <li>to secure resilience of our assets to extreme weather and other shocks;</li> <li>to keep operating costs low by operating efficiently;</li> <li>to keep our assets secure; and</li> <li>to meet regulatory obligations and stakeholder expectations.</li> </ul>	<p><b>We can impact on it:</b></p> <ul style="list-style-type: none"> <li>by maintaining, protecting and improving assets and infrastructure;</li> <li>by developing new assets and infrastructure;</li> <li>by maintaining our assets effectively;</li> <li>by performing well in capital delivery; and</li> <li>by following best practice approaches to asset management, such as ISO 55001.</li> </ul>	<p><b>How we manage this resource</b></p> <p>Our ISO 55001 accreditation demonstrates the wide range of activities we undertake to maximise the value from our assets for the long term. This includes balancing proactive and reactive maintenance, managing risk and value, and managing assets throughout their lifecycle, from planning to decommissioning.</p> <p>► Read more in our striving for asset management excellence case study on page 87</p>	<p><b>UN SDG link</b></p> <p>6, 11, 12</p>
<b>Financial capital</b>	<p><b>We depend/rely on it:</b></p> <ul style="list-style-type: none"> <li>to finance our activities and smooth out cash flows;</li> <li>to pay our operating, financing, and capital delivery expenses;</li> <li>to demonstrate financial resilience to allow us to finance our activities in an affordable way; and</li> <li>to allow us to spread the cost to customers of infrastructure upgrades over the long term.</li> </ul>	<p><b>We can impact on it:</b></p> <ul style="list-style-type: none"> <li>by being efficient in our operations;</li> <li>by investing in our assets, improving asset health and reducing the likelihood of asset failure;</li> <li>by working with long-term investors and demonstrating good governance for fair and sustainable returns; and</li> <li>by being a responsible business.</li> </ul>	<p><b>How we manage this resource</b></p> <p>Our strategic priority to spend customers' money wisely means that we consider efficiency in everything we do, from our day-to-day expenses to delivering our capital programme. Alongside this, we have robust financial controls and treasury policies designed to provide long-term financial resilience.</p>	<p><b>UN SDG link</b></p> <p>6, 8, 9, 11</p>



# How our operating environment influences what we do



## Regulatory environment

### Regulatory framework

United Utilities Water Limited (UUW) is the regulated water and wastewater business. It is the second largest of 11 such businesses in England and Wales, and is subject to regulation of price, performance and compliance by various bodies, including Ofwat, the Environment Agency, the Drinking Water Inspectorate and the Consumer Council for Water. These bodies exist to help protect the interests of customers and the environment, and to assess whether companies are meeting their obligations.

Water companies are required to prepare and maintain long-term plans for managing water resources, resilience, drinking water quality, and drainage and wastewater. The majority of programmes set out in these plans are statutory requirements and, as part of the optioneering process, we appraise and select best-value investments for customers and the environment.

The Water Industry National Environment Programme (WINEP) is developed by the Environment Agency, Defra, and Natural England, in consultation with water companies and other stakeholders. It sets out the environmental improvement actions that water companies are required to deliver. The Drinking Water Inspectorate similarly specifies programmes of work to improve drinking water quality.

These plans feed into business plans for the price review, where Ofwat evaluates our proposed solutions. Following its assessment, Ofwat then sets a final determination (FD) detailing allowed revenue, required service levels, and the incentive package for the five-year period. Companies may either accept the FD or appeal to the Competition and Markets Authority. Companies report on progress and performance against the FD through an annual performance report published each July.

### Competitive retail market

Since April 2017, non-household retail activities have been open to competition, meaning businesses can choose who provides their retail services. Our non-household retail activities do not sit within UUW, but via a joint venture known as Water Plus.

### Developments in the regulatory environment

This year, the Government published its white paper, 'A new vision for water', in response to the Independent Water Commission's final report. The white paper outlines the Government's commitment to reforming the water sector and the wider water system to deliver safe and secure water supplies, a protected and enhanced environment, fair outcomes for customers and investors, and create a more efficient and integrated planning system.

Defra plans to publish a transition plan in 2026, providing a roadmap for transformation of the water industry. During 2025/26, we engaged with Defra and regulators in the development of the plan through structured working groups. The plan will be supported by the interim strategic policy statement for Ofwat and ministerial direction to the Environment Agency, ensuring regulators have the direction and clarity they need during the transition. In addition, Defra plans to introduce a new Water Reform Bill in 2026 or 2027 to implement its long-term vision for water.

## Natural environment

### Climate change

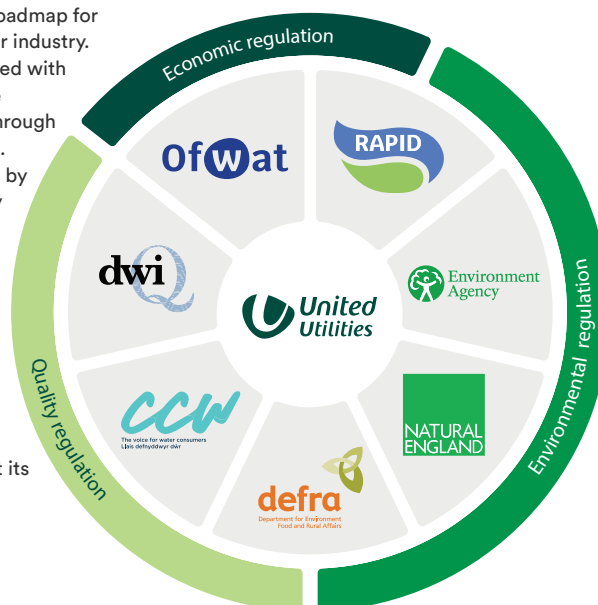
We are already experiencing more extreme rainfall events, freezing temperatures followed by rapid thawing, and prolonged dry periods. This increases the level of risk for water availability, flooding, and network damage. We have detailed plans for both adaptation (building resilience against these changes) and mitigation (reducing our emissions).

### Population growth

The North West population is already increasing and is forecast to grow by around a million by 2050. We plan well into the future and continually adapt to strengthen our long-term operational resilience. Our Water Resources Management Plan, for instance, considers consumption forecasts out to 2080.

### Protecting and restoring ecosystems

Much of the landscape in our region is legally protected for its environmental or cultural significance, including national parks and sites of special scientific interest (SSSI), and we play a role in conserving and restoring healthy, resilient ecosystems.



RAPID is a partnership made up of Ofwat, the Environment Agency and the Drinking Water Inspectorate.



## Economic environment

### Market rate movements

The impacts on our business of movements, such as interest rates and inflation, are complex. Cost increases are partly offset by increased allowances under the regulatory mechanism. £4.5 billion of our debt is index-linked; therefore, it is impacted by inflation. Our regulatory capital value (RCV) also rises with inflation, and our £6.1 billion of fixed-rate debt increases in benefit as interest rates rise. Unlike many companies, our low dependency pension schemes are protected from market rate movements.

### Customer affordability

The economic environment also impacts customers, with the most deprived, typically, hit the hardest. The North West has 47% of the most deprived neighbourhoods, more than any other region, making the industry-leading affordability support we provide even more critical. We have doubled our support in AMP8, helping one in six households in the region by 2030, and we remain strong supporters of the Consumer Council for Water's call for a national social tariff, pooling funds to help those in most need.



## Political environment

### Engagement and adaptability

Political decisions have the potential to impact on our operations, including changes to legislative obligations under environmental and competition law. We engage with regional and national politicians, and other policymakers, to understand developments and key issues, improving policy development where possible, and stay flexible to adapt as needed.

### Environment Act 2021

The Government set out an ambitious plan for reducing spills from storm overflows, as well as obligations to reduce phosphorus and address nutrient imbalance. We have already invested significant amounts to improve the quality of rivers and seas in the North West, and AMP8 will see our biggest ever environmental investment programme.

### Water (Special Measures) Act

Passed in 2025, this act strengthens the power of regulators to impose special measures on failing water companies, including blocking executive bonuses, imposing penalties and potential criminal charges for law breaking.



## Technology and innovation

### Developments

New technology and innovation can create opportunities for improvements in service and efficiency. The use of artificial intelligence and machine learning helps us to improve performance, and is central to our dynamic network management approach. We work closely with suppliers and innovators from around the world to maximise the opportunities presented by new technology and ideas.

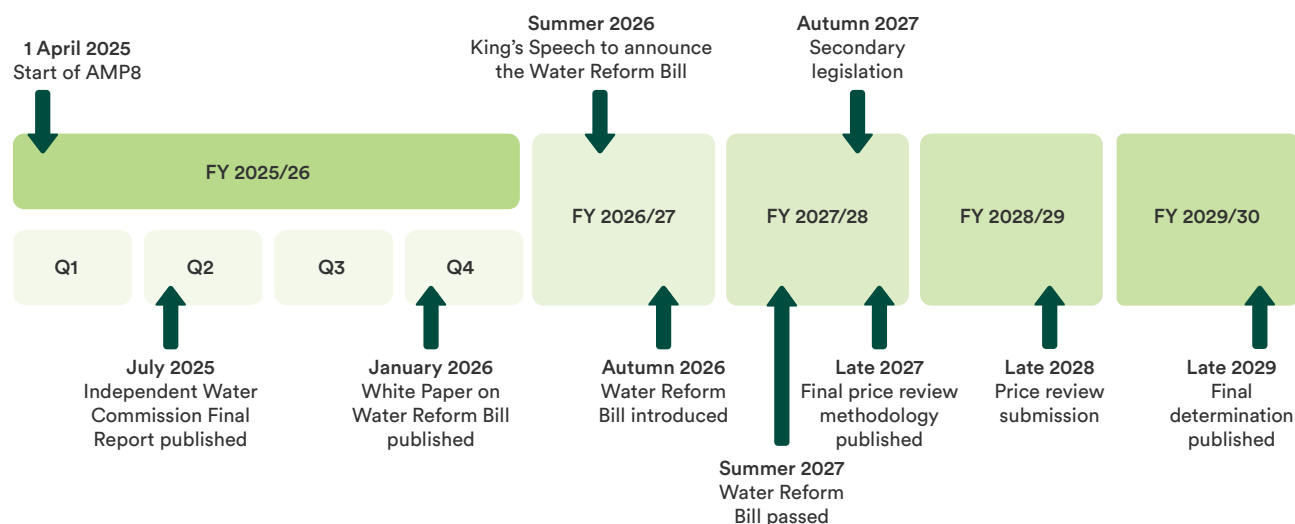
### Customer interaction

In an increasingly digital world, we must evolve our services to ensure we meet changing customer expectations. We have modernised the methods and channels through which customers can get in touch to access their bills, update their information, and receive updates on services and support.

### Cyber and data security

Technology can give rise to risks, such as the threat of cyber attacks, which has increased in recent years. Protecting infrastructure, customer information and commercial data from malicious activity is a key priority, as set out on page 52.

## Indicative regulatory timeline



## The value we create for stakeholders



### Customers

#### Resilient and continually improving service

We provide a continuous, resilient and reliable service, ensuring clean water at the tap and wastewater taken away. Clean, safe drinking water and sanitation services support long-term health and wellbeing across the North West. We continually seek improvements, engaging customers on their priorities and setting ambitious targets to improve water quality, cut leakage and enhance the customer experience. We monitor performance against these commitments and report transparently.

#### Sharing the cost of investment

Through long-term financing and the regulatory framework, we deliver a multi-billion pound infrastructure that strengthens service and resilience. We pre-fund significant amounts so costs are shared fairly between current and future customers, helping to keep bills down.

#### Supporting customers

We operate efficiently to maintain value for money, while providing help for those struggling to pay and support for vulnerable customers. Our affordability and vulnerability summits share ideas and best practice, and the Hardship Hub helps debt advisers support more people and find cross-industry help in one place. When customers contact us, we listen and act quickly to resolve issues.

## Excellent

4.5 rating on Trustpilot for customer service

## Reward

for our regulatory customer service metrics



### Environment

#### Reducing the environmental impact of our services

We meet increasingly stringent environmental consent levels, such as reducing the level of phosphorus in treated wastewater, and avoiding pollution incidents. We manage our land in a way that safeguards habitats and protects wildlife.

#### Reducing spills from storm overflows

We have made significant progress on our journey to achieve fewer than ten spills per overflow by 2050. Since 2020, we have reduced the level of spills by 47% versus our 2020 baseline, aiming to reduce the number of spills by 60% by 2030. As well as traditional solutions, we are ramping up the use of nature-based solutions, such as rainwater management and sustainable drainage solutions, to help us achieve lasting reductions.

#### Protecting the long-term resilience of water resources

Investment in infrastructure, such as our West-East Link Main, the West Cumbria pipeline and the Haweswater Aqueduct Resilience Programme (HARP), allows us to transfer water around the region more efficiently to avoid the depletion of individual water sources. We are dedicated to reducing the level of leakage in our network, and we support customers to use water efficiently.

## 0

category 1 pollution incidents

## 47%

reduction in spills versus 2020 baseline



### Communities

#### Access and recreation

We look after beautiful rural landscapes and pockets of urban green space, and open much of our land to the public, supporting regional tourism and offering communities health and wellbeing benefits through access to relaxation and recreation in nature.

#### Giving back

We make direct community donations to support local groups, and the total taxes we pay – including business rates, employment taxes, and environmental taxes – contribute significant amounts to public finances, helping to fund essential public services.

#### Active engagement and collaborative partnership

Our operations and projects are often near homes and businesses, and we engage with these communities to build understanding and trust. We also work in partnerships, enabling us to accomplish more, such as engaging people with nature and river improvement.

#### Future generations

Our graduate and apprentice programmes provide skills development and opportunities across the region. We work with teachers and children to raise awareness about water and the natural environment, giving the next generation an understanding of the true value water brings and how we can all play our part in protecting the services that nature provides.

## £3.84m

community investment, assured by B4SI

## £290m

total taxes paid in 2025/26



## Colleagues

### Health, safety and wellbeing

Our top priority is ensuring all colleagues go home safe and well every day, with a strong focus on both physical and mental health. We raise awareness of stress and other mental health issues and encourage long-term healthy lifestyles, helping to ease pressure on regional healthcare services. We support colleagues' financial wellbeing through pension offerings, and we encourage community involvement by providing up to three days of paid volunteering leave each year. We also match individual fundraising for any UK registered charity of up to £200 per person annually, and cover the administration fees for payroll giving.

### Skilled and diverse workforce

We invest in training and development to help colleagues grow, stay motivated and ensure we have the skills needed for the future. Promoting opportunity for all helps us build a workforce that reflects the region we serve.

### Communication and engagement

Listening to colleagues strengthens engagement and job satisfaction. Regular updates from leaders, team communications and colleague conferences keep everyone informed. We maintain open channels for feedback and have hosted all-colleague events to share our plans for the future.

# 90%

colleagues engaged, measured by our annual colleague opinion survey

# 30%

reduction in lost time injury frequency rate since last year



## Suppliers

### Supporting the regional economy

We expect the step up in investment for AMP8 will support over 30,000 jobs across our business and supply chain. We spend significant amounts with suppliers each year, and, by paying invoices promptly, we help them maintain cash flow and strengthen their resilience. Supporting employment throughout our supply chain helps develop skills, create opportunities and stimulate long-term economic growth in the North West.

### Partnership and innovation

We incentivise innovation within our supply chain and have a strong record of strategic partnerships that deliver more through collaboration. This has led to successful long-term partnerships and helped bring new technologies and approaches into our operations.

### Responsible business

We act with integrity, transparency and fairness, giving suppliers confidence in how we work. Although our operations and suppliers are mainly based in the UK and Europe, we collaborate closely with them to address human rights risks, including modern slavery. Through our United Supply Chain approach, we treat suppliers as an extension of United Utilities and require them to follow our responsible sourcing principles.

# 76%

suppliers delivering 'strong' performance

# 76%

suppliers signed up to our responsible sourcing principles



## Investors

### Strong performance and sustainability credentials

Our focus on innovation drives continuous improvement and keeps us at the forefront of our industry. Our regulatory returns are linked to delivering customer and environmental commitments, and our sustainable finance framework connects debt investor returns to environmental and social projects.

### Asset growth and inflation-linked dividend

Investors lend us capital in exchange for a fair share in risk and return, which we provide through dividend income and long-term growth. Our dividend policy is to grow annually in line with CPIH inflation, a commitment maintained since 2010. Our shareholders include charities, customers, pension funds that pay income to millions of older people, and colleagues through our share scheme.

### Long-term resilience

We plan far ahead, invest to ensure the sustainability of our infrastructure, and manage risk prudently to maintain stability and resilience.

### Robust governance and reporting

We uphold high standards of transparency, ethics and corporate governance, giving investors confidence in how we operate.

# 53.66p

dividend per share for 2025/26, grown in line with CPIH

# c. 10%

asset base compound annual growth rate for AMP8

## How we engage with stakeholders

Our role is to balance the needs of our varied stakeholders, considering their diverse views in the development of our plans and activities.

There are many people and groups who take an interest in the water industry, its role in society, and the North West region. The nature of our work and the huge areas of land we manage means we interact with a wide variety of stakeholders, from communities and environmental interest bodies, to suppliers and regulators.

It is important that we understand what matters to each of them and develop constructive relationships built on mutual trust. We engage and consult with stakeholders to understand their views and priorities as we develop and execute our plans, balancing their often-conflicting priorities.

### Active engagement and responding to feedback

We engage with all of our stakeholders, including the six key groups for whom we create value and others that influence our activities. Strong, constructive relationships help us to understand what matters most to them, and their feedback has an influence on what we do, helping us to create long-term value for all.

There is robust governance to ensure regard is given to stakeholder views and priorities in decision-making at executive and board level. Our S172(1) Statement on pages 88 to 89 provides examples of how the board

has had regard to stakeholders in some of the key board decisions made during the year. The ESG committee has stakeholder engagement and reputation as standing agenda items.

The independent customer challenge group, YourVoice, aims to ensure that we put customers at the centre of our day-to-day service delivery, decision-making and formulation and delivery of our business plans. The chair of YourVoice attends the relevant board meeting each year to provide the group's perspective on the customer-related content in our annual performance report.



### Customers

To deliver value for customers, we need to understand their immediate issues, and longer-term expectations of us as their water and wastewater company. As expectations change, we need to evolve our services to ensure we meet them. We actively seek feedback on what customers think about our service so we can make our services better and address the issues that matter to them.



### Environment

We depend on the environment and have a key role in protecting and enhancing it. We engage with interested groups such as environmental regulators, non-governmental organisations, campaigners and local communities to find the best ways to tackle environmental issues, such as climate change and land management. Working together is often the best way to find the right solution.



### Communities

Our work puts us at the heart of local communities – places where customers and colleagues live and work. We want to support them to be stronger and increase understanding of the impact and contribution our work has. We balance decisions based on often-competing stakeholder interests and look to develop collaborative and partnership solutions where feasible.



### Colleagues

We could not deliver our services without our colleagues. They know the business better than anyone, bringing a diverse range of views and experience, making them well placed to identify new ways of working and opportunities for improvement, which can be raised directly to the CEO through our 'Call it Out' initiative. We host regular all-colleague events to share and discuss our future plans.



### Suppliers

Good relationships help ensure projects are delivered effectively and efficiently. Awareness of issues in the supply chain means we can address them together and become more resilient. Supplier engagement can also help us identify and realise innovative approaches and solutions. Collaboration with our suppliers is key to driving efficient delivery of our business plans.



### Investors

It is important that investors have confidence in the organisation and how it is managed. We provide regular updates to debt and equity investors to establish a two-way dialogue about matters of interest to them. Increasingly, this includes environmental, social and governance (ESG) updates alongside financial and performance data.



### Media

The media is influenced by current public interests and, in turn, the media also has the power to influence the public through what it reports. Many people hear about us and our activities from traditional and/or social media, so it is important that coverage is fair, balanced and accurate. This requires effective two-way dialogue, and we continuously engage with local and national media on important issues.



### Politicians

Politicians influence the long-term national water strategy and environmental priorities, matters that affect how all businesses operate, and champion issues raised by their constituents. Local government, elected representatives and devolved administrations provide insight into shared environmental, social and economic issues across the North West.



### Regulators

Through proactive, constructive engagement with economic, quality and environmental regulators, we understand requirements and deliver against commitments, aiming to meet, or exceed, the expectations they have of our business. We actively engage in workshops and respond to consultations to contribute towards the policy and regulatory framework.

## How we maintain a high-performance culture



### Our culture shapes stakeholder interactions and reflects our commitment to responsible business.

Our policies, practices, and behaviours align with our purpose, strategic priorities, and core values, supporting a high-performance culture. Promoting equity, diversity, and inclusion brings fresh thinking, represents our communities, and drives innovation.

A strong culture also helps us to attract and retain talent. We want colleagues to feel comfortable being themselves and speaking up, making use of our 'Call it Out' inbox for direct CEO feedback or our confidential helpline, supported by our whistleblowing policy.

We celebrate colleagues who live our values through the 'ACE awards', where monthly winners are recognised across business areas.

The way we measure and report performance helps us to track how effectively we have embedded a high-performance culture. Metrics are monitored and targets set for the stronger, greener and healthier ambitions within our purpose. These are closely aligned to our strategic priorities and to ESG matters, as well as being linked to stakeholder value creation. This includes key metrics relating to our colleagues including engagement, health and wellbeing, diversity, and development.

Leadership has a strong influence on culture, so, as well as colleague behaviours, we also assess colleague perceptions of the tone that is being set by management.

Importantly, we prioritise health, safety and wellbeing, at the core of our culture, supported by our 12 life-saving rules.

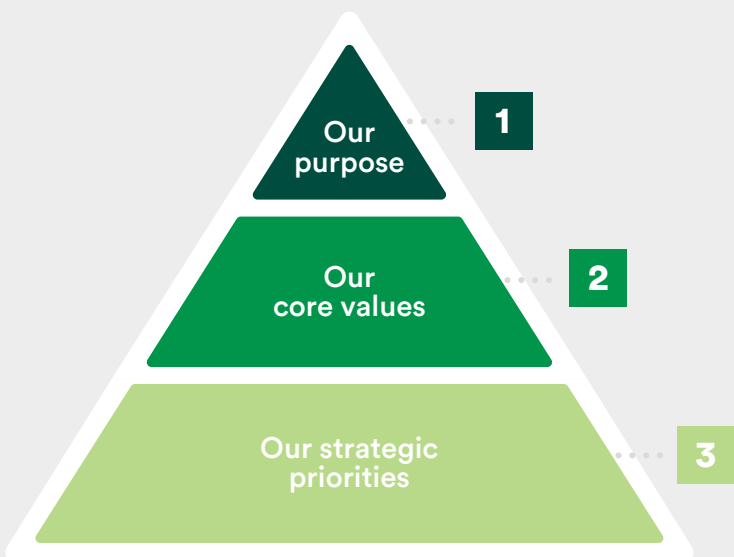
► Read more on these rules on page 48

### Governance and oversight

Strong governance sets the tone from the top. The board and its committees provide oversight, while the executive team meets monthly to discuss performance and quarterly to discuss strategy, supported by weekly scrums and ad hoc communications.

► Board and committee structures are detailed on page 108

Additional governance groups include the compliance working group, integrated risk reviews, new and emerging risk forum, price control boards, water quality first board, operational risk and resilience board, dam safety group, asset management board, and land management steering group.



### Our purpose is underpinned by our core values and our six strategic priorities

Our core values define how we act and support us in delivering our purpose to provide great water for a stronger, greener and healthier North West.

Our strategic priorities direct our activities, from strategic planning to our day-to-day activities, supporting the realisation of our purpose.

► Read more about our core values and strategic priorities on pages 22 to 23

## How our strategy helps us to deliver our purpose



### 1 Our purpose: why we are here

# To provide great water for a stronger, greener and healthier North West.

#### Greener – Environmental

We protect and enhance urban and rural environments, and adapt to the challenges of climate change, allowing people, wildlife and nature to thrive, making the North West a better place to live now and for the future.

#### Healthier – Social

We provide great-quality drinking water and safely remove and recycle used water for around eight million people in the North West, while providing excellent customer service and a great place to work.

#### Stronger – Governance

We deliver an essential service, help customers in vulnerable situations, invest in local communities across the region, and support thousands of jobs and the economy, giving the North West resilience in a changing world.

### 2 Our core values: how we work

Our culture is built on three core values that guide behaviour across the organisation, from the board to every colleague.

These values focus on responsible actions, delivering for customers and stakeholders, continuous improvement, and sustainable practices. They reflect what matters most in achieving our purpose and fostering a high-performing, innovative culture.

#### Do the right thing

We are committed to responsible business practices and expect our people to always do the right thing. This means prioritising safety, acting with integrity and courage, championing fairness, and speaking up when something feels wrong.

Doing the right thing builds trust and helps deliver our purpose. Protecting the environment creates a greener North West, while acting responsibly for customers, communities, colleagues and suppliers strengthens the region.

#### Make it happen

We work as a team to make things happen, taking accountability and valuing progress over perfection. We celebrate success, learn from setbacks and embrace new ways of working through initiatives like our graduate innovation competition – the Chadders Cup.

Our ability to act quickly and seize opportunities enables us to accelerate investment and deliver improvements for customers and the environment faster.

#### Be better

Everything we do aims to create a better tomorrow. We encourage curiosity, ambition, and solution-focused thinking, seeking innovative ways to improve efficiency and effectiveness.

We learn from the best by embracing diversity, collaboration, nature-based solutions, and best practice from across our sector and other industries.

### 3 Our strategic priorities: how we deliver our purpose

Each of our six strategic priorities is linked to the delivery of one of the key elements of our purpose – helping us to make the North West stronger, greener and healthier.

These priorities reflect the key long-term drivers of our business and how we create value. They align with our materiality assessment, which is set out on the following two pages.



#### Our activities contribute to the UN SDGs

The Sustainable Development Goals (SDGs) were developed in 2015 by the United Nations. They are a set of 17 interconnected objectives which aim to end poverty, protect the planet and ensure prosperity for all by 2030.

#### UN SDGs key:



#### Greener – Environmental

##### Improve our rivers

SDGs: 6, 14, 15

Reducing storm overflows, protecting bathing waters, and eliminating pollution. We are rethinking how we manage rainwater through our reduce, recycle, rethink approach to ease pressure on sewers, while pursuing the best environmental performance and enhancing wastewater treatment quality. Together, these actions will create cleaner, healthier rivers and support a more sustainable future.

##### Create a greener future

SDGs: 13, 14, 15

Delivering our net zero transition plan and using our land and resources to generate clean energy. We aim to create value from bioresources, reduce the use of diesel in vehicles, and reduce water consumption in homes and businesses. At the same time, we are committed to protecting and enhancing nature and biodiversity, ensuring our operations contribute to a more sustainable and resilient environment.

#### Healthier – Social

##### Deliver great service for all our customers

SDGs: 3, 6, 11

Reducing leakage, driving down sewer flooding, and improving water quality. We aim to minimise interruptions to supply while providing strong support for customers facing affordability challenges or living in vulnerable circumstances. These actions ensure reliable, high-quality services and a customer experience that meets the needs of every household and business.

##### Provide a safe and great place to work

SDGs: 3, 5, 8, 10

Continually improving health, safety and wellbeing, while attracting, developing, and engaging talented people. We are committed to our 12 life-saving rules to get our colleagues home safe and well. We are building a diverse and inclusive workforce, and empowering everyone to contribute through open feedback channels, from 'Tell Us' to 'Call it Out'. These actions create a workplace where colleagues feel valued, supported, and able to thrive.

#### Stronger – Governance

##### Spend customers' money wisely

SDGs: 6, 9, 11, 14

Improving asset management and maintenance, removing duplication and waste, and applying value engineering to capital delivery. We aim to work with the right partners to secure value for money across our supply chain, while driving digital and automation opportunities to enhance efficiency and deliver long-term benefits.

##### Contribute to our communities

SDGs: 8, 11, 17

Being actively involved in our communities through regional stakeholder managers and speaker panels, creating partnerships that deliver real value. By building trust and being recognised as a reliable partner, we aim to strengthen relationships and make a meaningful difference in the communities we serve.

## 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.

### Material themes matrix

Themes are plotted on the matrix from higher (top right) to lower (bottom left) in terms of their potential to impact company value and impact on the value we create for stakeholders.

#### 1 Trust, transparency and legitimacy

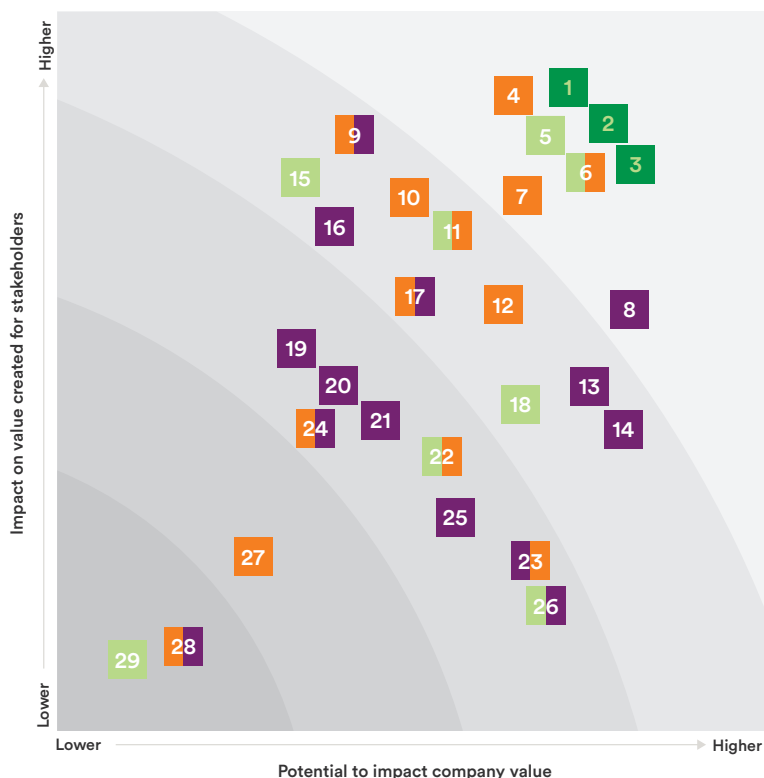
Our comprehensive disclosures and integrated reporting approach provide leading levels of transparency throughout this report.

#### 2 Resilience

Resilience is a key consideration in our long-term planning (page 13), the way we manage our key resources (pages 14 to 15), and the ultimate focus of our risk management approach (pages 54 to 63).

#### 3 Political and regulatory environment

The political and regulatory environment can have a material impact on company value and the value we create (pages 16 to 20).



**Key:** Our material themes are aligned to one or more of the key ambitions of our purpose – stronger, greener and healthier.

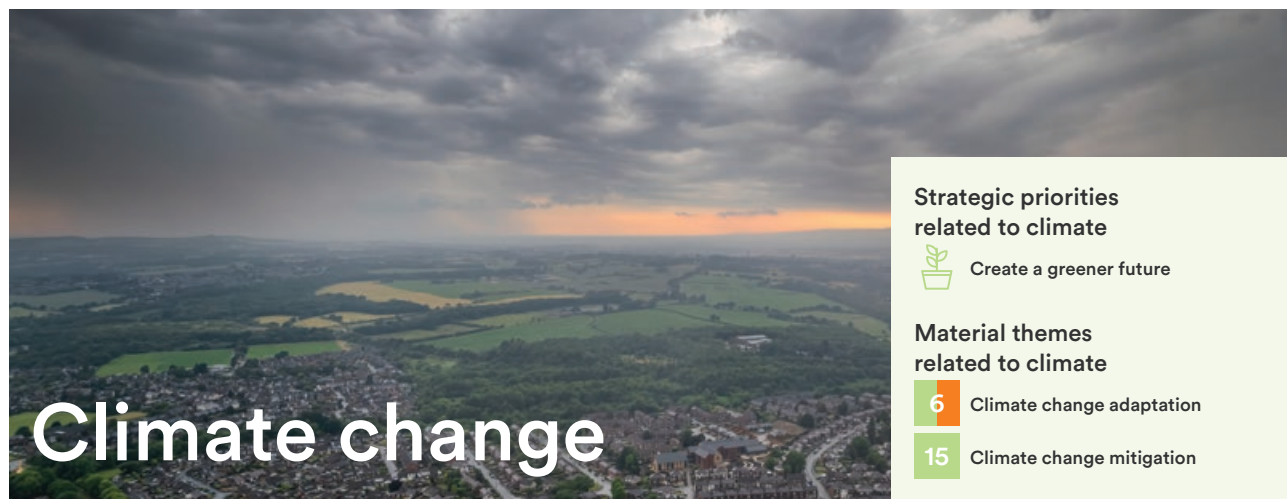
- Overarching theme (Green)
- Greener (Light Green)
- Healthier (Orange)
- Stronger (Purple)

Greener	Pages
5 Environmental river water quality and storm overflows	▶ 68 to 71
6 Climate change adaptation	▶ 26 to 36
11 Water resources and leakage	▶ 45 and 69
15 Climate change mitigation	▶ 26 to 36
18 Natural capital and biodiversity	▶ 36 to 44
22 Recycling biosolids	▶ 61 to 62
26 Energy management	▶ 26 to 36
29 Waste management	▶ 44

Healthier	Pages
4 Customer service and operational performance	▶ 64 and 78
7 Health, safety and wellbeing	▶ 47 to 48
9 Affordability and vulnerability	▶ 80 to 81
10 Drinking water quality	▶ 45 to 46
12 Emerging contaminants	▶ 61 to 62
17 Diverse and skilled workforce	▶ 47 to 48
24 Colleague engagement	▶ 76 and 78 to 79
27 Competitive markets	▶ 16
28 Human rights	▶ 41

Stronger	Pages
8 Cyber and data security	▶ 52 and 89
13 Financial risk management	▶ 49 and 59
14 Corporate governance and business conduct	▶ 49
16 Supporting communities	▶ 50 to 51
19 North West regional economy	▶ 8, 9 and 51
20 Recreational land and waters	▶ 38 to 39
21 Land management	▶ 39
23 Innovation	▶ 17 and 19
25 Responsible supply chain	▶ 85 and 89

# How we respond to material themes



### Strategic priorities related to climate

Create a greener future

### Material themes related to climate

- 6** Climate change adaptation
- 15** Climate change mitigation

## Strategy

### TCFD disclosures

- Our strategic assessments and planning include the forecasted impacts at three time horizons and under multiple climate change scenarios.
- The risks with the most material impact on our organisation are those associated with the security of water supplies and increased volumes and intensity of rain to drain.
- We are prepared for the immediate challenges and our BIG North West upgrade will improve our resilience across a range of climate scenarios at county, regional and national levels.

### Planning horizons for climate-related risks

Climate change in the North West of England will cause hotter, drier summers, more extreme temperature and storm events, and changes in seasonality such as milder, wetter winters. As a business, we plan across three broad time horizons (see page 13) to ensure long-term resilience and sustainability. For climate risks and opportunities, we use the same horizons as other business planning for short term (one year) and long term (out to 2100); however, for the medium term, we use 2050 to align with the Met Office UKCP18 mid-century climate change projections.

Short-term climate risks – such as increasingly frequent high-volume rainfall and distortions in seasonal weather patterns – are already affecting our operations and worsening existing material issues such as sewer and asset flooding, and asset deterioration. Some infrastructure assets,

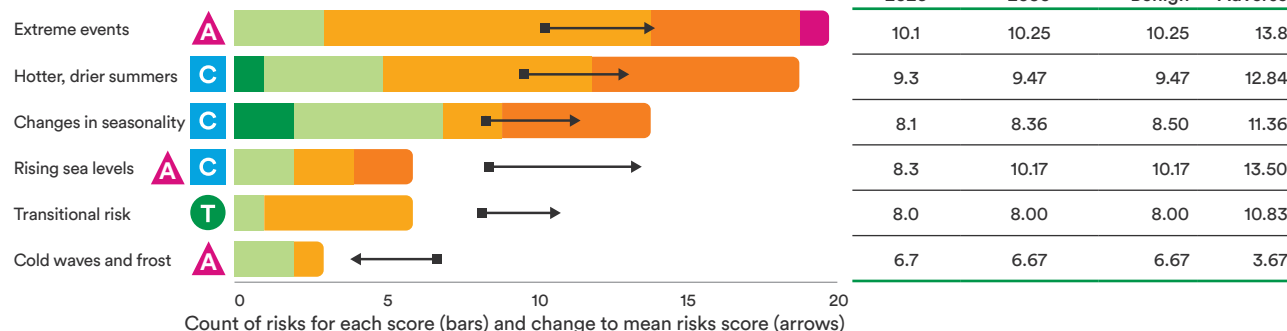
such as pipes and aqueducts, have long lifespans so, to match this, our long-term planning horizon extends out to 2100.

Our climate-related risk assessment uses the latest climate science and both regional- and county-specific approaches. 68 risks were identified and grouped by causal factor. We evaluated the likelihood and consequence of each risk out of five. The risk score is the product of these ratings with a maximum possible score of 25. Each risk was scored for each of the five counties and three planning horizons with the long term quantified in both benign (2°C) and adverse (4°C) climate scenarios. Details of this approach and the outputs can be found in Appendix E of our 2024 adaptation progress report.

The chart below summarises the risk profile by causal factor after our 2026 review. The 'Extreme events' category includes risks related to extreme rainfall, wet and windy storms, and wider ranges of weather, and has both the most risks and the highest risk scores.

### Climate-related risks categorised by causal factor

Bar colours indicate the maximum risk score across the five county-specific assessments. Arrows show how the regional mean risk scores change between the short and the long term (adverse scenario).



**Key:**

TCFD risk categories

- A** Acute physical risks
- C** Chronic physical risk
- T** Transitional risks

Max risk score (1 to 25) and risk score rating (very low to very high)

1	2	3	4	5	6	8	9	10	12	15	16	20	25
Very low			Low			Medium			High		Very high		

Mean score

Short term → Long term

The majority of risks are physical. These physical risks pose a material risk of destruction or disruption of our assets and systems. They include both acute risks, such as shocks from severe weather, and chronic risks. We are also exposed to some transitional risks associated with the move to a low-carbon economy, including policy, legal, technological, market and reputational risks.

The following four risks have a very high risk score (20 or 25) for at least one county by 2100:

1. Extreme events where intense rainfall overwhelms the capacity of the drainage system and leads to flooding.
2. Extreme events where the volume of rain is beyond the capacity and asset design for the drainage network. Where combined sewer overflows are used to prevent sewer flooding of properties and businesses there is the potential for environmental pollution.
3. Lower average summer rainfall, reducing water resource availability and necessitating greater use of supply restrictions and potential failures of the water service.
4. Changes in seasonal weather patterns, promoting extended growing seasons, which increases the likelihood and potential consequences of algal blooms.

### How geography affects our climate-related risks

Operating in the North West presents distinct challenges compared with the rest of the UK. Our region experiences some of the highest levels of rainfall in England and has a higher proportion of older and, therefore, combined sewers. These pressures on our wastewater network and treatment assets elevate the likelihood of sewer flooding and storm overflow activations during periods of intense rainfall.

Around 95% of the region's water supply comes from surface water rather than groundwater. This strong dependence on surface water means water availability is closely linked to recent rainfall and makes the region more vulnerable to prolonged dry and hot periods.

Sub-regional geography and demographics also influence the challenges of climate change and we found that climate-related risks scores can vary markedly between the five counties. See the chart at the bottom of this page.

**Greater Manchester** faces elevated flood risk due to its bowl-shaped topography, combined with 40% higher-than-average urban rainfall, pressures from pollution and a high density of combined sewer overflows.

**Cumbria and Lancashire** are home to key surface water reservoirs that support supplies across the region. Lower average rainfall in these counties would have a greater operational impact because of their central role in our water resource system.

Algal blooms are already being managed in Lancashire and Greater Manchester, resulting in increased treatment costs to reduce the impacts on the acceptability of water with customers. While Cumbria has not experienced widespread impacts to date due to the high proportion of raw water supplied from the county, more algal blooms in the future could have significant impact.

The differences between counties supports the need for targeted, place-based resilience strategies to address local challenges.

### Impact of climate-related risks on strategy and financial planning

The last 12 months have seen extreme contrasts for the weather in the North West of England. There were severely dry conditions in the spring of 2025, followed by a hot summer with several heatwaves, and autumn was exceptionally wet with above-average rainfall continuing into 2026.

With such challenges, it should be expected that both resilience and climate change adaptation are material and prioritised themes for our organisational strategic and financial planning. We have, therefore, embedded climate considerations into both short-term operational decisions and long-term strategies.

We have established and tested operational response plans to minimise disruption from severe or unpredictable weather. When incidents do occur, our Integrated Control Centre plays a critical role in providing real-time visibility of our water, wastewater and bioprocessing operations. This enables swift, coordinated responses that reduce customer impact and environmental risk.

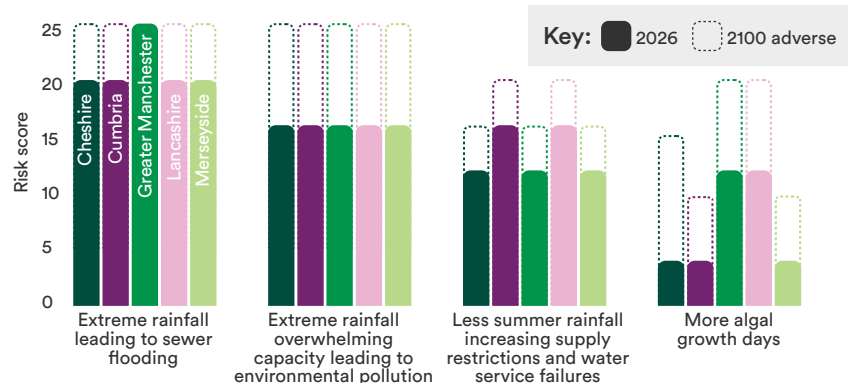
Our longer-term planning is set out in our Water Resources Management Plan (WRMP), Drainage and Wastewater Management Plan (DWMP) and long-term delivery strategy (LTDS). These plans draw on a range of future climate scenarios and take into account environmental, regulatory, technological and societal factors. Sophisticated modelling helps us translate outputs from this scenario analysis into actionable long-term corporate and financial plans while staying aligned with immediate operational needs.

Through our WRMP, we will deliver enhanced drought resilience by 2039, targeting resilience to a one-in-500-year event. Key commitments include halving leakage (from a 2017/18 baseline) and improving water efficiency to 110 litres per person per day by 2050, while reducing abstraction from sensitive environments and progressing new strategic resource options.

Our DWMP sets out how we will respond to population growth, urbanisation and climate pressures by improving environmental protection and customer service. This includes delivering our storm overflow reduction plan for 2050, expanding stormwater capacity, upgrading treatment processes, and increasing the use of nature-based solutions to manage rainfall.

Our LTDS integrates these plans with our asset management approach, creating an adaptive long-term pathway certified to ISO 55001:2014. Scenario analysis means we have been able to prioritise investment where the evidence shows material climate impacts, while maintaining flexibility where uncertainties remain. This ensures our financial plans reflect a low-regrets approach with clear core pathways and optional routes should climate science, legislation or customer expectations evolve.

Risk scores for the top four climate risks by county





### Climate adaptation progress report

► Read more details about the impacts of climate change, and our strategies and tactics to address the climate risks, in our adaptation progress report at [unitedutilities.com/corporate/responsibility/environment/climate-change](https://unitedutilities.com/corporate/responsibility/environment/climate-change)

# How we respond to material themes: climate change

## Building resilience to a changing climate

Climate change, and the shifting weather patterns that come with it, has the potential to significantly influence our operations, the services we deliver, and the wider environment we depend on. This connection is already clear as five of our top ten operational risks are highly sensitive to climate change, even under a 'benign' scenario where global temperature rise is limited to below 2°C by 2100. Because of this direct link, all of our core strategies are shaped by both the risks and the opportunities that climate change presents.

To prepare for the future, we assess our resilience under three Representative Concentration Pathway (RCP) climate scenarios:

- No change
- Benign (RCP 2.6, ~1.6°C rise by 2081–2100)
- Adverse (RCP 8.5, ~4.3°C rise)

We conclude that our potential to adapt is strong. This comes from our board and leadership being fully committed to climate adaptation, and from consistently using a systems-based approach that considers resilience across all areas – operational, corporate, and financial. Our approach also recognises that resilience is not just about our own assets and we look carefully at interdependencies and cascade failure risks – how failures in connected services or infrastructure could affect us. To better understand these risks we have brought together employees, infrastructure providers, local authorities, and government stakeholders in a resilience community of practice.

One of the biggest emerging challenges is compound risks, where several climate-related impacts occur close together in time or location. To understand this and prepare, we stress test our plans using scenarios that combine actual examples of extreme weather. For example, we examine how our systems would cope with two consecutive hot, dry summers like those in 2020 and 2021, followed by an exceptionally dry

winter such as the one in 1984. We also look for compound benefits, where a single action delivers multiple positive outcomes. Sustainable drainage systems (SuDS) are a good example of this. They reduce runoff, free up capacity in wastewater treatment, and provide opportunities for wider social and environmental improvements in local communities.

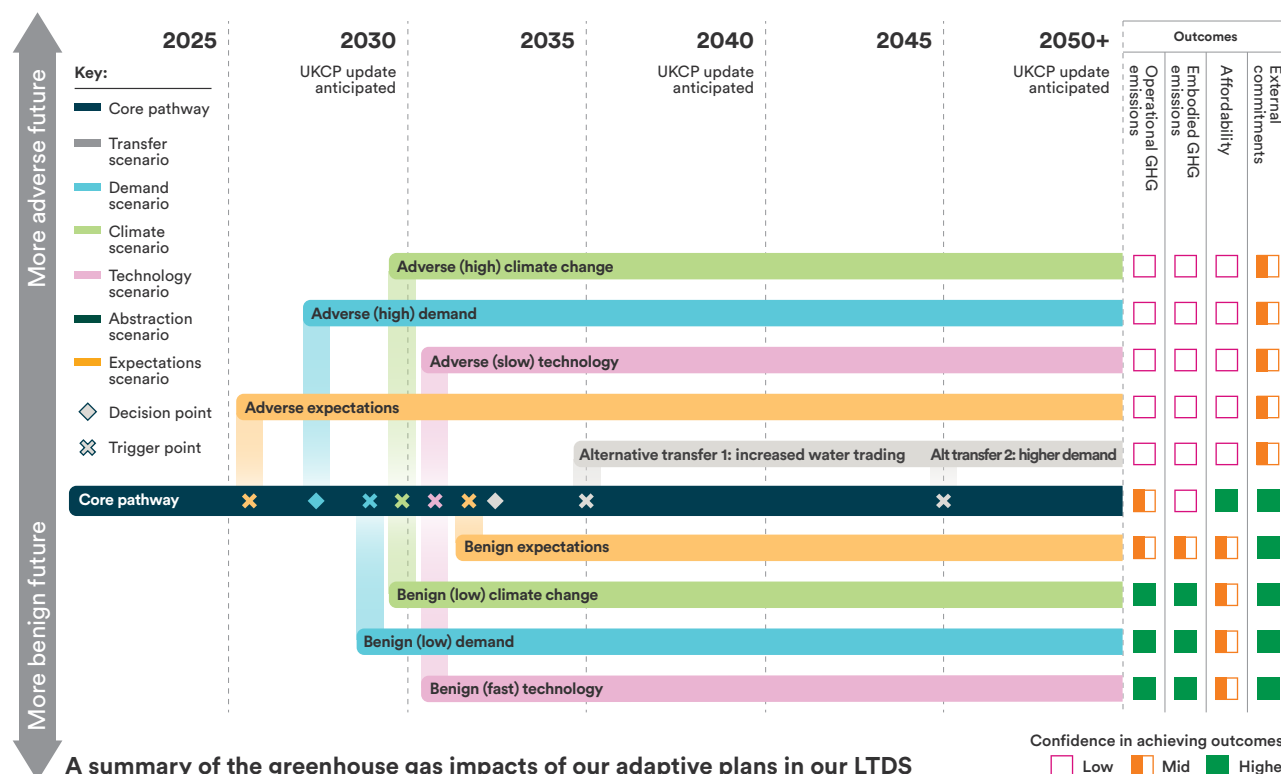
Alongside physical risks, we assess how implementing our water, wastewater and bioresources plans will affect our greenhouse gas (GHG) emissions. We have prioritised water efficiency to meet the needs of a growing population while protecting water sources and rivers over the long term, however, this growth brings significant increases in embodied and operational emissions. This means to stay on track for net zero by 2050, we will need:

- transformational innovation;
- more investment to cut GHG emissions; and
- a full and fair valuation of GHG impacts across national policy frameworks.

## Comparing the GHG emissions impact of various long-term delivery strategy (LTDS) pathways

Our adaptive long-term plans for water, wastewater and bioresources each include one core pathway and several alternative pathways. Alternative pathways diverge at defined decision or trigger points where different investment choices would be made, depending on how future conditions evolve.

Adverse scenarios require additional investment to meet higher service demands – such as those driven by a larger population, tighter environmental standards or more intense peak rainfall. The associated increase in construction activity or chemical use would make delivering our transition plan more challenging and potentially unaffordable. Conversely, under more favourable (benign) scenarios, lower service pressures would allow us to meet outcomes with fewer emissions-intensive interventions, supporting more efficient and cost-effective progress towards our transition plan.



# Net zero transition plan

Our transition plan sets out how we will support and prepare for a rapid global shift to a low-emission economy, targeting net zero across all three emissions scopes by 2050 in line with the SBTi Net-Zero Standard.

Our plan is built on our established climate change mitigation strategy that guides our priorities and implementation approach and exhibits the Transition Plan Taskforce principles of ambition, action and accountability.

## Vision and visibility

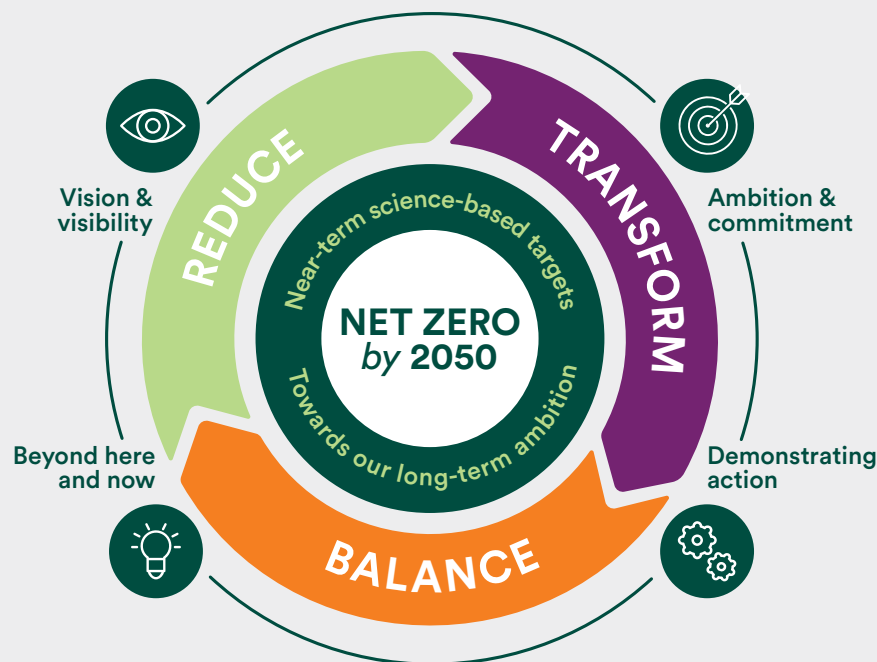
### ‘Demonstrating integrity and leadership in carbon reporting and disclosure’

Vision and visibility are the foundations of our approach to climate change mitigation. Our aspiration is to consider the climate in all operational and strategic decision-making. This includes influencing strategy and behaviours by integrating emissions management into remuneration schemes and incorporating carbon pricing into our value-based decision-making approach.

The board, through the ESG committee, provides oversight of the transition plan and management. Leading the executive team our CEO is responsible for designing, developing, delivering and governing a plan that is in line with standards and our strategic ambition. This is primarily done through the director-led steering group, which has the technical skills and competencies to manage the setting of science-based targets and effectively balance the competing environmental and social responsibilities within the financial constraints of a regulated business.

We are committed to inclusive and transparent climate-related disclosures, aiming to be recognised as among the best in the UK. We use CDP as the benchmark of disclosure leadership and are proud to have maintained our position in the leadership level across all three climate, water security and supplier engagement assessments in 2025.

Our long track record of annual GHG emissions reporting has been supported by independent, third-party verification of our GHG inventory by Achilles Group since 2008. We publish data, in line with



reporting requirements in the Companies Act 2006, and seek to continually improve our disclosures to meet the emerging guidance and recommendations such as the UK Sustainability Reporting Standards.

## Ambition and commitment

### ‘Playing our part to mitigate climate change through setting and meeting ambitious science-based targets’

Our transition plan is ambitious and adaptive and takes into consideration the risk, impacts and dependencies on our resources, our value chain and our stakeholders. Our emissions reduction targets are based on climate science, cover all three emission scopes and are aligned with the 1.5°C ambition of the Paris Agreement. The Science Based Targets initiative (SBTi) is a collaboration that defines and promotes global best practice in science-based target setting. We are proud to have been the first UK water company to have near-term, long-term and net-zero targets approved by the SBTi as compliant with the Corporate Net-Zero Standard. Having achieved two of the four near-term targets and, in the context of our accepted regulatory business plan, we have reviewed all our targets and successfully had them revalidated in March 2026.

As a regulated service provider and infrastructure operator, elements of our transition plan are outside of our control. Our ability and approach to net zero is ultimately determined by national policy frameworks and legislative duties, such as the new Environment Act and economic regulation. Between them, these drive both the emissions growth pressures we need to counteract and the level of investment we can allocate to emissions reductions. Our transition plan, therefore, also includes engagement activities with regulators and the Government to inform effective policy

that fully values GHG emissions to support sustainable development in the round.

## Demonstrating action

### ‘Reducing our environmental impacts through the delivery of transformational strategies and culture change’

Our action plan to achieve net zero by 2050 (in line with climate science and the UK Government targets) has three themes aligned to our company purpose and values:

We will:

### Reduce

what we can control today;

### Transform

our systems for tomorrow; and

### Balance

the unavoidable with integrity, to build a resilient, competitive organisation that contributes meaningfully to a sustainable future.

We have a roadmap of intended activities over short-, medium- and long-term horizons and have modelled four delivery scenarios for each workstream. These scenarios cover a business-as-usual position with no additional investment targeted at net zero, our planned investment profile, an accelerated plan investing sooner than the business plan, and a fast-tracked plan to achieve net zero.

We already use on-site generated renewable electricity and our next steps are to reduce the GHG intensity of the energy and materials used. To support further reductions, we are engaging with our value chain and partners to take advantage of emerging markets, promote sustainable practices and drive innovation to close technological gaps.

## How we respond to material themes: climate change

Our first priority is to reduce emissions. We recognise that those from the biological treatment of wastewater cannot be fully eliminated so we are collaborating with others in the water sector to develop and promote more sustainable methods. To offset some of these residual emissions, we have programmes in place to remove and store carbon through peatland restoration and woodland creation. In the longer term, we may opt to purchase carbon credits to further offset residual emissions and achieve net zero.

### Beyond here and now

#### 'Innovating across processes, technology and culture'

Our strategy pillar of 'beyond here and now' reflects our intention to influence beyond our current emissions inventory and also beyond existing capabilities. We will go beyond emissions reductions and enable, encourage and reward interventions

that protect and enhance the natural environment, while promoting the value of wider ecosystem services. This will include challenging standards, promoting nature-based solutions, and the increased application of circular economy principles with industry peers, our supply chain, and other partners.

We work closely with others across the water sector through the Water UK carbon network and its subgroups, UKWIR's carbon big question, and on innovation projects. We co-chair the Water UK carbon network, and we have led working groups to develop and improve GHG emissions accounting, to ensure consistency in regulatory reporting and to understand and quantify the GHG emissions related to chemicals used.

Working with other water companies and academic partners, we are leading two Ofwat Innovation Fund projects.

'Metagenomics: Making Microbes Matter' will link microbial population data with wastewater treatment performance to better understand nitrous oxide emissions pathways and identify opportunities for emissions reduction.

'Next-Gen Digestion' will increase biogas generation while reducing volumes of residual biosolids (treated sludge).

We collaborate with our supply chain to innovate. We have trialled natural coagulants for phosphorus removal, we are quantifying the GHG benefits of alternative treatment technologies like FujiClean, and we are developing use cases for lower-carbon concrete such as LowCast.

An example of our evolving commercial practice is in our selection of AMP8 programme partners. All the tenders assessed suppliers' capability to manage and reduce GHG emissions and we favoured those with a robust and science-based approach.

## Action plan

### Reduce



**Tackling emissions at the source – rapid, cost-effective cuts in scopes 1 and 2**

The **Reduce** theme focuses on improving the way we use and generate electricity and accelerating the shift to low-carbon vehicles and fuels. Targeted energy-efficiency projects, increased on-site renewable generation, and the continued roll-out of electric vehicles and low-carbon fuels are delivering reliable, low-regret carbon reductions while potentially lowering operating costs and strengthening resilience.

Building on this progress, we are piloting next-generation technologies including digital tools that optimise energy use and emerging low-carbon fuels for heavy goods vehicles. These actions are delivering immediate benefits and establishing the foundations for deeper decarbonisation across our sites.

### Transform



**Redesigning systems for a low-carbon future, targeting hard-to-abate emissions**

The **Transform** theme focuses on reshaping how we design, build and operate our assets. We are investing in longer-term transformation of our assets and processes to address harder-to-abate emissions, particularly those associated with treatment processes and infrastructure projects.

We are improving our understanding of process emissions through enhanced monitoring, modelling and smart controls, enabling targeted interventions without compromising treatment performance. We are also embedding low-carbon principles into our capital delivery programme by integrating whole-life carbon assessments, low-carbon materials, and innovative design approaches across new infrastructure and major upgrades.

### Balance



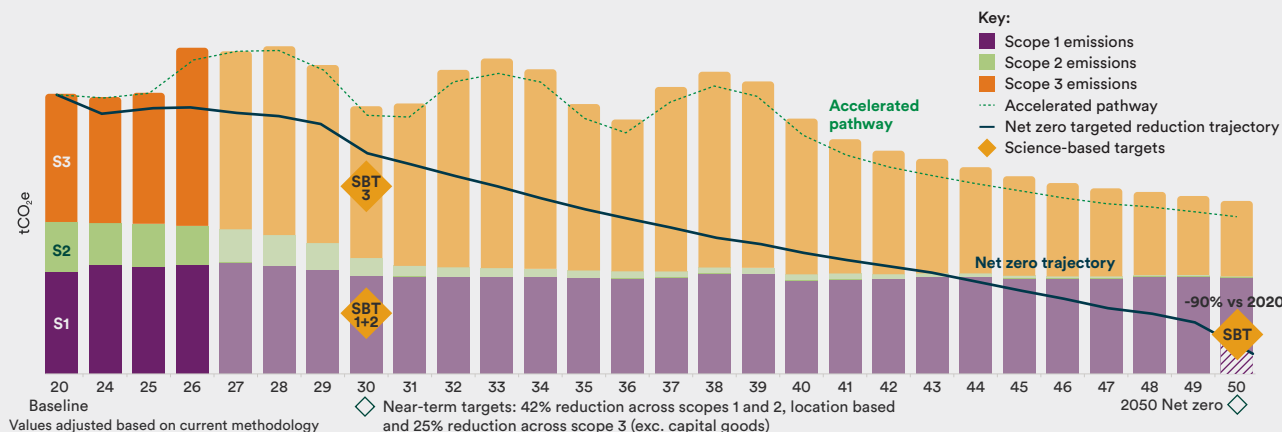
**Managing what is left with integrity, and partnering on what is beyond our control**

The **Balance** theme focuses on managing emissions that cannot be responsibly eliminated by leveraging high-quality carbon removal solutions. We will prioritise the use of verifiable removal schemes aligned with emerging UK standards. Where appropriate, we may also purchase credible carbon credits to further offset residual emissions and support the achievement of net zero.

In parallel, we are working closely with our supply chain to decarbonise our activities. This includes strengthening data sharing, promoting transparent reporting, and jointly innovating with suppliers to reduce embodied emissions across our value chain.

## Our route to net zero

As we move into the next phase of our net-zero journey, our ambition remains clear: achieving net zero by 2050. We expect continued growth in the services we provide to a rising population, alongside the need to adapt our assets for climate change, and meet evolving legal and regulatory requirements to protect the water environment. The figure below illustrates both our current pathway and an accelerated version of our plans. While the pathway to net zero is not yet fully defined, and there is no universal roadmap for a business of our scale and complexity, we recognise the challenge and are actively developing the technologies, partnerships and operational changes needed to close the gap.



### Short term

### Medium term up to 2035

### Long term to 2050 and beyond

#### Progress in 2025/26

Delivered nine projects through the energy efficiency programme, saving 0.9 GWh of electricity and avoiding 221 tCO<sub>2</sub>e pa

200 new electric vans added to our fleet, and installation of 68 EV charge points across our sites

1.16m litres of HVO deployed for use in generators and 32,625 MWh of biogas used in boilers

164 GWh of renewable electricity generated, 19% of electricity used

#### Plans to deliver proven interventions

Build on ESOS Phase 3 submission to develop our energy management capability supported by the recruitment of net zero engineers

Transition our van fleet from diesel to electric vehicles where practical and continue trialling electric HGVs

Increase use of renewable fuels like biogas and HVO in our equipment and fleet

Expand renewable energy use enabled by the recent development of a commercial framework for behind-the-meter renewable PPAs

#### Developing solutions for the future

Recovery of phosphorus, ammonia and cellulose to reduce the load on existing assets and support a circular economy

Digital tools to improve route optimisation and incentivise and encourage good driver behaviour to improve fuel usage

Low-carbon fuels for HGV fleet and equipment including electricity, biomethane and hydrogen, as viable options come to market

Maximise biogas yield from sludge through high-temp side-stream treatment, digesters in series and new AAD treatment hubs

### Reduce

Nitrous oxide monitoring project commenced, with mobilisation activities initiated across ten of the planned eighteen sites representing 34% coverage

LowCast (cement free pre-cast concrete) demonstration project for our better rivers programme delivered 64% carbon saving vs. standard design

Delivered a cloud platform for sharing carbon project-level data (MOATA) – providing the tools to measure, monitor and reduce emissions for capital programmes

Liquid and gas-phase nitrous oxide monitoring and mitigation, enhanced leak detection for methane; low-nitrous oxide and low-methane wastewater and sludge treatment technologies such as MBBR and AAD

Deliver carbon benefits through Project Blueprint by expanding the catalogue of carbon-assessed standardised products

Embed whole-life carbon decision-making in capital delivery projects and programmes

Advance lower-carbon operations through predictive modelling and next-generation monitoring technologies; enable selection of specific microbes to improve N<sub>2</sub>O emissions through microbial infrastructure mapping

Deploy low-carbon materials and emerging construction techniques, such as cement alternatives and 3D concrete printing

Expand nature-based treatment solutions such as swales, reed beds and SuDS to transition away from high-carbon engineered systems

### Transform

1,245 hectares of peatland restored and 142 hectares of woodland created in the past 12 months

Completed an award-winning LOOP demonstration project – complete carbon capture for the water industry and fully sustainable hydrogen production

Initiated structured carbon engagement with key suppliers that account for 34% of our scope 3 emissions from goods and services

Installed nine additional FujiClean systems – compact biological treatment providing chemical-free phosphate removal

Maximise the value of our land for biodiversity and carbon through peatland restoration and woodland creation

Increase production of grid-quality biomethane from biogas to displace fossil natural gas and decarbonise the UK grid

Extend partner and supply chain engagement to drive low-carbon solutions

Reduce the embodied carbon of our chemical use by optimising dosing and transitioning to greener alternatives

Harness waste heat from the sewer network as a new source of low-carbon energy

Upscale engineered carbon capture and storage (i.e. hydrogen and graphene from biogas)

Introduce commercial frameworks that incentivise suppliers to innovate and reduce embodied and operational carbon

Extraction of biopolymers from sludge for use as coagulants in the water sector and AI automation for polymer dosing

### Balance

# How we respond to material themes: climate change

## Governance

### TCFD disclosures

- a. The board and its committees, in particular the ESG committee, consider climate-related matters when reviewing and guiding strategy, approving the business plan and annual budgets and overseeing environmental performance, including science-based targets, our transition plan and adaptation progress.
- b. Managing climate-related risks and opportunities is fully integrated in the responsibilities of multiple principal management committees, including the ESG leadership group, climate change mitigation steering group and risk boards.

### Board oversight

Climate-related matters are integrated throughout board and committee activities as climate and the natural environment are central to our purpose of providing great water for a stronger, greener and healthier North West. The board has overall responsibility for ensuring climate risks are reflected in policies, strategies and plans. Certain responsibilities such as remuneration and incentives are delegated to board committees to allow deeper scrutiny.

The chart below illustrates how the board and its committees ensure climate-related issues are considered when reviewing and guiding strategy and its implementation. Actions include setting annual budgets and monitoring implementation and

performance of our business plans, including our net zero transition plan (see pages 29 to 31).

The ESG committee, supported by the ESG leadership group, oversees all environmental, social and governance matters. Areas of focus this year included how to ensure a responsible and resilient value chain considering the increased scale of the capital programme, impact of the changing political and meteorological climates on ESG matters and company water use. The committee was also provided oversight on the company's progress against its updated Science Based Targets and the refreshed net zero transition plan.

The audit committee considers climate as part of its oversight of internal controls and risk management, including through oversight of reporting, audit and assurance, twice-yearly integrated risk reviews, and periodic climate-related risk reviews.

The remuneration committee continues to incentivise carbon performance primarily through the long-term performance measures.

The financial statements also describe how climate change affects group assets and liabilities (see within the accounting policy notes to the financial statements on page 198).

### Management role

Given the links between weather, ecosystem health and water services, climate change poses both strategic and operational challenges. The CEO holds the highest management level responsibility for climate matters and connects the board with the executive team. The executive team, through various groups and committees,

manages all climate-related dependencies, impacts, risks, and opportunities, ensuring appropriate financial resources and skills are in place to deliver our business plans. Its key responsibility is to balance competing operational and strategic priorities related to compliance, commitments and costs.

The CEO and executive team meet to discuss day-to-day matters and separately to consider strategic issues. Monthly reports, collated by the management team, update the board on operational and financial performance, with board direction cascaded back to the management team or via a relevant management committee.

This year, a water-demand function was introduced into the organisation with the purpose of developing a company water-use strategy to understand usage and improve water, energy and carbon efficiency across our sites.

A process that demonstrates the management's key role in assessing and managing climate-related risks is the twice-yearly integrated risk review (IRR). Coordination of this process is the responsibility of the corporate risk team, overseen by the group audit and risk board, which, in turn, reports to the audit committee. The IRR considers all the risks in the corporate risks profile, including those sensitive to climate change (see page 34), updates individual risks where necessary and presents a view of the latest position in board reports.

► Read more about our committees, including their ESG skills, on page 108 and 117



**Key:** ↓ Oversight and challenge    ↑ Inform and implement  
 Board   
 Board committee   
 Management committee   
 Examples of climate-related governance mechanisms

# Risk management

## TCFD disclosures

- a. We have two processes to identify and assess the additional threats and variability from climate change.
- b. We manage both physical and transitional climate-related risks in our corporate business risk profile. Five of our ten most significant operational risks are sensitive to climate change (see page 34).
- c. Climate-related risk management is fully integrated in our overall risk management system. Climate change adaptation and mitigation are material themes (see page 25) and extreme weather/climate change is noted as a common causal theme of event-based risks.

## Risk identification

We have a robust framework for the identification, assessment and mitigation of risks that threaten the strategic priorities that underpin our purpose and this is described on page 34. As our services are closely linked to the natural environment, climate change is both a direct cause of risk to the business and a compounding factor to other risks with other causes. To acknowledge this, we have two processes to identify and assess the risks of climate change. One is a process to assess the climate sensitivity of business risks and the other identifies direct climate-related risks.

Both processes use a range of tools – including PESTLE analysis, specialist climate models and structured risk reviews – to identify and evaluate physical risks affecting our assets, operations and resources, and transition risks arising from evolving low-carbon policies, regulations and legislation. The most recent assessments used the latest available climate change projections from the Met Office CP18 and evaluated for two scenarios:

- **Benign scenario:** RCP 2.6, representing ~1.6°C global warming by 2081 to 2100.

- **Adverse scenario:** RCP 8.5, representing ~4.3°C global warming over the same timeframe.

## Climate sensitivity of business risks

Since recognising climate change as a material issue in 2020, we periodically conduct special reviews of our complete business risk profile to understand how climate change and the transition to a low-carbon economy might influence the frequency or severity of risk events.

This work gauges each risk’s sensitivity to climate change by quantifying the potential change in likelihood and impact for a time horizon. For example, a weather event that currently occurs once every five years but climate projections predict by 2050 will happen twice every five years. The outputs were translated into financial exposure values (£) and non-financial risk categories. These were assessed over a 40-year horizon to capture the likelihood of repeat events and interdependencies with demographic and environmental change. A summary was presented to the board in February 2025 and is shown on page 34.

## Risks directly related to climate change

For our 2024 adaptation progress report, we identified and analysed 68 risks of climate change. These were grouped by six causal factors: extreme events, hotter, drier summers, changes in seasonality, rising sea levels, cold waves and frost, and transition risks. These risks are summarised on page 26 and collectively represent our resilience to the physical impacts of climate change and the transition to a low-emission economy. More detail, including county-level impacts of each risk, is provided in appendix E of the adaptation progress report.

## Managing climate-related risks

Our special reports on climate risk and the adaptation reporting have strengthened the visibility of climate change within our risk processes. The board uses this insight to determine risk appetite and tolerance, applying our group governance, controls and materiality thresholds.

Given the uncertainty around climate change, population growth, technology and societal change, we continue to mature our long-term and adaptive planning capability. By modelling the causes and consequences and quantifying cost, compliance and commitment impacts, we can proactively adapt our strategies to protect performance across areas such as water supply, leakage, sewer flooding and pollution. Our plans for water resources, wastewater and drainage and long-term delivery are the result of testing service resilience against a wide range of plausible and extreme future climates, alongside alternative demand scenarios defined by different demographics, economic trends and patterns of water use.

By understanding likelihood, impact and interdependencies, we have been able to prioritise risks and target interventions that improve climate resilience while maintaining affordability.

## Integration into the risk management framework

Our processes for identifying, assessing and managing climate-related risks are fully embedded in our enterprise risk management framework. Climate resilience, climate adaptation, and net-zero transition are material themes, and climate risks inform financial planning across all time horizons, including valuation approaches for long-lived assets such as property, plant and equipment.

Extreme weather/climate change is recognised as one of the seven common causal themes for event-based risks. Four of our twelve principal risks are materially impacted by climate change, and we also monitor a dedicated corporate risk for potential failure to meet carbon commitments.

Through the ongoing refinement of our understanding of climate uncertainty, we continue to build resilience across our corporate, operational and financial structures. Our adaptive long-term planning approach, combined with our value framework, helps us balance environmental, social and financial outcomes. This includes choosing lower-carbon, nature-based solutions, such as green infrastructure for rainwater management, in place of traditional, engineered assets where appropriate.

## Company processes to identify and assess risks related to climate change

Identification and assessment process	Number of risks and categorisation	Quantification of each risk	Horizon and climate scenario combinations
Climate sensitivity of event-based business risks	8 Climate sensitive 20 Moderately sensitive 81 Not sensitive 109 Business risks	Financial impact: Cumulative £m impact over 40-year period Non-financial: Stakeholder perception on a scale of 1 to 8 Likelihood of event: Expressed as a percentage 0 to 100%	Short term: Current Medium term 2050: Benign Medium term 2050: Adverse
Climate change risks by causal factor	20 Extreme events 19 Hotter, drier summers 14 Changes in seasonality 6 Rising sea levels 6 Cold waves and frost 3 Transition risks 68 Climate change risks	Risk score for each climate change risk for each county 	Short term: Current Medium 2050: Benign Long term 2100: Benign Long term 2100: Adverse

## How we respond to material themes: climate change

### Business risks categorised as 'sensitive' to climate change

\*Five are in the top ten operational business risks.

Business risk	Description of climate sensitivity	2026 risk assessment			Change by 2050 <sup>(3)</sup>	
		Likelihood %	Financial impact £m <sup>(1)</sup>	Non-financial impact <sup>(2)</sup>	Benign scenario RCP 2.6	Adverse scenario RCP 8.5
Failure of gravity and conventional sewers*	Intense storms can overload the sewers and lead to severe flooding. Climate change will increase the frequency and intensity of storms, and urbanisation makes this worse due to quick runoff from hard surfaces.			4 Medium	↑↑	↑↑↑
Recycling of biosolids*	Water logging resulting from more persistent rainfall will limit options for recycling biosolids to land for a greater part of the year. Uncovered sludge stores and stockpiles will be more vulnerable in persistent wet, winter weather, increasing the risk of environmental pollution from runoff.			5 High	↑↑	↑↑↑
Water availability*	Changing seasonal rainfall patterns impact water availability, and warmer temperatures intensify supply challenges in dry periods because of evapo-transpiration.			5 High	↑↑	↑↑↑
Failure to treat wastewater*	Extremely heavy rainfall, which is projected to happen more often, can exceed our wastewater treatment works capacity and result in activations of overflows to prevent flooding of assets, streets and homes.			4 Medium	↑↑	↑↑↑
Combined sewer overflows*	Increased rainfall, together with our significantly higher proportion of combined sewers, is highly likely to exceed the capacity of the combined sewers and lead to storm overflow activations.			5 High	↑↑	↑↑↑
Pumping stations and rising mains	More frequent and intense storms will increase the likelihood and impact of failures of pumped wastewater systems leading to sewage discharge into the environment or foul flooding.			4 Medium	↑↑	↑↑
Land management	Deterioration in land quality due to climate change has both direct and indirect impacts. Hotter, drier summers lead to fire, flood, subsidence and landslip events, which, in turn, have associated health, safety and environmental impacts.			3 Medium	↑↑	↑↑↑
Failure of above ground water and wastewater assets (flooding)	Operational sites can be flooded from sea, river or surface water sources. Climate change is expected to increase the likelihood of flooding due to average winter rainfall being projected to rise, frequent storm events and rising sea levels.			5 High	↑↑	↑↑↑

<sup>(1)</sup> Financial impact is estimated for a 40-year period (2026 to 2066) and the valuation includes impacts on income, capex, opex, interest, tax, penalties, and fines and incorporates inflation. The financial impact of the climate-sensitive risks above ranges between £10 million and £550 million.

<sup>(2)</sup> Non-financial impact to stakeholder perception on scale of 1 to 8. Stakeholders include customers, regulators, investors, politicians and the media.

<sup>(3)</sup> Approximate scale of change in risk by 2050 in this climate change scenario. Climate sensitive risks at least double in their likelihood and/or impact.

### Moderate climate sensitive risks

Business risk	Description of climate sensitivity
Carbon commitments	Additional obligations to meet climate-related policies, regulation and legislation.
Customer experience	Climate change will increase frequency of events and incidents when customers suffer an actual or perceived poor experience.
Pollution from wastewater assets*	More events that exceed hydraulic capacity or strain assets will lead to more frequent pollution incidents.
Water efficiency	Hotter, drier summers will increase use of water due to changes in customer behaviour.
Power loss	Greater variation in temperatures and precipitation will cause stresses and strains to the power infrastructure, leading to more asset failures.
Water production capacity	Hotter, drier summers will increase the likelihood of being unable to meet the required water production capacity.
Contamination of raw water sources	More frequent events and incidents that impact raw water sources such as flooding, landslides, algal bloom, and faecal and pesticide runoff.
Brand management	Increased frequency of events and incidents that impact operational performance.

#### Key:

Chronic physical risk  
Changing trends in weather patterns, such as temperatures, sea level and rainfall

Acute physical risk  
Severe weather events, such as storms, heat waves and floods

Transitional risk  
Associated with move to lower-carbon economy

# Metrics and targets

## TCFD disclosures

- a. We track both physical and transitional metrics to assess climate-related risk and opportunities with metrics associated with rainfall being the most critical to our operations.
- b. We disclose our GHG emissions and underlying energy use for 2025/26 in our energy and carbon report on pages 72 to 73.
- c. Our main climate-related targets are our near-term and long-term science-based targets. Other environmental measures can be found on page 67.

## Metrics to monitor climate risks

We track both physical and transitional metrics to assess climate-related risks and opportunities. We also monitor our environmental key performance indicators (KPIs) to build understanding of our resilience to climate change and use carbon pricing to monetise risk assessments and in business cases.

### Physical metrics

Weather data is the most critical input to our operational planning, as temperatures and rainfall volume, intensity and location directly influence our water resources, wastewater and bioresources functions. Consequently, we analyse recent and historic weather patterns to continually improve our understanding of how different

patterns can affect demand and our ability to deliver our services. This insight is combined with Met Office short-term forecasts and climate projections to feed into both immediate and longer-term adaptive planning.

Peak rainfall is a key long-standing physical metric, and climate-change-driven fluctuations to this will cause material impact to our organisation. For Manchester city centre, the one-in-100 year, 24-hour summer rainfall level has already increased from around 93mm in the 1960s to more than 94mm today. By 2100, this is projected to rise further to between 96mm (benign scenario RCP 2.6, <2°C) and 112mm (adverse scenario RCP 8.5, 4°C). These trends highlight the need to accelerate surface water management initiatives to reduce the risk of sewer flooding driven by increasing hydraulic pressures.

### Transitional metrics

Transitional risks arise when actions intended to protect or restore nature and transition to a lower-carbon economy have financial implications. These risks are influenced by changes in policy, regulation, legal precedent, technology and investor expectations. In line with TCFD guidance, we monitor developments across policy and legal, technology, markets and reputation.

Transitional metrics meaningful to United Utilities typically relate to the availability and cost of emissions reduction technologies and of low-emission fuel and energy. We track fossil fuel and low-carbon energy price trends, the maturity of the alternative fuel vehicle market, the share of UK electricity generated from renewable sources and the prices of energy attribute certificates (EAC) like REGOs. As the UK renewable generation increases, the price for EACs tends to decrease but the risks of power issues due to an unstable grid increase.

## Environmental KPIs

Management of our climate-related risks is embedded throughout our processes by putting in place controls, such as those described in the 2024 adaptation progress report. The effectiveness of these controls is seen in our operational performance metrics such as those on page 67, so some environmental measures are also recognised as climate-related metrics. These include leakage reduction, per capita consumption, water service supply and resilience and counts of flooding incidents, storm overflow activations and sewer collapses.

## Internal carbon pricing

Carbon prices can be a useful tool to assign a monetary value to GHG emissions. We use pricing in a variety of ways for different purposes. We apply a shadow price, £ per tonne carbon dioxide equivalent (tCO<sub>2</sub>e) from UK Government 'Carbon Values for Policy Appraisal' for the relevant year in risk assessments to quantify the total financial impact of failing to meet our carbon commitments, and the potential penalties associated with regulatory performance commitments.

We also apply carbon pricing to assess financial implications of operational and investment decisions. For example, EAC prices serve as an implicit cost of reducing market-based scope 2 emissions. We have used shadow pricing to evaluate business cases for reducing operational emissions by switching to lower-emission fuels, such as HVO, and for designing out construction-related emissions through deployment of no dig techniques, LowCast cement-free concrete in pipes, and air pigging – a sustainable, non-destructive pipeline cleaning method and a world first when deployed in the Vyrnwy Aqueduct Modernisation Programme.

Validated GHG emissions targets	Near-term targets 2030	Long-term targets 2050	
Scopes 1 and 2 Location-based	<b>42%</b> Reduction in absolute GHG emissions from base year of 2020	<b>90%</b> Reduction in absolute GHG emissions from base year of 2020	
Scope 3	<b>25%</b> Reduction in absolute GHG emissions (excluding category 2) from base year of 2020	<b>90%</b> Reduction in absolute GHG emissions from base year of 2020	

SCIENCE  
BASED  
TARGETS

THE NET  
ZERO  
STANDARD

APPROVED NET-ZERO TARGETS

Neutralise any residual emissions to achieve  
**NET ZERO**  
across the value chain

## How we respond to material themes: climate change

### Performance measures and targets

#### Science-based emissions targets

Our ambition and commitments are based on international guidance and climate science. Our near-term science-based targets were verified by the Science Based Targets initiative (SBTi) in July 2021 and our long-term and net-zero targets against the SBTi Net Zero Standard in 2024.

SBTi mandates a target review, at minimum, every five years to ensure consistency with the latest criteria. With this in mind, and having met two of the four near-term targets, we have recently reviewed with the SBTi Net Zero Standard v1.3. The refreshed targets, which you can see on the previous page, were successfully revalidated, and now align with our business plan and use the same location-based scope 2 accounting approach as the new regulatory operational GHG emissions performance commitments.

#### New regulatory targets

Ofwat has introduced two common performance commitments related to operational GHG emissions for water activities and wastewater activities. These measures include scope 1 and 2 emissions in their entirety plus some scope

3 emissions. They are calculated using an Ofwat-defined methodology that is different to annual emission reporting. Depending on annual performance, each performance commitment may result in a penalty or reward of £188 per tCO<sub>2</sub>e.

United Utilities also has a bespoke performance commitment designed to incentivise reduction of embodied GHG emissions resulting from a subset of our AMP8 WINEP wastewater treatment, non-infrastructure programme. Reducing emissions from these 57 projects by more than 5% from the baseline will result in a reward of £188 for each tCO<sub>2</sub>e but increasing will incur a penalty of £94 per tCO<sub>2</sub>e.

The carbon prices used for the common and bespoke performance commitments are from the UK Government carbon values 'for use in policy appraisal' and are set at 70% and 35% of the 2027 central scenarios.

#### Performance and remuneration

Part of being a responsible business and delivering our purpose involves making sure our executive directors and colleagues are remunerated in line with our performance against sustainability metrics rather than purely financial.

Annual bonuses for all colleagues are linked to the company scorecard (see pages 150 and 151) and up to half is based on performance in measures linked to reducing pollution, spills, or other aspects of environmental performance, which are often impacted by weather and climate.

Since 2022, the long-term incentive plans (LTP) for senior leaders and executive directors have included a carbon measure that contributes to the delivery of our net zero transition plan worth 10%. The remuneration committee oversees the setting and vesting of LTPs and, as each one covers three years, three are active at any one time. The targets currently in place are:

- LTP 2023 percentage of energy used from low-carbon sources in year 2025/26
- LTP 2024 reduction of fuel-related GHG emissions measures in year 2026/27
- LTP 2025 percentage of energy used from low-carbon sources in year 2027/28

► For this year's greenhouse gas emissions inventory, see our [energy and carbon report](#) on pages 72 to 74

# Task Force on Nature-related Financial Disclosures (TNFD)

Becoming an early adopter of the TNFD improved our ability to assess how nature-related risks could affect water quality, supply resilience and long-term planning, including future investment and financial impacts. Below is a summary of the six general requirements.

### Application of materiality

Page 25 sets out our materiality assessment for disclosures, which includes nature- and climate-related themes. The materiality of nature-related matters reflects the impact on the environment through direct operations and activities across the value chain.

### Scope of disclosures

Our disclosure covers activities and assets, impacted and dependent on by our direct operations, upstream value chain (e.g. materials and construction), and downstream value chain (e.g. water use and customer behaviour).

### Location of nature-related issues

Our direct operations impact and depend on the type and condition of land across the North West, including, but not limited to, more than 56,000 hectares of land that we own.

### Integration with other sustainability-related disclosures

Our annual report has included climate-related financial disclosures (TCFD) since 2020, and nature-related financial disclosures (TNFD) since 2022. We report on nature loss in the World Economic Forum (WEF) risk index. Nature- and water-related matters are also reported on in our annual CDP response.

### Time horizons considered

As set out on page 13, we plan over short-, medium- and long-term horizons:

**Short term** – up to one year

**Medium term** – up to 2035

**Long term** – beyond 2035, typically 25 to 75 years

### Engagement of stakeholders on nature-related issues

We engage with customers to inform our decisions, with environmental issues at the heart of our business planning research. Our five counties model has a key focus on stakeholder management, to strengthen relationships with local community groups. We also rely on our partnerships to deliver multiple benefits, for us, nature and the rest of society.

# Nature pledges

We are strengthening our environmental ambition by evolving our earlier carbon pledges and better rivers pledges to adopt a broader, more integrated set of nature pledges.

This evolution reflects a growing understanding that climate, water quality, biodiversity, and community wellbeing are interconnected. By taking a whole-ecosystem approach, we can deliver greater environmental resilience, support national policy goals, and contribute meaningfully to nature recovery.

## Peatland restoration

**7,000 hectares of peatland will be under restoration by 2030.**

We will continue to extend our activities restoring peatland habitats across the North West, building on the 3,000 hectares delivered since 2020 to deliver an additional 4,000 hectares by 2030.

## Woodland creation

**We will plant one million trees by 2030 to create 550 hectares of woodland.**

Continuing work towards our 2020 carbon pledge, we will deliver a programme of both woodland creation and improvement projects valuing actions that have broad sustainability merit enhancing biodiversity as well as climate resilience and mitigation.

# Nature pledges

## Protecting rivers

**We will protect and enhance 1,800 kilometres of river by 2030.**

Having delivered more than 1,400 kilometres of river enhancement work since 2020, we pledge to protect and enhance a further 400 kilometres by 2030 as we deliver investments to improve our infrastructure and reduce spills.

## Nature recovery

**By 2030, we will exceed the UK Government target and manage at least 30% of our land for nature.**

Our pledge supports the UK goal to protect at least 30% of land and sea for biodiversity by 2030. We will deliver biodiversity net gain across our capital projects and landscape-recovery schemes, creating wildlife-rich places that restore, enhance, and connect habitats across the North West.

As one of the country's largest landowners, it is vital that we understand the role we play in driving nature recovery and demonstrate leadership in protecting and enhancing the natural environment. Our pledges align closely with national and global frameworks, including the Global Biodiversity Framework (GBF), the UN Sustainable Development Goals (SDGs), and UK Environment Improvement Plan (EIP). By restoring ecosystems, reducing pollution and supporting Local Nature Recovery Strategies, we are contributing directly to the UK's long-term environmental targets.



► Read more on how our impacts and dependencies link to SDGs on pages 14 to 15

## How we respond to material themes



# Nature

### Strategic priorities related to nature

-  Improve our rivers
-  Create a greener future

### Material themes related to nature

- 5 Environmental river water quality and storm overflows
- 11 Water resources and leakage
- 18 Natural capital and biodiversity

## Strategy

### TNFD disclosures

- a. We have identified our most material nature-related matters. Our strategies are built to consider nature over the short, medium and long term.
- b. Nature-related dependencies, impacts, risks and opportunities are considered when developing our strategic plans and inform our investment decisions.
- c. Our long-term adaptive plans support investment in the resilience of the ecosystems we impact and depend on.
- d. Our direct operations, upstream (first tier) and downstream value chains are within the UK.

### Identifying our nature-related dependencies, impacts, risks and opportunities

Protecting and enhancing the natural environment is at the heart of our purpose and strategy. Providing great water for a greener North West means we aim to protect and enhance the natural environment and adapt to the challenges of climate change, allowing people, wildlife and nature to thrive. Our strategic priorities to 'create a greener future' and 'improve our rivers' drive us to go above and beyond our regulatory requirements to maximise value for the environment. We aim to protect and enhance the natural environment by investing in our assets, driving performance improvements, investing in nature-based solutions, and adopting best practice in asset management.

Our environmental policy is underpinned by a framework of strategies and long-term plans in response to nature-related risks

and opportunities. We are highly dependent on nature, with potential for material positive and negative impacts. We manage nature-related impacts and dependencies by creating long-term adaptive plans that support investment in the resilience of the ecosystems we depend on. Through adaptive planning, horizon scanning

and natural capital accounting, we have identified the most material nature-related impacts and dependencies in our direct operations, upstream and downstream from our value chains. The table below shows the impacts and dependencies we have identified.

Biome	We depend/rely on it:	We can impact on it:
Freshwater	<ul style="list-style-type: none"> <li>• to source clean water from reservoirs, rivers, and boreholes, from which abstraction licences permit us to take water to be treated and supplied to customers; and</li> <li>• to receive cleaned wastewater back into the environment.</li> </ul>	<ul style="list-style-type: none"> <li>• by improving the condition of rivers and water bodies;</li> <li>• through our abstractions, final effluent quality, overflows, pollution incidents, and asset failure; and</li> <li>• by cleaning our waterways through our River Rangers and volunteer activities.</li> </ul>
Land	<ul style="list-style-type: none"> <li>• to store and clean sources of water;</li> <li>• to recycle biosolids, to host engineered or nature-based interventions, and to attenuate water flows; and</li> <li>• to provide resources, such as chemicals, cement, metals and energy.</li> </ul>	<ul style="list-style-type: none"> <li>• by improving the condition of the land we are stewards of, including improving habitat health and biodiversity;</li> <li>• by storing greenhouse gases (GHGs) in our land, e.g. soils, peatland, and woodland; and</li> <li>• by altering land drainage and hydrology through our infrastructure, which can change soil conditions and affect groundwater levels.</li> </ul>
Atmosphere	<ul style="list-style-type: none"> <li>• to provide a healthy and safe work environment;</li> <li>• for temperature regulation; and</li> <li>• to reduce our fossil fuel consumption through wind power.</li> </ul>	<ul style="list-style-type: none"> <li>• by restoring habitats that sequester carbon, such as peatland and woodland; and</li> <li>• by releasing GHG emissions, and other atmospheric pollutants, thereby contributing to climate change and impacting the health of people and nature.</li> </ul>

### Integrating nature in our business planning activities

#### Natural capital accounting

Understanding the socioeconomic benefits nature provides is a valuable tool for our strategic planning and informs our long-term investment decisions. We have embedded a value-based decision-making approach and incorporate environmental metrics throughout our direct operations and value

chains. To inform this process, we use natural capital accounting to understand the extent and condition of our natural assets.

Over 83% of our land is within water catchment areas and over half of our land is under a form of statutory designation. We have a responsibility as stewards to make investment decisions based on the benefits and impacts our operations have on nature and the value we can create for customers, society and the environment.

In our latest natural capital account (2024/25), the ecosystem services modelled were valued at over £5.9 billion in total; this is a combined benefit for us, our tenants, and wider society over 60 years. The findings from our natural capital account highlight the importance of understanding our relationship with nature and the benefits we all use, such as carbon reduction, climate regulation, and cultural services. We own and maintain over 56,000 hectares of land. Most of this is open to the public, providing significant benefit to communities by providing natural open spaces for access, recreation, and tourism. Our natural capital account valued access and recreational benefits for society at £109 million annually; this figure models the health benefits associated with exercise, access to open spaces, and contributing to the local economy.

### Biodiversity and invasive non-native species

All new developments in our capital programme requiring planning permission must deliver a 10% uplift on biodiversity. To achieve this, we are applying the biodiversity net gain hierarchy prioritising the delivery through the creation and buying of on-site and off-site units. We are also prioritising how we can conserve and enhance biodiversity across our business for inclusion in the AMP8 biodiversity performance commitment.

Invasive non-native species (INNS) are a major driver of biodiversity loss and pose significant risks to the provision of safe drinking water and the safe return of treated wastewater to the environment. To address these challenges, we have developed a comprehensive INNS strategy for 2030 and beyond, focused on strengthening detection, reporting, and targeted management across our landholdings. We maintain proactive biosecurity measures throughout our operations and continue to analyse pathways of spread to refine and enhance these protections.

Collaboration remains central to our approach: we work closely with other UK water companies, local action groups, and environmental NGOs to share knowledge, align on best practice, and embed robust, evidence-based biosecurity and INNS management into our wider land-management strategy.

### Integrated water management

The water sector in the UK is facing a complex and evolving set of challenges, from climate change and population growth to ageing infrastructure and changing customer expectations. To unlock sustainable growth for the UK, there is a need for more resilient approaches to managing water and it is increasingly clear that everyone has a part to play.

Integrated water management (IWM) goes beyond organisations that have clear water-management responsibilities and includes other sectors that also have a key

dependency on water. Working with the Environment Agency and Greater Manchester Combined Authority, we have pioneered IWM in Greater Manchester. Partners developed an integrated water management plan (IWMP) to manage all aspects of the Greater Manchester water cycle differently. This IWMP was developed, funded, adopted, and delivered by a collaborative team and governed by a trilateral board of directors.

We will continue to work with partners to drive IWM across the region, delivering and evolving as we go. We expect to see increasing focus on collaboration, partnership working, catchment scale nature-based solutions, and place-based business cases. As we've already seen in Greater Manchester, by working closely with the devolved administrations, we can bolster the business case for key initiatives that are important to the region.

### Estate management plans and priority locations

Land is a critical natural capital asset for our business, and we are transforming how we manage our estate. We are undertaking a thorough land optimisation process across our estate to plan the right use for each parcel of land we own. Through this process, we will develop estate management plans across all catchments, assessing risks and opportunities, and consider where it is appropriate for our land to be maintained for the benefit of nature. For 75% of our estate, we have completed our land optimisation process to produce estate-management plans. The remaining catchments will be completed in early 2027.

In parallel to our land optimisation work, we, alongside most major landowners in the UK, became members of Defra's 'National Estate for Nature' (NEN) group in 2025. NEN convened to support the delivery of the terrestrial Environment Act targets and related nature recovery objectives such as 30 by 30 (Defra's commitment to protecting 30% of the UK's land and sea by 2030) through action on members' own estates. As part of our commitment to NEN, we have assessed where we currently are against the draft key delivery actions published to members. These cover five land use types: wildlife-rich habitat, farmed land, commercial forestry, water, and urban. Our position against the delivery actions will be set out in our estate management plan.

### Transitioning to a nature-positive economy

The environment is a core consideration in our long-term planning and decision-making. We are committed to supporting the Global Biodiversity Framework target to 'reduce biodiversity loss and restore degraded ecosystems by 2030'. Our investment in nature includes our Water Industry National Environment Plan (WINEP), Site of Special Scientific Interest (SSSI) enhancement

schemes, nature-based solutions (NbS), woodland creation, and peatland restoration projects. This year, we have brought our carbon and better rivers pledges together into a single, integrated set of nature pledges. The challenges we face in climate, biodiversity, and water quality are interconnected and, through integrating our commitments, we can act more holistically, more efficiently, and with greater ambition.

► Find out more information about our nature pledges on page 37

Alongside our internal strategy development, we play an active role in helping to shape future UK policy and regulation on nature and biodiversity. In 2025, we became signatories to Nature-Positive Pathways (NPP) developed by Green Finance Institute (GFI) and World Wide Fund for Nature (WWF). Engaging with the NPP water utilities working group, we help drive practical, evidence-based solutions that will strengthen nature-positive action across the sector.

### Our BIG North West upgrade

Over the next five years, we are delivering our biggest investment in water and wastewater services, improving and safeguarding water supplies for customers as well as delivering environmental benefits. Examples of our investment in nature across the five counties include:

- **Cumbria** – circa £200 million investment to reduce spills across Windermere;
- **Greater Manchester** – circa £150 million investment to increase storm water capacity – helping to improve water quality in the River Irwell;
- **Lancashire** – circa £77 million upgrade at Burnley, helping improve water quality in the River Calder, which flows into the River Irwell;
- **Merseyside** – circa £50 million to enhance our works at Southport, playing a key role in enhancing water quality along the Sefton Coast; and
- **Cheshire** – circa £20 million upgrade at Congleton, improving the River Dane.

### Upstream value chain

We collaborate with our supply chain through our United Supply Chain approach, underpinned by our responsible sourcing principles (RSP) covering environmental, social and governance priorities. As a signatory to our RSP, suppliers commit to developing their own supply chain by sharing resources, training, and upskilling their colleagues, while working with United Utilities to assure this approach by identifying and mitigating risk.

As a leader against our RSP, suppliers commit to go further by demonstrating their commitment to the principles, collaborating with us in improving practice and identifying new ways of working to enhance the value delivered to customers. We embed our RSP within our procurement processes. We worked with our external

## How we respond to material themes: nature

partner Supply Chain Sustainability School to create pre-qualification and invitation to tender questions, specific to each principle. The questions are identified following a sustainability risk assessment, which is undertaken as part of the strategy development. We use this mechanism to mitigate and manage ESG-related risks within the procurement processes and post-contract award, building the principles into our supplier relationship activities.

We have identified that our tier one suppliers are primarily based in the UK. We are working towards understanding our full value chain and trace products to their

source location, where we can then evaluate the impacts and dependencies on the environment.

### Downstream value chain

Blockages in the wastewater network, from wet wipes and fats, oils and grease, cause sewer flooding and environmental harm. To address this, we run awareness campaigns highlighting the impact of flushing inappropriate items. Our 'Stop the Block!' campaign appears across radio, digital TV, social media, ITV weather sponsorship, and our fleet vehicles. In areas with high blockage

rates, we target hotspot campaigns to encourage behavioural change.

We encourage our customers to use water more efficiently. Our programme combines engagement, water-saving devices, audits, and multi-channel communications, supported by partnerships that extend our reach into local communities. In high-demand areas, we deliver interventions with tailored advice and community engagement. These measures lower consumption, reduce environmental pressure from abstraction and strengthen the resilience of water sources.

## Scenario analysis

We are dependent on nature's capability to regulate water; for example, slowing the natural flow of water, flood mitigation, and providing reliable and clean water for us to treat and supply to our customers. Scenario planning helps us prepare for the uncertainty of changes in the state of nature, and modelling future scenarios – demonstrating different levels of resilience – informs our long-term strategies and adaptive plans. The two scenarios we have chosen to assess are: a future where nature is depleted beyond acceptable levels, and a future where nature is restored and resilient to climate change. Here, we model the physical risks associated with ecosystem service degradation and the potential impact on our services.

### Degraded impermeable future

#### Scenario description

The destruction of nature caused by deforestation, land use change, urbanisation, and the over-exploitation of natural resources has led to landscapes with poor water regulating capacity. The environment is dry, arid and unable to cope with rain where it falls, causing fast-flowing water and flooding events. The inability of the land to retain water results in significant changes in water availability in the environment, increasing the likelihood of drought conditions.

#### Impact on our service

- Higher costs associated with sourcing and distributing potable water.
- Increased need to implement short-term solutions such as water rationing and emergency water imports from other regions.
- As a result of water shortages and disruptions, customers could become increasingly dissatisfied with the service we provide.
- Interruptions in water available for use (WAFU) can lead to financial penalties and increased regulatory scrutiny.
- Assets at risk, leading to service disruptions and increased costs.
- If the flood levels reach a certain depth, there is a risk of contamination of water assets, pollution events and access issues, posing a risk to public health and requiring extensive clean-up and treatment efforts.

#### Our response

Our Water Resources Management Plan 2024 (WRMP24) targets a one-in-500-year drought resilience by 2039, incorporating the impacts of climate change on water availability. We are also developing strategic water resource options and reducing abstractions from environmentally sensitive sites. The WRMP24 plans to meet all individual targets included in the Environmental Improvement Plan, including those relating to business demand.

Our Drainage and Wastewater Management Plan (DWMP) integrates risk assessments, infrastructure resilience, climate change adaptation, and emergency preparedness, to help create a more resilient and adaptive future capable of managing the challenges posed by flooding. Across both the water and wastewater sides of our business, we are investing in rainwater management at key sites. Nature can support our resilience to extreme weather, for example, by investing in upland restoration, or urban sustainable drainage.

### Resilient nature future

#### Scenario description

Nature is protected, restored and prospering as a result of nature-positive economic changes. Rivers are restored to their natural meandering state with leaky dams installed to help slow the flow of water downstream. Water catchments are healthy and spongy, slowing the flow of water through the landscape. Vegetation is diverse and tree planting initiatives have increased flood resilience across various habitats. Nature-based solutions such as SuDS are pervasive across urban and rural settings, delivering multiple benefits, including flood resilience and access to green space.

#### Impact on our service

- Effective water conservation methods.
- Consistent and reliable access to raw water sources, posing minimal environmental impact.
- Positive societal behavioural change towards water conservation and management.
- Increased resilience of our services, reducing costs associated with incident response.
- The improved water-regulating capability of landscapes helps keep rainwater where it lands, topping up ground water levels and avoiding overloading the North West's combined sewer systems, reducing the use of storm water overflows.

#### Our response

Since 2005, we have taken a sustainable catchment management-based approach to water-quality improvement, working in partnership with the Government, NGOs and other stakeholders with the aim of protecting and enhancing the water environment through managing the surrounding land. We are managing land across the North West strategically to improve raw water quality and tackle pollution at the source, improving the quality in lakes and rivers.

Our AMP8 investment programme adopts a wide range of approaches to improve our service while enhancing the resilience of the environment to climate change. We are delivering these improvements through a combination of grey and blue/green solutions, such as asset health improvement, nature-based solutions, nature restoration, catchment management, and sustainable drainage system approaches – working to manage rain where it falls, reducing the impact of increased rainfall, and reducing the likelihood of flooding.

## Governance

### TNFD disclosures

- Nature is embedded in our governance structure and regulatory commitments. Nature matters are overseen and challenged by the board and its committees.
- Interactions with nature, through our operations, is managed in multiple principal management committees across the business.
- We actively work with our supply chain through our responsible sourcing principles to encourage our suppliers to operate in a sustainable way.

### Oversight of nature-related dependencies, impacts, risks and opportunities

As with climate-related matters, our CEO holds overall accountability for nature-related matters, while the tracking, monitoring, and management of impacts and dependencies on nature are spread across our board and principal management committees.

Operational responsibilities are shared as follows:

- **Executive team** – oversees regulatory performance related to nature.
- **Political and regulatory group** – monitors existing and emerging legislation concerning nature.
- **ESG leadership group** – manages matters such as land use and biodiversity.

Nature-related matters are escalated to board level through the ESG committee, which considers and recommends the overarching approach to environmental, social, and governance issues. In doing so, the committee takes into account the company's ESG positioning, strategic objectives, associated costs and benefits, and relevant external factors. The committee oversees the development of ESG targets and key performance indicators to the board. The committee receives and reviews regular reports on progress towards achieving those targets.

### Assessing and managing nature-related issues

Natural capital and biodiversity matters are primarily managed by the ESG leadership group, with risks identified through natural capital accounting, climate adaptation planning, and our natural capital risk assessment process. Identified risks and opportunities are fed into our corporate risk register to be overseen and escalated as necessary by the executive team. Biodiversity and nature recovery are embedded in our strategic planning processes throughout the organisation. To support biodiversity enhancement and nature recovery across business functions, we have established a biodiversity governance structure that facilitates discussion, decision-making, and risk management. Our performance and progress in priority locations are shared monthly with the executive team.

We have a dedicated director to manage the end-to-end process of our better rivers programme to improve river water quality and reduce storm overflow operation. The better rivers programme is overseen by the executive team, with regular updates and challenge from the board and its committees.

### Local communities and stakeholder engagement

The decisions, development, and delivery of our business plan are scrutinised by an independent customer and stakeholder challenge group, YourVoice. The environmental and social capital subgroup meets periodically throughout the year to review our environmental proposals, outcomes and performance, ensuring that we are optimising the value of natural and social capital in our activities. A full history of the agenda and minutes can be found on the YourVoice website.

### Approach to human rights

Our CEO has overall responsibility for compliance with human rights and modern slavery laws and best practice, with oversight from the board. The political and regulatory group and the ESG leadership group both have human rights and modern slavery within their remit. Last year, we completed a number of site audits with modern slavery due diligence checks on our construction partner sites, as well as a number a management system reviews across our contractors. All roles identified as relevant must complete our modern slavery e-learning course, focusing on customer- and community-facing roles to raise awareness of potential modern slavery risks. In addition, colleagues in key roles are targeted for role-specific training.

- ▶ Our human rights policy and anti-slavery and human trafficking Statement is available on our website at [unitedutilities.com/corporate/responsibility/our-approach/human-rights](https://unitedutilities.com/corporate/responsibility/our-approach/human-rights)



## How we respond to material themes: nature

### Risk management

#### TNFD disclosures

- We use horizon scanning, natural capital accounting, and land management approaches to identify, assess, and prioritise nature-related risks and opportunities.
- We identify, assess and prioritise nature-related matters in our upstream and downstream value chain at site and corporate level using a range of controls.
- We manage and monitor identified matters in the near term through our business planning process and over the long term through our drainage and water resources management plans.
- Nature is fully integrated into our risk management process and informs the development of our short- and long-term strategic plans.

Risk and impact management focuses on identifying how our direct operations, upstream, and downstream value chains both depend on and influence the natural systems that support water and wastewater services. Nature-related matters are embedded in our internal control processes ensuring that impacts on biodiversity, water quality, and catchment resilience are assessed alongside operational and financial risks. This approach strengthens long-term planning by highlighting where nature loss could disrupt our service delivery and where nature-positive interventions can create operational, environmental, and community value.

There are five main drivers of nature change: climate change; land and freshwater use change; resource use and replenishment; pollution and pollution removal; and invasive non-native species. We consider these nature-related impact drivers in our most significant group risks. A list of our principal risks can be found on pages 58 to 61. Identified risks and opportunities are managed, prioritised and integrated into our overarching risk management framework through a range of preventative and responsive controls.

### Horizon scanning

Horizon scanning is a crucial strategic tool to proactively navigate the dynamic landscape of the UK water industry and its global context. This approach provides system-wide visibility, covering our direct operations and our upstream and downstream value chains. It enables us to proactively identify, understand, quantify, and respond to emerging trends, risks and opportunities that can impact on the sustainable and ethical operation of the business over the medium and long term.

### Direct operations

Short-term and medium-term physical risks, at specific locations across the North West, are captured on an ongoing basis through our internal asset management systems. Our long-term risks are captured and managed as part of our long-term planning activities, such as our Drainage and Wastewater Management Plan (DWMP) and Water Resources Management Plan (WRMP), which look over a 25-year time horizon and are reviewed every five years. Identified risks and opportunities are reported in the table on page 43.

We incorporate the drivers of nature change in our risk management process. For example, we have evaluated the risk of invasive non-native species across our operations and have developed a strategy to control and mitigate their presence. In this strategy, we have preventative controls in place, such as training and biosecurity protocols, and responsive controls such as direct management and removal at the source.

### Upstream value chain

We have reviewed the tier one suppliers within our upstream value chain areas, such as purchased goods and services, capital goods, construction, and energy. In each area, we assessed the top ten suppliers by spend and quantity, and on how they interact with nature on a broad scale. One of the most pertinent areas within the supply chain for the water industry is the supply of the chemicals used in the process of treating water and wastewater. We have a robust process to monitor the resilience of our chemicals supply and we regularly track the resilience of raw materials at each country of origin, through our chemical risk and resilience register. This process is updated daily, tracking specific risks at site level. We receive monthly input from the national chemical steering group, monitoring risks to UK chemicals availability. To mitigate impacts and improve the resilience of our supply, we aim that our supplies originate from multiple sustainable sources.

We will continue to review our full supply chain to identify specific dependencies and impacts relating to nature, and adapt our strategies to reduce our risks and impacts.



Through our United Supply Chain approach and responsible sourcing principles, we will continue to encourage our suppliers to identify their impacts on nature and demonstrate best practice in the management of the natural environment, preventing loss and moving towards net gain of biodiversity.

## Downstream value chain

Blockages in our wastewater network are identified as a key risk in our downstream value chain. Products that should not be flushed can build up in the pipes, and, when combined with fats, oils and grease, cause significant network blockages, potentially leading to sewer flooding and pollution in the environment. To avoid blockages, our

'Stop the Block!' campaign runs adverts on live TV, social media channels, our fleet vehicles, ITV weather sponsorship, and in the community via pop-up stands.

In addition to our educational campaigns, we actively engage in the development of standards and policy. We collaborated with the Water Research Centre (WRC) to help define what is 'Fine to Flush' for the accreditation scheme; this certification will help customers with their decisions when purchasing products and avoid putting 'unflushables' into our network. We will continue to engage in future research into new technologies and utilise innovations in the water sector.

## How nature-related risks are integrated into and inform our risk management processes

Once our material risks are identified, we evaluate and prioritise our operational and strategic dependencies and impacts over short-term (one year), medium-term (up to 2035), and long-term (beyond 2035) time horizons. The identification, analysis and management of risk is integrated in our overall risk framework and often gives rise to opportunities that will positively affect our performance. All upside and downside risks are monitored through our business risk management processes, as outlined on pages 54 to 63.

Biome	Material risks	Risk key: <b>A</b> Physical Acute <b>C</b> Physical Chronic <b>T</b> Transitional
<b>Physical risk</b>		
Freshwater	<ul style="list-style-type: none"> <li><b>A</b> • Lack of ecosystem resilience, leading to damage to assets and infrastructure from adverse climate-related events.</li> <li><b>C</b> • Reduced raw water quality, leading to increased treatment burden.</li> <li>• Runoff from agriculture, leading to increased difficulty of meeting river water quality targets.</li> <li>• Reduced raw water availability, leading to more frequent drought risk.</li> </ul>	
Land	<ul style="list-style-type: none"> <li><b>A</b> • Fire events in the catchment, leading to catastrophic impact on peatlands and water quality.</li> <li>• Reduced natural flood management, leading to more engineered interventions or more instances of flooding.</li> <li>• Increase in invasive non-native species, leading to reduced ecosystem resilience and impact on water treatment and flood management.</li> <li><b>C</b> • Peatland erosion increases dissolved organic carbon, raising treatment costs and chemical treatment demand.</li> <li>• Landscape change, leading to reduced ecosystem resilience and impact on water treatment and flood management.</li> <li>• Increased risk of landslides, leading to disruption at our operational sites.</li> <li>• Biodiversity loss and nature degradation.</li> </ul>	
Atmosphere	<ul style="list-style-type: none"> <li><b>C</b> • Altered rainfall patterns, leading to droughts or intense rainfall events. Increasing pressures on raw water sources.</li> <li>• Reduced air quality ecosystem regulation, leading to worse impacts on customers, colleagues and society from our operations.</li> <li>• Reduced wind ecosystem regulation, leading to physical impacts at our sites or infrastructure.</li> <li>• Higher climate temperatures, increasing reservoir evaporation and algal blooms.</li> </ul>	
<b>Transitional risk <b>T</b></b>		
<ul style="list-style-type: none"> <li>• Increasing pace of change towards a nature-positive economy, leading to difficulty in attracting finance.</li> <li>• Evolving expectations and requirements on reporting, leading to additional resources needed.</li> <li>• Existing technology not fit for requirements or outpaces natural replacement rates, leading to additional investment requirements.</li> <li>• Stricter discharge and water quality standards, increasing compliance costs and accelerate the need for investment in treatment and nature-based solutions.</li> <li>• Changes in statutory compliance, leading to additional requirements such as biodiversity net gain.</li> <li>• Climate-nature integration in planning (PR24, WRMP24), demonstrating how we will protect ecosystems while maintaining supply resilience.</li> </ul>		
<b>Material opportunities</b>		
Sustainable and efficient use of resources	<ul style="list-style-type: none"> <li>• Adoption of nature-based solutions such as sustainable drainage systems (SuDS), catchment interventions, and natural flood management.</li> <li>• Application of circular economy principles to design out waste, circulate products and materials, and regenerate nature.</li> <li>• Investment prioritisation through a value-based approach, which maximises value to customers, society and the environment at an efficient cost.</li> <li>• Transition to processes with lower negative impacts on nature and/or increased positive impacts on nature, including reducing resource extraction.</li> </ul>	
Markets	<ul style="list-style-type: none"> <li>• Delivery of broader impacts through partnership working and collaborative approaches, such as the Integrated Water Management Plan in Greater Manchester.</li> <li>• Access to new and emerging markets, such as renewable and carbon/biodiversity markets.</li> </ul>	
Capital flow and financing	<ul style="list-style-type: none"> <li>• Access to nature-related green and sustainability funds, bonds or loans, for example, through our sustainable finance framework.</li> <li>• Use of financial incentives for suppliers to improve nature and ecosystem management.</li> <li>• Improved performance against regulatory objectives.</li> </ul>	
Social capital and trust	<ul style="list-style-type: none"> <li>• Building trust with stakeholders through partnerships where different organisations come together to deliver shared outcomes.</li> <li>• Actions that create positive changes in sentiment towards United Utilities due to impacts on environmental assets and ecosystem services that have impacts on society.</li> </ul>	
Ecosystem protection, restoration, and regeneration	<ul style="list-style-type: none"> <li>• Direct and indirect restoration, conservation or protection of ecosystems or habitats. For example, improving peatland, woodland and other Sites of Special Scientific Interest (SSSIs).</li> <li>• Protection and conservation of native, threatened species and management of non-native, invasive species.</li> <li>• Investment in blue-green and traditional infrastructure for nature-positive outcomes.</li> <li>• Enhancing biodiversity and strengthening the presence of nature in an urban setting, through rainwater management.</li> </ul>	

## How we respond to material themes: nature

### Metrics and targets

#### TNFD disclosures

- We track and monitor our nature-related risks and opportunities through our risk management framework, long-term strategic planning, and nature-related reporting.
- We set short-, medium-, and long-term nature-related targets that align with regulatory expectations.
- Our 2030 nature targets can be found on page 37. Environmental performance is on page 67.

#### Risks and opportunities

We monitor a wide variety of metrics and set targets to help track and assess nature-related risks and opportunities. To measure our performance, we demonstrate delivery against contributing targets from a number of statutory requirements, such as the condition of protected sites, biodiversity net gain, and environmental performance. We manage our material nature-related risks through the controls set out on pages 56 to 57.

#### Impacts and dependencies

We embed our impacts and dependencies on nature and total value into our decision-making. One of the ways we do this is through natural capital accounting to assess the extent and value of the benefits

our land provides to us and the rest of society. As we update our account in future, we can track changes to our natural assets and quantify improvements from our investments.

We use disclosure and assessment metrics to monitor our regulatory performance and inform our short-, medium- and long-term strategic planning activities. Our targets are developed to achieve best value for our customers while aligning with regulatory expectations.

The table below discloses relevant local level nature-related metrics, including sector-specific metrics, as set out by the TNFD. Where applicable, we present our targets and describe our progress towards these targets. Performance towards our full list of environmental key performance measures is reported on page 67.

TNFD metric ID	Driver of nature change	Metric	Disclosure or 2030 target	Commentary
C1.0	Land/ freshwater/ ocean use change	Total spatial footprint	56,000ha	Our natural capital account presents a full breakdown of our over 56,000 hectares of owned land assets. Beyond this, we also depend on over 550,000 hectares of catchment land across the North West, not under our ownership or management.
C1.1		Extent of land use change	7,000ha under restoration by 2030	We have restored natural processes on our core upland sites owned by United Utilities and also on land we depend on, through large-scale planting and natural regeneration, peatland restoration and re-establishment of historic river systems.
			Not measured	Action towards favourable or unfavourable recovering condition SSSIs. Our estate includes 22,500 hectares of SSSI sites; we have made significant investments in nature recovery at priority locations since 2005.
		Plant 1 million trees by 2030	We continue to identify suitable locations for further tree planting to meet our 2030 ambitions.	
C2.0	Pollution/ pollution removal	Pollutants released to soil	Not measured	We do not currently measure this activity.
C2.2		Waste generation and disposal	100% sludge diverted from landfill by 2030	All of our sewage sludge is treated to required standards before recycling to local agricultural land as biosolids for use as a fertiliser. Our biosolids comply with the Biosolids Assurance Scheme and have a 99.99% pathogen reduction.
C2.3		Plastic bottles provided to customers	9 tonnes	We provide bottled water to our customers during periods when water supply is interrupted or may be unfit for consumption. The bottles we supply contain at least 25% of recycled materials and are 100% recyclable by users.
C2.4		Non-GHG air pollutants	Not measured	Our combined heat and power (CHP) engines are equipped with an integrated Leanox control system, which continually optimises the air-to-gas ratio to support efficient combustion and minimise NOx formation. We carry out monthly emissions monitoring using accredited testing methods.
C3.0	Resource use/ replenishment	Water withdrawal from areas of water scarcity	Zero	According to the Environment Agency classification, our operations do not reside in areas of water scarcity.
C3.1	Invasive alien species (IAS) and other	Quantity of high-risk natural commodities	2	Using the SBTN High Impact Commodity List, we identified the use of cement and steel throughout our capital programme as high-risk natural commodities or products where production can have a negative impact on nature.
C4.0		Proportion of high-risk activities operated under appropriate measures to prevent the unintentional introduction of IAS	Not measured	We do not currently report on the proportion of high-risk activities. We have identified areas where unintentional spread of invasive non-native species (INNS) can occur within our operations and have developed a strategy to tackle INNS.
A3.2	Resource use/ replenishment	Water reduced, reused or recycled	Not measured	We do not currently report this activity.
A3.3		Water loss mitigated	23.9% leakage reduction by 2030	Detecting and repairing leaks is a top priority. We use the latest technology to find and fix leaks, reported via our website or identified through our early detection technology.
<b>Sector-specific disclosure indicators and metrics</b>				
WU.C2.11	Pollution/ pollution removal	Sanitary sewer overflows and recovery	17.71 spills per storm overflow monitored by 2030	As part of our commitment to improve storm overflow performance and reduce spills impacting on the environment, we have a large overflow investment programme, reducing spills through the use of blue-green or hybrid solutions.
WU.A6.0	Ecosystem condition	Clean drinking water provision	9.6% reduction in per capita consumption by 2030	We aim to reduce per capita consumption, in line with the Government's Environmental Improvement Plan 2023. Customer behaviour to reduce water consumption plays a key role in reducing overall demand and this, combined with our efforts to reduce leakage, helps to ensure a sustainable supply of water across the North West.

## How we respond to material themes



### Strategic priorities related to customers

- Deliver great service for all our customers

### Material themes related to customers

- 4 Customer service and operational performance
- 10 Drinking water quality
- 12 Emerging contaminants
- 9 Affordability and vulnerability

### Strategy

Providing great water is central to our purpose, and delivering great service for all our customers is one of our six strategic priorities. Our strategy covers the essentials: clean, safe drinking water and sanitation, while ensuring comprehensive and compassionate support for customers in vulnerable circumstances.

Customer engagement has shaped the priorities for our short- and long-term planning, aligning investment with what matters most: improving water quality, reducing leakage, replacing lead pipes, tackling sewer flooding, and supporting affordability.

Drinking water quality remains a top priority. Our water quality first programme has significantly reduced instances of discolouration, earning recognition from the Drinking Water Inspectorate (DWI) and cutting complaints. We continue embedding water quality improvements across the business and supply chain year after year.

Throughout AMP8, we are replacing 900 kilometres of water mains, upgrading seven treatment works, and replacing 30,000 lead pipes. We are relining the Vyrnwy Aqueduct and starting construction on the Haweswater Aqueduct Resilience Programme (HARP) through direct procurement for customers (DPC), with the board's approval this year of the contract with Cascade Infrastructure to deliver this major project.

Leakage reduction is a major focus, with a long-term goal to halve leakage by 2050 (from a 2017/18 baseline). Our mains replacement programme for AMP8 is well underway, driving long-term leakage improvements, supported by our investment in smart meters, helping us to measure and locate leaks more accurately.

Our Water Resources Management Plan includes our long-term strategy for our water investment and operations, factoring

in long-term trends such as climate change and population growth.

Sewer flooding remains a challenge despite progress on collapses and blockages. Throughout AMP8, we are upgrading rising mains, expanding dynamic network management with 10,000 sewer-level sensors, and installing property-level flood alerts.

We offer industry-leading affordability and vulnerability support, helping over 422,041 customers in this year alone, and reaching 597,401 on our Priority Services Register. Open banking speeds up eligibility checks, and initiatives like the Hardship Hub and annual summits foster cross-sector collaboration. With rising investment needs, supporting customers who struggle to pay is critical. We've introduced new social tariffs, doubled financial assistance to £525 million over AMP8, and continue to advocate for a national social tariff to ensure fair access to support.

### Governance

Operational performance, including water quality, is overseen by the CEO and the executive team, with monthly board updates via the executive performance meeting. The group board has primary oversight responsibility of all customer-related material themes, with additional oversight provided by the ESG committee on our Priority Services offering.

Additional governance oversight of our performance on drinking water quality is provided by the DWI, as quality regulator, who has recognised the significant improvements we are making. Operational performance is also overseen by our other regulators, as detailed on page 16.

The customer services management team has responsibility for the delivery of our affordability and vulnerability schemes, including our certification to ISO 22458 for our Priority Services scheme. Performance is continuously monitored and reported via the executive performance meeting and

the board on a monthly basis. Affordability and vulnerability are reviewed by the board twice a year.

### Risk management

Being fundamental to our day-to-day service, customer and operational performance underpin many of our top risks. Seven principal risks, set out on pages 58 to 61, are directly linked to material customer themes:

- Strategic aqueduct failure
- Treatment and transportation of wastewater
- Cyber
- Water availability
- Failure to treat water
- Recycling of biosolids
- Programme delivery

Drinking water quality has the potential to be particularly impacted by the risks around 'strategic aqueduct failure' and 'water availability', while all affect customer service and operational performance. Other risks, such as dam failure, terrorism, and process safety, also have significant potential impacts.

We also assess broader risks through common causal and consequence themes on pages 56 and 57. Key causal themes include:

- 'asset health', which has the potential to impact water quality and service performance;
- 'demographic change' and 'economic conditions', potentially influencing affordability and vulnerability;
- 'climate change/extreme weather', with potential major service implications; and
- 'legislative and regulatory change' and 'technology and data', with the potential to affect adaptability, efficiency, and resilience.

The common consequence theme of 'service delivery' is all about customer service and operational performance, and 'suppliers', as a common consequence theme, has the potential for knock-on impacts for customers.

## How we respond to material themes: customers

We monitor additional risks outside the top 13, including customer experience, cash collection, billing accuracy, and affordability support. These reflect economic conditions and cost-of-living pressures, ensuring value for money and support for vulnerable customers.

To achieve high performance, our customer experience and debt strategy includes controls such as customer consultation and surveys, affordability schemes, tariff-setting policies, and reconciliation processes. Our increased affordability support throughout AMP8 will have a significant impact on risks in relation to affordability and vulnerability going forward.

Given the fundamental nature of these themes, risk management is fully embedded across organisational processes. Details on exposure, controls, and assurance for each principal risk are on pages 58 to 61.

### Metrics and targets

We have several performance commitments with associated customer outcome delivery incentives (ODIs) to monitor and assess operational performance for customers and the environment. These include ambitious annual targets over the five-year regulatory period, with rewards or penalties for over or underperformance.

We track individual performance and overall net rewards or penalties. Detailed disclosures for each commitment are available in our annual performance reports. Material ODI rewards/penalties and overall net ODI performance are reported in this report in both monetary value and percentage return on regulated equity (RoRE). Key customer metrics include Ofwat's customer satisfaction measure (C-MeX) and customers lifted out of water poverty.

▶ See the full list of customer measures on pages 76 to 77

We also report other operational performance metrics beyond regulatory commitments. Our targets to 2030, to improve customer performance, include:

# 34%

reduction in water quality contacts

Replacement of

# 30,000

lead pipes

Upgrading

# 65km

of the Vyrnwy Aqueduct

# 13%

leakage reduction

# 5%

reduction in household water use

# 7%

reduction in business water use

Installing around

# one million

smart meters to help customers manage usage and lower bills

# 40%

reduction in internal sewer flooding

# 13%

reduction in external sewer flooding

Doubling affordability support to

# £525m

helping one in six customers


These medium-term targets support long-term goals, including reducing water demand to 110 litres per person per day by 2050, halving leakage by 2050, and eliminating lead pipes by 2070.



## How we respond to material themes



### Strategic priorities related to colleagues

 Provide a safe and great place to work

### Material themes related to colleagues

**7** Health, safety and wellbeing

**17** Diverse and skilled workforce

# Colleagues

## Strategy

Our colleagues are central to our success, which is why we prioritise creating a safe, supportive workplace. This means attracting and retaining a diverse, engaged team, investing in training and development, and prioritising health, wellbeing and safety.

We believe our strength comes from differences, and we're proud to have a working environment that promotes opportunity for all. We want our workforce to reflect the communities we serve, so everyone feels welcome and valued, regardless of gender, age, race, disability, sexuality or background. We encourage colleagues to bring their whole selves to work, knowing diversity drives creativity and helps us serve customers better.

Our equity, diversity and inclusion plan focuses on five areas:

- **Leadership development** – helping leaders drive inclusion
- **Encourage openness** – enabling colleagues to share and act
- **Reset and refresh** – embedding inclusion in everything we do
- **Bring the outside in** – raising awareness and educating
- **Amplify voices** – creating safe spaces for colleagues to be heard

Increased awareness of different cultures and faiths has given colleagues the tools to understand possible differences in water usage, helping to improve customer service. We also continue to offer British Sign Language (BSL) training for colleagues, raising awareness and helping them to communicate effectively with customers.

We're committed to improving gender diversity, supporting women across all areas and reducing the gender pay gap. Our partnership with Nurole (formerly WB Directors) provides tools and advice to help under-represented groups progress, regardless of gender, age or background.

To attract STEM talent, we run our award-winning engineering masterclass with local schools, including those in disadvantaged areas, to help improve social mobility. We invest in ongoing training to maintain skills for the future. Digital platforms support diverse learning needs and, last year, we delivered 18,700 classroom training sessions. Our Bolton technical training centre has hosted 6,000 events over 11 years, training 420 apprentices and supporting accredited schemes for water treatment and networks.

Safety is paramount. Our Home Safe and Well programme promotes the principle that 'nothing we do is worth getting hurt for'. We have launched a three-year safety programme focused on three behaviours and 12 life-saving rules. These rules address our biggest risks and are non-negotiable: work stops if a rule is broken. We foster a fair culture where speaking up is encouraged, mistakes are learning opportunities, and everyone can stop work for safety reasons.

Our three behaviours are:

- **Do the right thing** – I do it safely, or I don't do it
- **Make it happen** – I see it, I own it, and I sort it
- **Be better** – I always think, "how can we be safer?"

We also have a strong focus on supporting wellbeing. We have a range of support for colleagues, including our free virtual GP service, which is available to all. We offer discounted gyms, an on-site fitness hub, and enhanced maternity and paternity leave. Mental health support includes 400 trained mental health first aiders, an employee assistance programme, and partnerships with groups like Andy's Man Club and Hub of Hope.

Recognition matters too. Our ACE awards celebrate colleagues living our values, with over 21,500 nominations since inception in September 2024 and monthly winners across the business.

## Governance

Health, safety and wellbeing matters, including policies and ISO 45001 accreditation, are managed by a dedicated team, which reports to the executive health and safety committee chaired by the CEO. Key performance metrics and strategic programmes are reported monthly to the committee and board, with detailed reviews twice a year.

Each director implements targeted health and safety plans for their directorates, supported by regular site visits to encourage and recognise good practice. Our operations and capital teams run weekly 'Team Tuesdays', where colleagues and leaders review site issues and agree solutions, reinforcing risk management and permit to work systems.

Board succession is overseen by the nomination committee, ensuring the right skills mix, including a non-executive director responsible for workforce engagement. Day-to-day responsibility sits with our people director. Leaders champion equity, diversity and inclusion (ED&I) under our 'Opportunity for All' approach, with executive directors driving strategy and modelling inclusivity. Managers complete inclusive leadership and disability awareness training to improve ways of working.

Colleague networks, each supported by two executive sponsors, focus on education, awareness and celebrating key events. They meet regularly with sponsors and the people director for feedback. Our inclusion steering group, led by the ED&I manager, oversees delivery of the ED&I plan and progress against 2030 targets, with additional oversight provided by the ESG committee.

We empower colleagues to raise concerns and stop work for safety reasons without fear of blame. When incidents occur, we focus on learning and improving systems. Channels for raising issues include line managers, engagement champions, surveys, the Call It Out mailbox (direct to CEO), AskHR, AIRline for safety reporting, and the Safecall whistleblowing hotline.

## How we respond to material themes: colleagues



### Do the right thing

#### I do it safely, or I don't do it

This means undertaking a risk assessment, ensuring colleagues have the correct tools and equipment, and stopping work if there is a safety risk. If something doesn't feel safe then it probably isn't, so we encourage colleagues to raise safety concerns and will always support anyone who stops a job for safety reasons.

### Make it happen

#### I see it, I own it, and I sort it

This means moving trip hazards, cleaning up spills, challenging any unsafe behaviour and responding positively to challenge. It's important that any hazard is made safe and/or reported, and we encourage everyone to challenge anything that isn't safe, from a position of respect and care, and have the confidence to intervene.

### Be better

#### I always think, "how can we be safer?"

This means sharing ideas or suggestions, collaborating with each other to make sure we are working in the safest way possible, and recognising good practice. We encourage colleagues to share their skills, knowledge and ideas to make things better and safer for everyone.

## Our 12 life-saving rules

### Safe system of work

I identify all hazards and implement effective controls before I start work.

### Driving

I respect the speed limit, wear my seat belt and avoid driving when tired or distracted.

### Wellbeing

I am fit and healthy to perform my tasks.

### Working at height

I always use the correct fall protection when working at height.

### Lifting operations

I ensure a safe lift and keep the areas clear under a suspended load.

### Excavations

I always check for services before digging, and only enter safe excavations.

### Moving vehicles and plant

I always keep a safe distance from moving equipment or vehicles.

### Service with respect

I remove myself from any situation where I feel threatened.

### Working near water

I only work near water or hazardous areas if I am trained and able to follow the correct procedures.

### Isolation

I only work on equipment after confirming all energy sources are isolated.

### Fire and explosion

I control all ignition sources when working with fire and explosion risks.

### Confined spaces

I only enter a confined space when it is confirmed that it is safe to do so.

## Risk management

A safe, inclusive workplace helps manage key risks:

- **Programme delivery** – the scale of AMP8 demands increases in skills and engagement from colleagues and the supply chain.
- **Cyber** – training colleagues to spot and avoid attacks protects our network.
- **Process safety** – compliance with mandatory training and life-saving rules is critical for hazardous processes.
- **Treasury and reporting risks** – rely on strong governance and skilled colleagues.

Health and safety risks fall into personal safety, process safety, and health and wellbeing, including mental health. Mitigation is built on six principles: active

leadership, empowered colleagues, clear expectations, safe environments, simple systems, and continuous improvement.

Common causal themes include asset health, culture, adaptability to extreme weather, and vigilance on regulatory and technological changes. Protecting diversity, skills, engagement and wellbeing is central to avoiding compliance breaches.

### Metrics and targets

We monitor health, safety and wellbeing through engagement surveys and track lost-time injuries, near misses, and contractor safety, aiming for ongoing reductions. We maintain Workplace Wellbeing Charter accreditation and monitor training compliance via our portal, with reminders for mandatory refreshers.

We track diversity metrics (gender, ethnicity, disability, social mobility, LGBT+) and aim to match or exceed sector benchmarks.

Our ED&I report, Opportunity for All, sets measurable targets:

By 2027:

- 5% ethnic minority – executive and direct reports

By 2030:


- 5.4% ethnic minority – total workforce
- 40% females – total workforce
- 44% females on the board
- 50% female executives and direct reports

We remain committed to supporting candidates and colleagues from all backgrounds, tracking progress on disability, lifelong conditions, social mobility and LGBT+ inclusion.

## How we respond to material themes



### Strategic priorities related to efficiency

-  Spend customers' money wisely

### Material themes related to efficiency

- 13** Financial risk management
- 14** Corporate governance & business conduct

# Efficiency

### Strategy

With AMP8's increased size and complexity, efficiency is more important than ever. We're finding simpler, smarter and better ways to deliver, including:

- Technology – making better use of data, sensors, AI for automation, and building our analytics and in-house app teams.
- Runway model – using a mix of large and small suppliers to match project risk and design needs, including build-only projects to involve more local suppliers.
- Make vs. buy – deciding when to insource or outsource for best value.
- Standardised solutions – cutting design costs and achieving economies of scale.

We also focus on financial risk management, which is important to:

- ensure our financing costs are efficient;
- hedge electricity commodity prices to manage volatility in power costs, which is our largest base operating cost;
- raise efficient finance to fund our large capital projects; and
- maintain adequate liquidity to ensure we can cover all expenses as they fall due.

We have robust treasury policies covering liquidity, credit, market (inflation, interest, energy, currency) and capital risks. These minimise volatility, align with regulation, maintain strong credit ratings, and enable efficient financing.

► See note A3, pages 217 to 224 for details

Strong corporate governance is important to ensure we deliver efficiently and maintain customers' trust that we are spending their money wisely.

► More information can be found in our corporate governance report starting on page 100

### Governance

Operational efficiency is monitored by the executive team and capital investment committee, with monthly reports to the board. Treasury strategy and governance sit with the board, reviewed annually.

The treasury committee sets and monitors policies, with compliance reports provided monthly and detailed analysis quarterly. The treasury function does not act as a profit centre or trade speculatively.

### Risk management

The main principal risk that is reliant on efficiency is 'programme delivery' and with the necessary increase in customer bills to fund the improvements we need to deliver, it is more important than ever that we demonstrate that we are spending that money wisely.

The principal risk 'recycling of biosolids to agriculture' also has a potentially significant impact on the efficiency of our operations.

Efficiency is central to common causal themes, including 'asset health', and 'technology and data'. 'Climate change/extreme weather' also has a major impact on how efficiently we are able to operate.

'Financial risk' is another of our principal risks, and the ability to raise efficient debt finance in all economic conditions is critical to the long-term principal risk around 'programme delivery'. The controls in our financial risk management policies and processes provide a high degree of mitigation and protection from market volatility, enabling us to raise finance across the economic cycle. Our debt has a long average life with maturities spread to avoid a high concentration of risk in any year.

### Metrics and targets

Efficiency is a core KPI as part of our capital programme delivery incentive (CPDi). We monitor and report on financial metrics such as regulatory return (pages 90 and 99), total expenditure vs. regulatory allowance, and financing costs vs. allowed debt cost.


We operate within treasury policy targets for liquidity, debt mix, and energy hedging, and set credit risk limits to avoid over-exposure. We target gearing of 55–65% to support credit ratings. Compliance is monitored monthly, with quarterly analysis and forecasting to maintain covenant compliance (e.g. EIB interest cover and gearing).



## How we respond to material themes



### Strategic priorities related to communities

 Contribute to our communities

### Material themes related to communities

**16** Supporting communities

# Communities

### Strategy

We work closely with communities across the North West, supporting them through open engagement and communication, funding for local projects and partnerships, and, most importantly, continuously improving our core service. One of our six strategic priorities is to contribute to our communities, underpinning our place-based planning approach.

To shape our business plan, we engaged with 95,000 customers and stakeholders and created five tailored plans for Cumbria, Lancashire, Merseyside, Greater Manchester and Cheshire. Each plan addresses local needs, challenges and opportunities, ensuring outcomes are relevant to the communities we serve. We've also reorganised our teams into a five-county structure to deliver AMP8's investment and performance improvements effectively.

We are working to improve our approach to measuring and quantifying the social value we create through our activities, to help us better target how we contribute to communities. In particular, we have been working with our supply chain to set strategies to bring additional social value through our capital delivery and procurement.

### Governance

AMP8 brings the largest investment programme we've ever delivered, making community engagement critical for planning approvals and minimising disruption. Our county-based approach helps customers understand what we're doing locally and how their bills fund improvements.

Dedicated stakeholder managers and delivery squads for each county, overseen by our head of regional engagement, will monitor and manage the delivery of our plans in each county.

### Risk management

This material theme plays into several of our principal risk areas as we are reliant on the support of communities and successful planning permission to deliver our improvement projects. This is a key driver in enabling 'programme delivery', and also impacts the risks of 'failure to treat and transport wastewater' and 'treatment of water'. The causal theme of 'demographic change' reflects the make-up of the

communities that we serve, and the causal theme around 'economic conditions' can have varying degrees of impact across the unique counties.

► Pages 58 to 61 detail how we are managing our principal risks – our county delivery squad structure and dedicated stakeholder managers will be key to managing these

### Metrics and targets

In AMP8, we have set ambitious county-level targets and will monitor progress locally and across the business.

#### Delivering for our communities in:

#### 1 Cumbria

Improving resilience and water quality, including major upgrades around Windermere.

#### 2 Lancashire

Enhancing bathing waters, river quality, and restoring peatland.

#### 3 Merseyside

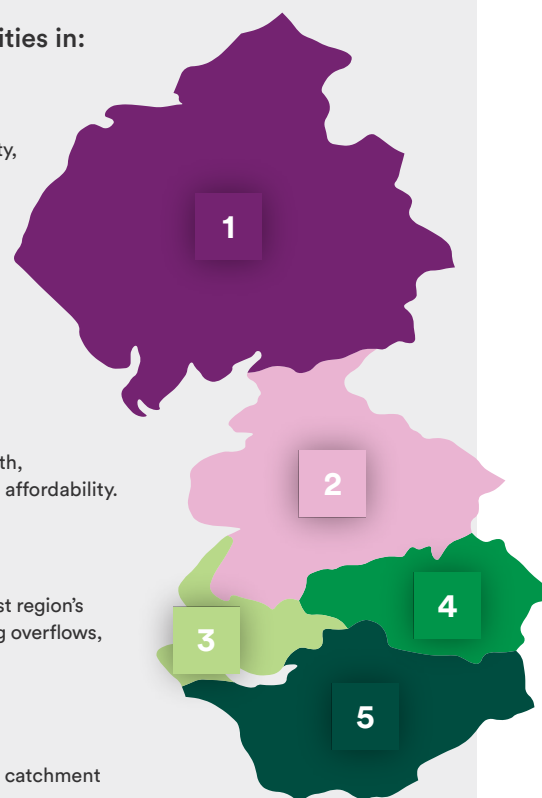
Tackling overflows, supporting growth, and improving climate resilience and affordability.

#### 4 Greater Manchester

Serving around 40% of the North West region's population, improving rivers, reducing overflows, and securing resilient supply.

#### 5 Cheshire

Working with farmers on sustainable catchment management and reducing flood risk.





# Our BIG North West upgrade has begun



Our BIG North West upgrade is a once-in-a-generation investment to future-proof our communities against climate change and population growth, and meet rising service expectations, while creating skilled jobs and protecting the natural environment.

**Over  
£13bn**

five-year investment programme

**2m+  
customers'**

water supplies safeguarded

**500km**

of rivers benefiting from environmental improvements

**30,000  
jobs**

supported across the North West

## Our changing region

### A growing population

The North West's population is projected to grow by 500,000 people over the next 25 years. This growth, alongside increasing demand from sectors such as data centres, reinforces the need for resilient, future-proof water infrastructure.

### Climate change in the North West

In 2025 alone, the region experienced record rainfall, one of the driest spells in over 100 years just months later, and the wettest autumn since the early 1980s. These extremes are happening months apart, not decades apart – placing unprecedented pressure on infrastructure.

## How we are responding

### A place-based approach

We have restructured our business around the region's five counties. Putting place at the heart of decision-making brings partners together around a single objective: protecting and improving regional water supply, tailored to local needs and identities.

### Investing in nature as infrastructure

Infrastructure is not only pipes and treatment works. Nature-based solutions are embedded across our investment programme to reduce flood risk, slow and filter water naturally, and improve ecosystem resilience. These solutions deliver flood protection, water quality, and environmental benefits at the same time, strengthening long-term resilience.

## Project spotlight:

### Haweswater Aqueduct Resilience Programme (HARP)

This £3 billion flagship investment will be replacing six tunnel sections, safeguarding supplies for 2.5 million customers, with up to 1,200 people employed at peak construction. It is one of the North West's largest single infrastructure projects, HARP exemplifies how major investment delivers resilience, reliability, and local employment.

## Looking ahead

Our BIG North West upgrade is more than an investment programme – it is a long-term commitment to regional prosperity. By working closely with partners, communities, and stakeholders, we are ensuring that today's decisions strengthen tomorrow's opportunities. We're building infrastructure that supports thriving communities, protects the environment, and creates brilliant jobs for the next generation.

## How we respond to material themes



### Material themes related to cyber

8 Cyber and data security

### Strategy

Our cyber security strategy focuses on meeting the requirements of the Cyber Assessment Framework from the National Cyber Security Centre (NCSC), which includes 39 controls aligned to EU best practice for essential services. We've had a dedicated programme for six years to maintain compliance and have consistently met expectations.

Our long-term plan strengthens security across people, process and technology, with AMP8 investments focused on meeting extended framework requirements. Our technology portfolio includes security enhancements, and our regulator has endorsed our AMP8 cyber plans. We maintain close links with the NCSC to stay ahead of emerging threats.

### Governance

The board oversees cyber security, receiving updates at every meeting and detailed presentations twice a year. The executive team reviews performance monthly.

Our security steering group (SSG) meets monthly to assess risks, incidents and actions. It includes the company secretary, chief security officer, and business unit representatives. The SSG reports quarterly to the group audit and risk board and six-monthly to the board. The chief security officer reports to the customer and technology director and works closely with digital services.

Our information security policies and compliance are aligned to ISO 27001, and as a critical national infrastructure provider, we comply with network and information systems regulations, and security and emergency measures direction (SEMD). SEMD compliance is independently assured and reported annually to the Drinking Water Inspectorate.

### Risk management

'Cyber' is one of our principal risks, linked to the common causal theme of technology and data. We have not had a material breach to our IT security to date. We continue to mitigate risks through:

- enhanced physical security against crime and terrorism;
- monitoring NCSC and US CISA alerts, upgrading firewalls and enforcing multi-factor authentication;
- strong industry information-sharing links;
- a structured security policy framework with regular audits;
- mandatory colleague training (Security Seven), phishing tests, and incident response exercises;
- a dedicated third-party incident responder and a tested cyber incident response plan integrated with business continuity; and
- independent assurance, including penetration testing, red team exercises, regulatory audits, and supply chain security checks.

### Metrics and targets

We monitor a number of security metrics and aim to meet or exceed national standards, such as targets for security patching recommended by the NCSC, and our phishing test platform, where we monitor comparative performance on clicks, compromises and reports.

We target zero malware outbreaks and maintain strict controls to achieve this. All major suppliers must meet our security standards, monitored through live assessments.

We remain fully compliant with NIS regulations and PCI-DSS requirements, confirmed through annual regulatory assessments.

Cyber security is one of the key considerations of the group board and is included in our S172 Statement on page 89.













# Our non-financial and sustainability information statement

The table below constitutes the company's non-financial information statement, produced to comply with section 414CA of the Companies Act 2006.

It sets out where we have made our climate-related financial disclosures required by s414CB(A1) and non-financial areas of disclosure required by s414CB(1), including information on our business model, policies, principal risks and the non-financial key performance indicators (KPIs).

This table also demonstrates where we have made the recommended disclosures of the Task Force on Climate-related Financial Disclosures (TCFD) and Task Force on Nature-related Financial Disclosures (TNFD) frameworks.

Key:  Environmental matters  Colleagues  Respect for human rights  Social matters  Anti-corruption and anti-bribery

Reporting requirement						TCFD	TNFD
Business model, including our key resources and the external environment (pages 12 to 20)	✓	✓	✓				
KPIs relating to our environmental impact (pages 66 to 69)	✓	✓	✓	✓		✓	✓
KPIs relating to customers, colleagues and other social metrics (pages 76 to 79), Gender pay report (page 79)		✓	✓	✓			
KPIs relating to communities, suppliers and other governance metrics (pages 82 to 85)			✓	✓	✓		
<b>Strategy</b>							
Strategic priorities (page 23) and business horizons (page 13)	✓	✓	✓	✓	✓	✓	✓
Risks and opportunities over the short, medium and long term: Climate (page 26), Nature (pages 42 to 43)	✓					✓	✓
Impact on business strategy and financial planning: Climate (page 27), Nature (pages 38 to 40)	✓					✓	✓
Resilience to risks in different scenarios: Climate (page 28), Nature (page 40)	✓					✓	✓
Priority locations of assets and activities (page 36)		✓	✓	✓			✓
<b>Governance</b>							
Our culture and core values (page 21)		✓	✓	✓	✓		
Corporate governance: Structure and responsibilities (page 118), Competitive base salary and benefits (page 148 to 149), Board diversity (page 116)	✓					✓	✓
Board oversight of risks and opportunities: Climate (page 32), Nature (page 41)	✓					✓	✓
Management's role in managing risks and opportunities: Climate (page 32), Nature (page 41)	✓	✓	✓	✓	✓	✓	✓
Other material themes: Equity, diversity and inclusion (pages 21 and 47 to 48), Stakeholder engagement (page 20), and S172(1) Statement (pages 88 to 89)		✓					
<b>Risk management</b>							
Our approach to management and our principal risks (pages 52 to 61)	✓	✓				✓	✓
Processes for identifying and assessing risks: Climate (page 33), Nature (pages 42 to 43)	✓					✓	✓
Processes for managing risks: Climate (page 33), Nature (pages 42 to 43)	✓	✓				✓	✓
Integration of risk management: Climate (page 33), Nature (pages 42 to 43)		✓	✓	✓	✓	✓	✓
<b>Metrics and targets</b>							
Stakeholder metrics and targets (pages 66, 67, 76, 77, 82, 83 and 90)	✓	✓		✓			
Metrics used to assess risks and opportunities: Climate (pages 35 to 36), Nature (page 44)	✓		✓			✓	✓
Targets used to manage risks and opportunities: Climate (pages 35 to 36), Nature (pages 37 and 44), Other themes (pages 46, 49 and 52)		✓	✓	✓	✓	✓	✓
<b>Policies, guidance and standards that govern our approach</b> (*Where marked, see our website, otherwise only published internally)							
Environmental policy*, Water Resources Management Plan*, Waste and resource use policy, Climate change mitigation policy	✓						
Health, safety and wellbeing policy*, Equity, diversity and inclusion agenda* and report*, Flexible working policy, Agency worker policy, Mental wellbeing policy, Board diversity policy (pages 120 to 121)		✓					
Human rights policy* and engagement activities (page 41)		✓	✓				✓
Colleague data protection policy, Anti-Slavery and human trafficking statement*			✓				
YourVoice, Charitable matched funding guidance, Volunteering policy				✓			
United Supply Chain* (page 85), Commercial procurement procedures, Responsible sourcing principles*				✓	✓		
Anti-bribery and corruption policy, Fraud investigation and reporting processes, Internal control manual (financial), Whistleblowing policy					✓		

## Our approach to risk management

# Our risk and resilience framework

We have a robust framework for the identification, assessment and mitigation of risk.

### Our approach to risk and resilience

Proactive management of uncertainties, variabilities and potential disruption enables us to deliver on our purpose to provide great water for a stronger, greener and healthier North West, and be more resilient across our corporate, financial and operational structures. A key objective of our approach to risk and resilience is to support the sustainable achievement of the strategic priorities that underpin our purpose (see page 23).

Focused on creating and protecting value, our risk and resilience framework provides the foundation for the business to:

- anticipate threats and variability that could affect the delivery of an effective service in these challenging times;
- understand vulnerability, interrelationships and interdependencies for an integrated approach;
- apply preventative measures to limit impact, and have the capability to

respond and recover when risks materialise;

- adapt to change, and absorb stresses and shocks; and
- apply enabling measures to optimise relevant opportunities.

Key components of the framework include:

- an enterprise-wide (ERM) approach covering all types of risk across the entire organisation and its wider business environment;
- a strong and well-established governance structure giving the board oversight of the nature and extent of risks the group faces;
- defined roles and responsibilities, with structured training programmes, and regular communication and consultation; and
- an embedded group-wide risk management process (which is aligned to ISO 31000:2018 risk management guidelines) along with a portfolio of policies, procedures and guidance to enable a consistent approach to risk management.

Continuous improvement is a key feature of the framework, which incorporates an annual maturity assessment against a defined model to identify areas to enhance. Based on risk management capabilities relative to five levels of maturity, we continue to enhance risk and resilience through:

- the implementation of a new enterprise-wide risk, opportunity and watching brief system with enhanced analysis and reporting functionality;
- reinforcing non-financial impact using the six capitals (areas of value – see pages 14 to 15) and consideration of stakeholders (representing the impact on trust);
- focusing on cross-business controls to improve integration;
- further development of tactical risk appetite and tolerance statements through key risk indicators; and
- improving our maturity on upside risk (opportunity management) while maintaining a primary focus on downside risk.

### Roles, responsibilities and training

In line with the corporate governance code, the board has overall responsibility for establishing, maintaining and monitoring the risk management and internal control systems, with our CFO having the executive responsibility for implementing risk and resilience management on behalf of the group board. This includes the risk and resilience policy, and an established corporate risk team to develop and embed the overarching risk and resilience framework, the coordination and facilitation of which is supported by a network of risk leads and coordinators across the business. Executive members and business unit heads are then accountable for the rigorous application of the risk and resilience framework,

with senior managers responsible for sponsoring the assessment and treatment of individual risks through associated controls and mitigating actions. Each control and mitigating action has a defined owner who is typically a subject matter expert with the remit to mobilise resource.

Training follows a formalised, three-tier structure. All levels share a common foundation, providing a comprehensive understanding of risk and resilience principles, governance expectations, and the core risk management methodology.

Beyond this shared baseline:

- awareness training is tailored for executives and board members,

enabling them to interpret risk reports and dashboards, understand aggregate risk exposure, and use insights to support strategic decision-making;

- working-knowledge training is designed for risk and opportunity sponsors, with a focus on horizon scanning for new and emerging risks, understanding interconnected risk themes, and operating within an integrated control environment; and
- practitioner training encompasses working-knowledge training and also equips risk leads and coordinators with detailed system functionality knowledge, including how to record, maintain, and update risks, controls, and actions within the system.

## Governance and reporting process for risk management

We have a well-established governance and reporting structure for risk and resilience.

The board undertakes a comprehensive review of the business risk profile twice a year in line with the full- and half-year reporting cycle. This review considers: the key features of the risk profile; the nature and extent of the group's principal risks (see pages 58 to 61) relative to the most significant event-based group and operational risks; risks relative to financial risk appetite limits; and new and emerging risks. The board also regularly undertakes reviews and deep-dives of specific risks, also utilising principal board committees such as the ESG committee, compliance committee and the treasury committee to consider specific risk and control factors. In combination, the board's biannual risk profile review and specific risk reviews support decision-making, and enables it to:

- decide on the nature and extent of the principal risks the company is willing to take in order to achieve its long-term strategic objectives;
- ensure appropriate controls and mitigation are in place, and test the appropriateness of plans to manage risk and realise opportunities;
- report on the long-term viability of the company in an informed manner (see pages 121 to 122); and
- monitor and review the effectiveness of risk management and internal control systems (see pages 120 to 121).

Prior to the board's half- and full-year reviews, the executive-led GARB provides initial oversight of the risk environment through a top-down assessment of the risk profile. This assessment is informed by consultation with professional advisers, national risk registers, and relevant trade associations to identify new and emerging risks and issues. Key points and themes are then fed into a series of director-led integrated risk reviews (IRRs) for the 'bottom-up' assessment of risks, controls and the determination of further mitigation actions. The IRRs include senior managers and subject matter experts to ensure a holistic consideration of correlating risks, the interdependency of controls, and new and emerging circumstances. The resulting risk profile and key messages are then collated by the corporate risk team and reviewed by the executive before escalation to the board.

The effectiveness of risk management and internal control systems is formally reviewed on an annual basis, in accordance with the corporate governance code. The assessment, which takes into account relevant governance, risk management processes, internal control systems and assurance factors, is undertaken by the GARB before escalation to the audit committee, which acts on behalf of the board on this matter. See pages 120 to 121 for further details of the effectiveness review and outcome. The internal audit team provides periodic independent assurance on the effectiveness of risk management. This was last undertaken in 2023 for both risk management and risk appetite and tolerance.



## Risk appetite and tolerance

Focused on supporting decision-making, the risk appetite and tolerance framework consists of a package of measures.

Overarching strategic appetite statements emphasise the board's principal intent to comply with legal and regulatory requirements, with a strong commitment to prevent harm and protect people, critical assets, and the environment. Beyond this principal intent, the statements reflect a balanced approach that seeks not only to protect value but also to enable value creation for multiple stakeholders, particularly through transformation, innovation, and partner collaboration, where informed and proportionate risk taking is necessary to achieve strategic objectives.

Differing approaches, which determine the extent of control applied, are guided by the following four descriptors:

- **Averse:** a strong opposition to accept risk.
- **Prudent:** a careful and cautious acceptance of risk within tight boundaries.
- **Moderate:** willingness to accept risk provided this is within reasonable limits.
- **Accepting:** willingness to accept risk to optimise outcomes and value within defined tolerance levels.

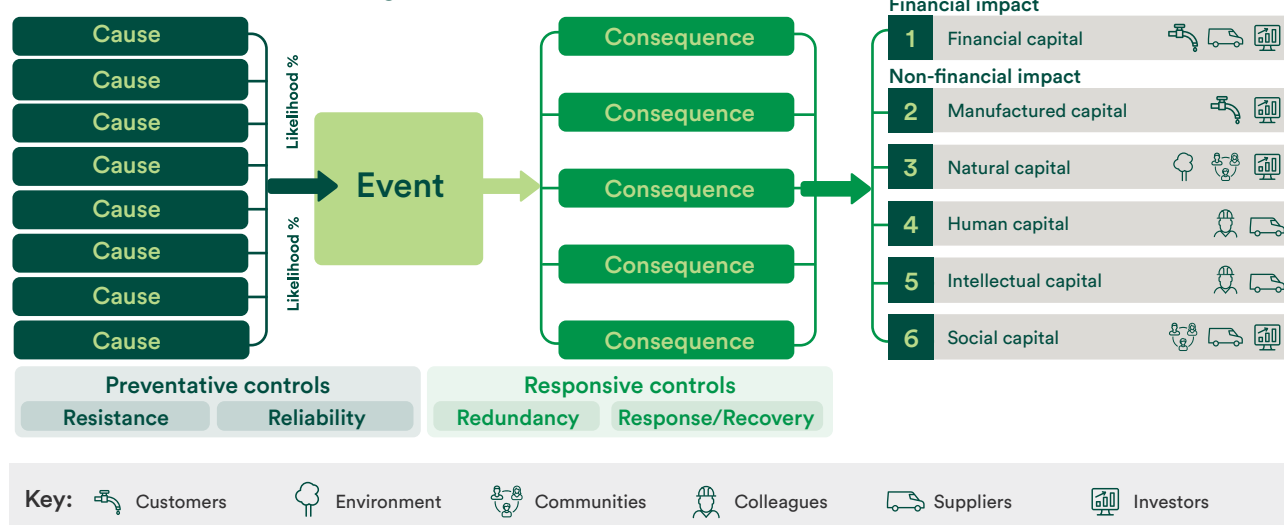
Building on the strategic risk appetite statements, target risk exposures are defined for individual risks to enable comparison with the current risk position. As part of full- and half-year board risk reporting, the extent to which risks are expected to move towards target levels based on planned mitigation is highlighted, and the potential range of impact of risks is compared with agreed financial risk appetite limits.

Key risk indicators are planned to be developed for event-based risks, with associated tolerance levels to support future decision-making and strengthen the overall approach.



## Our approach to risk management

### How we assess and manage risk



In addition to the integrated risk reviews (IRRs), we have a number of mechanisms in place to identify risk, including: consideration of primary and supporting activities, which make up our inherent risk areas; the water cycle; cross-business horizon scanning forums; review of national and sector risk registers; and consultation with professional service firms and trade body risk forums.

Understanding the context of risk relative to our objectives and obligations is a fundamental part of the assessment.

Assessment of risk takes into account new and emerging circumstances from the internal and external business environment and utilises both 'bottom-up' information from operational and project areas where appropriate, and 'top-down' assessments as described in the governance and reporting process section on page 55. This integrated 'top-down, bottom-up' approach ensures that reporting reflects the risk facing the company, serves to calibrate the assessments, and enables evaluation relative to our appetite.

Following evaluation of the context, the process then quantifies the risk for likelihood and impact by using a bow-tie tool as illustrated in the diagram above. The likelihood of the event occurring is determined by its causal factors. Financial and non-financial impacts represent the downside consequences should the event occur, aligned to the six capitals (see pages 14 to 15) to ensure consistency and a holistic assessment of where value may be gained, lost, or preserved. Financial impact (financial capital) reflects downside effects on revenue and costs, including fines, penalties, and compensation. Non-financial impacts (the remaining five capitals) capture broader value effects across natural, human, social, intellectual, and manufactured capital, including impacts on stakeholder trust and reputation. The full range of financial and non-financial impact is considered from a minimum (best-case) to a maximum (worst-case) scenario. Out of this range, the most likely impact scenario is assessed.

Comparing the current risk position against the desired target state, in combination with the strengths, weaknesses and gaps of the control environment, supports the decisions for further mitigation. Further mitigating action will target either the likelihood of occurrence, the impact, or a combination of the two, through new or improved preventative or responsive controls. Each further mitigating action has a defined owner, specified 'resolve by' dates and progress status indicators to support monitoring.

### Our risk profile

Our current focus and primary activity relates to downside risk; however, we are also maturing our approach to upside risk (opportunity management).

A key feature of the business risk profile is inherent risk areas. These are categories of risk that are based on the value chain of the company, reflecting the interrelationship of the primary (water service, wastewater service, bioresources and retail), and supportive activities or areas of responsibility (such as finance, supply chain, people, technology and data), where value can be gained, preserved, or lost. As a result, the inherent risk areas support the identification and/or gap analysis of all types of risks and opportunities, facilitate analysis of correlation and interdependency, and provide the platform for determining risk appetite and tolerance. This, in turn, helps us to articulate our direction and priorities to support decision-making around risk and resilience.

Underpinning the inherent risk areas are approximately 100 event-based risks, which are inherent to the company's objectives and statutory obligations, and cover core elements of the production lines, systems, networks and activities across the business. Each event-based risk remains dynamic by reflecting new and emerging circumstances relative to the ever-changing external threats and internal vulnerabilities.

### Common risk themes

Recognising the value of an integrated approach to risk and resilience management, we consider common themes across the event-based risks.

We have identified a number of common causal and consequence themes that relate to multiple risks. This allows us to understand correlating risk enabling us to take a holistic view of the strengths, weaknesses and gaps in our controls, and to consider the short-, medium- and long-term implications of risks materialising. Categorisation indicates eight causal themes and five consequence themes as summarised below.

#### Common causal themes

- **Asset health:** Asset deterioration, technological obsolescence and operating assets beyond their optimal capacity to cope with increased demand (population growth and/or climate change) affect operational efficiency and resilience.
- **Climate change/extreme weather:** Climate change projections highlight increased temperatures, rainfall, wind and more frequent extreme weather events with the potential to affect our service delivery and the environment that we strive to protect and enhance.
- **Culture:** Social attitude, behaviour and expectations of both internal and external stakeholders can lead to increased threat and vulnerability as an organisation, relative to service delivery, capital programmes and reputation.
- **Demographic change:** Population growth/shift, evolving age profiles, and industrial developments can impact the capacity and capability of water and wastewater treatment and network assets, can affect demand on water resources, and can increase uncertainty in relation to pension obligations.
- **Economic conditions:** Macroeconomic events can have multiple financial implications, including lower revenue,

reduced cash collection, increased operational cost through inflationary pressures and scarcity of supply, and increased cost of borrowing.

- **Legislative and regulatory change:** Changes in, or the interpretation of, legislation and regulation can have implications for our business model, asset base and ways of working.
- **Technology and data:** Ageing technology assets, and poor-quality data can threaten efficiency and security. In addition, the pace of technological change (including artificial intelligence), and seeking opportunities through increased automation and system integration, can provide challenges in the adaptability of the workforce and increase security threats.
- **Third-party assets and service:** Failure or interruption of third-party assets, infrastructure or services, such as power supply and water resources, can directly or indirectly affect water and wastewater operations.

**Common consequence themes**

- **Environmental impact:** The potential impact to air, soil, water and biodiversity in the short and long term, based on our assets, activities, carbon emissions and waste.
- **Investors:** The financial, ethical and environmental performance of our activity has implications for the value of investments and the market perception of the company.
- **Non-compliance:** The potential inadvertent breach of legislation or regulation when undertaking our activities.

- **People:** The diversity, skill set, engagement and wellbeing of our colleagues, and the health and safety of our people and the public relative to both our culture and activities.
- **Service delivery:** The quality of our service delivery, capital programmes and communication, and the effect on customer experience and trust with the wider community.

**Our principal risks**

Our principal risks represent those risks, which, in a remote but plausible scenario, could initiate corporate failure (material impact risks) and those risks that are likely to have a significant long-term impact on company value if they were to crystallise. As our definition of material impact risks highlights those risks that have the most significant impact in the worst case, it naturally identifies risks which place significant reliance on mitigating controls. Therefore, our future material controls declaration will be in respect of the key controls which mitigate our material impact risks.

A declaration of the effectiveness of material controls as required by Provision 29 of 2024 revisions of the UK Corporate Governance Code (the code), will be made in the financial year 2026/27; however, in preparation for this declaration, material controls have been listed alongside the material impact risks on pages 58 to 61, together with governance and assurance.

The overlap between the material impact and significant long-term risks is represented

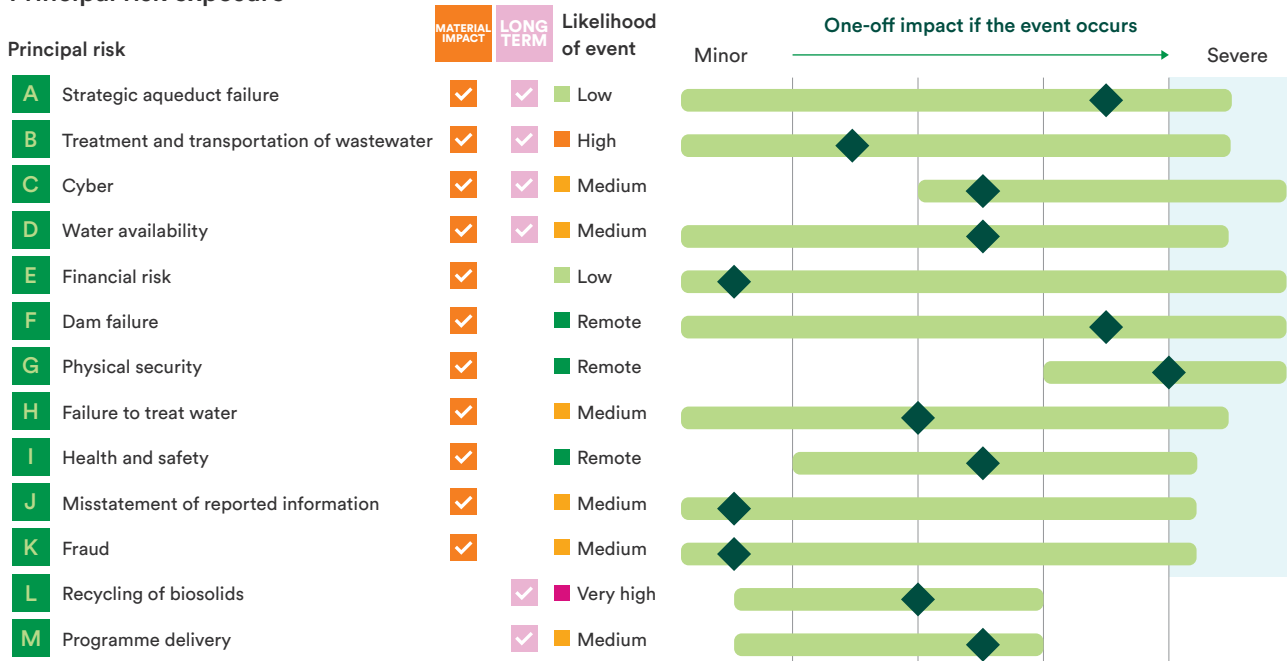
in the diagram below. A summary of the principal risks and associated mitigation/control is provided on pages 58 to 61.

The bar chart illustrates the likelihood of each event-based risk occurring (relative to its causal factors) and the indicative full range of potential one-off financial impacts (from minimum to maximum) should the risk materialise. Each of the multiple impacts in the range is subject to an individual post event probability, the most likely of which is illustrated by the diamond. Where the remote maximum impact is both financially and non-financially severe (as highlighted by the shaded blue box), it is regarded as being material, constituting a material impact risk.

Over the last twelve months, ten of the thirteen principal risks have remained relatively stable from an aggregate position, with three principal risks demonstrating a movement in exposure:

- **Cyber:** The risk has increased to reflect the increasing external threat despite steps taken to strengthen our internal preventative and responsive capability.
- **Dam failure:** There has been a reduction in the aggregate likelihood of dam failure following the completion of capital investment. The overall dam risk continues to evolve as dams are subject to periodic assessment along with further capital schemes to improve dam safety.
- **Programme delivery:** The capital programme has reduced to reflect increased confidence in the deliverability of the plan following a year in which the committed rate of spend is in line with schedules.

**Principal risk exposure**



**Key:** ◆ Most likely (expected impact) | ■ Range of possible one-off impacts (from minimum to maximum) | □ Remote severe impact (material impact risk) | ■ Material Impact | ■ Long Term | ■ Significant long-term risk

## Our principal risks

Principal risk	Risk exposure	Control/mitigation	Governance and assurance
<p><b>A</b> ↔</p> <p>Strategic aqueduct failure</p> <p><b>MATERIAL IMPACT</b></p> <p><b>LONG TERM</b></p>	<p>We own and operate nine aqueducts, which transfer water from major treatment works and large service reservoirs to the wider network. Asset deterioration and damage (caused by third-party or natural events) are key risk factors to water supply and/or quality relative to large proportions of our customer base. The Haweswater Aqueduct is the most significant asset of this type and currently has the lowest level of resilience.</p>	<p>We are committed to delivering a resilient supply of water. Material controls are:</p> <ul style="list-style-type: none"> <li>• <b>Rehabilitation/restoration:</b> The Large Diameter Trunk Mains (LDTM) inspections regime, along with existing asset maintenance programmes, are structured and reviewed periodically to identify where major rehabilitation or restoration programmes are required. The programmes are centrally governed and delivered to ensure the successful rehabilitation and restoration of strategic aqueducts, reducing the likelihood and impact of structural failure. Current initiatives include the Haweswater Aqueduct Resilience Programme and the Yrnwy Aqueduct Modernisation Programme.</li> <li>• <b>Aqueduct loss contingency plans:</b> Plans to outline response to total loss of supply (in the event of breach) or restrictions on use (in the event of a water-quality event) are developed, maintained and periodically exercised to enable the rapid deployment of resources and engagement with external agencies to maintain community function.</li> </ul> <p>Other controls include protective easements, inspections, and the monitoring of flow, pressure and turbidity via sensors and alarms.</p>	<p><b>Governance</b></p> <ul style="list-style-type: none"> <li>• Water quality first board<sup>M</sup></li> <li>• Water price control<sup>M</sup></li> <li>• Ofwat liaison committee (HARP)<sup>M</sup></li> <li>• HARP delivery board<sup>M</sup></li> </ul> <p><b>Assurance</b></p> <ul style="list-style-type: none"> <li>• Engineering team technical reviews<sup>2</sup></li> <li>• Assurance team reviews<sup>2</sup></li> <li>• Cyclical internal audits<sup>3</sup></li> </ul>
<p><b>B</b> ↔</p> <p>Treatment and transportation of wastewater</p> <p><b>MATERIAL IMPACT</b></p> <p><b>LONG TERM</b></p> <p><b>CLIMATE</b></p>	<p>We own and operate network and treatment assets to collect and treat wastewater before it is safely returned to the environment. Risk factors to the hydraulic and operational capacity include: population growth; extreme weather (amplified by climate change); increased surface runoff due to residential and commercial developments; improper or harmful use of the sewer systems; and inherent asset health issues. Consequential failure, now subject to tightening legislation, can result in unpermitted storm or emergency overflow activations, sewer flooding and environmental damage.</p>	<p>We focus on providing reliable and resilient wastewater services. Material controls are:</p> <ul style="list-style-type: none"> <li>• <b>Maintenance:</b> Proactive and reactive inspection, servicing, repair and replacement activities are planned, prioritised and completed across wastewater assets to maintain operational reliability and reduce the likelihood of asset failure and environmental impact.</li> <li>• <b>Licence to operate:</b> Mandatory training, certification and competence requirements for wastewater operations are defined, delivered and routinely refreshed to ensure staff maintain the necessary skills and qualifications to safely and effectively operate the wastewater processes and assets.</li> <li>• <b>Power resilience:</b> Power resilience plans and assets are maintained for critical wastewater sites to ensure continuity of treatment and transportation during power interruptions and outages.</li> </ul> <p>Other controls include customer awareness, trade effluent management, monitoring of sensors and alarms and emergency response. In addition, our better rivers programme focuses on improving river water quality and reducing spills from storm and emergency overflow operation.</p>	<p><b>Governance</b></p> <ul style="list-style-type: none"> <li>• Wastewater price control<sup>M</sup></li> <li>• Flood committee<sup>M</sup></li> <li>• Pollution committee<sup>M</sup></li> </ul> <p><b>Assurance</b></p> <ul style="list-style-type: none"> <li>• Assurance team reviews<sup>2</sup></li> <li>• Cyclical internal audits<sup>3</sup></li> </ul>
<p><b>C</b> ↑</p> <p>Cyber</p> <p><b>MATERIAL IMPACT</b></p> <p><b>LONG TERM</b></p>	<p>As we continue to develop our digital capability, we become more reliant on connected technology, not only in the way we operate, but also the way in which we communicate with our customers and the wider community. Cyber incidents continue to grow in all industries with a constantly changing threat landscape. The potential for data and technology assets to be compromised is a key risk to business processes and operations.</p>	<p>We employ a multi-layer control environment. Material controls are:</p> <ul style="list-style-type: none"> <li>• <b>Infrastructure access controls:</b> Perimeter and internal firewalls, supported by intrusion detection systems, are centrally configured, monitored and routinely updated to restrict unauthorised access and detect malicious activity across the corporate and operational technology networks.</li> <li>• <b>System access controls:</b> System, data and internet access is restricted through centrally managed authentication, authorisation and usage controls, ensuring users are granted only the permissions required for their role and preventing unauthorised or inappropriate access across information and operational technology (IT and OT) environments.</li> <li>• <b>Point protection:</b> Anti-malware suite and mail gateway service, which includes malware detection, transmission protocols, and endpoint actions.</li> <li>• <b>Monitoring and response:</b> The Security Operations Centre continuously monitors security events, analyses threat activity and coordinates timely incident response actions to detect, contain and mitigate cyber threats across the organisation's IT and OT environments. We also operate a comprehensive cyber security incident response plan with associated training and exercising.</li> </ul> <p>Other controls include security awareness training and business continuity plans.</p>	<p><b>Governance</b></p> <ul style="list-style-type: none"> <li>• Security steering group<sup>M</sup></li> <li>• NIS governance board<sup>M</sup></li> <li>• Group audit and risk board (GARB)<sup>M</sup></li> </ul> <p><b>Assurance</b></p> <ul style="list-style-type: none"> <li>• Security team reviews<sup>2</sup></li> <li>• Annual internal audit<sup>3</sup></li> <li>• External reviews<sup>3</sup></li> </ul>

### Key:

#### Risk categorisation



Material impact



Significant long-term risk



Climate-related risk

#### Governance

M Management committee  
B Board committee

#### Assurance (refer to pages 134 to 135)

2 Second-line assurance activity  
3 Third-line assurance

#### Change in risk exposure over the year (see page 57 for explanation)

↔ Stable ↑ Increased ↓ Decreased

Principal risk	Risk exposure	Control/mitigation	Governance and assurance
<p><b>D</b> ↔</p> <p>Water availability</p> <p><b>MATERIAL IMPACT</b></p> <p><b>LONG TERM</b></p> <p><b>CLIMATE</b></p>	<p>Water availability is a long-term risk for the UK, driven by a combination of changing climatic conditions and increasing demand from population growth and industrial use. Lower-than-average rainfall, shifting seasonal patterns and extended periods of hot weather are reducing water resources through higher evaporation and demand. These pressures may affect both the natural environment and supply capacity, increasing the likelihood of water-use restrictions. Changes to environmental legislation on abstraction and compensation may further constrain available supplies.</p>	<p>We are committed to the sustainability and resilience of water resources. Material controls are:</p> <ul style="list-style-type: none"> <li>• <b>Strategy:</b> A central water resources planning team develops, maintains and periodically reviews the Water Resources Management Plan to ensure long-term supply and demand strategy reflects climate and demographic change and provides a resilient approach to water availability.</li> <li>• <b>Production planning:</b> Production planning teams proactively balance water availability and treatment/production capacity against forecast demand by reviewing supply forecasts, operational constraints and risk indicators to ensure sustainable and resilient system operation.</li> <li>• <b>Contingency plan:</b> The statutory Drought Plan is maintained, periodically reviewed and enacted when required to set out the operational and customer-facing actions the organisation will take to manage water shortages and protect system resilience during drought conditions.</li> </ul> <p>Other controls include abstraction and leakage management, and water efficiency programmes.</p>	<p><b>Governance</b></p> <ul style="list-style-type: none"> <li>• Water quality first board<sup>M</sup></li> <li>• Water price control<sup>M</sup></li> </ul> <p><b>Assurance</b></p> <ul style="list-style-type: none"> <li>• Assurance team reviews<sup>2</sup></li> <li>• Internal audits<sup>3</sup></li> </ul>
<p><b>E</b> ↔</p> <p>Financial risk</p> <p><b>MATERIAL IMPACT</b></p>	<p>We are inherently exposed to liquidity, market, credit and capital risk due to our debt financing, cash and derivative holdings, defined benefit pension scheme and a significant annual commodity spend, notably energy. Risk factors include market fluctuations, cost or revenue shocks, process or system errors or failures (internal or counterparty), and poor company or sector performance. Impacts can be conflated and range significantly relating to revenue, the group's Regulatory Capital Value, the cost of debt, the cost of goods and services, with the most material impact being insolvency associated with remote risks such as counterparty failures or a breach of covenants.</p>	<p>We have a robust and prudent approach to financial risk management. Material controls are:</p> <ul style="list-style-type: none"> <li>• <b>Approved limits:</b> Approved parameters for funding, liquidity, interest rate, inflation and electricity price commodity exposures, along with credit rating and financial ratio tolerance levels, are centrally defined in Treasury policies, monitored and reported to ensure treasury and financing activities remain within the organisation's financial risk appetite.</li> <li>• <b>Control of work:</b> Financial transactions are governed by an established control framework incorporating authorisation limits, defined transaction parameters, segregation of duties and supervisory review to ensure activities are executed in line with approved financial and operational standards and limits.</li> <li>• <b>Licence to operate:</b> Mandatory training, certification and competency requirements for financial and treasury activities are defined, delivered and routinely refreshed to ensure staff maintain the skills and authorisations necessary to operate within regulatory, market and internal control expectations.</li> </ul> <p>Other controls include company business planning and monitoring of both internal and counterparty performance. The banking resolution regime also provides protection in the event of bank failures.</p>	<p><b>Governance</b></p> <ul style="list-style-type: none"> <li>• Operational compliance review<sup>M</sup></li> <li>• Executive performance meeting<sup>M</sup></li> <li>• Quarterly treasury MI pack<sup>M</sup></li> <li>• Treasury committee<sup>8</sup></li> </ul> <p><b>Assurance</b></p> <ul style="list-style-type: none"> <li>• External audit</li> <li>• Cyclical internal audits<sup>3</sup></li> </ul>
<p><b>F</b> ↓</p> <p>Dam failure</p> <p><b>MATERIAL IMPACT</b></p>	<p>We own and operate a fleet of over 100 dams and service reservoirs, many of which fall under statutory regulations due to their significant capacity. The integrity of all dams is fundamental to water availability, and the safety of society and property downstream. Flood damage, overtopping, earthquake or erosion could, in remote circumstances, result in an uncontrolled release of a significant volume of water with catastrophic implications.</p>	<p>We focus on maintaining extremely low probabilities of individual dam failure. Material controls are:</p> <ul style="list-style-type: none"> <li>• <b>Portfolio Risk Assessment (PRA):</b> A Portfolio Risk Assessment is periodically undertaken to evaluate individual dams against societal risk criteria, enabling consistent prioritisation of safety interventions across the dam portfolio.</li> <li>• <b>Inspections:</b> Catchment teams and supervising engineers conduct the regular inspection and monitoring of dam structures and associated assets to identify emerging defects and compliance issues, ensuring timely escalation and intervention to maintain dam safety.</li> <li>• <b>Remedial work:</b> Remedial works identified through Portfolio Risk Assessments or statutory 'In the Interest of Safety' requirements are prioritised, designed and delivered to address identified dam safety risks and ensure continued compliance with regulatory obligations.</li> </ul> <p>Other controls include ground maintenance to manage vegetation and erosion, and contingency plans.</p>	<p><b>Governance</b></p> <ul style="list-style-type: none"> <li>• Dam safety group<sup>M</sup></li> </ul> <p><b>Assurance</b></p> <ul style="list-style-type: none"> <li>• Assurance team reviews<sup>2</sup></li> <li>• Cyclical internal audits<sup>3</sup></li> <li>• Panel engineer inspections<sup>3</sup></li> </ul>

## Our principal risks

Principal risk	Risk exposure	Control/mitigation	Governance and assurance
<p><b>G</b> ↔</p> <p>Physical security</p> <p><b>MATERIAL IMPACT</b></p>	<p>The water industry is classed as one of 13 'Critical National Infrastructure' (CNI) sectors, which are defined as facilities, systems, sites, information, people, networks and processes, necessary for a country to function and upon which daily life depends. Our assets, including dams and treatment works, are assigned a CNI or 'National Infrastructure' (NI) designation, which, in a remote, but significant security incident (such as a terrorist attack) could be compromised, leading to severe economic and social consequences.</p>	<p>We employ a multi-layered approach in accordance with the Security and Emergency Measures Direction (SEMD) of the Water Industry Act. Material controls are:</p> <ul style="list-style-type: none"> <li>• <b>Physical access controls:</b> Physical access to sites is controlled through gates, fencing, security guards, CCTV and electronic access control systems to prevent unauthorised entry and protect critical assets.</li> <li>• <b>Monitoring and response:</b> Security alarms and site alerts are continuously monitored by the Integrated Control Centre, which initiates timely investigation and response to any unauthorised access or security events.</li> </ul> <p>Other controls include the physical hardening of assets based on priority and operational site inspections.</p>	<p><b>Governance</b></p> <ul style="list-style-type: none"> <li>• Security steering group<sup>M</sup></li> </ul> <p><b>Assurance</b></p> <ul style="list-style-type: none"> <li>• Security team reviews<sup>2</sup></li> <li>• Assurance team reviews<sup>2</sup></li> <li>• Cyclical internal audits<sup>3</sup></li> <li>• External reviews<sup>3</sup></li> </ul>
<p><b>H</b> ↔</p> <p>Failure to treat water</p> <p><b>MATERIAL IMPACT</b></p> <p><b>CLIMATE</b></p>	<p>Threats to water treatment include asset health, process failure and the contamination (natural, chemical or biological) of raw water. Climate change is a key factor in raw water contamination due to intensifying catchment erosion and runoff, more frequent wildfires and increasing algal bloom, which can produce taste and odour problems. Failure to treat water can lead to non-compliance with regulatory standards, rejection of water by consumers for aesthetics or, in extreme cases, public health issues.</p>	<p>We are committed to providing wholesome drinking water. Material controls are:</p> <ul style="list-style-type: none"> <li>• <b>Sampling and testing:</b> Water quality teams perform scheduled sampling and accredited laboratory testing across the network, with results recorded and reviewed in the Water Quality Management System to ensure compliance and detect any treatment issues.</li> <li>• <b>Sensors and alarms:</b> Automated sensors continuously monitor water quality and treatment parameters, triggering system-generated alarms for operational teams to investigate and address any deviations from acceptable limits.</li> <li>• <b>Maintenance:</b> Operational and engineering teams carry out scheduled and reactive inspection, servicing, repair and replacement of treatment and network assets, ensuring issues are identified and resolved to maintain asset performance and regulatory compliance.</li> <li>• <b>Licence to operate:</b> Mandatory training, certification and competence requirements for water operations are defined, delivered and routinely refreshed to ensure staff maintain the necessary skills and qualifications to safely and effectively operate the water processes and assets.</li> <li>• <b>Power resilience:</b> Power resilience plans and assets are maintained for critical water sites to ensure continuity of water treatment during power interruptions and outages.</li> <li>• <b>Chemical resilience:</b> Chemical resilience plans (including stock levels, alternative supply routes, and contingency actions) are maintained and periodically reviewed to ensure critical treatment sites can continue operating during chemical supply interruptions.</li> </ul> <p>Other controls include an end-to-end risk assessment process, contingency plans, and the monitoring of the regulatory position on emerging contaminants.</p>	<p><b>Governance</b></p> <ul style="list-style-type: none"> <li>• Water quality first board<sup>M</sup></li> <li>• Water price control<sup>M</sup></li> </ul> <p><b>Assurance</b></p> <ul style="list-style-type: none"> <li>• Scientific service team reviews<sup>2</sup></li> <li>• Assurance team reviews<sup>2</sup></li> <li>• Cyclical internal audits<sup>3</sup></li> <li>• External evaluations<sup>3</sup></li> </ul>
<p><b>I</b> ↔</p> <p>Health and safety</p> <p><b>MATERIAL IMPACT</b></p>	<p>Our activities inherently include exposure to chemical, biological and physical hazards, with the most material impact being a major incident at one of our process plants (two of which fall under the Control of Major Accident Hazard (COMAH) regulations). An unintentional release of chemicals, energy, or other potentially dangerous materials (including steam) could result in fire, explosion, and toxic releases, which, in the worst case, results in multiple casualties and serious damage to our assets, adjacent infrastructure/buildings and the environment.</p>	<p>We continue to build a strong health and safety culture and are committed to improving health and safety performance, with process safety being a primary area of focus. Material controls are:</p> <ul style="list-style-type: none"> <li>• <b>Control of work and change:</b> A management system to ensure activities are safely undertaken, with key components including the management of change through risk assessment, implementation of protections such as isolation, and authorisation and permit to work.</li> <li>• <b>Maintenance:</b> Scheduled and reactive inspection, servicing, repair and replacement of safety-critical equipment and assets to ensure they remain fully functional and compliant with health and safety requirements.</li> <li>• <b>Licence to operate:</b> Staff and contractors complete and maintain all required training, licences and competency assessments, with compliance tracked and evidenced through the corporate learning and authorisation systems to ensure safe and legally compliant operation.</li> </ul> <p>Other controls include monitoring through sensors and alarms and emergency/contingency plans.</p>	<p><b>Governance</b></p> <ul style="list-style-type: none"> <li>• Process safety board<sup>M</sup></li> <li>• Executive health and safety committee<sup>M</sup></li> </ul> <p><b>Assurance</b></p> <ul style="list-style-type: none"> <li>• Health and safety team reviews<sup>2</sup></li> <li>• Assurance team reviews<sup>2</sup></li> <li>• Cyclical internal audits<sup>3</sup></li> </ul>

### Key:

#### Risk categorisation



Material impact



Significant long-term risk



Climate-related risk

#### Governance

M Management committee  
B Board committee

#### Assurance (refer to pages 134 to 135)

2 Second-line assurance activity  
3 Third-line assurance

Change in risk exposure over the year (see page 57 for explanation)

↔ Stable ↑ Increased ↓ Decreased

Principal risk	Risk exposure	Control/mitigation	Governance and assurance
<p><b>J</b> ↔</p> <p>Misstatement of reported information</p> <p><b>MATERIAL IMPACT</b></p>	<p>We are bound by legislation and regulation to provide statutory financial accounts and regulatory reports to demonstrate financial health, performance, compliance with legal and regulatory requirements, and provide information to stakeholders for their ongoing interest and/or investment in the company. Failure to provide accurate and/or complete information is reputationally damaging and, depending on the nature of any misstatement or misreport, could accrue significant penalties.</p>	<p>We are committed to reporting in an open, compliant and transparent way. Material controls are:</p> <ul style="list-style-type: none"> <li>• <b>Financial controls:</b> Financial control procedures (including journal processing controls, control accounts and analytical review) to ensure the accuracy, completeness and validity of reported financial information in accordance with accounting and reporting standards.</li> <li>• <b>Regulatory reporting framework:</b> Application of a defined regulatory reporting framework that sets out reporting criteria, accountabilities, data capture requirements, governance, and assurance processes to ensure reported information is accurate, complete and compliant with reporting requirements.</li> </ul> <p>Other controls include accounting policies, schedules, risk assessment and management of queries.</p>	<p><b>Governance</b></p> <ul style="list-style-type: none"> <li>• Executive performance meetings<sup>M</sup></li> <li>• Audit committee<sup>B</sup></li> <li>• Compliance committee<sup>B</sup></li> </ul> <p><b>Assurance</b></p> <ul style="list-style-type: none"> <li>• Financial control team review<sup>2</sup></li> <li>• Regulation and compliance team review<sup>2</sup></li> <li>• Internal audits<sup>3</sup></li> <li>• External audit<sup>3</sup></li> </ul>
<p><b>K</b> ↔</p> <p>Fraud</p> <p><b>MATERIAL IMPACT</b></p>	<p>The scale of our operations presents multiple opportunities for fraud to be perpetrated from inside and outside of the company, potentially impacting us, our stakeholders and third parties. Fraud can be committed by individuals or groups with examples including false representation, unauthorised disclosure of personal information, the supply of inferior products/ false invoices and misuse or theft of company property. The Economic Crime and Corporate Transparency Act 2023 (ECCTA) introduced a new corporate offence for failure to prevent fraud, which can carry an unlimited fine. The most material fraud risks relate to treasury operations, cyber crime and reporting.</p>	<p>We are committed to preventing fraud. Material controls are:</p> <ul style="list-style-type: none"> <li>• <b>Control of work:</b> Financial transactions are governed by an established control framework incorporating authorisation limits, defined transaction parameters, segregation of duties and supervisory review to ensure activities are executed in line with approved financial and operational standards and limits.</li> <li>• <b>System access controls:</b> System, data and internet access is restricted through centrally managed authentication, authorisation and usage controls, ensuring users are granted only the permissions required for their role and preventing unauthorised or inappropriate access across information and operational technology (IT and OT) environments.</li> <li>• <b>Financial controls:</b> Financial control procedures (including journal processing controls, control accounts and analytical review) to ensure the accuracy, completeness and validity of reported financial information in accordance with accounting and reporting standards.</li> </ul> <p>Other controls include fraud awareness training, whistleblowing process for the confidential reporting and investigation of fraud, and fraud risk assessment.</p>	<p><b>Governance</b></p> <ul style="list-style-type: none"> <li>• Security steering group<sup>M</sup></li> <li>• Whistle blowing committee<sup>M</sup></li> <li>• Audit committee<sup>B</sup></li> <li>• Group board<sup>B</sup></li> </ul> <p><b>Assurance</b></p> <ul style="list-style-type: none"> <li>• Departmental review<sup>2</sup></li> <li>• Cyclical internal audits<sup>3</sup></li> <li>• External review<sup>3</sup></li> </ul>
<p><b>L</b> ↔</p> <p>Recycling of biosolids</p> <p><b>LONG TERM</b></p> <p><b>CLIMATE</b></p>	<p>Wastewater treatment generates significant quantities of sludge, which is subsequently treated to produce biosolids, the majority of which are recycled to agriculture as the most practical environmental option. A reduction in the landbank could have significant implications for strategy, operations, and cost, with a total loss of the land bank being the worst-case scenario. Threats include: the quality of biosolids; changes in public or political perception; changes in regulations associated with emerging contaminants and climate change; and/or the willingness of farmers or landowners to receive biosolids.</p>	<p>Treatment, sampling and testing ensures that quality standards are met, and we work closely with farmers, landowners and contractors to ensure compliance with regulations (notably the Biosolids Assurance Scheme (BAS)). We are also investing in our sludge treatment assets to ensure capacity, reliability and environmental compliance is upheld. In addition, we continue to work closely with regulators to influence policy. We are also developing contingency plans should regulation change in the near term, with a notified item included in the final determination enabling an interim determination (IDOK) if significant investment is required to develop alternative disposal outlets before 2030.</p>	<p><b>Governance</b></p> <ul style="list-style-type: none"> <li>• Bioresource team review of BAS compliance<sup>M</sup></li> <li>• Executive performance meetings<sup>M</sup></li> </ul> <p><b>Assurance</b></p> <ul style="list-style-type: none"> <li>• Assurance team reviews<sup>2</sup></li> <li>• Cyclical internal audit<sup>3</sup></li> <li>• External BAS audits<sup>3</sup></li> </ul>
<p><b>M</b> ↓</p> <p>Programme delivery</p> <p><b>LONG TERM</b></p>	<p>The capital programme involves significant investment in the development and improvement of point and linear assets through a series of projects to improve water supply and wastewater services. Delivery to time, cost and quality is under constant challenge due to ongoing exposure to natural hazards and the capacity and capability of third parties, partners and internal resource. This risk is amplified by the significant scale of the capital programme across this and future asset management periods (AMPs) coupled with challenging cost allowances and performance commitments.</p>	<p>Our capital programme operating model involves multiple construction and design partners, and a large supplier base, providing both efficiency and resilience. With strong emphasis placed on safety and the environment, we adopt a supplier relationship management framework to manage contracts and performance, a runway approach for project allocation, and category management for the supply of products and materials. Performance is measured through our capital programme delivery incentive and monitoring the delivery of performance commitments. For operations, a transformation programme is in development with five clear areas of focus within an agreed prioritisation framework.</p>	<p><b>Governance</b></p> <ul style="list-style-type: none"> <li>• Project management office<sup>M</sup></li> <li>• Capital investment committee<sup>M</sup></li> <li>• Executive performance meetings<sup>M</sup></li> </ul> <p><b>Assurance</b></p> <ul style="list-style-type: none"> <li>• Assurance team reviews<sup>2</sup></li> <li>• Cyclical internal audits<sup>3</sup></li> </ul>

Our principal risks

# New and emerging risks and opportunities

Recent assessments of new and emerging risks and opportunities can be categorised into four areas: regulatory change, geopolitical issues, technological innovation, and emerging contaminants.



We define new and emerging risks and opportunities as those that have not previously been apparent or are undergoing unprecedented growth/development or prominence, with long-term implications for the group and/or sector.

Horizon scanning activity is a key feature of the risk and resilience framework. It is undertaken routinely as part of external research and benchmarking, the assessment of event-based risks, and through dedicated forums such as the new and emerging risk forum and the compliance working group.

Where there is more understanding, assumptions can be allocated to inform the development of strategies and applied to the assessment of existing, or the new development of, risk and opportunities.

## Regulatory change

While our high-quality and ambitious business plan provides positive mitigation, there is a risk that poor sector performance has a disproportionate impact on regulatory change. In January 2026, the Government published its white paper, 'A new vision for water', confirming that many Independent Water Commission recommendations will be taken forward, with legislative changes to sector regulation expected. These reforms present both risks and opportunities in how we deliver our objectives and obligations.

The Water (Special Measures) Act is now in its second year of operation, introducing new legal and regulatory requirements, including enhanced environmental standards and increased transparency in pollution reporting. While essential to improving water quality and maintaining public confidence, these changes represent a material shift in how environmental risks

are regulated and scrutinised, increasing potential reputational impact where performance falls short. We continue to closely monitor regulatory developments and engage actively as they evolve, while maintaining focus on service improvements and delivery against required targets.

## Geopolitical issues

Geopolitical issues continue to evolve, with recent developments in the Middle East increasing uncertainty and complexity across global supply chains and economic conditions beyond the ongoing situation in Ukraine. We have reviewed and updated existing risks to reflect this new and emerging context, particularly in relation to price volatility and the potential scarcity of goods and services, including extended delivery lead times. Fuel and energy remain key areas of exposure; however, we are well hedged for energy and retain priority allocation for fuel in the event of a national crisis.

Additional controls, including multiple suppliers, category management and framework agreements, provide resilience against inherent supply-chain volatility. We will continue to monitor the situation closely and are working with our partners and suppliers to ensure the continued efficient sourcing of critical goods and materials.

## Technological innovation

We recognise technological innovation as a significant opportunity to improve

efficiency, service levels and organisational resilience. Artificial intelligence and machine learning are central to our dynamic network management approach across the wastewater system, and we continue to prioritise AI use cases that are ethical, secure and impactful. These initiatives support productivity, knowledge management and improved decision-making, underpinned by strong governance and robust data controls.

Technological change also introduces new and emerging risks, particularly relating to information security, data integrity and operational resilience. Our expanding digital footprint increases exposure to advanced AI-enabled cyber threats capable of identifying and exploiting vulnerabilities in critical infrastructure. These risks are managed through enhanced cyber-security controls and continuous monitoring.

Wider technology trends, including hydrogen production and the growth of data centres driven by AI and cloud computing, are expected to accelerate. Both are highly water-intensive and may place unprecedented demand on water resources, requiring long-term planning and integration into our resilience strategy.

## Emerging contaminants

Emerging contaminants are chemicals or materials that are present in the water cycle which may impact the environment and/or human health. The majority are



## Material litigation

The group robustly defends litigation where appropriate and seeks to minimise its exposure by establishing provisions and seeking recovery wherever possible. Litigation of a material nature is regularly reported to the group board. While our directors remain of the opinion that the likelihood of a material adverse impact on the group's financial position is remote, based on the facts currently known to us and the provisions in our financial statements, the following two cases are worthy of note:

- As reported in previous years, in February 2009, United Utilities International Limited (UUIL) was served with notice of a multiparty 'class action' in Argentina related to the issuance and payment default of a US\$230 million bond by Inversora Eléctrica de Buenos Aires S.A. (IEBA), an Argentine project company set up to purchase one of the Argentine electricity distribution networks that was privatised in 1997. UUIL had a 45% shareholding in IEBA, which it sold in 2005. The claim is for a non-quantified amount of unspecified damages and purports to be pursued on behalf of unidentified consumer bondholders in IEBA. The claim has not advanced procedurally in the last year and the proceedings remain in the evidentiary stage. UUIL will vigorously resist the proceedings given the robust defences that UUIL has been advised that it has on procedural and substantive grounds.
- Collective proceedings in the Competition Appeal Tribunal (CAT) were issued on 8 December 2023 against Uuw and United Utilities Group PLC on behalf

of approximately 5.6 million domestic customers following an application by the Proposed Class Representative (PCR), Professor Carolyn Roberts. The PCR alleges that customers have collectively paid an overcharge for sewerage services during the claim period (which runs from 1 April 2020 and may continue into the early years of the PR24 period) as a result of Uuw allegedly abusing a dominant position by providing misleading information to regulatory bodies. The estimated total aggregate amount the PCR is claiming against Uuw (including interest) is at least £141 million. Separate letters before action were issued on 20 December 2024 in relation to similar claims in respect of non-household customers; however, it is not clear how these will proceed following the CAT and Court of Appeal's decision not to certify the claims brought in respect of domestic customers. On 7 March 2025, the CAT unanimously concluded that claims could not proceed on the basis that the claims brought forward are excluded by section 18(8) of the Water Industry Act 1991. Subsequently, the PCR was granted permission by the Court of Appeal to appeal this decision. The hearing took place in early 2026 where the Court of Appeal rejected the PCR's appeal and concluded that the CAT's original decision should not be overturned. Following this, the PCR has applied to the Supreme Court to appeal the decision made by the Court of Appeal. The outcome of this request is not yet known. Uuw believes the claim is without merit and will robustly defend it, should the certification decision be overturned on appeal.

human-made, e.g. poly or perfluoroalkyl substances (PFAS), plastics, pesticides, pharmaceuticals and personal care products, however, climate change may also facilitate the increased production of natural contaminants in previously non-impacted catchments.

There continues to be focus on understanding the sources of emerging contaminants, their pathways and potential impacts, along with developing effective detection, remediation, and prevention strategies.

► Read more about emerging contaminants and PFAS at [unitedutilities.com/pfas](https://unitedutilities.com/pfas)

Uncertainty relates to the timescale and extent of any corresponding changes to specific water and wastewater regulations and the associated impact on existing operations, as well as the potential effect on recycling biosolids to land.

We have aligned our operational risk assessments to emerging contaminants and participate in multiple research and industry planning activities. In addition, we have developed biosolids contingency plans and there is a notified item as part of the final determination enabling an interim determination (IDOK) if significant investment is required to develop alternative biosolid disposal outlets.



## How we report our performance

# Driving performance through transparency...

The next section details our performance against our operational KPIs, other operational metrics and financial KPIs. We have selected these KPIs and measures by considering what stakeholders tell us matters most to them, as well as our contribution to wider value and global goals such as the UN SDGs and climate change mitigation.

The metrics we report relate to activities undertaken by the group unless stated otherwise in the performance tables. Those that are not group metrics relate solely to the water and wastewater activities of our regulated entity, United Utilities Water Limited (UUV). In particular, we report against a number of regulatory performance measures, and these relate only to UUV as the regulated entity. UUV performance is, in most instances, the same as group performance for these metrics, as UUV makes up the vast majority of group activities, with only a small amount of non-regulated activity undertaken outside of UUV.

### Operational performance metrics

In order to assess our operational performance, we look at a variety of metrics to measure how effectively we are delivering against our purpose and strategic priorities.

We provide performance data for the last three years to enable movements and trends to be observed, and we rank performance against our targets using a traffic light system – green, amber or red.

### Performance commentary

Our metrics are supported by a commentary, which includes highlights of the year and provides additional insight into our performance.

Operational performance in this integrated report is structured according to the key elements of our purpose – greener, healthier and stronger. This also provides alignment with environmental, social and governance (ESG) matters.

#### Greener

## 0

category 1  
pollution incidents

## 47%

reduction in spills  
against 2020 baseline

## 13%

scope 1 and 2 greenhouse gas  
emissions reduction since 2019/20

► See the full list of our greener KPIs and metrics on pages 66 to 67

#### Healthier

## 4.5 Excellent

on Trustpilot

## 422,041

customers supported  
with affordability

## 90%

colleague  
engagement

► See the full list of our healthier KPIs and metrics on pages 76 to 77

#### Stronger

## 100%

capital programme  
delivery incentive (CPDi)

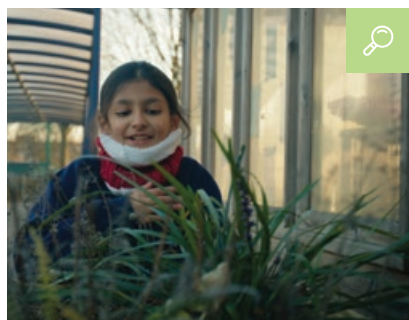
## £3.84m

community investment into  
North West communities (B4SI)

## Upper quartile

performance across a range  
of trusted investor indices

► See the full list of our stronger KPIs and metrics on pages 82 to 83



### Case study

How rainwater management helps us to deliver a greener North West

► Read more on pages 70 to 71



### Case study

How our affordability support helps us to deliver a healthier North West

► Read more on pages 80 to 81



### Case study

How our asset management approach helps us to deliver a stronger North West

► Read more on pages 86 to 87

## Financial KPIs

Financial KPIs are set out on page 90 and assess profitability and financial resilience. They include income statement, balance sheet and shareholder performance metrics and are unchanged from last year.

## Financial framework and guidance

The board sets our financial framework, including performance targets or forecasts for key financial measures. This covers our target gearing range, dividend policy and estimated asset growth based on the regulatory total expenditure allowance. We provide one-year forward guidance on key financials, including income statement measures, outcome delivery incentives (ODIs), and capital expenditure, on page 91. All forward-looking information should be read in line with the cautionary statement on the inside back cover of this report.

## Financial information contained in the APR

Financial performance information relates to the regulated company, UUW, and its appointed activities, and is prepared in accordance with the regulatory accounting framework. This differs from IFRS reporting, and a reconciliation is provided in the annual performance report (APR). For clarity, all financial metrics in this report relate to group-level performance and are calculated as per the definitions set out herein.

## Regulatory return

The regulatory return is the return generated on actual regulatory equity, calculated using average actual gearing applied to the regulatory capital value (RCV), as per Table 1F – Financial Flows of the Ofwat Annual

Performance Report. It encompasses the base return, outperformance, and the uplift to our regulatory asset base from inflation.

Regulatory return comprises the base allowed return set by Ofwat in the final determination, adjusted for outperformance or underperformance, and is reported annually and cumulatively over each five-year AMP period. The AMP8 base return is 5.24% (real) on average, including an uplift for our quality and ambition assessment.

Performance against the base return is influenced by three factors: totex outperformance or underperformance versus allowances; ODI rewards or penalties for service delivery; and financing performance relative to the allowed cost of debt.

We have consistently outperformed, delivering 1.4% above the base return in AMP6 and 2.1% in AMP7 (real). Operational performance feeds into regulatory return, particularly through ODIs.

## Remuneration

Remuneration for executives and colleagues reflects sustainability-related metrics alongside financial performance. Bonus measures apply to all colleagues, while executives and senior leaders are also assessed against longer-term targets through the LTP. Both schemes are linked to customer and environmental outcomes as well as financial performance, including customer satisfaction, ODIs, carbon measures, pollution and spills performance, and efficient delivery of the capital programme.

Many remuneration measures align closely with our operational and financial KPIs, and we disclose where metrics are linked directly or indirectly to bonus and/or LTP outcomes. Further detail is provided in the remuneration report on pages 140 to 170.

## Assurance of performance metrics

All disclosed performance metrics have received appropriate assurance, including independent third-party verification, regulatory assurance processes or internal audit review. The form of assurance obtained for each metric is shown in the performance tables on the following pages.

Sections subject to external limited assurance are clearly marked, including figures in the energy and carbon report and the remuneration report.

- Relevant audit opinions are available at [unitedutilities.com/corporate/responsibility/our-approach/esg-performance](https://unitedutilities.com/corporate/responsibility/our-approach/esg-performance)

## Benchmarking our ESG performance

We benchmark our performance against national and international standards of responsible business practice and align with recognised management standards and accreditations. We participate in a range of global ESG ratings, indices and frameworks, which form part of our operational KPIs.

Our consistent performance across these benchmarks demonstrates our commitment to responsible operations. Many indices draw data from this report, and we collate and publish a wide range of ESG performance measures. Additional information on specific frameworks is available on our website.

## Further performance disclosures



### Regulatory performance metrics

Performance against our regulatory contract is monitored and assessed each year, and more detailed information and narrative is reported within our separate annual performance report (APR), which is published in July of each year. The APR includes performance for the current year and cumulative performance across the AMP. The APR for 2025/26 will be published in July 2026.

- Our APRs are available on our website at [unitedutilities.com/corporate/about-us/performance/annual-performance-report](https://unitedutilities.com/corporate/about-us/performance/annual-performance-report)



### World Economic Forum (WEF) International Business Council (IBC)

The WEF IBC has proposed a set of common metrics for the consistent reporting of sustainable value creation in mainstream annual reports. We already integrate many of these metrics in our integrated annual report and, to make this easier for those searching for the information, we have collated them into one place on our website.

- Read more at [unitedutilities.com/corporate/responsibility/our-approach/cr-reporting/wef](https://unitedutilities.com/corporate/responsibility/our-approach/cr-reporting/wef)



### Sustainability Accounting Standards Board (SASB)




SASB standards aim to standardise the disclosure of material sustainability information mainly for companies based in the United States. As many of our shareholders are located in North America, we publish comparable SASB data on our corporate website. This covers the main SASB data points for the water utilities industry, of which we are a part.

- Read more at [unitedutilities.com/corporate/responsibility/our-approach/cr-reporting/sasb](https://unitedutilities.com/corporate/responsibility/our-approach/cr-reporting/sasb)

## How we're delivering our purpose: greener

### Key performance indicators

There are a broad range of performance indicators that help us to assess how we're delivering our purpose, working towards a greener future. The three 'greener' KPIs below have been selected due to their importance with stakeholders, with additional 'greener' performance metrics on page 67.

<p><b>Category 1 pollution incidents<sup>(1)</sup></b> Pollution incidents with a serious, extensive or persistent impact on the environment, people or property.</p>	<p><b>Spills reduction<sup>(1)</sup></b> Reducing the total number of activations at combined sewer overflows.</p>	<p><b>Scope 1 and 2 location-based GHG emissions target</b> One of two near-term science-based targets (SBTs) to reduce emissions by 2030 from the level in the base year of 2019/20.</p>
<p><b>Target</b> <b>0</b></p>	<p><b>Target</b> <b>60% reduction by 2030</b></p>	<p><b>Target</b> <b>42% reduction by 2030</b></p>
<p><b>Annual performance</b> <b>0</b> We have had zero category 1 pollution incidents this year, meeting our target of 0. 2024/25: 1 2023/24: 1</p>	<p><b>Annual performance</b> <b>47% reduction in spills against 2020 baseline</b> The level of spills since our 2020 baseline has reduced by 47%, well on track to meet our target of 60% reduction by 2030. 2024/25: 32% reduction 2023/24: 14% reduction</p>	<p><b>Annual performance</b> <b>13% reduction since 2019/20</b> in emissions, reporting on a like-for-like basis. However, this year we have updated how we calculate process emissions to align with recently adopted UK Government and IPCC guidance. The impact of this will trigger a recalculation and revalidation of the SBT baseline and this will be reflected next year's annual report. 2024/25: 9.1% reduction 2023/24: 7.3% reduction</p>
<p><b>Status</b>  Met expectation/target</p>	<p><b>Status</b>  Met expectation/target</p>	<p><b>Status</b>  Close to meeting expectation/target</p>
<p><b>Key stakeholder</b> Environment</p>	<p><b>Key stakeholder</b> Environment</p>	<p><b>Key stakeholder</b> Environment</p>
<p><b>Relevant material themes<sup>(2)</sup></b></p> <ul style="list-style-type: none"> <li>• Environmental river water quality and storm overflows</li> <li>• Natural capital and biodiversity</li> <li>• Political and regulatory environment</li> <li>• Trust, transparency and legitimacy</li> </ul>	<p><b>Relevant material themes<sup>(2)</sup></b></p> <ul style="list-style-type: none"> <li>• Environmental river water quality and storm overflows</li> <li>• Natural capital and biodiversity</li> <li>• Political and regulatory environment</li> <li>• Trust, transparency and legitimacy</li> </ul>	<p><b>Relevant material themes<sup>(2)</sup></b></p> <ul style="list-style-type: none"> <li>• Climate change mitigation</li> <li>• Energy management</li> <li>• Trust, transparency and legitimacy</li> </ul>
<p><b>Link to remuneration<sup>(3)</sup></b> LTP</p>	<p><b>Link to remuneration<sup>(3)</sup></b> Bonus</p>	<p><b>Link to remuneration<sup>(3)</sup></b> LTP</p>
<p><b>Assurance</b> Regulatory reporting assurance</p>	<p><b>Assurance</b> Regulatory reporting assurance</p>	<p><b>Assurance</b> Independent third-party verification</p>

<sup>(1)</sup> Measure relates to the water and wastewater activities of our regulated entity, United Utilities Water Limited.

<sup>(2)</sup> Read more about our materiality assessment on pages 24 to 25.

<sup>(3)</sup> Read our remuneration report, with details about the bonus and Long Term Plan (LTP), on pages 140 to 170.

## Status key

Performance against target



Met expectation/target



Close to meeting expectation/target



Behind expectation/target

## Stakeholder key



Customers



Environment



Communities



Colleagues



Suppliers



Investors

## Status

Measure	2030 target	Performance			Assurance <sup>(5)</sup>	Link to remuneration <sup>(2)</sup>	Key stakeholder	Performance against target
		2025/26	2024/25	2023/24				
Pollution incidents per 10,000 km sewer network <sup>(1)</sup>	18.63	42.15	45.00	27.93	RRA	PC		
Spills per storm overflow monitored <sup>(1)</sup>	17.71	26.80	34.68	45.43	RRA	LTP		
Treatment works compliance <sup>(1)</sup>	99%	98.20%	98.20%	98.97%	RRA	PC		
Leakage reduction <sup>(1)</sup>	23.9% <sup>(3)</sup>	9.4%	7.3%	7.1%	RRA	LTP		
Reduction in per capita consumption <sup>(1)</sup>	9.6% <sup>(3)</sup>	6.2%	5.1%	2.5%	RRA	Bonus		
Reduction in business demand <sup>(1)</sup>	5.7% <sup>(3)</sup>	1.0% increase	New	New	RRA	PC		
Internal flooding incidents per 10,000 sewer connections <sup>(1)</sup>	1.59	2.01	3.48	4.35	RRA	Bonus		
External flooding incidents per 10,000 sewer connections <sup>(1)</sup>	15.37	15.86	21.07	20.36	RRA	Bonus		
Biodiversity performance commitment <sup>(1)</sup>	230.21 Units by 2030	0 – on track	New	New	RRA	PC		
Wonderful Windermere <sup>(1)</sup> (kg phosphorus removed)	77.4	12.57	New	New	RRA	PC		
Nature pledges	100% achievement	On track	New	New	IAT	n/a		
Scope 3 near-term SBTi GHG emissions target	25% reduction by 2030 <sup>(4)</sup>	36.8% increase	10.5%	7.3%	ITV	n/a		

<sup>(1)</sup> Measure relates to the water and wastewater activities of our regulated entity, United Utilities Water Limited.

<sup>(2)</sup> Read our remuneration report, with details about the bonus and Long Term Plan (LTP), on pages 140 to 170. PC = Performance commitment subject to reward and/or penalty as part of customer outcome delivery incentives (ODIs). These feed LTP through return on regulated equity (RoRE). The measurement approach for the purpose of remuneration outcomes may differ from the exact approach shown here.

<sup>(3)</sup> As measured against a 2019/20 baseline.

<sup>(4)</sup> As measured against a 2019/20 baseline. Methodology changes will trigger a recalculation and revalidation of SBT base year emissions. Figure here is an estimated like-for-like value calculated using current year activity data and previous method as noted on page 73.

<sup>(5)</sup> ITV = Independent third-party verification. RRA = Regulatory reporting assurance. IAT = Internal audit team.

## Spotlight on EPA

We have retained our position as the second-highest-ranked company in the Environment Agency's Environmental Performance Assessment (EPA), with 13 stars out of a possible 16 in the first four years of this EPA cycle, with two stars for 2024. 2024 was a particularly wet and stormy year, and this, alongside the Environment Agency's updated approach to measurement of pollution incidents that occur during major storms,

adversely impacted industry ratings for the year. There will be future changes in methodology, beginning in 2027, which will impact the consistency of EPA reporting. The EPA continues to be an important area of focus for the future, and we welcome the ongoing improvements to the methodology to give a more rounded and transparent view of company performance.



## How we're delivering our purpose: greener



# Greener

### Creating value for



Environment



Communities



Investors

### Tackling pollution

Most of the activities involved in providing our services are carried out reliably and without incident. Nevertheless, we recognise that on occasion, operational issues arise that can lead to an unpermitted discharge into the local water environment, which may result in an impact. These events, known as pollution incidents, remain a critical focus area for the company.

As well as failures in our assets, pollutions or environmental impacts can be caused by a wide range of external factors beyond our direct control, including the activities of industry, agriculture and the illegal disposal of waste. While we remain committed to reducing pollution arising from our own operations, we also work closely with these third parties to influence behaviours and collectively minimise risks to the environment.

Historically, we have performed strongly against our total pollution targets. Although our performance in this year showed an improvement compared with the prior year, we are disappointed not to have met all of our pollution-related targets for the year. However, in relation to the most serious category 1 incidents, we are proud to have maintained a performance of zero. Sustaining this level remains a core priority for the business.

Reducing the number of total pollution incidents continues to be an area of focus. In March this year, we published an updated Pollution Incident Reduction Plan (PIRP), which provides a clear and ambitious roadmap for driving down environmental harm across our operations. The plan incorporates lessons learned, advances in monitoring and automation technology, and a renewed emphasis on transparency and accountability.

Through continued investment in resilient infrastructure, enhanced monitoring capabilities and strengthened operational controls, we are determined to reduce both the frequency and impact of pollution incidents. This work is progressing against a backdrop of increasingly challenging external conditions, including the effects of climate change, population growth, urbanisation and other environmental pressures, all of which we are actively mitigating.

During the year, the industry's methodology for recording and reporting pollution incidents evolved, resulting in the inclusion of several categories of incidents that, in previous years, would have been removed from performance reporting due to being classified as outside of management control. This shift has reinforced the importance of our long-term strategy, including enhancing the resilience of assets to power outages, engaging customers on responsible disposal behaviours, and strengthening partnerships aimed at tackling the wider causes of pollution.

- ▶ Read our [Pollution Incident Reduction Plan](https://www.unitedutilities.com/corporate/responsibility/environment/reducing-pollution) on our website at [unitedutilities.com/corporate/responsibility/environment/reducing-pollution](https://www.unitedutilities.com/corporate/responsibility/environment/reducing-pollution)

### Spills and environmental water quality

Since 2020, the national conversation on the role of combined sewer overflows (CSOs) and their impact on the water environment has accelerated significantly, reflecting heightened public and regulatory expectations. Against this backdrop, we have continued to work tirelessly to modernise and re-engineer our legacy wastewater networks so that spills from CSOs occur only during periods of extreme rainfall, thereby protecting customer properties as originally intended.

We are extremely proud of the progress achieved to date on our journey towards a 60% reduction in spills by 2030, against a 2020 baseline, and to achieve an average of no more than ten spills per overflow per year by 2050. This year, we delivered a further overall reduction of 23% spills per overflow since 2024, despite rainfall being heavily concentrated towards the end of the reporting period. Notably, September alone experienced over 184% of the long-term average rainfall. As a result of our progress this year, our performance relative to the 2020 baseline now represents a reduction of 47% in spills, with further improvements expected throughout the remainder of AMP8.

Another important area of progress has been the continual improvement in the quality of treated wastewater returned to the environment. Our discharge permit compliance remains high, demonstrating that our assets continue to operate to the high standards set by the Environment Agency across the vast majority of our wastewater treatment activities.

A key feature of treated wastewater is the concentration of nutrients, particularly phosphorus, which can contribute to algal growth and ecological imbalance in rivers and lakes. Across AMP8, we are making significant investment to enhance the quality of discharges from our treatment works, including reducing phosphorus and other nutrient levels by more than half at many sites. This programme will lead to improvements across 450 kilometres of rivers over AMP8, supporting healthier ecosystems.

## Greenhouse gas emissions

Water and wastewater services are essential, and in the face of the global climate emergency we are committed to significantly reducing the greenhouse gas emissions associated with delivering our services. Reducing our operational and embedded emissions remains a core priority.

This year, we achieved a 13% reduction in scope 1 and 2 emissions compared with our 2020 base year on a like-for-like basis. Our latest forecasts to 2030 indicate that, while we are making strong progress in energy efficiency, renewable energy generation and low-carbon fuels, process emissions from wastewater treatment remain a challenge. During the year, we changed the electricity methodology from market-based to location-based to align with the methodology used by Ofwat, and we have adopted new UK Government guidance on accounting for process emissions.

Our scope 3 science-based target commits us to achieving a 25% emissions reduction across our supply chain. Having already met our previous goal for 66% of our construction suppliers to set science-based targets, we have now shifted attention towards this emissions reduction target. While the scale of our capital programme presents headwinds, our supply chain partners remain engaged and are incentivised to reduce carbon.

► Read more on our carbon and energy related performance on pages 72 and 73

## Managing water resources

This year has presented significant challenges from a water resources perspective, with the North West experiencing the driest start to a calendar year in decades. Despite these unprecedented conditions, the integrated nature of our network, combined with the responsiveness and dedication of our operational teams, enabled us to maintain supply for customers throughout the period. Notably, we did so without the need for temporary use bans, even though our region was the first in the country to be designated as being in drought by the Environment Agency.

The prolonged dry spell also placed additional pressure on our network infrastructure. As rainfall returned in late summer, the rapid transition from exceptionally dry to saturated ground conditions created stresses similar to those typically associated with freeze-thaw events. In response, our leakage gangs intensified their efforts, increasing the number of repairs undertaken by 24% compared with the same period last year. While these headwinds mean we are currently behind our regulatory target for leakage performance, reducing water loss across our network remains a priority.

Alongside increased find-and-fix activity, we continued to invest in the long-term resilience of our water infrastructure.

During the year, we replaced over 150 kilometres of water mains, contributing to our commitment to replace at least 925 kilometres or approximately 2% of our network by 2030. We remain on track to deliver this programme within the current price control period and meet our delivery price control deliverable.

We also made strong progress in the rollout of our smart metering programme, installing over 200,000 meters during the year. This marks the first stage of a sustained installation plan that will continue throughout the remainder of the AMP. Smart metering is a critical enabler in improving our understanding of network flows, helping us identify losses more proactively, particularly on the customer side, and supporting long-term improvements in water efficiency and demand management.

## Nature and biodiversity

We are proud to announce a comprehensive set of nature pledges that reflect the critical role of nature supporting the delivery of our essential services. These pledges bring together a wide range of initiatives designed to enhance the health of our land and water environments, while enabling more people to benefit from access to nature.

Our pledges include significant investment in peatland and woodland restoration, which strengthens ecosystem resilience, slows the movement of water through the landscape and, in turn, improves raw water quality. These activities also contribute to wider environmental benefits such as reducing flood risk and supporting drought resilience.

Over the past 12 months, we have delivered a further 1,245 hectares of peatland under restoration, bringing our progress to 63% towards achieving our 2030 target. For our 2030 tree planting target, we have created an additional 142 hectares of woodland across the North West, improving the resilience of our natural habitats.

Nature also plays a vital role in supporting people's wellbeing. That is why, alongside our pledges, we will continue to promote greater engagement with the natural environment, enhance inclusivity and improve facilities at priority recreational sites, ensuring that more communities can enjoy and benefit from these shared spaces.

This year also marks the introduction of the biodiversity performance commitment. To demonstrate outperformance under this measure, we must establish the baseline condition of our target sites, which we have been undertaking throughout the year. We expect to be in a strong position to report measurable progress as we move further into the AMP.

► Read more about our nature pledges on page 37

## Focus on Windermere

Windermere is one of the UK's most iconic and cherished lakes, and we fully recognise our responsibility to protect and enhance its ecological health. Over the course of the year, we have advanced a wide range of activities across the Windermere catchment, all aimed at improving water quality for the thousands of people who enjoy the lake each year.

We are progressing well with our circa £200 million investment programme across the catchment, delivering substantial upgrades at our wastewater treatment works and pumping stations. As part of this programme, we have mobilised additional stormwater storage capacity to ease pressure on the network during periods of heavy rainfall, reducing the need to operate storm overflows.

Active projects are now underway across nine of our wastewater treatment works in the catchment. In parallel, we have carried out an extensive campaign to promote first time sewerage to households and businesses that currently rely on septic tanks and small private treatment systems. These private systems are known contributors to phosphorus levels in the lake, and the potential to extend our network can play a vital role in reducing nutrient inputs.

While we remain focused on reducing phosphorus loadings and minimising spills from our own assets, tackling phosphorus from other sources such as private septic tanks and agricultural run-off is also essential. This broader approach underpins our Wonderful Windermere performance commitment, which is specifically targeted at reducing phosphorus from third-party assets across the catchment.

To support this work, we have been developing innovative and circular solutions, including the use of reactive media, and the introduction of nature-based solutions such as reed beds to further enhance water quality before it reaches the lake.


This year, we modelled a reduction of 12.5 kg/year of phosphorus removal from these interventions alone, with significantly more improvement expected across the rest of the AMP. We have also committed to reinvesting any financial reward earned through outperformance directly back into the Windermere catchment, ensuring benefits are retained locally.

While we are taking decisive action today, we are also planning for the long term. We have entered into a new partnership to explore the feasibility of achieving 'Only Rainwater into Windermere' – a future in which only rainwater reaches the lake. A specialist team has now mobilised to examine what is possible, drawing on international engineering expertise and global best practice to ensure the most effective and sustainable solutions are identified.

How we're delivering our purpose: greener



# Managing rain where it falls.

 Image: Raingardens and planters are helping to slow the flow at St Edmund's RC Primary School in Manchester



Schools invite  
nature into their  
playgrounds to  
help tackle rain

- ▶ Watch this video to find out how we're introducing green spaces into grey playgrounds across the North West

## Case study:

### Managing rain where it falls

We're transforming how the North West manages its plentiful rainfall by introducing nature-based features that help rain soak away naturally.

Through our sector-leading £280 million rainwater management programme, we're bringing these greener approaches into community, commercial and public spaces, helping places manage rainfall more sustainably while creating healthier, more biodiverse environments for local communities. This builds on our award-winning Resilient Rainwater pilots, which showed how natural solutions can enrich local places and help prepare them for a changing climate.

Rather than relying solely on traditional hard infrastructure, we design outdoor spaces so they can absorb, filter and slow rainfall at the surface. By reducing the amount of rainwater unnecessarily entering the wastewater network, we support cleaner, healthier waterways while also enhancing the quality of local places.

### Investment that delivers wider value

While the programme's ultimate aim is to reduce the volume of rainfall entering the sewer system, every scheme delivers much more than water management. Greener interventions bring nature back into everyday settings, support biodiversity, reduce carbon and help cool urban areas. They create more welcoming, attractive spaces for recreation and learning, and contribute to local regeneration and placemaking.

Our partnership approach enables us to unlock even greater value. Working with local authorities, community groups, developers and regional partners, we align rainwater management with wider ambitions for net zero, active travel routes, healthier streets and stronger local economies. By replacing hard, impermeable surfaces with green design, we're improving resilience while enhancing the everyday places where people live, work and learn.

### Project FLOW: creating living educational spaces

Schools are a powerful example of the programme in action. Through Project FLOW (Future Leaders of Water), we're helping schools adapt to heavy rainfall while inspiring pupils to value water and nature. With a goal of working with 400 schools by 2030, we're already well underway.

In partnership with the Environment Agency and the Greater Manchester Combined Authority, and aligned with the Integrated Water Management Plan, we prioritised 15 schools facing surface water challenges. We worked with teachers and designers to install raingardens and large planters that soak up rainfall naturally. These features slow the flow of water, encourage wildlife and transform playgrounds into living educational environments where pupils can learn about climate, habitats and stewardship first hand.

Each school also received a water-efficiency audit to fix leaks and install water-saving devices – saving more than 15,000 litres of clean water every day and over £50,000 across ten years, helping schools reinvest in pupils' learning and wellbeing.

### Outcomes and future impact

Across the first 15 schools, Project FLOW has created vibrant new green spaces and almost 136,000 litres of rainwater storage, reducing the amount of rainfall entering the wastewater network and enriching local habitats. We're now extending our approach across the region and to other education settings, supported by outdoor learning with partners.

By managing rain where it falls, we're improving local nature, supporting healthier communities and building places that are ready for a changing climate, while inspiring the next generation to care for the natural world.

#### Delivering value for



This is creating value for the environment, local communities, and customers.

## How we're delivering our purpose: greener

# Energy and carbon report

The Companies Act 2006 (Strategic Report and Directors' Reports) Regulations require us to publish this energy and carbon report applying the 2019 UK Government Environmental Reporting Guidelines, including the Streamlined Energy and Carbon Reporting Guidance (SECR). We use the financial control approach so our energy and carbon accounting is aligned with the consolidated financial statements for United Utilities Group PLC for 1 April 2025 to 31 March 2026. This includes the subsidiaries listed in section A7 on page 237.

## Greenhouse gas emissions methodology

Emissions are calculated by estimating the individual greenhouse gases that result from all United Utilities' activities, converted into a tonnes carbon dioxide equivalent (tCO<sub>2</sub>e). Tools and values used in 2026 include UK water industry Carbon Accounting Workbook v20, the 2025 UK Government GHG conversion factors for company reporting, global warming potentials from IPCC 5th Assessment report and OpenCEDA (Comprehensive Environmental Data Archive) 2025. 100% of our emissions are related to activities and energy consumption in the UK. Our greenhouse gas inventory, and the underlying energy data, has undergone independent third-party verification by Achilles group and is aligned to the GHG Protocol Corporate Accounting and Reporting Standard (2015) and the international carbon reporting standard ISO 14064, Part 1:2018. The Toitū Carbon Reduce programme certification and report can be found at [unitedutilities.com/corporate/responsibility/environment/climate-change-mitigation](https://unitedutilities.com/corporate/responsibility/environment/climate-change-mitigation)

		2025/26 Updated method	2025/26 Previous method	2024/25	2023/24	2022/23	2019/20 SBT baseline
<b>Scope 1 and 2 greenhouse gas emissions<sup>(4)</sup> tCO<sub>2</sub>e</b>							
<b>Scope 1: Emissions from activities we own or control, e.g. burning fossil fuels, wastewater and sludge processing</b>							
Direct emissions from burning of fossil fuels		19,825		15,922	20,188	21,166	15,247
Process <sup>(1)</sup> and fugitive emissions – including refrigerants		329,721	90,223	90,633	96,173	94,915	96,186
Transport: Company-owned or leased vehicles		18,724		17,785	17,838	17,665	15,739
<b>Scope 2: Emissions from purchased electricity including for use in vehicles<sup>(2)</sup></b>							
Purchased electricity – generation	Market-based	170,675		47 <sup>(5)</sup>	33 <sup>(5)</sup>	9 <sup>(5)</sup>	11,789
	<i>Location-based</i>	<i>125,136</i>		<i>140,847</i>	<i>136,183</i>	<i>126,813</i>	<i>164,521</i>
Purchased electricity – vehicles	Market-based	96		31	7	2	0
	<i>Location-based</i>	<i>96</i>		<i>31</i>	<i>7</i>	<i>2</i>	<i>0</i>
Gross scope 1 and 2 emissions total	Market-based	539,041	299,543	124,418	134,239	133,757	138,961
	<i>Location-based</i>	<i>493,502</i>	<i>254,004</i>	<i>265,218</i>	<i>270,389</i>	<i>260,561</i>	<i>291,693</i>
<b>Net emissions reductions</b>							
Renewable electricity exported <sup>(3)</sup>	Market-based and <i>Location-based</i>	-2,787		-2,726	-3,101	-2,888	-3,979
Biomethane exported	<i>Location-based</i>	<i>-8,623</i>		<i>-8,479</i>	<i>-8,439</i>	<i>-9,360</i>	<i>-9,302</i>
Green tariff electricity purchased <sup>(3)</sup>	<i>Location-based</i>	<i>-1</i>		<i>-132,127</i>	<i>-136,162</i>	<i>-125,746</i>	<i>-164,210</i>
Net scope 1 and 2 emissions total	Market-based	536,254	296,756	121,693	131,138	130,869	134,982
	<i>Location-based</i>	<i>482,091</i>	<i>242,593</i>	<i>121,887</i>	<i>122,687</i>	<i>122,566</i>	<i>114,202</i>

<sup>(1)</sup> 2025/26 Wastewater process and sludge disposal emissions use factors in updated in 2026 to align to latest IPCC guidance and UKWIR research. 2025/26 Previous method uses 2025/26 activity data with previous factors.

<sup>(2)</sup> Scope 2 methods – Market-based: uses intensity factors specific to the contractual agreements. For electricity supplied on a standard grid tariff, we use CO<sub>2</sub>e per kWh from suppliers' public fuel mix disclosures. *Location-based: uses average UK grid emissions intensities and are shown in green italics.*

<sup>(3)</sup> Exported electricity emissions use the UK Residual mix factor 420.7 g/kWh for both market- and *location-based* totals.

<sup>(4)</sup> From 2023/24, emission factors use IPCC AR5 global warming potentials. Earlier years use global warming potentials from AR4.

<sup>(5)</sup> Emissions from electricity for recently adopted sites supplied on standard tariffs until they moved onto our corporate renewable contracts.

		2025/26 Updated method	2025/26 Previous method	2024/25	2023/24	2022/23	2019/20 SBT baseline
<b>Scope 3 greenhouse gas emissions tCO<sub>2</sub>e</b>							
Category 1: Purchased goods and services <sup>(6)</sup>		372,701	307,082	239,757	233,480	250,189	213,442
Category 2: Capital goods <sup>(6)</sup>		132,557	125,798	106,250	99,962	138,182	128,286
<b>Category 3: Fuel and energy-related emissions<sup>(7)</sup></b>							
Purchased electricity – well to tank and transmission and distribution		48,395		46,383	46,536	44,704	38,865
Fuel (excluding electricity) – well to tank		9,449		7,820	6,653	8,742	6,397
Category 4: Upstream T&D – sludge transport <sup>(7)</sup>		2,068		8	6	35	3,374
Category 5: Waste generated in ops: including sludge disposal <sup>(1,7)</sup>		14,308	33,238	28,357	26,135	27,454	27,936
Category 6: Business travel: public transport, private vehicles and hotel stays <sup>(7)</sup>		1,700		1,503	1,464	1,486	3,508
<b>Category 7: Employee commuting and homeworking<sup>(7,8)</sup></b>							
Commuting		9,299	4,875	4,676	4,631	4,974	4,231
Homeworking		456		572	505	361	0
Category 11: Use of sold products		17		17	17	17	17
Scope 3 emissions total	Scope 3 SBT (excludes category 2)	458,393	407,280	329,093	319,427	337,962	297,770
	Scope 3 total	590,950	533,078	435,343	419,389	476,144	426,056

<sup>(6)</sup> Emissions for goods and services (excluding chemicals) were quantified based on the amount spent by sector. For 2025/26 we used open CEDA 2025 from Watershed, an environmentally extended input-output database that has global coverage and is a CDP recommended tool. 2025/26 Previous method estimates are the products of 2024/25 emissions per £ spend and 2025/26 spend for each category.

<sup>(7)</sup> Categories 3, 4, 5, 6, 7 and 11 use activity records and the relevant year's UK Government GHG conversion factors for company reporting.

<sup>(8)</sup> 2025/26 Category 7 figures are calculated using a bespoke United Utilities model drawing on company FTE data, average commute distances and hybrid working policies and UK Government travel statistics for the North West. 2025/26 Previous method uses travel statistics for England.

## Emissions commentary

### Process, chemicals and waste

Biological wastewater treatment processes produce nitrous oxide (N<sub>2</sub>O) and methane (CH<sub>4</sub>), both of which have a significantly higher global warming potential than carbon dioxide (CO<sub>2</sub>). Our wastewater process emissions are directly proportional to the population served and the volume of sludge produced and, therefore, increase as population grows.

In 2026, the UK water industry updated the calculation methodology for these emissions to reflect current IPCC guidance and published research. This accounting change increased reported process emissions by 239,498 tCO<sub>2</sub>e, representing underlying emissions more accurately rather than a change in performance.

47,144 tCO<sub>2</sub>e of our emissions from purchased goods and services were from chemicals used in water and wastewater treatment.

Sludge treatment produces biomethane, and the majority of our sites use advanced anaerobic digestion to maximise capture of this gas for use in heat and power generation. This reduces methane emissions during treatment and post disposal.

UKWIR research (Biosolids to land: carbon emissions and carbon capture) identified that previous industry methods significantly overestimated methane emissions associated with the land application of sludge biosolids. The updated factors have been used for 2025/26 emissions reporting reducing waste emissions by 18,930 tCO<sub>2</sub>e.

### Fuel and energy

Treatment and distribution of water and wastewater are energy-intensive activities, with fuel and energy accounting for 20% of our footprint. These emissions arise from the combustion of fossil fuels, purchased electricity, and associated well-to-tank and transmission and distribution emissions. Reducing energy consumption and replacing fossil fuels with lower-emission alternatives is central to the 'Reduce' theme of our net zero transition action plan.

We have continued to expand the infrastructure supporting our transition to low-carbon fleet fuels. As of April 2026, we operate over 100 electric vehicle charging points on our sites, 78 company van users have home charging, and there are over 400 electric vehicles in our fleet, including four HGVs. We are also increasing the use of renewable fuels such as biogas and HVO across our equipment and fleet, while exploring lower-emissions alternatives. In parallel, we plan to expand our renewable generation capacity and play an active role in the development of emerging technologies, including hydrogen.

### Goods and services

Most of our scope 3 emissions arise from categories 1 (purchased goods and services) and 2 (capital goods). Capital goods are defined as construction services, with all other goods and service spend reported under category 1.

With the exception of chemicals, emissions from goods and services are calculated using annual spend and sector-based factors from

the Open CEDA dataset, an open source environmentally extended input-output database. This provides a comprehensive but indicative estimate; however, it does not reflect our increasing use of sustainability criteria in supplier and product selection.

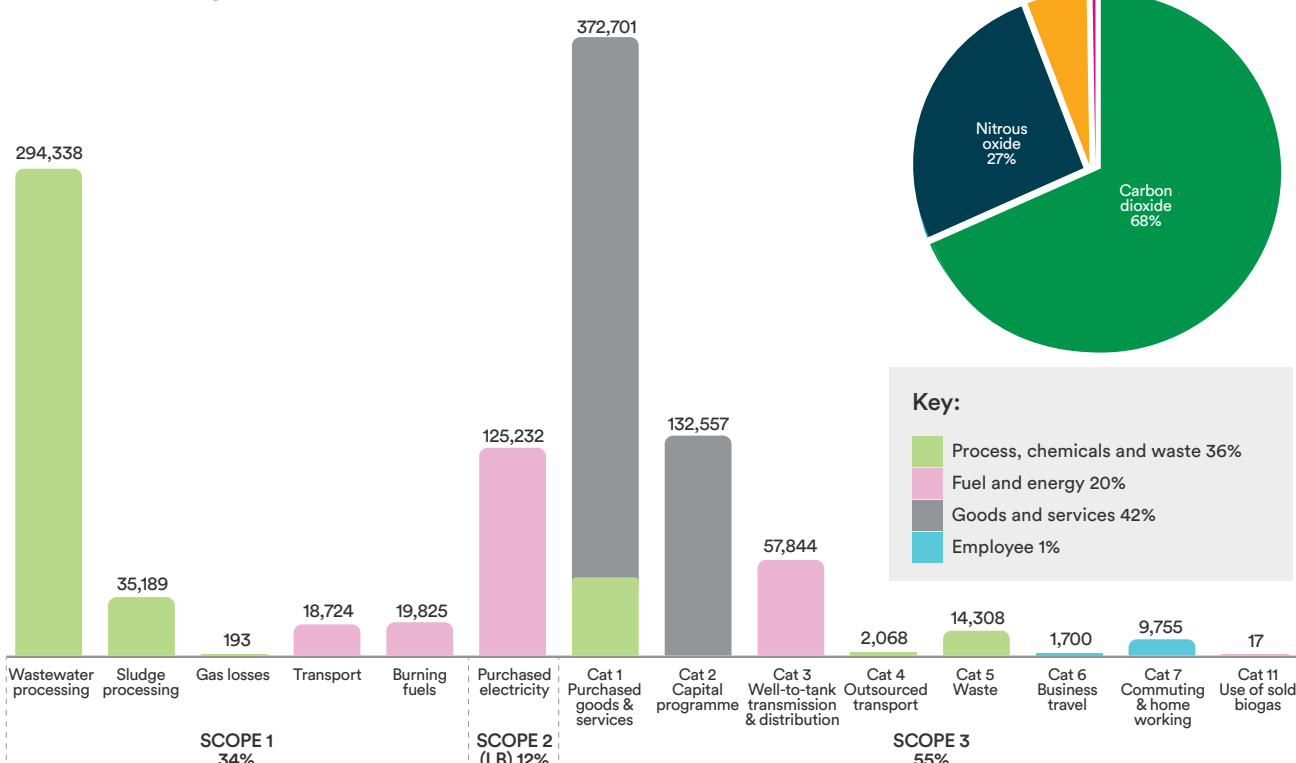
We are addressing this limitation by developing standardised sustainable solutions for which we can obtain or estimate the specific GHG emissions and also developing methods to track actual embedded emissions for capital projects as part of our AMP8 bespoke embedded emissions performance commitment.

While our extensive water and wastewater infrastructure investment programme will incur substantial GHG emissions, applying PAS 2080 carbon-management principles and more robust emissions calculations will allow us to better quantify and reduce the emissions intensity of this investment.

### Employee

Employee-related emissions from business travel, commuting and homeworking total only 1% of the GHG inventory. Category 7 emissions have increased in 2025/26 because the number of employees has increased but, in the main, due to using a new company-specific model rather than a country-wide generic model. Our employees, on average, commute twice the England average and, in the North West, commutes are more likely to be by car rather than active or public transport and this is now reflected in our estimated commuting emissions.

## GHG inventory chart



# How we're delivering our purpose: greener

## Intensity ratios

Intensity metric	Method notes	Units	2025/26	2024/25	2023/24	2022/23
Gross scope 1 and 2 GHG emissions per £m revenue	Location based	tCO <sub>2</sub> e	188.6	123.6	138.7	142.8
Net scope 1 and 2 GHG emissions per £m revenue	Location based	tCO <sub>2</sub> e	184.3	56.8	62.9	67.2
Net water operational emissions per megalitre water treated <sup>(1)</sup>	Location based	kgCO <sub>2</sub> e	167.0	172.1	177.6	101.4
Net wastewater operational emissions per megalitre sewage treated <sup>(1)</sup>	Location based	kgCO <sub>2</sub> e	421.5	198.5	209.0	158.8
Energy used per megalitre of water supplied	Distribution input	MWh	1,548	1,449	1,462	1,467

<sup>(1)</sup> UK water industry intensity metrics. The method for calculating these was redefined by Ofwat in 2024.

## Energy strategy

Our energy management strategy has four objectives:

- Energy efficiency first – prioritising the lowest-cost, highest-impact interventions
- Maximising self-generation, storage and direct supply – reducing grid dependency and improving energy resilience
- Minimising costs
- Building supply resilience to ensure we can deliver our services

Energy remains one of our largest operational inputs, with total consumption of 1058 GWh in 2025/26. A growing population and increasingly stringent environmental performance expectations are driving up our energy use, reinforcing the need to improve efficiency and reduce our operational impact. Power and fuel use were high in 2025/26 as we acted to maintain supply and water quality to customers during the dry weather.

Through our Energy Management Programme, we have embedded energy awareness, data-driven decision-making and operational optimisation across the business. The expansion of our net zero engineering capability has accelerated the pace and impact of our energy efficiency programme, delivering measurable improvements in performance, resilience and cost efficiency, strengthening the foundation for our Energy Saving Opportunity Scheme (ESOS) Phase 3 compliance and future action plan.

## Switch to clean, green energy

Renewable energy generated and low-carbon alternatives met 24.1% of our energy need in 2025/26. Most of our generation was from on-site combined heat and power (CHP) engines that convert biogas from our sludge treatment processes into low-carbon power. We also use biogas in boilers instead of natural gas and export the biogas through biomethane-to-grid facility.

We are developing a regional plan and have identified opportunities to enhance digestion performance improving biogas yield, to increase CHP efficiency and to scale up our engineered carbon capture and storage innovation that produces hydrogen and graphene from biogas. These developments, together with more switches to low-carbon alternatives, support both decarbonisation and long-term operational resilience.

During the year, we replaced 21% of the mineral diesel used in generators and mobile plant with sustainably sourced hydrotreated vegetable oil (HVO), avoiding over 3,100 tCO<sub>2</sub>e. HVO will remain a transitional fuel as we electrify eligible assets through to 2040.

## Energy efficiency actions

Energy efficiency remains central to our strategy with 24 GWh annual verified savings delivered through ESOS Phase 2 and a further 48 GWh each year of potential reductions identified in Phase 3 across operational optimisation, improved process control, pump and aeration efficiency, dewatering improvements, and enhanced driver behaviour in our vehicle fleet.

Key projects delivered improved energy efficiency across our sites. At Martholme Water Treatment Works, the installation of a non-return valve and proximity sensor

enabled the safe re-instatement of the gravity feed to Burnley, saving an estimated 113 MWh and 29 tCO<sub>2</sub>e per year. At St Helens Wastewater Treatment Works, an acid-clean of the ASP lanes restored aeration performance, improving oxygen transfer and reducing the energy needed for treatment. The technique is now proven in operation, with recurring annual benefits of around £25,000.

We continue to improve the efficiency of our transport operations through the use of telematics to monitor fuel performance and by using innovative smartphone-based driver-safety tools to improve and reward good driver behaviour. These projects demonstrate how targeted optimisation, smarter operations and focused investment can deliver substantial reductions in energy use, cost and carbon, while strengthening the resilience and performance of our services.

## Energy data

	2025/26 GWh	2024/25 GWh	2023/24 GWh	2022/23 GWh
<b>Energy use</b>				
Electricity	854.8	822.4	819.6	818.8
Natural gas	19.8	14.2	34.1	33.6
Biogas in boilers	32.6	16.4	n/a	n/a
Stationary fossil fuels (gas oil, kerosene, diesel) <sup>(1)</sup>	59.7	49.1	51.4	55.8
Energy for transport <sup>(1)</sup>	79.4	76.0	75.8	74.8
Low-carbon alternatives (HVO, LPG, EVs) <sup>(1)</sup>	11.9	0.27	0.25	0.05
<b>Total energy used<sup>(1)</sup></b>	<b>1058.3</b>	<b>978.3</b>	<b>981.1</b>	<b>983.0</b>
<b>Electricity purchased</b>				
Grid renewable <sup>(2)</sup>	0.003	680.1	657.6	655.6
Grid standard tariff <sup>(3)</sup>	707.0	0.13	0.09	0.13
<b>Total purchased</b>	<b>707.0</b>	<b>680.2</b>	<b>657.7</b>	<b>655.7</b>
<b>Renewable energy generated</b>				
CHP	104.3	105.2	120.4	123.0
Biogas in boilers	32.6	16.4		
Solar	48.0	42.0	47.3	46.4
Wind	5.0	4.7	5.2	5.1
Hydro	6.4	6.3	7.6	6.9
Biomethane	47.2	45.6	40.2	44.7
<b>Total generated</b>	<b>243.5</b>	<b>220.2</b>	<b>220.7</b>	<b>226.1</b>
<b>Renewable energy exported</b>				
Electricity	15.8	16.1	18.6	18.3
Biomethane	47.2	45.6	40.2	44.7
<b>Total exported</b>	<b>63.0</b>	<b>61.7</b>	<b>58.8</b>	<b>63.0</b>

<sup>(1)</sup> Energy calculated from volume of fuel used using net calorific values or from the distance travelled.

<sup>(2)</sup> Zero emissions electricity bundled with, or backed by separately purchased, REGO certificates.

<sup>(3)</sup> Supplier standard tariff grid electricity.

<sup>(4)</sup> All energy was consumed in the UK.



## Reducing spills

# Seeing the results of our environmental improvement programme



Across the North West, we are delivering a data-led programme that is transforming how we manage wastewater and storm overflows.

Our region includes major urban centres, rural communities, coastal environments and nationally significant landscapes, each placing different demands on the wastewater network. By analysing performance data at a regional level, we are identifying the key drivers of storm overflow activity, including infiltration, power resilience, tidal influence and network condition, allowing us to prioritise interventions that deliver the greatest environmental benefit in each location.

What began as a focused, short-term taskforce to reduce storm overflow spills, has now evolved into an environmental improvement programme. Weekly performance reporting provides clear visibility of trends, enabling rapid response and decision-making grounded in evidence. By measuring interventions in the right places, we are ensuring that investment delivers meaningful outcomes for both communities and the environment.

## Ways of working

The programme is built around early intervention and practical delivery, underpinned by strong performance management. Weekly performance and delivery reviews draw on the latest rainfall and operational data to identify emerging issues and act quickly. Interventions are assessed against expected benefit, and success is measured through tangible improvements delivered within the calendar year. This evidence-based approach ensures timely action that delivers environmental improvement.

## Interventions

During 2025, we delivered 332 interventions across 321 storm overflows in all five counties. Activities included drainage health checks, inspection and cleaning of over 20 kilometres of sewers, addressing infiltration and ingress, upgrading automated storm tank returns, and optimising pumping assets.

Where additional capacity was required at short notice, temporary steel storage tanks and mobile compact treatment units were installed, providing 310m<sup>3</sup> of temporary storage capacity across four sites. Submerged aerated filter units were also installed at 18 sites to enhance wastewater treatment performance.

## Innovation

Innovation is central to our approach. By working with our supply chain, we have installed intelligent non-return valves in storm overflow chambers to prevent river or tidal water entering the network, protecting assets and improving monitoring reliability. Smart free-floating sewer inspection technologies have been used to identify hidden blockages and restrictions in large or inaccessible sewers, enabling faster and more precise repairs. We are also applying machine learning and AI to better understand infiltration by combining rainfall, catchment and performance data, as well as trialling advanced analytics to optimise pump performance.

## Digital and data

We have significantly improved storm overflow monitoring by replacing more than 780 event duration monitors with modern radar-based equipment, which provides more accurate and reliable data with lower power consumption. In addition, 99 monitors have been fully reviewed and over 430 reconfigured to better reflect site-specific conditions. These upgrades strengthen data quality, support transparent public reporting and enable more advanced analytics to inform delivery.

## Outcomes and impact

Environment Agency figures based on our 2025 EDM return show a substantial year-on-year reduction in storm overflow activity. Compared with 2024, spill numbers fell by around 23% per overflow while total spill duration reduced by around 27%. This continues a longer-term downward trend, representing a 47% reduction against our 2020 baseline. These improvements were delivered despite above-average rainfall in the latter half of the year, demonstrating that we are starting to break the link between rainfall and spills.






Above: Temporary steel storage tanks installed at Blennerhasset Wastewater Pumping Station in Cumbria to provide additional storage capacity

## How we're delivering our purpose: healthier

### Key performance indicators

There are a broad range of performance indicators that help us to assess how we're delivering our purpose, working towards a healthier future. The three 'healthier' KPIs below have been selected due to their importance with stakeholders, with additional 'healthier' performance metrics on page 77.

<b>Trustpilot</b> An open, independent, online review platform for customer service.	<b>Customers supported with affordability<sup>(1)</sup></b> Customers that have benefitted from our range of affordability support schemes.	<b>Colleague engagement</b> Level of colleague engagement as measured by our annual colleague opinion survey.
<b>Target</b> <b>Excellent</b>	<b>Target</b> <b>One in six customers</b>	<b>Target</b> <b>At least as high as the utilities norm benchmark</b>
<b>Annual performance</b> <b>4.5 Excellent</b> Performance against this KPI fluctuates regularly, based on customer reviews, with the 4.5 score reflecting our performance as at the year end. 2024/25: New 2023/24: New	<b>Annual performance</b> <b>422,041</b> We have increased the number of customers on support tariffs by 180,000 through implementation of the new Low Income Discount; growing the number of customers supported this AMP to 422,041. 2024/25: New 2023/24: New	<b>Annual performance</b> <b>90%</b> 86% of employees took part in our engagement survey, and we are proud to report an outstanding 90% engagement score – well above global utilities and UK high-performance benchmarks. 2024/25: 87% 2023/24: 81%
<b>Status</b>  Met expectation/target	<b>Status</b>  Met expectation/target	<b>Status</b>  Met expectation/target
<b>Key stakeholder</b> Customers	<b>Key stakeholder</b> Customers	<b>Key stakeholder</b> Colleagues
<b>Relevant material themes<sup>(2)</sup></b> <ul style="list-style-type: none"> <li>Customer service and operational performance</li> <li>Trust, transparency and legitimacy</li> </ul>	<b>Relevant material themes<sup>(2)</sup></b> <ul style="list-style-type: none"> <li>Affordability and vulnerability</li> <li>Customer service and operational performance</li> <li>North West regional economy</li> </ul>	<b>Relevant material issues<sup>(2)</sup></b> <ul style="list-style-type: none"> <li>Colleague engagement</li> <li>Diverse and skilled workforce</li> <li>Health, safety and wellbeing</li> </ul>
<b>Link to remuneration<sup>(3)</sup></b> n/a	<b>Link to remuneration<sup>(3)</sup></b> n/a	<b>Link to remuneration<sup>(3)</sup></b> n/a
<b>Assurance</b> Independent third-party verification	<b>Assurance</b> Internal audit team	<b>Assurance</b> Independent third-party verification

<sup>(1)</sup> Measure relates to the water and wastewater activities of our regulated entity, United Utilities Water Limited.

























<sup>(2)</sup> Read more about our materiality assessment on pages 24 to 25.

<sup>(3)</sup> Read our remuneration report, with details about the bonus and Long Term Plan (LTP), on pages 140 to 170.

## Status key

Performance against target  Met expectation/target  Close to meeting expectation/target  Behind expectation/target

Stakeholder key  Customers  Environment  Communities  Colleagues  Suppliers  Investors

Measure	2030 target	Performance			Assurance <sup>(5)</sup>	Link to remuneration <sup>(2)</sup>	Key stakeholder	Status
		2025/26	2024/25	2023/24				
Customer ODIs <sup>(1)</sup>	Net reward	c. -£35 million	£4.29 million	£34 million	RRA	PC		
Water quality customer contacts per 1,000 population <sup>(1)</sup>	0.80	1.33	1.28	1.32	RRA	Bonus		
Supply interruptions per property per year (hours:minutes:seconds) <sup>(1)</sup>	00:05:00	00:13:02	00:14:17	00:09:39	RRA	Bonus		
Unplanned outages of peak week production capacity <sup>(1)</sup>	2.14%	1.34%	1.85%	2.05%	RRA	PC		
Household written complaints compared to WaSCs <sup>(1)</sup>	Upper quartile	Third quartile <sup>(3)</sup>	Third quartile	Third quartile	RRA	n/a		
Customer satisfaction score (C-MeX) <sup>(1)</sup>	Above industry median	Above industry median	Above industry median	Above industry median	RRA	Bonus		
Developer satisfaction score (D-MeX) <sup>(1)</sup>	Above industry median	Above industry median	Above industry median	Above industry median	RRA	PC		
Business and Retailer satisfaction score (BR-MeX) <sup>(1)</sup>	Above industry median	Above industry median	Above industry median	Above industry median	RRA	Bonus		
Households registered for Priority Services <sup>(1)</sup>	25%	18.26% (597,401)	16.51% (540,380)	12.35% (401,987)	RRA	LTP		
Compliance Risk Index <sup>(1)</sup>	0.00	2.20 <sup>(4)</sup>	10.28	5.92	RRA	PC		
Accident frequency rate for colleagues (per 100,000 hours)	10% year-on-year improvement	0.054	0.078	0.092	IAT	n/a		
Accident frequency rate for contractors (per 100,000 hours)	Year-on-year improvement	0.122	0.078	0.043	IAT	n/a		
Smart meters installed	920,891	209,980	New	New	IAT	n/a		

<sup>(1)</sup> Measure relates to the water and wastewater activities of our regulated entity, United Utilities Water Limited.

<sup>(2)</sup> Read our remuneration report, with details about the bonus and Long Term Plan (LTP), on pages 140 to 170. PC = Performance commitment subject to reward and/or penalty as part of customer outcome delivery incentives (ODIs). These feed LTP through return on regulated equity (RoRE). The measurement approach for the purpose of remuneration outcomes may differ from the exact approach shown here.

<sup>(3)</sup> Latest comparative data available 2024/25.

<sup>(4)</sup> The DWI will confirm the final Compliance Risk Index score in July.

<sup>(5)</sup> ITV = Independent third-party verification. RRA = Regulatory reporting assurance. IAT = Internal audit team.

## Spotlight on customer experience

Our KPI for customer experience has historically been the water industry's measure, C-MeX, which offers great comparability across Ofwat-regulated companies, alongside D-MeX and BR-MeX. While these three measures remain important and are disclosed in our table of measures above, we have

chosen to include our Trustpilot rating as a key measure of customer experience. Trustpilot is an international, third-party customer service rating platform, which brings an element of cross-sectoral comparability due to its widespread use. Using Trustpilot as a KPI will also bring additional timeliness to our reporting on

customer experience, reflecting current customer views. There have been a number of recent changes to the C-MeX measure this year, meaning the latest scores will not be published until July, after the publication of this integrated annual report and financial statements.

## How we're delivering our purpose: healthier



### Creating value for

-  Customers
-  Communities
-  Colleagues
-  Suppliers
-  Investors

### Delivering great service for our customers

We are proud to maintain a culture of continuous improvement across our operations, with 80% of key performance metrics showing year-on-year progress despite the challenging operating environment. This reflects the commitment of our people and the effectiveness of our strategic programmes.

One of the most significant improvements has been in our Compliance Risk Index (CRI), which has improved by 79% compared with last year. This has been driven by the continued delivery of our water quality first programme, which remains central to our ambition to provide consistently high-quality drinking water for all our customers.

A key area of focus for improvement remains customer water quality contacts. The extremely dry summer created operational complexity and, in some areas, we needed to draw on alternative water sources to maintain supply. As a result, some customers experienced temporary changes in taste, smell or appearance. To address this and improve resilience for the future, we have insourced our network-flushing operations. These specialist teams now work overnight to remove sediment from the network, helping to maintain consistently high-quality water. We have also delivered strong performance in reducing unplanned outages at our treatment works. This is the result of an increased emphasis on proactive maintenance and strengthened asset health management, ensuring greater reliability and stability across our treatment processes.

In wastewater services, we have seen similarly positive trends, with continuous improvement across the majority of our key performance measures. We are particularly

proud of achieving a 42% reduction in internal sewer flooding and a 25% reduction in external flooding. These improvements reflect a targeted focus on proactive maintenance and the effective use of dynamic network management to identify and mitigate potential issues before they impact customers.

Providing a high-quality service whenever customers contact us is also critical to building trust and confidence. Our Trustpilot rating, which is based on customer feedback across calls, emails and digital channels, stood at 4.5 (Excellent) at year end. While this represents strong performance, we remain focused on further improvement. Our ambition is to deliver a consistently leading customer experience, not only within our sector but compared with the best service providers across all industries.

### Affordability and vulnerability

Our BIG North West upgrade represents a transformational investment in the region's environment, economy and long-term service resilience. While this programme is delivering substantial benefits, we also recognise the impact on customer bills. We have, therefore, set ourselves a stretching efficiency challenge to keep bills as low as possible. Nevertheless, we recognise that affordability remains a significant concern for many households.

To support those most in need, we have embedded £525 million of affordability assistance across AMP8. This year alone, we have provided support to more customers than during the whole of AMP7, with a total of 422,041 customers benefiting from our financial assistance schemes. We have expanded our efforts to proactively identify customers who may be struggling, working

closely with a broader range of third-sector partners and introducing our new low-income discount to offer targeted help.

Our ambition is to continue scaling this support. By 2030, we expect to be assisting one in six of our customers with their bills. At the same time, we remain strong advocates for the introduction of a national social tariff, which we believe is essential to ensuring consistent and fair support for customers across the country.

We also recognise that many customers face circumstances that require enhanced or tailored services. Our Priority Services Register ensures those customers receive the support they need, whether due to health conditions, accessibility needs or other vulnerabilities. We now have almost 600,000 customers registered on the scheme, which is accredited to the international consumer vulnerability standard ISO 22458:2022 – making us one of the first water companies to achieve this recognition.

### Providing a safe place to work

With the scale and ambition of our AMP8 investment programme, maintaining our focus on health and safety has never been more important. We must work at scale and at pace to deliver our plan, but we will not compromise on keeping our colleagues and contractors safe.

Over the past year, we have significantly strengthened our Home Safe and Well programme, which forms the backbone of our approach to occupational health and safety. The programme is structured around monthly campaigns aligned to our life-saving rules, each supported by a dedicated executive sponsor. This leadership engagement is supported by mandatory

training and targeted, manager-led discussions across the organisation, ensuring that our safety culture is embedded at every level.

As for many organisations, driving for work represents one of the highest risk activities our colleagues undertake. Reducing occupational road risk has, therefore, been a major priority this year, with visible leadership from our CEO helping to reinforce its importance. Through a combination of clearer expectations, more consistent messaging, and improved reporting and training, we have seen a significant reduction in road-related incidents. To reinforce positive behaviours and recognise excellence, we also launched our Road Safety Awards, celebrating our safest and most responsible drivers.

The increased focus, awareness and capability brought about through these initiatives has delivered meaningful improvements in safety performance. Our lost time injury rate has reduced by 30% over the year, reflecting the collective commitment of our people to continuously improve. These initiatives will remain a core part of our approach throughout AMP8 as we work towards achieving lasting, sustainable improvements in keeping our colleagues safe.

Alongside our occupational safety priorities, we recognise the vital role that wellbeing plays in creating a supportive and high-performing workplace. We provide a tailored package of financial, physical and mental health support to help colleagues thrive, ensuring we are not only keeping people safe at work, but helping them feel well, supported and able to perform at their best.

## Opportunity for all

Throughout the year, we advanced our equity, diversity and inclusion (ED&I) strategy, 'Opportunity for All', with a clear focus on strong leadership, transparent reporting and a culture where every colleague can thrive. This commitment was reflected in exceptionally strong colleague feedback, with a 90% engagement score for inclusion and 92% of colleagues believing the organisation supports diversity and inclusion, both significantly above national and sector benchmarks.

We have maintained fourth place in the Inclusive Top 50 UK Employers Index and received multiple awards, including Outstanding Employer and Diversity & Inclusion Initiative Awards at the Water Industry Awards, and a high commendation at the Employer's Excellence Awards. We've also been recognised as an Accredited Member of the Fair Employment Charter and featured strongly in the Religious Equity, Diversity & Inclusion Index.

Since 2021, representation of ethnic minority colleagues has doubled, and

female representation remains on track to achieve 2030 ambitions. Across recruitment, we have run our largest intake of early career talent to date, hiring 83 apprentices and 43 graduates, with strong female representation and increased applications from under-represented groups, supported by expanded outreach, mentoring and school engagement programmes.

Retention and development remain core priorities. We have invested in accessible training, inclusive leadership development and supportive people policies. Enhancements included expanded maternity, adoption and paternity provisions, accessible e-learning aligned with AA accessibility standards, wider support for neurodiverse colleagues, and the continued rollout of British Sign Language training. One in five colleagues moved into a new role during the year, highlighting the breadth of career opportunity within the organisation.

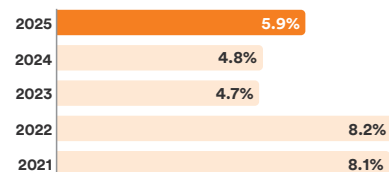
The company's 16 colleague networks continued to play a vital role in fostering connection and visibility. Activities ranged from cultural celebrations to peer support groups for menopause, neurodiversity, hearing loss and bereavement. Meanwhile, significant progress was made in wellbeing support, including improved menopause provision, expanded men's health initiatives and workplace changes to support colleagues undergoing prostate cancer treatment.

Collaboration remained a defining feature of the company's ED&I approach. We brought together partners across utilities, emergency services and regional employers to share best practice and strengthen inclusive employment practices. We have also continued to build social value through community events, charity support and STEM outreach.

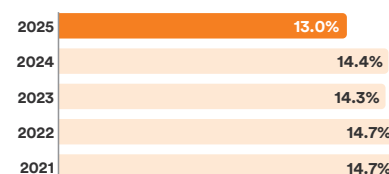
Gender pay reporting demonstrated further long-term progress, with the median pay gap at its lowest level since reporting began. We have seen an increase in senior operational and specialist technical roles to support the delivery of the capital programme. These roles typically attract more men, which has impacted the mean gender pay gap. The company remains committed to improving gender representation across all levels, supported by targeted talent pipelines and operational changes designed to broaden career appeal.

Looking ahead to 2026, we will continue to embed our 'Opportunity for All' strategy across our workplace and communities, with a focus on improved wellbeing provision, reduced recruitment bias, stronger leadership accountability and deeper collaboration with partners and supply chain organisations. These actions will support a more diverse workforce, a more inclusive culture and the delivery of essential services that reflect and meet the needs of the North West.

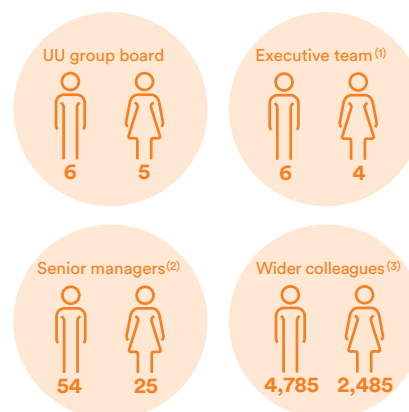
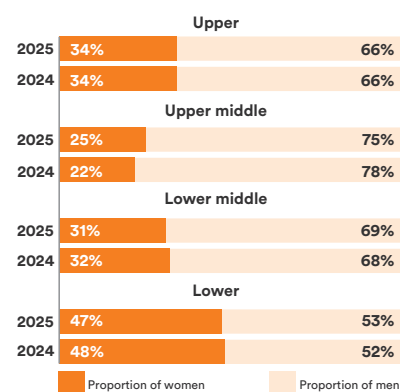
## Our mean gender pay gap over time



## Our median gender pay gap over time



## Percentage of women and men overall and in each quartile of the pay range (figures for 2025 and 2024)

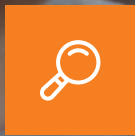


<sup>(1)</sup> Executive team excludes CEO and CFO who are included in group board figures.

<sup>(2)</sup> As at 31 March 2026, there were four male and four female colleagues appointed as statutory directors of subsidiary group companies but who do not fulfil the Companies Act 2006 definition of 'senior managers'.

<sup>(3)</sup> Wider colleagues as at 31 March 2026.

How we're delivering our purpose: healthier



# Providing **affordability** support for the North West.

## Case study:

### Providing affordability support for the North West

We've built an industry-leading package of support to ensure that no customer faces financial difficulty alone.

Our approach goes far beyond standard payment assistance: we combine tailored affordability schemes, proactive outreach, and compassionate, human-centred guidance to help households manage their water bills with confidence. By understanding each customer's circumstances and offering flexible, practical solutions, we're committed to making essential services genuinely accessible – especially for those who need our support the most.

We recognise that the record levels of investment we are delivering through to 2030 has an impact on customer bills, which makes it more important than ever to ensure that financial support is easy to access and available when customers need it.

One of the ways we are proactively getting support to those customers who need it the most is via our new low-income water discount scheme. Introduced in 2025, this has provided around 180,000 customers with £9 million in support through a £50 discount being directly applied to bills without the customer having to apply. For 2026/27, we will see the number of customers supported by this new scheme increase to around 270,000 – with £13.5 million in support being provided.

While we continue to work with the Government on positive reform to the WaterSure scheme, our proactive introduction of WaterSure Plus, ahead of reform changes, has already seen over 200 customers benefitting from a capped water bill who would not normally be eligible to access the current WaterSure scheme.

### A positive assessment of our approach to customers in debt

As part of their two-day assessment of our approach to customers in debt, the Consumer Council for Water (CCW) identified some real positives, highlighting our proactive application of affordability support as good practice. When we identify someone who may be struggling, we don't wait for them to

come to us – we reach out, offer guidance, and explore every possible route to help, even when engagement is limited.

### Raising affordability awareness in our communities

We have improved awareness of our industry-leading affordability schemes through our internal volunteering and community champions initiatives, providing colleagues with the opportunity to bring their enthusiasm into their local communities. Our outreach and engagement team were supported at 23 events by 15 community champions, enabling more than a thousand customer conversations around affordability. Champions are equipped to answer water efficiency, billing, Priority Services and metering queries, with clear escalation routes for more complex questions. This creates added value for customers and communities, while feeding real-life experiences back into teams to keep us empathetic and connected to the communities we serve.

### Partnering to be better together

We have seen strong engagement from partners in our trusted 'better together' scheme. This offers three levels of engagement, from initial outreach through to full data-sharing agreements to identify customers most in need. We provide customers with support without an additional application, benefitting those who are least likely to engage due to barriers or lack of awareness. Our first pilots with Kidney Care UK and Cheshire West and Chester Council will help us streamline the process to achieve the best outcomes for customers, partners, and our affordability teams.

### A county-based approach to support

Our county-based focus to get help to those communities who really need it is bringing huge benefits to the region. In the last 12 months, our team has engaged with 73 organisations across the North West and had meaningful conversations with MPs and local authority leaders, building awareness and strengthening partnerships.

### A seamless affordability assessment process

The enhancement of our affordability assessment solution with IE Hub has now successfully concluded. The solution allows us to create a more holistic affordability assessment journey, with capability for customers to self-serve where appropriate, as well as the integration of open banking to improve the accuracy and efficiency of our customer affordability assessments and make applying for support as easy as possible for our customers.

### Water without worry

Our commitment is simple: every customer deserves access to essential water services without worrying about their bills. By combining practical tools, personalised support, and a genuinely compassionate approach, we're proving that our affordability strategy is getting the right support to those customers who need it.

#### Delivering value for






This is creating value for customers and communities.

▶ Read more about affordability on page 78

## How we're delivering our purpose: stronger

### Key performance indicators

There are a broad range of performance indicators that help us to assess how we're delivering our purpose, working towards a stronger future. The three 'stronger' KPIs below have been selected due to their importance with stakeholders, with additional 'stronger' performance metrics on page 83.

<p><b>Capital programme delivery incentive (CPDi)</b></p> <p>Measures the extent to which we have delivered our capital projects efficiently, on time, and to the required quality standard.</p>	<p><b>Community investment</b></p> <p>Total community investment as measured by the Business for Societal Impact (B4SI) method.</p>	<p><b>Performance across a range of trusted investor indices</b></p> <p>Company performance relative to water and utilities sector participants in a selection of trusted investor ESG ratings and indices.</p>
<p><b>Target</b></p> <p><b>At least 85%</b></p>	<p><b>Target</b></p> <p><b>Average community investment in 2026 to be at least 10% higher than the average between 2015 and 2025 of £3.57 million per annum: £3.92m</b></p>	<p><b>Target</b></p> <p><b>Upper quartile</b></p>
<p><b>Annual performance</b></p> <p><b>100%</b></p> <p>The scaling-up of our activity has not impacted its quality, with the Capital Programme Delivery Incentive (CPDi), our measure of effective, efficient and quality delivery of the capital programme, hitting 100%.</p> <p>2024/25: 99.6%</p> <p>2023/24: 98.0%</p>	<p><b>Annual performance</b></p> <p><b>£3.84m</b></p> <p>Our performance this year is very close to the target of £3.92m, and we expect to see this increase over the remainder of AMP8 with the delivery of our community SuDS programme.</p> <p>2024/25: £9.80m</p> <p>2023/24: £3.99m</p>	<p><b>Annual performance</b></p> <p><b>Upper quartile</b></p> <p>As at the year end, we maintained upper quartile performance across our selection of ESG ratings and indices.</p> <p>2024/25: Upper quartile</p> <p>2023/24: Upper quartile</p>
<p><b>Status</b></p> <p> Met expectation/target</p>	<p><b>Status</b></p> <p> Close to meeting expectation/target</p>	<p><b>Status</b></p> <p> Met expectation/target</p>
<p><b>Key stakeholder</b></p> <p>Investors</p>	<p><b>Key stakeholder</b></p> <p>Community</p>	<p><b>Key stakeholder</b></p> <p>Investors</p>
<p><b>Relevant material themes<sup>(1)</sup></b></p> <ul style="list-style-type: none"> <li>• Customer service and operational performance</li> <li>• Financial risk management</li> <li>• Corporate governance and business conduct</li> </ul>	<p><b>Relevant material themes<sup>(1)</sup></b></p> <ul style="list-style-type: none"> <li>• Supporting communities</li> <li>• Trust, transparency and legitimacy</li> <li>• Recreational land and waters</li> </ul>	<p><b>Relevant material issues<sup>(1)</sup></b></p> <ul style="list-style-type: none"> <li>• Trust, transparency and legitimacy</li> <li>• Corporate governance and business conduct</li> <li>• Political and regulatory environment</li> </ul>
<p><b>Link to remuneration<sup>(2)</sup></b></p> <p>Bonus</p>	<p><b>Link to remuneration<sup>(2)</sup></b></p> <p>n/a</p>	<p><b>Link to remuneration<sup>(2)</sup></b></p> <p>n/a</p>
<p><b>Assurance</b></p> <p>Internal audit team</p>	<p><b>Assurance</b></p> <p>Independent third-party verification</p>	<p><b>Assurance</b></p> <p>Independent third-party verification</p>

<sup>(1)</sup> Read more about our materiality assessment on pages 24 to 25.

<sup>(2)</sup> Read our remuneration report, with details about the bonus and Long Term Plan (LTP), on pages 140 to 170.

## Status key

Performance against target



Met expectation/target



Close to meeting expectation/target



Behind expectation/target

## Stakeholder key



Customers



Environment



Communities



Colleagues



Suppliers



Investors

## Status

Measure	2030 target	Performance			Assurance <sup>(3)</sup>	Link to remuneration <sup>(2)</sup>	Key stakeholder	Performance against target
		2025/26	2024/25	2023/24				
Credit rating – UUW senior unsecured debt (Moody's, S&P, Fitch) <sup>(1)</sup>	Baa1, BBB+, A-	Baa1, BBB+, A-	A3, BBB+, A-	A3, BBB+, A-	ITV	n/a		
Anti-bribery: percentage of identified colleagues completing required training	100%	100%	100%	100%	IAT	n/a		
% of suppliers delivering 'strong' performance	95%	76%	n/a	n/a	IAT	n/a		
% of suppliers signed up to responsible sourcing principles	95%	76%	n/a	n/a	IAT	n/a		
% of suppliers subject to enhanced audit within contract lifecycle	10%	2%	n/a	n/a	IAT	n/a		
CIPS ethics mark	Retained	Retained	Retained	Retained	ITV	n/a		
Invoices paid within 60 days	At least 95%	97.7%	98.7%	99.6%	ITV	n/a		
Price control deliverables (PCDs) – timing incentive	£39.5m	On track	New	New	RRA	LTP		
Taxonomy aligned revenue	n/a	93%	87%	New	IAT	n/a		
Taxonomy aligned and eligible revenue	n/a	87%	93%	New	IAT	n/a		

<sup>(1)</sup> Measure relates to the water and wastewater activities of our regulated entity, United Utilities Water Limited.

<sup>(2)</sup> Read our remuneration report, with details about the bonus and Long Term Plan (LTP), on pages 140 to 170. PC = Performance commitment subject to reward and/or penalty as part of customer outcome delivery incentives (ODIs). These feed LTP through return on regulated equity (RoRE). The measurement approach for the purpose of remuneration outcomes may differ from the exact approach shown here.

<sup>(3)</sup> ITV = Independent third-party verification. RRA = Regulatory reporting assurance. IAT = Internal audit team.

## Spotlight on community investment and social value

We are maturing our approach to measuring and reporting how we deliver our strategic priority to 'contribute to our communities'. This means, as we progress through AMP8, we will increasingly look to measure and report the social value we create, as well as the community investment figure that we have reported for many years.

We have developed a medium-term target to reflect this impact of our plan, first focusing on the social value delivered through our recruitment activities. The

target is to create £10 million of social value between FY26 and FY28, and is linked to executive remuneration. This is calculated through a robust external methodology, 'National TOMs' (themes, outcomes and measures), then verified by a third party.

Alongside this, we're looking to quantify the social value delivered through our supply chain, working with our partners to gather and mature the necessary data.

For 2025/26, our target for community investment has been rolled forward from

AMP7 while we develop our broader approach. As we have done so for many years, we will calculate the total value of our community investment, adopting the B4SI methodology, which includes assurance of our approach.

This year, our community investment figure is £3.84 million, and we expect this level of investment to continue to grow in line with the growth of our capital delivery.




► Read more about the activities we have invested in on page 85

## How we're delivering our purpose: stronger



# Stronger

### Creating value for

-  Customers
-  Communities
-  Suppliers
-  Investors

### Efficient and effective capital delivery

With AMP8 representing the largest investment in our water infrastructure in generations, it is critical that we continue to deliver projects efficiently, at a high quality and on time. With the ramp up in investment this year, we're pleased that performance against the Capital Programme Delivery Incentive (CPDi) has remained high, this year hitting 100%.

The scale of the programme means that we are thinking differently about delivery, matching the right project with the right partner. We have three main pathways to delivery: i) Our network of regional build-only partners across the five counties, quick to mobilise and complete smaller-sized projects; ii) Medium projects up to £20 million through our 18 design and build partners; and iii) Large-scale infrastructure projects over £20 million through the United Utilities Enterprise.

### The Enterprise: delivering differently for AMP8

United Utilities' Enterprise is our collaborative delivery model designed to transform how major infrastructure and environmental projects are delivered during AMP8 and beyond. Bringing together eight industry-leading partners into one integrated team, the Enterprise model enables smarter, faster and more efficient delivery across some of the North West's most complex programmes.

This joined-up approach replaces traditional, siloed working with a single-team mindset by co-designing solutions, sharing expertise, and standardising processes to reduce delays and duplication. The focus is on delivering long-term value: improving customer

outcomes, strengthening environmental protection, embedding sustainability, and reducing carbon across every project.

The Enterprise partnership includes United Utilities, Jacobs, Costain, Mott MacDonald Bentley, Murphy, C2V (a Jacobs/VolkerStevin joint venture), Kier, and MWH Treatment. Supported by a robust supply chain and aligned commercial model, the team is equipped to adopt and scale the latest innovations both within and beyond the water sector.

Over the next decade, Enterprise will deliver more than £2 billion of investment across wastewater, bioresources, and water services. Projects are underway in Partington, Lancaster, Southport, Askam-in-Furness, Dukinfield, Crewe, Brampton and Warrington, alongside major programmes across Cumbria, Greater Manchester, Merseyside, Lancashire and Wigan.

With AMP8 representing a huge investment in wastewater, the Enterprise plays a vital role in ensuring projects are delivered efficiently, safely, and sustainably. By working as one team, we are delivering differently for the North West: faster, smarter, and with lasting benefits for customers, communities, and the environment.

### Project Blueprint: standardising designs for multiple benefit

Project Blueprint is our award-winning asset standardisation programme, driving efficiency throughout our programme. The Blueprint methodology identifies and prioritises opportunities to implement standard designs, which can be used across multiple projects/solutions. This approach helps deliver efficiencies in the design phase of projects and ensures United Utilities

can secure critical goods and components through advanced ordering commitments. We are seeing lower costs and reduction in carbon associated with standard designs as well as efficiencies in maintenance and repair activities as our engineers can have a standardised approach.

### Transforming our operations: simpler, smarter, better

During the year, we made significant progress in delivering our 'Simpler, Smarter, Better' operational transformation programme – an initiative designed to strengthen our ability to provide a reliable, high-quality service for customers, communities and the environment.

AMP8 represents the most ambitious investment programme we have ever undertaken, and 'Simpler, Smarter, Better' provides the platform to deliver it successfully. The programme is focused on simplifying how work is carried out so that we get the job done quickly and first time to a consistently high standard, supported by the smart use of technology and readily accessible data to inform decision-making. Our commitment is to drive transformation that empowers our front-line teams to continually improve operational performance.

We are designing a simpler, flexible operation that can respond to changing demands as required. The foundation of this is a high-performance culture where expectations and accountabilities are clear. Across our wastewater teams we have reshaped our operating model to meet increasing regulatory expectations and deliver a more proactive, resilient service. This has included strengthening capacity through new recruitment, improving preventive maintenance practices, and

using data more effectively to anticipate issues before they occur. These changes are contributing to a more stable network, reducing incidents and helping ensure our colleagues return home safe and well.

We have significantly enhanced our capacity and demand planning capability, enabling us to respond more quickly to changing needs and improve the deployment of operational teams. This proactive approach is supporting better sourcing of skills and the development of stronger commercial partnerships. Within bioresources, energy and fleet, we have brought more fleet maintenance in house to improve reliability and increase control over asset availability. We continue to focus on power and chemical usage across our operational sites, applying best practice and exploring innovative approaches to procurement to strengthen resilience for the future.

Our data-driven operations strategy is enhancing our ability to monitor asset performance proactively, enabling us to address issues earlier, improve response times and deliver better service outcomes. This is supported by improvements to our work management processes and tools, ensuring efficient planning and scheduling that gets the right person to the right place at the right time, with the right equipment and information. This has already been trialled, ahead of regional roll-out, with our water services teams, where we are empowering colleagues to self-select activities based on local conditions.

Maintenance excellence remains a core pillar of the programme, focused on advancing asset care through improved management of spares and parts, strengthened preventive maintenance and greater use of asset health data to intervene before failures occur.

## Contributing to our communities

Having historically reported against community investment, we are maturing our capability in terms of measuring and reporting social value. This will allow us to capture, report and improve the additional social value created through our activity, not just the monetary value of the investment. In the near term, we have developed a social value long-term incentive for our executive directors to deliver against a narrow, targeted basket of measures under National TOMs (themes outcomes and measures), focused on recruitment activities. While the target itself is stretching, the £10 million target only represents a small proportion of the total social value delivered through our investments and activities. Going forwards, we are working with our supply chain to improve our capability, with the aim of reporting social value with a much broader scope.

Our community investment total for this year is £3.84 million, with a large proportion of this coming through the UU Trust Fund to support customers who are struggling with affordability. As well as this, our 'SuDS for Schools' programme continues, bringing better management of rainwater, and helping to teach local children about the water cycle, and improve their outdoor spaces. We also support local charities and partnerships, such as the Turning Tides partnership, focused on improving bathing waters along the Fylde coast.

## Strengthening our supply chain

Effective supply chain management continues to be fundamental to delivering high-quality services for customers and achieving our ambition for a stronger, greener, healthier North West. This year, we have continued to strengthen our United Supply Chain (USC) programme, which underpins our supplier collaboration strategy and brings our responsible sourcing principles to life across thousands of partners who help us deliver for the region.

USC is designed to create a high-quality, resilient and values-driven supply chain through strong collaborative relationships with our partners. It establishes a framework through which suppliers can enhance their performance, embed best practice and collaborate closely with us and each other. By moving towards a truly business to business collaborative environment, we are able to build on the strengths of our partners, reduce risk and improve value for customers at the lowest sustainable cost.

76% of our suppliers are signed up to our responsible sourcing principles against a target of 95%. Alongside this, 76% of our suppliers are delivering 'strong' performance, defined as suppliers who consistently achieve above the agreed service level across all key performance indicators.

A further focus this year has been strengthening resilience and reducing risk through increased visibility across supply chains. By working closely with suppliers to understand risk exposures, whether topic-specific, such as modern slavery or climate change, or sector-specific, such as within construction or chemicals, we can target assurance activity more effectively. This may involve additional checks, site visits or supply chain mapping, but delivers significant value through earlier risk mitigation and shared learning. This year, we have delivered enhanced audits across 2% of our suppliers to mitigate these risks.

The benefits of this collaborative approach are already clear. USC supports closer working relationships, stronger alignment

of strategies and improved operational standards. It enables us to deliver environmental and social value through initiatives that benefit communities, enhance biodiversity, and improve workforce health, safety and wellbeing. It also helps drive efficiency by reducing duplication, removing waste and unlocking new ideas.

Our supply chain includes a diverse mix of partners with USC ensuring we harness the full breadth of their skills, expertise and innovation. By treating the supply chain as an integral part of how we serve customers, USC is strengthening assurance, building resilience and helping secure sustainable, efficient outcomes in AMP8 and beyond.

## Performance across trusted investor indices

We have participated in a range of independently assessed global ESG ratings and indices for many years to benchmark our approach against best practice and emerging sustainability challenges. Our approach to responsible business has ensured consistent upper quartile performance in selected ESG ratings.


Index/assessment	2025/26 result	Commentary
FTSE4Good Index Series	Included	Constituent since June 2001; latest review completed December 2025
S&P's corporate sustainability assessment	65%	Reported through the assessment for more than 25 years
Sustainalytics ESG risk rating	14.0 – Low Risk	Rating received in February 2026
MSCI ESG rating	A	Rating held as of August 2025
CDP climate change	A-	Leadership level in 2025 assessment
CDP water security	A-	Leadership level in 2025 assessment
CDP supplier engagement	A	'A list' in 2025 assessment
ISS ESG Corporate ESG Rating	Prime	Prime status maintained
Corporate Knights Europe 50 Most Sustainable Corporations	Ranked	Included as of March 2026

The external perspective provided by these ESG ratings goes beyond the UK water sector and compares our performance against international water utilities, wider utilities and non-utility companies. We continue to respond to best practice and emerging ESG trends to maintain our performance in these ratings, and we are increasing our engagement with investors on ESG matters.

How we're delivering our purpose: stronger



# Striving for asset management excellence.

 Image: Colleagues lead a site tour of Haslingden Grane Impounding Reservoir as part of the asset management audit





## Case study:

### Striving for asset management excellence

Asset management provides a framework and approach to oversee the lifecycle of infrastructure such as pipes and treatment works – fundamental to delivering resilient services, safeguarding the environment and securing value for customers over time.

In October 2025, we became the first water company in the UK to achieve certification to the revised ISO 55001:2024 Asset Management Standard.

We were pleased to be the first in the industry to achieve this standard and, in November 2025, Ofwat set out an ambition that all water companies should demonstrate asset management maturity by attaining the same certification in future.

#### A whole organisation effort

Achieving the new certification required a whole organisation effort to strengthen strategic asset management capability, improve resilience, and enhance the way we use insight and risk-based decision-making to deliver long-term value for customers and the region.

Having initially secured certification to the original standard in 2022, we made the bold strategic decision to transition directly to the new version rather than recertify against an outgoing standard. This choice reflected both our ambition and our confidence in the maturity of our asset management approach.

The new standard introduced a swathe of new requirements, as well as clarification of some pre-existing ones. In preparation, our internal audit and assurance team led a gap analysis, identifying 169 improvement actions to meet the new standard, which we grouped into activity types to implement the changes required.

The gap-closing activities involved over 100 colleagues across multiple departments, resulting in improvements to processes, documents, communications, and training. Our strategic asset management plan was also updated to reflect the improvements made and the requirements of the new standard.

The audit itself was an intensive eight-day interview of 85 colleagues and partners across 13 sites, taking in each county and each discipline to demonstrate the depth of our asset management culture.

Feedback from the audit commended our improved capability, strong leadership, and engaged people.

#### Strengthening our capabilities

Certification is not the end of the journey; it is a platform. It strengthens our ability to make better long-term decisions, manage risk transparently, and deliver sustainable value for our customers and the environment.

By being the first to achieve ISO 55001:2024, we have, once again, demonstrated sector leadership, reinforcing our commitment to a stronger, more resilient water system for the North West.

#### Delivering value for



This is creating value for customers, the environment and investors.

## Our S172(1) Statement

### Our key decisions during the year to 31 March 2026







Throughout this integrated annual report, we provide examples of how the board has thought about the likely consequences of long-term decisions and how we:

- build relationships with stakeholders and balance their needs and expectations with those of the business;
- understand the importance of engaging with our colleagues;
- understand the impact of our operations on the communities in our region and the environment we depend upon;
- are mindful of the interactions we have with our regulators; and
- understand the importance of behaving responsibly and being consistent with the company's purpose, values and strategic priorities.

#### Statement by the directors in performance of their statutory duties in accordance with S172(1) Companies Act 2006

The board of directors of United Utilities Group PLC consider, both individually and together, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole and having regard (amongst other matters) to factors (a) to (f) s172 Companies Act 2006, in the decisions taken during the year ended 31 March 2026, including those described on this page and the next.

#### Our strategic priorities

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



### Implementation of the refreshed 'Home Safe and Well' programme

#### Link to strategy



#### The decision

To explore ways to continually improve our health and safety performance and safety culture across the business.

#### Outcome

Since the first life-saving rule (Driving for Work) was launched in August 2025, there has been around 80% reduction in colleagues' involvement in road traffic accidents. During the year, three other life-saving rules have been launched: working at height, safe systems of work, and service with respect. In terms of process safety, we have developed a suite of process safety performance indicators, including statutory maintenance and management of change, ensuring that our major accident hazards are controlled. There has been a 50% increase in the number of leadership engagement visits, and a 20% increase in the number of safety observations raised by colleagues, resulting in a 30% reduction in our colleague lost time injury rate. The board is fully engaged in the health and safety improvement process as this would be most likely to promote the long-term success of the company for the benefit of its members as a whole.

#### How we engaged with stakeholders

Our Home Safe and Well programme was re-launched at the all-colleague event held in March 2025 in Blackpool, and at a supply chain event in April 2025, with progress updates provided at the all-colleague engagement event held in Liverpool in February 2026 and at the supply chain update held in March 2026 in Blackpool. The size of the capital programme and complex nature of our activities, including process safety risk, reinforces the need to achieve industry-leading health and safety performance. The refreshed programme has introduced three core safety values and 12 life-saving rules, which we are launching as mini safety campaigns over the next 12 months.

The executive team has been fully engaged with the process, with the CEO chairing the monthly executive health and safety meetings. Extensive consultation and communication took place with colleagues across the business, with trade union safety representatives invited to attend health and safety meetings twice a year, and with our contracting partners to ensure it was a collaborative process – leaders across the business were asked to champion Home Safe and Well compliance and share best practice. Simplifying and standardising processes and reporting were key enablers as well as fostering a culture that empowers colleagues to voice concerns. 12 life-saving rules are being rolled out, each one sponsored by a member of the executive team and supported by a series of working groups – comprising colleagues from across the business and trade union representatives to ensure processes are clear and workable. Resourcing in the health and safety and process safety teams has been strengthened, working to create a wider understanding of process safety risk across the business. Positive feedback has been received from the Health and Safety Executive and Environment Agency during routine visits to several sites during the year.



## Cyber security

### Link to strategy



### The decision

The board endorsed the industry-leading position of driving forward collaboration among its peers to support the protection of the group from cyber attacks.

### Outcome

Cyber is an intensely fast-moving environment with nation states increasingly deploying cyber attacks to boost their economic position and bolster military activity. The board is fully supportive of management's actions to protect the group from cyber attacks and the need to react quickly to new threats as they develop, implementing new security controls quickly. Protection of our customers', colleagues' and organisation's data and systems is a priority for the board and would be most likely to promote the long-term success of the company for the benefit of its members as a whole.

### How we engaged with stakeholders

The security team regularly engages with suppliers, appropriate agencies and other companies to keep up to date with developments in the field and knowledge sharing. Colleagues receive training and regular communication in the cyber security sphere of operations and regular cyber incident exercises are undertaken to ensure maximum preparedness to a major cyber attack. The board acknowledges the benefits of industry-wide engagement to protect against malicious cyber activity endorsing the leading position the group holds in driving forward industry collaboration, threat intelligence sharing and incident response.



## Supply chain mobility

### Link to strategy



### The decision

To devise new ways of working in conjunction with our supply chain partners to address the challenges of AMP8.

### Outcome

Clear principles underpin our AMP8 contracting strategy and operating model, influenced by the complexity, size and the type of delivery model to be used with projects grouped into discrete packages. In addition to very large projects that will be developed in accordance with Ofwat's direct procurement for customers (DPC) framework, there are complex design and build (both infrastructure and non-infrastructure), detailed design and build projects, build-only projects and rainwater management projects. The different project types are suited to different contractor types. For the high volume, lower-value build-only projects, we are working with smaller local contractors using repeatable designs and helping to develop new workforce skills in the North West. Tier 1 contractors are involved with the more complex higher-value projects.

Given the fundamental changes to the ways of working, the board requested that an expert assurance panel review and challenge the new approach, and the panel commended the adoption of a standard approach to the design, delivery and procurement of assets. The board endorsed the fundamental change to the ways of working with our supply chain as being most likely to promote the long-term success of the company for the benefit of its members as a whole.







### How we engaged with stakeholders

We have engaged with colleagues, contracting partners, regulators, non-governmental organisations, and customers, and have established closer community relations to support our AMP8 capital programme. We have implemented feedback from our engagement, including simplifying the procurement process and work allocation, simpler contractual documentation and longer-term agreements, greater flexibility in the use of company standards, and greater collaboration.

## How we're creating long-term sustainable value

### Key performance indicators

Our financial KPIs include income statement, balance sheet, regulatory and investor return metrics to provide a snapshot of our financial performance for the year.

<p><b>Underlying operating profit</b> See note 1.</p>	<p><b>Gearing</b> Group net debt (plus loan receivable from our joint venture) divided by UUW's regulatory capital value.</p>	<p><b>Dividend per share (DPS)</b> Total dividends declared divided by the average number of shares in issue during the year.</p>
<p><b>Target</b> Not externally disclosed</p>	<p><b>Target</b> 55–65%</p>	<p><b>Target</b> Annual growth in line with CPIH inflation</p>
<p><b>Annual performance</b> <b>£1,060 million</b> Reported operating profit: £1,099 million Underlying operating profit has increased £274 million compared with last year, driven by higher allowed revenues, partially offset by higher underlying operating costs. 2024/25: £786 million 2023/24: £518 million</p>	<p><b>Annual performance</b> <b>60%</b> Gearing unchanged from previous year, and remains comfortably within our target range. 2024/25: 60% 2023/24: 59%</p>	<p><b>Annual performance</b> <b>53.66 pence</b> The board has proposed a final dividend of 35.78 pence, which takes the total dividend to 53.66 pence per share for 2025/26. This is an increase of 3.5%, in line with our policy of targeting an annual growth rate of CPIH inflation. 2024/25: 51.85 pence 2023/24: 49.78 pence</p>
<p><b>Status</b>  Met expectation/target</p>	<p><b>Status</b>  Met expectation/target</p>	<p><b>Status</b>  Met expectation/target</p>
<p><b>Link to remuneration</b> Bonus</p>	<p><b>Link to remuneration</b> n/a</p>	<p><b>Link to remuneration</b> n/a</p>
<p><b>Underlying earnings per share (EPS)</b> See note 1.</p>	<p><b>Regulatory return</b> Base allowed return plus or minus any out or underperformance.</p>	<p><b>Total shareholder return (TSR)</b> Based on the movement in share price plus dividends over each financial year.</p>
<p><b>Target</b> Not externally disclosed</p>	<p><b>Target</b> Not externally disclosed</p>	<p><b>Target</b> Not externally disclosed</p>
<p><b>Annual performance</b> <b>107.1 pence</b> Reported EPS: 86.1 pence Underlying EPS pence has increased 42% largely reflecting the big step up in revenue allowances in the first year of the AMP. Reported EPS is lower due to the deferred tax adjustment, partially offset by adjustments to underlying profit before tax. 2024/25: 75.3 pence 2023/24: 33.3 pence</p>	<p><b>Annual performance</b> <b>13.0%</b> Regulatory return ahead of guidance reflecting profiling of financing outperformance being weighted towards the start of the AMP. 2024/25: 4.4% 2023/24: 15.0%</p>	<p><b>Annual performance</b> <b>36.4%</b> TSR was +36.4% in the year to 31 March 2026, outperforming our listed water company peers and the FTSE 100 return of 22.6%. 2024/25: +2.8% 2023/24: +1.6%</p>
<p><b>Status</b>  Met expectation/target</p>	<p><b>Status</b>  Met expectation/target</p>	<p><b>Status</b>  Met expectation/target</p>
<p><b>Link to remuneration</b> n/a</p>	<p><b>Link to remuneration</b> LTP and indirectly linked to bonus, as regulatory return is influenced by many of the bonus measures</p>	<p><b>Link to remuneration</b> n/a</p>

## Financial framework

We have upgraded our five-year financial framework to reflect the newly announced accelerated investment. Our financial framework captures anticipated performance in the five years to 31 March 2030. This period aligns with the AMP8 regulatory period.

### Capital investment and regulated asset growth

Our capital programme for the five years to March 2030 (AMP8) is significantly larger than previous regulatory periods, due to long-term investment drivers. We expect capital investment to be circa £11.5 billion, up from prior guidance of circa £9 billion, supporting a circa 10% compound growth in the asset base between 2025 and 2030.

### Regulatory return

The regulatory return is the return generated on actual regulatory equity, calculated using average actual gearing applied to the regulatory capital value (RCV), as per Table 1F – Financial Flows of the Ofwat Annual Performance Report. It encompasses the base return, outperformance, and the uplift to our regulatory asset base from inflation. We are targeting regulatory returns of 10–11% in AMP8, an increase of 100bps outperformance compared with prior guidance.

### Balance sheet

The board has maintained a target gearing range of 55–65% net debt to regulated capital value. As at 31 March 2026, our gearing is comfortably within this range at 60%.

### Dividend policy

The group maintains a dividend policy to target a growth rate of CPIH inflation each year, having increased the dividend at least in line with inflation for the past 15 years. The annual increase in the dividend is based on the CPIH element included within allowed regulated revenue for the current financial year. This is calculated using the CPIH annual rate from the November prior (i.e. the 2025/26 dividend is equal to the 2024/25 dividend indexed for the movement in CPIH between November 2023 and November 2024).

<sup>(1)</sup> Underlying operating profit and underlying earnings per share are alternative performance measures that exclude adjusted items from their reported equivalents. Underlying operating profit excludes any significant non-recurring items. Underlying EPS deducts underlying net finance expense, underlying share of joint venture losses, and underlying taxation from underlying operating profit to calculate underlying profit after tax, and divides this by the average number of shares in issue during the year. Underlying net finance expense makes adjustments including stripping out fair value movements. Underlying taxation strips out deferred tax (including any tax credits or debits arising from changes in the tax rate) and any exceptional tax. A description of adjusted items, the framework by which these are assessed, and reconciliations between reported and underlying measures, can be found on pages 96 to 97.

<sup>(2)</sup> Read our remuneration report, with details about the bonus and Long Term Plan (LTP), on pages 140 to 170.

## Outlook and guidance for 2026/27

### ODI rewards

We are forecasting a customer ODI penalty for 2026/27, with year-on-year improvement.

### Revenue

Revenue is expected to increase to between £2.7 billion and £2.8 billion in 2026/27. This figure includes pass-through items of circa £110 million relating to the Haweswater Aqueduct Resilience Programme (HARP) (£70 million, FY26: nil) and HS2 diversions income (£40 million, FY26: £40 million).

### Underlying operating costs

Underlying operating costs are expected to increase by around £100 million relating to growth in the asset base and price increases, including business rates.

### Depreciation

Increasing by £50–£60 million due to continued growth in our asset base.

### Underlying net finance expense

Underlying net finance expense is expected to be lower year-on-year.

### Underlying tax

Full expensing expected to continue, resulting in a negligible current tax charge.

### Capital expenditure

Capex in 2026/27 is expected to be around £2 billion.

### Asset base growth

Our asset base in 2026/27 is expected to increase by around 10%, assuming CPIH inflation of 3.6%.

### Dividend

Our dividend continues to grow in line with CPIH, resulting in a dividend per share of 55.54 pence.



## How we're creating long-term sustainable value



### We delivered strong underlying financial performance this year.

We have delivered strong financial performance this year. Underlying revenue increased 20% in line with allowances set out in our PR24 final determination. This revenue increase, partially offset by higher operating costs reflecting growth in our asset base and price increases in the year, resulted in an underlying operating profit of £1,060 million, a 35% increase compared with the prior year. Underlying EPS at 107.1 pence has increased 42% largely reflecting the big step up in revenue allowances in the first year of the AMP, with increases in revenue allowances over subsequent years expected to be lower, consistent with the typical regulatory approach to setting prices.

Underlying net finance expense increased as a result of increased debt to fund the AMP8 capital programme, resulting in an underlying

profit after tax of £730 million and underlying earnings per share of 107.1 pence. Reported profit after tax was at £587 million, with reported earnings per share of 86.1 pence. Adjusted items between underlying and reported are set out on pages 96 to 97.

Our balance sheet remains strong, with RCV gearing at 60%, in the middle of our target range of 55–65%, supporting robust credit ratings.

#### Revenue

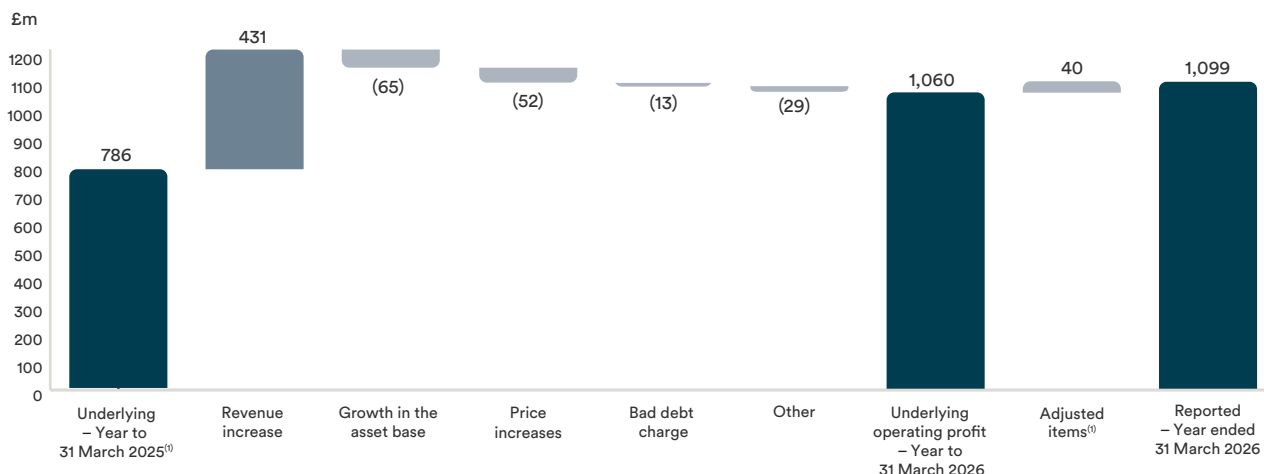
Revenue was up £471 million at £2,616 million, with £447 million attributable to regulatory adjustments. Adjustments include a circa 23% real increase in allowed wholesale revenues as set out in our PR24 final determination as well as a 3.5% CPIH-linked increase to the revenue cap.

Other revenue impacts largely reflect variances in consumption. Reported revenue included £40 million of revenue allowed by Ofwat for recovery in AMP8 related to diversions activity to accommodate the now-aborted northern leg of HS2, which will be returned to customers over the course of AMP9. The £40 million of revenue recognised in relation to this diversions activity has been adjusted for in arriving at underlying revenue.

#### Operating profit

Underlying operating profit at £1,060 million was £274 million higher than last year, reflecting the increase in revenue, partially offset by higher operating costs than the prior year. Operating costs have increased primarily due to expenditure associated with

### Summary of operating profit movement



<sup>(1)</sup> Adjusted items between underlying and reported are set out on pages 96 to 97.

growth in our underlying asset base, as well as price increases across regulatory fees, power and chemicals.

Reported operating profit was higher than underlying operating profit, reflecting the adjustment to revenue detailed above.

Our comprehensive affordability schemes, combined with effective credit collection practices and utilisation of technology, have meant that current-year cash collection has been encouraging. Our bad debt position at 1.8% of statutory revenue is in line with management expectations.

## Profit/(loss) before tax

Underlying profit before tax is £738 million compared with £514 million underlying profit before tax last year. The £224 million increase reflects the £274 million increase in underlying operating profit and a £6 million reduction in the share of losses of joint ventures, partially offset by a £56 million increase in underlying net finance expense.

Reported profit before tax is £41 million higher at £779million, reflecting adjustments outlined on pages 96 to 97.

## Net finance expense

The underlying net finance expense of £317 million was £56 million higher than in the prior year mainly due to the increase in debt to fund the AMP8 capital programme, and a £16 million increase in non-cash interest expense on our debt and derivative portfolio, taking into account higher inflation incurred in the year and a rise in future indications of inflation. This is partially offset by an increase in capitalised interest and pension interest income.

Cash interest expense has increased by £67 million, primarily reflecting the increase in debt to fund the AMP8 capital programme.

Reported net finance expense is £1 million lower than underlying net finance expense, reflecting adjustments outlined on pages 96 to 97.

## Profit/(loss) after tax and earnings per share

The underlying profit after tax of £730 million was £217 million higher than the prior year, reflecting the increase to underlying profit before tax, partially offset by £8 million increase to the current tax charge.

Reported profit after tax was lower at £587 million with reported earnings per share at 86.1 pence. Adjusted items between underlying and reported are set out on pages 96 to 97.

## Tax

We continue to be fully committed to paying our fair share of tax and acting in an open and transparent manner in relation to our tax affairs and are delighted to have been accredited with the Fair Tax Mark again in 2025 for the seventh year running.

In addition, the group has made further contributions to the public finances of around £290 million, in the form of business rates, employer's national insurance contributions, environmental taxes, and other regulatory service fees such as water abstraction charges, as well as employment taxes on behalf of our 6,800 strong workforce.

The key reconciling item to the headline rate of corporation tax continues to be allowable tax deductions on capital investment, these being deductions put in place by successive governments to encourage such investment and thus reflecting responsible corporate behaviour in relation to taxation.

The current tax charge of £8 million reflects a £4 million prior year adjustment to management's estimate of the most likely amount that will be received in relation to Research and Development allowances available on certain capital projects that remain under enquiry and consortium relief totalling £4 million in relation to the years ended 31 March 2024 and 31 March 2025 claimed from the group's joint venture, Water Plus.

In the period, there were £4.3 million of tax adjustments taken to other comprehensive income, primarily relating to remeasurement movements on the group's defined benefit pension schemes and on hedge effectiveness.

An overall prior year net deferred tax credit of £6.5 million has been the most significant factor in reducing the effective tax rate below the standard rate of tax of 25% along with reductions of tax sensitive items.

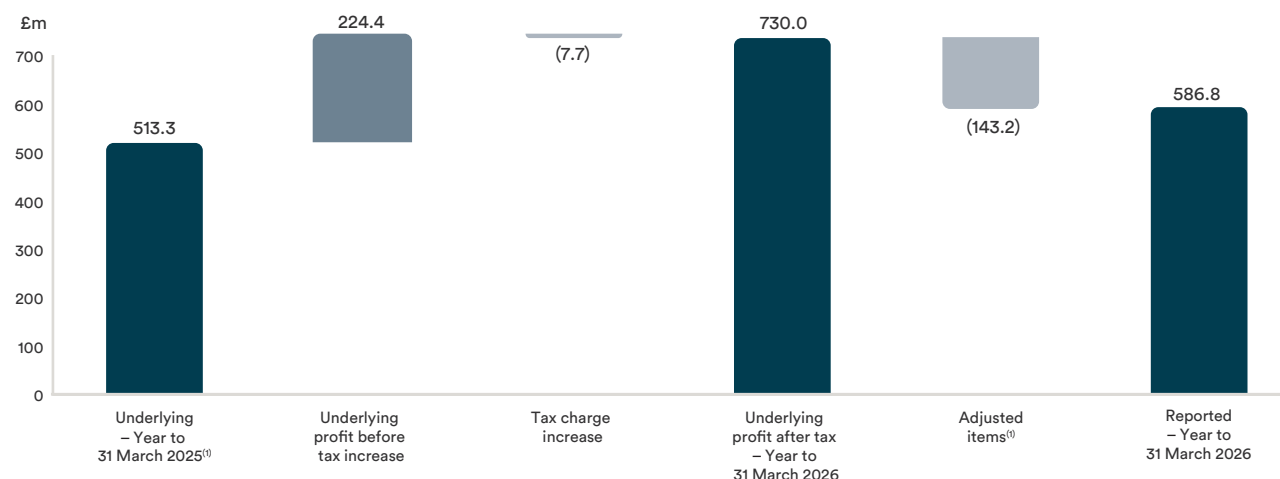
## Dividend per share

The board has proposed a final dividend of 35.78 pence per ordinary share in respect of the year ended 31 March 2026. This is an increase of 3.5% compared with the dividend last year, in line with the group's dividend policy of targeting a growth rate of CPIH inflation each year. The 3.5% increase is based on the CPIH element included within allowed regulated revenue for the 2025/26 financial year (i.e. the movement in CPIH between November 2023 and November 2024).

The final dividend is expected to be paid on 3 August 2026 to shareholders on the register at the close of business on 26 June 2026. The ex-dividend date for the interim dividend is 25 June 2026.

A dividend reinvestment plan (DRIP) is provided by Equiniti Financial Services Limited. The DRIP enables the company's shareholders to elect to have their cash dividend payments used to purchase the company's shares. More information can be found at [www.shareview.co.uk/info/drip](http://www.shareview.co.uk/info/drip). The closing date for DRIP elections is 13 July 2026.

## Summary of profit after tax movement



<sup>(1)</sup> Adjusted items between underlying and reported are set out on pages 96 to 97.

## How we're creating long-term sustainable value



### Cash flow

Net cash generated from operating activities for the year was £1,382 million, £464 million higher than in the prior year, principally due to increased revenue. This is partially offset by higher net interest paid on debt and derivatives as a result of higher debt associated with the AMP8 capital programme. The net cash generated from continuing operating activities supports the dividends paid of £358 million and partially funds some of the group's net capital expenditure of £1,499 million, with the balance being funded by net borrowings and cash and cash equivalents.

The group's consolidated and company statements of cash flows can be found on page 194 of our consolidated financial statements.

### Pensions

As at 31 March 2026, the group had an IAS 19 net pension surplus of £311 million, compared with a surplus of £302 million at 31 March 2025. This is driven largely by interest earned on the surplus and is partially offset by a remeasurement loss of £8 million due to updates to the mortality projections and actual inflation over the year being higher than assumed at the prior reporting period. The remeasurement loss is more than offset by the net pension income credited to the income statement before tax of £11 million.

Further detail on pensions is provided in note 11 ('Retirement benefit surplus') of the condensed consolidated financial statements.

### Financing

Net debt at 31 March 2026 was £9,943 million, compared with £9,346 million at 31 March 2025. This comprises gross borrowings with a carrying value of £11,491 million, net derivative liabilities hedging specific debt instruments of £95 million and cumulative indexation on inflation swaps of £151 million, and is net of cash and bank deposits of £1,794 million.

Gearing, measured as group net debt including a £50 million loan receivable from joint venture divided by UUW's adjusted

RCV (adjusted for actual spend, timing differences and including full expected value of AMP8 ex-post adjustment mechanisms) of £16.5 billion, was 60% at 31 March 2026.

### Cost of debt

As at 31 March 2026, the group had approximately £3.3 billion of RPI-linked instruments and £0.5 billion of CPI or CPIH-linked instruments held as debt. Including swaps, the group has RPI-linked debt exposure of £3.2 billion at an average real rate of 1.5%, and £1.4 billion of CPI or CPIH-linked debt exposure at an average real rate of -0.6%.

Debt issuances during the prior and current financial year contributed to the group's average effective interest rate of 4.2% being higher than the rate of 3.8% last year. More information on this can be found on page 97.

The group has fixed the interest rates on its non index-linked debt in line with its ten-year reducing balance basis at an average effective nominal interest rate of 4.1% for the current financial year.

### Credit ratings

UUW's senior unsecured debt obligations are rated Baa1 with Moody's Investors Service Ltd (Moody's), A- with Fitch Ratings Ltd (Fitch) and BBB+ with S&P Global Ratings UK Limited (S&P). United Utilities PLC's senior unsecured debt obligations are rated Baa2 with Moody's, BBB+ with Fitch and BBB- with S&P. All ratings are on a stable outlook.

### Debt financing

The group has access to the international debt capital markets through its £12 billion medium-term note (MTN) programme.

In the year to 31 March 2026, we raised circa £1.0 billion of term funding. This consisted of a £100 million term loan from a relationship bank with a 5+1+1 year maturity and circa £900 million in the public bond markets, including a EUR500 million ten-year green public bond issued in August, a EUR100 million tap of our existing EUR 3.75% bond due 2034 in September, a £300 million 14-year public bond issued in December and a EUR100 million tap of our existing EUR 3.75% bond due 2035 in March. In addition, £400 million of committed facilities were

executed, renewed and/or increased with relationship banks. Subsequent to the year end, a EUR150 million tap of our existing EUR 3.5% bond due 2033 was issued in April. The term debt raised in AMP8 so far has typically outperformed the Ofwat debt index mechanism by circa 80bps, providing a sustained benefit across all five years of the AMP.

In March 2026, with the written consent of the noteholder, we amended three of our RPI-linked notes to adopt updated replacement 'fallback' provisions (which are applicable upon cessation of, or fundamental changes to RPI, and now effectively follow index-linked gilts) and we took the opportunity to shorten the maturity on two of those notes from 2056 to 2047. In addition, in March 2026 the group's sustainable finance framework was updated.

### Interest rate management

Long-term sterling inflation index-linked debt provides a natural hedge to assets and earnings under the regulatory model. At 31 March 2026, approximately 32% of the group's net debt was in RPI-linked form, representing around 19% of UUW's regulatory capital value (RCV), with an average real interest rate of 1.5%. A further 14% of the group's net debt was in CPI or CPIH-linked form, representing around 8% of UUW's RCV, with an average real rate of -0.6%. The long-term nature of this funding also provides a good match to the company's long-life infrastructure assets and is a key contributor to the group's average term debt maturity profile, which is around 14 years.

Across AMP8 we expect to move from having around half of our net debt in index-linked form to around a third. This reflects a balanced assessment across a range of factors, and will happen progressively over the period.

Where nominal debt is raised in a currency other than sterling and/or with a fixed interest rate, the debt is generally swapped to create a floating rate sterling liability for the term of the debt. To manage exposure to medium-term interest rates, the group fixes underlying interest costs on nominal debt out to ten years on a reducing balance basis.



## Liquidity

Short-term liquidity requirements are met from the group's normal operating cash flows, cash and bank deposits primarily sourced from pre-funding in the debt capital markets, supported by committed but undrawn credit facilities. Our MTN programme and investment-grade credit ratings support our ability to replenish liquidity over time.

At 31 March 2026, we had liquidity to cover projected needs through to the second half of FY28, comprising cash and bank deposits, plus committed undrawn revolving credit facilities. This gives us flexibility in terms of when and how further debt finance is raised to help refinance maturing debt and support the delivery of our ongoing capital investment programme.

## Regulatory return

The regulatory return for 2025/26 was 13.0%. In addition to the base return of 5.2% (including our five basis point business plan reward), we delivered net outperformance of 2.4%, comprising:

## Financing outperformance

We earned financing outperformance this year of 3.1%. We have consistently issued debt at efficient rates that compare favourably with the industry average and sector debt indexation mechanism, thanks to our strong balance sheet and credit ratings, along with our leading treasury management, clear and transparent financial risk management policies, and ability to act swiftly to access pockets of opportunity as they arise.

## Customer outcome delivery incentives (ODIs)

In 2025/26 we incurred a net customer ODI penalty of around £35 million, or 0.5 as a percentage on returns. With the introduction of new measures in AMP8 we expect performance to be progressive, resulting in a net reward across the AMP.

Customer ODI rewards and penalties are applied to revenues with a two-year lag. As such, the penalty incurred this year will be reflected as a reduction to revenues in 2027/28.

In 2025/26 we earned a reward on all of our year one price control deliverables (PCDs), with a 0.02% impact on returns. We are on track to deliver against the PCDs set out in the final determination over the remainder of AMP8 and remain focused on efficient delivery.

## Totex performance

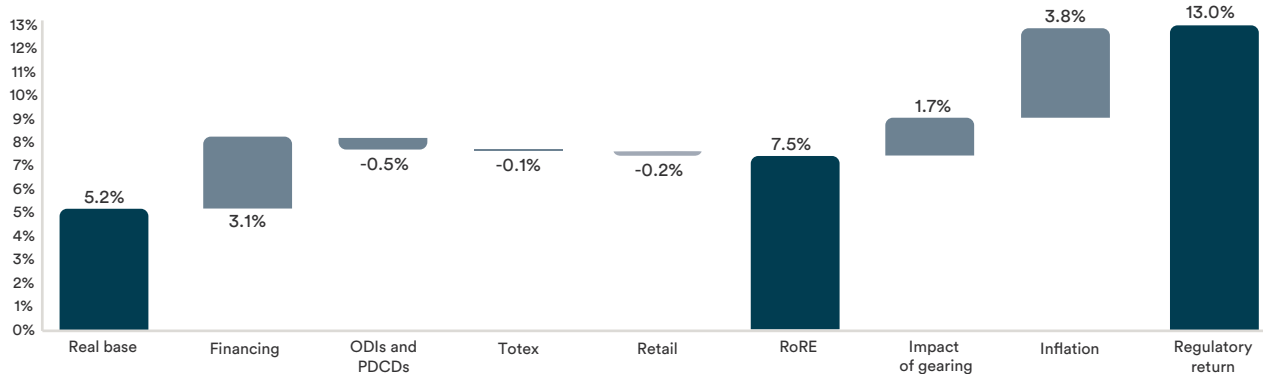
The totex impact on returns in 2025/26 is -0.1%, representing costs not subject to cost sharing.

## Retail performance

The retail impact on returns of -0.2% reflects the additional investment that we've made to improve customer service and support cash collection and affordability as we support customers through bill increases.

After accounting for the impact of our actual gearing of 1.7%, as well inflation of 3.8%, our regulatory return is 13.0% in 2025/26.

## Regulatory return



## How we're creating long-term sustainable value

### Guide to alternative performance measures (APMs)

The underlying profit measures in the following table represent alternative performance measures (APMs) as defined by the European Securities and Markets Authority (ESMA). These measures are linked to the group's financial performance as reported in accordance with UK-adopted international accounting standards and the requirements of the Companies Act 2006 in the group's consolidated income statement, which can be found on page 190. As such, they represent non-GAAP measures.

These APMs can assist in providing a representative view of business performance, and may not be directly comparable with similarly titled measures presented by other companies. The group determines adjusted items in the calculation of its underlying measures against a framework which considers significance by reference to profit before tax, in addition to other qualitative factors such as whether the item is deemed to be within the normal course of business, its assessed frequency of reoccurrence and its volatility, which is either outside the control of management and/or not representative of current year performance.

In addition, a reconciliation of the group's average effective interest rate has been presented, together with a prior period comparison. In arriving at net finance expense used in calculating the group's effective interest rate, underlying net finance expense is adjusted to add back net pension interest income and capitalised borrowing costs in order to provide a view of the group's cost of debt that is better aligned to the return on capital it earns through revenue.

Adjusted item	Rationale
<b>Adjustments not expected to recur</b>	
Prior year comparatives (unaudited pro forma adjustments)	Prior year comparatives have been re-presented with unaudited pro forma adjustments to reflect the approximate impact of changes in accounting approach in 2025/26 based on estimates of their effect had they been applied in the prior year. In particular, it is estimated that the change in estimation technique for the measurement of inflation-linked debt would have had a positive impact on net finance expense of £23 million if applied in 2024/25, and that the adoption of a more granular approach to the capitalisation of IRE would have had a positive impact on operating profit of an estimated £152 million if applied in 2024/25 using assumptions derived from the more granular data available in 2025/26. While these accounting changes have been adopted prospectively from 1 April 2025, prior year figures have been re-presented as pro forma adjustments for ease of comparison to 2025/26 figures and forward-looking financial guidance on a like-for-like basis.
<b>Consistently applied presentational adjustments</b>	
High Speed Two (HS2) income	Management adjusts to exclude the revenue allowed by Ofwat for recovery in AMP8 related to diversions activity that will no longer take place following the cancellation of the northern leg of HS2. This adjustment will recur in each of the remaining years of AMP8. The revenue allowance to be recovered in AMP8 will be offset by negative adjustments to the revenue allowed by Ofwat for recovery in AMP9, resulting in a neutral position over time. Adjustments in arriving at underlying operating profit will therefore also be required during AMP9.
Fair value (gains)/losses on debt and derivative instruments, excluding interest on derivatives and debt under fair value option	Fair value movements on debt and derivative instruments can be both very significant and volatile from one period to the next, and are, therefore, excluded in arriving at underlying net finance expense as they are determined by macro-economic factors, which are outside of the control of management and relate to instruments that are purely held for funding and hedging purposes (not for trading purposes). Included within fair value movement on debt and derivatives is interest on derivatives and debt under fair value option. In making this adjustment, it is appropriate to add back interest on derivatives and debt under fair value option to provide a view of the group's cost of debt, which is better aligned to the return on capital it earns through revenue. Taking these factors into account, management believes it is useful to adjust for these fair value movements to provide a more representative view of performance.
Deferred tax adjustment	Management adjusts to exclude the impact of deferred tax in order to provide a more representative view of the group's profit after tax and tax charge for the year given that the regulatory model allows for cash tax to be recovered through revenues, with future revenues allowing for cash tax, including the unwinding of any deferred tax balance as it becomes current. By making this adjustment, the group's underlying tax charge does not include tax that will be recovered through revenues in future periods, thus reducing the impact of timing differences.
Tax in respect of adjustments to underlying profit/ (loss) before tax	Management adjusts for the tax impacts of the above adjusted items to provide a more representative view of current-year performance.

	Year ended 31 March 2026 £m	Year ended 31 March 2025 £m
<b>Underlying profit</b>		
<b>Operating profit per published results</b>	<b>1,099.4</b>	<b>631.5</b>
Adjustments:		
HS2 revenue	(39.9)	–
Fleetwood outfall pipe fracture	–	2.3
More granular approach to IRE capitalisation	–	151.9
<b>Underlying operating profit</b>	<b>1,059.5</b>	<b>785.7</b>
<b>Net finance expense</b>		
Finance expense	(415.7)	(371.9)
Investment income	99.9	106.2
<b>Net finance expense per published results</b>	<b>(315.8)</b>	<b>(265.7)</b>
Adjustments:		
Fair value gains on debt and derivative instruments, excluding interest on derivatives and debt under fair value option	(1.1)	(18.7)
Change in estimation technique for measuring index-linked debt	–	23.1
<b>Underlying net finance expense</b>	<b>(316.9)</b>	<b>(261.3)</b>
<b>Share of losses of joint ventures</b>	<b>(4.6)</b>	<b>(10.8)</b>
<b>Profit before tax per published results</b>	<b>779.0</b>	<b>355.0</b>
Adjustments:		
In respect of operating profit	(39.9)	154.2
In respect of net finance expense	(1.1)	4.4
<b>Underlying profit before tax</b>	<b>738.0</b>	<b>513.6</b>
<b>Profit after tax per published results</b>	<b>586.8</b>	<b>264.7</b>
Adjustments:		
In respect of profit before tax	(41.0)	158.6
Deferred tax adjustment	184.2	90.0
<b>Underlying profit after tax</b>	<b>730.0</b>	<b>513.3</b>
<b>Earnings per share</b>		
Profit after tax per published results (a)	586.8	264.7
Underlying profit after tax (b)	730.0	513.3
Weighted average number of shares in issue, in millions (c)	681.9	681.9
Earnings per share per published results, in pence (a/c)	86.1p	38.8p
<b>Underlying earnings per share, in pence (b/c)</b>	<b>107.1p</b>	<b>75.3p</b>
<b>Dividend per share, in pence</b>	<b>53.66p</b>	<b>51.85p</b>

In arriving at net finance expense used in calculating the group's effective interest rate, management adjusts underlying net finance expense to add back pension income and capitalised borrowing costs in order to provide a view of the group's cost of debt that is better aligned to the return on capital it earns through revenue.

	Year ended 31 March 2026 £m	Year ended 31 March 2025 <sup>(1)</sup> £m
<b>Average effective interest rate</b>		
<b>Underlying net finance expense</b>	<b>(316.9)</b>	<b>(261.3)</b>
Adjustments:		
Net pension interest income	(17.5)	(12.9)
Adjustment for capitalised borrowing costs	(75.4)	(68.5)
<b>Net finance expense for effective interest rate</b>	<b>(409.8)</b>	<b>(342.7)</b>
<b>Average notional net debt<sup>(2)</sup></b>	<b>(9,683)</b>	<b>(8,964)</b>
<b>Average effective interest rate</b>	<b>4.2%</b>	<b>3.8%</b>
Effective interest rate on index-linked debt	4.2%	4.1%
Effective interest rate on other debt	4.1%	3.8%

<sup>(1)</sup> Prior year comparatives have been re-presented with an unaudited pro forma adjustment to reflect the estimated impact of the change in estimation technique for the measurement of inflation-linked debt. The change in approach is estimated to have a positive impact on net finance expense of £23 million if applied in 2024/25.

<sup>(2)</sup> Notional net debt is calculated as the principal amount of debt to be repaid, net of cash and bank deposits, taking: the face value issued of any nominal sterling debt, the inflation accreted principal on the group's index linked debt, and the sterling principal amount of the cross currency swaps relating to the group's foreign currency debt.

## How we're creating long-term sustainable value



## Our EU Taxonomy disclosure

Our corporate level EU Taxonomy disclosures show how much of our revenue, capex and opex is eligible or aligned with sustainable outcomes.

The EU Taxonomy provides a common language and framework for assessing whether an economic activity is environmentally sustainable. Its aim is to prevent greenwashing and help investors make informed sustainable investment decisions in order to direct investments to the economic activities most needed to meet the EU's climate and energy targets for 2030 and the objectives of the European Green Deal. The taxonomy sets out a list of activities, with detailed criteria that must be met in order to demonstrate alignment.

### Eligible activities

Given the nature of our core activities, we are eligible for a large number of the activities set out in the taxonomy. Some activities are quite broad, while others are relatively narrow and specific. We have chosen to focus on the activities that best align with our core day-to-day services but, where other activities are met through what we do, we disclose these as well.

#### Water supply

Construction, extension and operation of water collection, treatment and supply systems. This core activity covers our provision of water services to customers from the point of abstraction, through treatment, and up to the point of supply.

#### Wastewater treatment

Urban wastewater treatment. This activity covers our provision of wastewater services to customers from the point of collection, through treatment, storm water management, and up to the point of discharge of final effluent.

#### Bioresources

Core activities: 'Anaerobic digestion of sewage sludge', breaking down organic matter from wastewater treatment and generating renewable energy.

### Non-eligible activities

We have a small amount of non-eligible business activities, such as our retail services for customers. These are not covered within the list of activities for EU taxonomy purposes as they do not meet the specific environmental objectives of the European Green Deal, but we still undertake them through the lens of our commitment to sustainability.

### Our EU Taxonomy disclosure

#### Assessment of alignment

Our assessment is the result of a collaborative process between the finance team and numerous other subject matter experts in the relevant functions right across the business.

The EU Taxonomy has detailed requirements and technical screening criteria that must be met to establish alignment. In order

to improve the robustness, governance, and efficiency around our assessment, we utilised specialised analysis software and expert support and advice from ISS-Corporate.

This enabled us to assess and demonstrate that we met the minimum safeguards and identify where we were satisfying the criteria for making a substantial contribution, and/or doing no significant harm, for the relevant environmental objectives in relation to each eligible activity.

#### Mapping of financial data

We have mapped financial data to the individual activities using existing systems.

The majority of our activities sit within our regulated entity, United Utilities Water Limited (UUW), for whom we are required to report to the regulator, Ofwat, under price controls. These are closely aligned to EU Taxonomy activities – for instance, the

water price controls cover the construction, extension and operation of water collection, treatment and supply systems and, therefore, form the initial basis of our financial data mapping.

Regulatory reporting guidelines differ from IFRS, so we made the relevant adjustments between regulatory and statutory accounting standards, and also adjusted to include other activities that sit outside of UUW, to arrive at IFRS reported financial data at the group level, apportioned out between EU taxonomy eligible activities and other activities not eligible under EU Taxonomy.

We then made further adjustments to reflect any differences between the definitions of the KPIs reported under EU Taxonomy and IFRS reporting definitions. The general EU Taxonomy definitions, and core differences with our IFRS-reported equivalents, are set out here.

## Turnover (revenue)

Net turnover is defined by EU Taxonomy as the amounts derived from the sale of products and the provision of services after deducting sales rebates and taxes, such as VAT, that are directly linked to turnover. Turnover for EU Taxonomy purposes aligns to revenue reported under IFRS.

## Capital expenditure (capex)

Capex is defined by EU Taxonomy as the total additions to tangible and intangible assets during the financial year considered before depreciation, amortisation and any re-measurements. It excludes: additions resulting from revaluations, impairments, and fair value changes. The taxonomy capex definition refers to costs that are accounted based on IAS16 'Property, plant and equipment', IAS38 'Intangible assets', IAS40 'Investment property', IAS41 'Agriculture', and IFRS16 'Leases'. We include depreciation and amortisation as opex; therefore, capex for EU Taxonomy purposes aligns to capex additions reported under IFRS.

## Operating expenditure (opex)

Opex aims to capture non-capitalised costs that relate to investments in assets and processes. It is defined by EU Taxonomy as non-capitalised costs related to research and development, building renovation measures, short-term leases, maintenance and repair

costs, and other direct expenditure related to the company's strategy for maintaining or improving environmental performance and resilience in respect of each activity. We have made a number of adjustments from IFRS to meet the taxonomy definition of opex.

For example, overheads are excluded, as these are not directly attributable to the activities, and we have stripped out depreciation and amortisation. Reagents such as the chemicals used in water and wastewater treatment, and the electricity used to operate assets, are also stripped out on the basis that these are direct costs of production and, therefore, must be excluded under EU Taxonomy to avoid double counting with turnover.

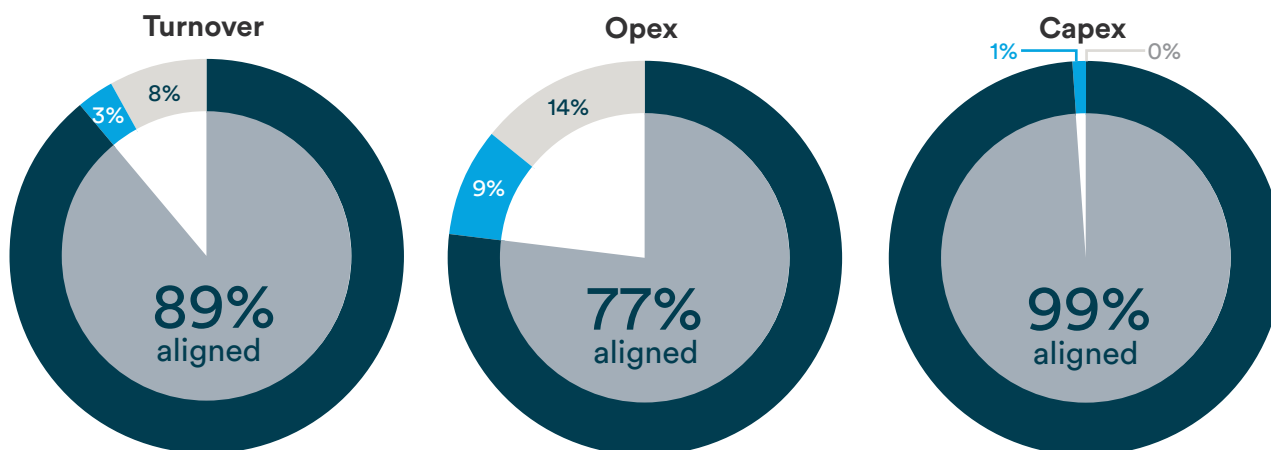
## Outcome of our assessment

The overall profile of allocations continues to be driven primarily by year-on-year movements in revenue, opex and capex across the 'aligned', 'eligible', and 'not eligible' categories. In preparing this year's assessment, we have also applied updated guidance on materiality to exclude items below the 10% threshold, including SuDS, Peatland and Woodland.

Compared with the prior year, one notable development is the ability to evidence that activities relating to the anaerobic digestion of sewage sludge meet the criteria for alignment with the EU Taxonomy. As a result, turnover, opex and capex associated with these activities is now classified as 'aligned', contributing to a higher proportions falling within this category.

The proportion of 'aligned' opex has decreased marginally compared with the previous year. This reflects increased operating expenditure associated with scaling up the AMP8 capital programme, including higher staff costs. In addition, there has been an increase in the proportion of opex classified as 'not eligible'. This is primarily due to more granular treatment of a regulatory accounting to IFRS adjustment relating to the removal of bad debt. In the current year, this adjustment has been allocated across water, wastewater and bioresources, providing a more accurate reflection of its impact.

There has been a slight increase in the proportion of 'aligned' capex. This reflects the significant growth in investment across core water and wastewater activities, driven by the company's transformational AMP8 capital programme.



Key: ■ Aligned ■ Eligible but not aligned ■ Not eligible

Activities	Turnover		Opex		Capex	
	£m	%	£m	%	£m	%
Construction, extension and operation of water collection, treatment and supply systems	1,053	40%	264	41%	596	35%
Urban wastewater treatment	1,197	46%	188	29%	1,013	59%
Anaerobic digestion of sewage sludge	82	3%	45	7%	92	5%
<b>Total eligible and aligned under EU Taxonomy</b>	<b>2,332</b>	<b>89%</b>	<b>498</b>	<b>77%</b>	<b>1,701</b>	<b>99%</b>
Other eligible activities	83	3%	60	9%	24	1%
<b>Total eligible under EU Taxonomy</b>	<b>2,415</b>	<b>92%</b>	<b>558</b>	<b>86%</b>	<b>1,725</b>	<b>100%</b>
Not eligible under EU Taxonomy	201	8%	93	14%	2	0%
<b>Total<sup>(1)</sup></b>	<b>2,616</b>	<b>100%</b>	<b>651</b>	<b>100%</b>	<b>1,727</b>	<b>100%</b>

<sup>(1)</sup> The total opex differs significantly to the equivalent figure calculated under IFRS as a result of the differences in the EU taxonomy definition.