

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

Up to 2035

Up to 2100

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.

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.

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
Natural capital	<ul style="list-style-type: none"> 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; to receive cleaned wastewater back into the environment; to recycle biosolids, citing engineered or nature-based interventions, and to attenuate water flows; and to provide resources, such as chemicals, cement, metals and energy. 	<ul style="list-style-type: none"> by improving the condition of land, including habitat health and biodiversity; by improving the condition of rivers and water bodies and reducing overflows and pollution incidents; by reducing greenhouse gas (GHG) emissions contributing to climate change; and by storing greenhouse gases in our land, e.g. in soils and woodland. 	<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
Intellectual capital	<ul style="list-style-type: none"> to provide real-time monitoring and analytics that helps us provide our service efficiently and effectively; to provide innovative ways of doing things, which drive more value and better efficiency; to keep us safe from cyber attacks; and to give us a competitive advantage in how our processes and systems drive continuous improvement. 	<ul style="list-style-type: none"> by investing in research and development, and innovation; by improving our system monitoring and investing in smart assets; by investing in our digital capability and harnessing the power of artificial intelligence; and by collaborating with the supply chain and other partners. 	<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
Human capital	<ul style="list-style-type: none"> to deliver great services for customers through the skills, knowledge and experience of our workforce and supply chain; to provide diversity of thought and a range of perspectives; and to run a responsible business and deliver our services in an efficient and productive way. 	<ul style="list-style-type: none"> by creating a safe and great place to work; by prioritising health, safety and wellbeing; by bringing in new colleagues, including through graduate and apprentice programmes; by developing and training all of our people; and by creating a diverse workforce with fair opportunity for all. 	<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:



	We depend/rely on it:	We can impact on it:	How we manage this resource	UN SDG link
Social capital	<ul style="list-style-type: none"> to build trust with all of our stakeholders (customers, environment, communities, colleagues, suppliers and investors); to understand the needs of customers and stakeholders to deliver the things that are important to them; and to collaborate with customers and stakeholders on shared challenges such as flooding and water efficiency. 	<ul style="list-style-type: none"> by providing high-quality water, wastewater and customer services; by making our services resilient now and for the future; by supporting customers who struggle to pay their bills and those in vulnerable circumstances; by creating spaces for access and recreation; and by communicating and collaborating with all stakeholders. 	<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>	1, 8, 11, 16, 17
Manufactured capital	<ul style="list-style-type: none"> to deliver reliable performance for customers; to secure resilience of our assets to extreme weather and other shocks; to keep operating costs low by operating efficiently; to keep our assets secure; and to meet regulatory obligations and stakeholder expectations. 	<ul style="list-style-type: none"> by maintaining, protecting and improving assets and infrastructure; by developing new assets and infrastructure; by maintaining our assets effectively; by performing well in capital delivery; and by following best practice approaches to asset management, such as ISO 55001. 	<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>	6, 9, 11, 12
Financial capital	<ul style="list-style-type: none"> to finance our activities and smooth out cash flows; to pay our operating, financing, and capital delivery expenses; to demonstrate financial resilience to allow us to finance our activities in an affordable way; and to allow us to spread the cost to customers of infrastructure upgrades over the long term. 	<ul style="list-style-type: none"> by being efficient in our operations; by investing in our assets, improving asset health and reducing the likelihood of asset failure; by working with long-term investors and demonstrating good governance for fair and sustainable returns; and by being a responsible business. 	<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>	6, 8, 9, 11



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

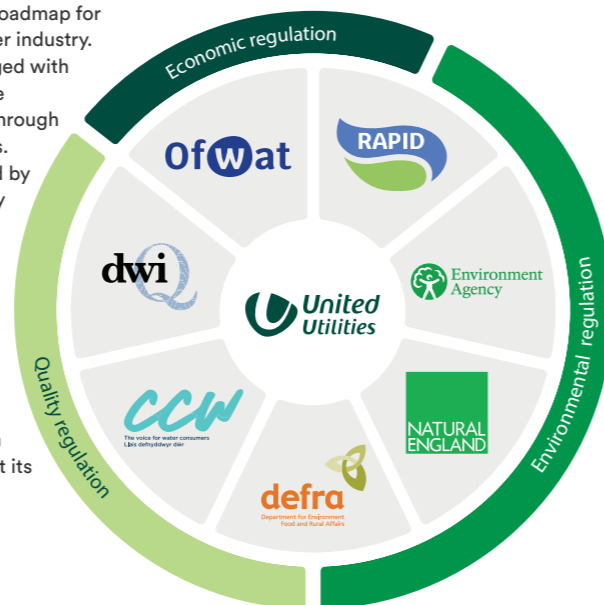
We are already experiencing more extreme rainfall events, freezing temperatures followed by rapid thawing, and prolonged dry periods. This increases the level of risk for water availability, flooding, and network damage. We have detailed plans for both adaptation (building resilience against these changes)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

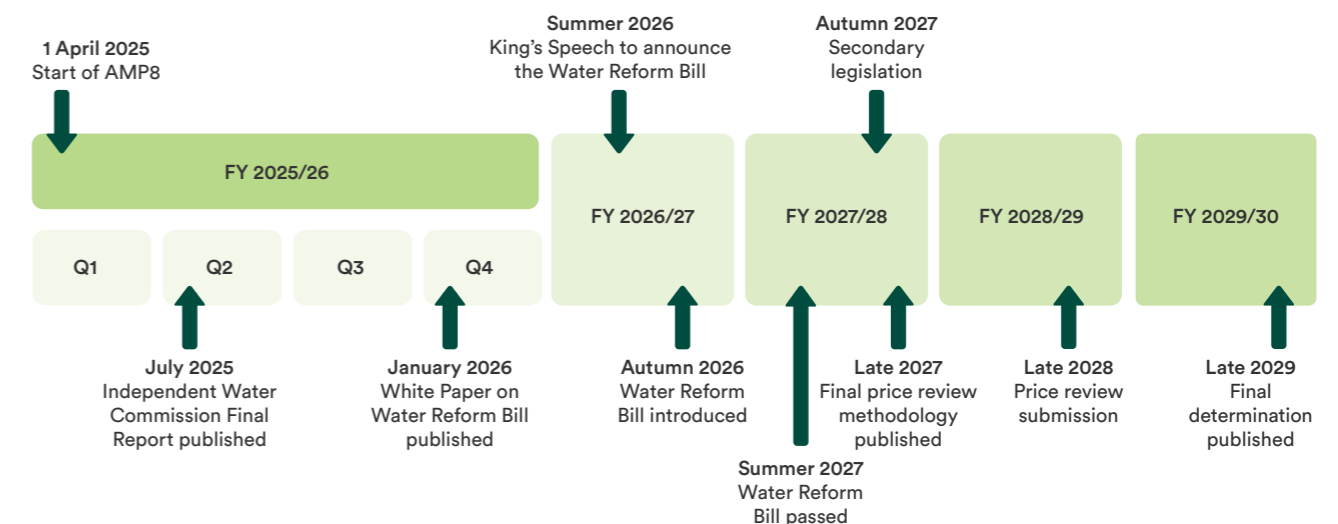
Customer interaction

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.

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.

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 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.



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.

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
- Greener
- Healthier
- Stronger

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.

Greener	Pages	Healthier	Pages	Stronger	Pages
5	Environmental river water quality and storm overflows	▶ 68 to 71	4	Customer service and operational performance	▶ 64 and 78
6	Climate change adaptation	▶ 26 to 36	7	Health, safety and wellbeing	▶ 47 to 48
11	Water resources and leakage	▶ 45 and 69	9	Affordability and vulnerability	▶ 80 to 81
15	Climate change mitigation	▶ 26 to 36	10	Drinking water quality	▶ 45 to 46
18	Natural capital and biodiversity	▶ 36 to 44	12	Emerging contaminants	▶ 61 to 62
22	Recycling biosolids	▶ 61 to 62	17	Diverse and skilled workforce	▶ 47 to 48
26	Energy management	▶ 26 to 36	24	Colleague engagement	▶ 76 and 78 to 79
29	Waste management	▶ 44	27	Competitive markets	▶ 16
			28	Human rights	▶ 41
			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