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_2e.

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_2e but increasing will incur a penalty of £94 per tCO_2e.

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.

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	• 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 • to receive cleaned wastewater back into the environment.	• by improving the condition of rivers and water bodies; • through our abstractions, final effluent quality, overflows, pollution incidents, and asset failure; and • by cleaning our waterways through our River Rangers and volunteer activities.
Land	• to store and clean sources of water; • to recycle biosolids, to host engineered or nature-based interventions, and to attenuate water flows; and • to provide resources, such as chemicals, cement, metals and energy.	• by improving the condition of the land we are stewards of, including improving habitat health and biodiversity; • by storing greenhouse gases (GHGs) in our land, e.g. soils, peatland, and woodland; and • by altering land drainage and hydrology through our infrastructure, which can change soil conditions and affect groundwater levels.
Atmosphere	• to provide a healthy and safe work environment; • for temperature regulation; and • to reduce our fossil fuel consumption through wind power.	• by restoring habitats that sequester carbon, such as peatland and woodland; and • by releasing GHG emissions, and other atmospheric pollutants, thereby contributing to climate change and impacting the health of people and nature.

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

a. Nature is embedded in our governance structure and regulatory commitments. Nature matters are overseen and challenged by the board and its committees.

b. Interactions with nature, through our operations, is managed in multiple principal management committees across the business.

c. 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**

How we respond to material themes: nature

Risk management

TNFD disclosures

a. We use horizon scanning, natural capital accounting, and land management approaches to identify, assess, and prioritise nature-related risks and opportunities.
b. 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.
c. 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.
d. 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: A Physical Acute C Physical Chronic T Transitional
Physical risk		
Freshwater	A	• Lack of ecosystem resilience, leading to damage to assets and infrastructure from adverse climate-related events.
	C	• Reduced raw water quality, leading to increased treatment burden. • Runoff from agriculture, leading to increased difficulty of meeting river water quality targets. • Reduced raw water availability, leading to more frequent drought risk.
Land	A	• Fire events in the catchment, leading to catastrophic impact on peatlands and water quality.
	C	• Reduced natural flood management, leading to more engineered interventions or more instances of flooding. • Increase in invasive non-native species, leading to reduced ecosystem resilience and impact on water treatment and flood management. • Peatland erosion increases dissolved organic carbon, raising treatment costs and chemical treatment demand. • Landscape change, leading to reduced ecosystem resilience and impact on water treatment and flood management. • Increased risk of landslides, leading to disruption at our operational sites. • Biodiversity loss and nature degradation.
Atmosphere	C	• Altered rainfall patterns, leading to droughts or intense rainfall events. Increasing pressures on raw water sources. • Reduced air quality ecosystem regulation, leading to worse impacts on customers, colleagues and society from our operations. • Reduced wind ecosystem regulation, leading to physical impacts at our sites or infrastructure. • Higher climate temperatures, increasing reservoir evaporation and algal blooms.
Transitional risk T		
		• Increasing pace of change towards a nature-positive economy, leading to difficulty in attracting finance. • Evolving expectations and requirements on reporting, leading to additional resources needed. • Existing technology not fit for requirements or outpaces natural replacement rates, leading to additional investment requirements. • Stricter discharge and water quality standards, increasing compliance costs and accelerate the need for investment in treatment and nature-based solutions. • Changes in statutory compliance, leading to additional requirements such as biodiversity net gain. • Climate-nature integration in planning (PR24, WRMP24), demonstrating how we will protect ecosystems while maintaining supply resilience.
Material opportunities		
Sustainable and efficient use of resources		• Adoption of nature-based solutions such as sustainable drainage systems (SuDS), catchment interventions, and natural flood management. • Application of circular economy principles to design out waste, circulate products and materials, and regenerate nature. • Investment prioritisation through a value-based approach, which maximises value to customers, society and the environment at an efficient cost. • Transition to processes with lower negative impacts on nature and/or increased positive impacts on nature, including reducing resource extraction.
Markets		• Delivery of broader impacts through partnership working and collaborative approaches, such as the Integrated Water Management Plan in Greater Manchester. • Access to new and emerging markets, such as renewable and carbon/biodiversity markets.
Capital flow and financing		• Access to nature-related green and sustainability funds, bonds or loans, for example, through our sustainable finance framework. • Use of financial incentives for suppliers to improve nature and ecosystem management. • Improved performance against regulatory objectives.
Social capital and trust		• Building trust with stakeholders through partnerships where different organisations come together to deliver shared outcomes. • Actions that create positive changes in sentiment towards United Utilities due to impacts on environmental assets and ecosystem services that have impacts on society.
Ecosystem protection, restoration, and regeneration		• Direct and indirect restoration, conservation or protection of ecosystems or habitats. For example, improving peatland, woodland and other Sites of Special Scientific Interest (SSSIs). • Protection and conservation of native, threatened species and management of non-native, invasive species. • Investment in blue-green and traditional infrastructure for nature-positive outcomes. • Enhancing biodiversity and strengthening the presence of nature in an urban setting, through rainwater management.

How we respond to material themes: nature

Metrics and targets

TNFD disclosures

a. We track and monitor our nature-related risks and opportunities through our risk management framework, long-term strategic planning, and nature-related reporting.
b. We set short-, medium-, and long-term nature-related targets that align with regulatory expectations.
c. 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.
C.1.1		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.
Sector-specific disclosure indicators and metrics				
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.