Sustainability Report 2026

United Utilities Group PLC

United Utilities

Water for the North West

Alignment of our purpose to ESG

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

This drives us to deliver our services in an environmentally sustainable, economically beneficial, and socially responsible manner and create sustainable long-term value for all.

Contents

Keep in touch with us

x.com/unitedutilities

youtube.com/user/unitedutilities

linkedin.com/company/united-utilities/posts

Our corporate website

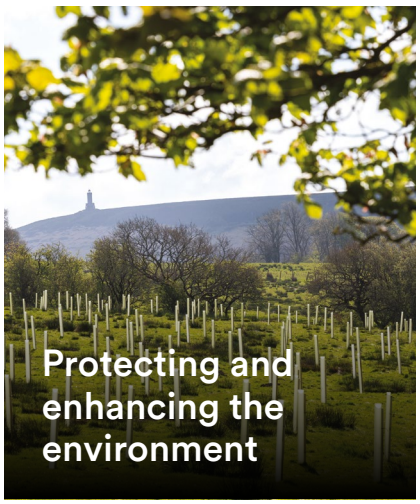
Use the link below or scan the QR code to visit our corporate website www.unitedutilities.com/corporate/responsibility

unitedutilities.com/corporate

Our purpose and six strategic priorities are aligned with environmental, social and governance (ESG) and linked with the UN Sustainable Development Goals (SDGs) that we contribute towards.

Our metrics and targets, including our operational key performance indicators (KPIs), are also linked to ESG and aligned to the stronger, greener and healthier elements of our purpose, with clear links to our strategic priorities.

Environmental



Greener

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

Strategic priorities

- Improve our rivers
- Create a greener future

Contributing to

Social

Healthier

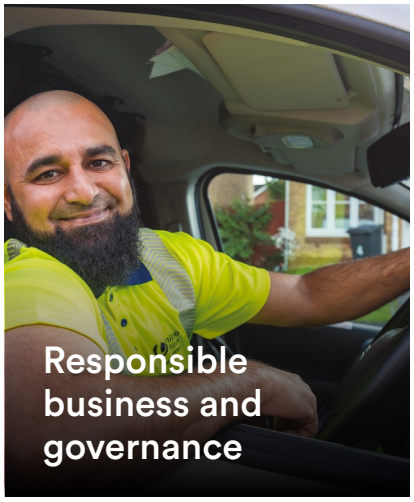
We provide great-quality drinking water and safely remove and recycle used water for around eight million people in the North West, while providing excellent customer service and a great place to work.

Strategic priorities

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

Contributing to

Governance



Stronger

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

Strategic priorities

- Spend customers' money wisely
- Contribute to our communities

Contributing to

Chief Executive Officer's review
Louise Beardmore

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

> ESG considerations remain fundamental to the resilience of our business and central to our long-term strategy and day-to-day decision-making, helping us to provide great water for a stronger, greener and healthier North West.

Our BIG North West upgrade is now well underway, marking the most significant transformation of our region's water and wastewater infrastructure in more than a century.

One year into our five-year AMP8 programme, we are delivering at pace and at scale – strengthening the resilience and quality of our services, protecting and enhancing the environment, and supporting sustainable economic growth and thousands of new jobs across the North West.

We already have more than 1,000 projects live across the region, supported by over 100 supply chain partners, and we have delivered our year one regulatory commitments on time. Operationally, we are making real progress on the issues that matter most, including significant reductions in storm overflow spills and sewer flooding, alongside strong customer service performance.

Operational highlights

We look at our operational performance across the key elements of our purpose and our strategic priorities.

Greener

0
category 1 pollution incidents

47%
reduction in spills against 2020 baseline

13%
scope 1 and 2 greenhouse gas emissions reduction since 2019/20

▶ See the full list of **our greener KPIs and metrics** on pages 60 to 61

Healthier

4.5 Excellent
on Trustpilot

422,041
customers supported with affordability

90%
colleague engagement

▶ See the full list of **our healthier KPIs and metrics** on pages 70 to 71

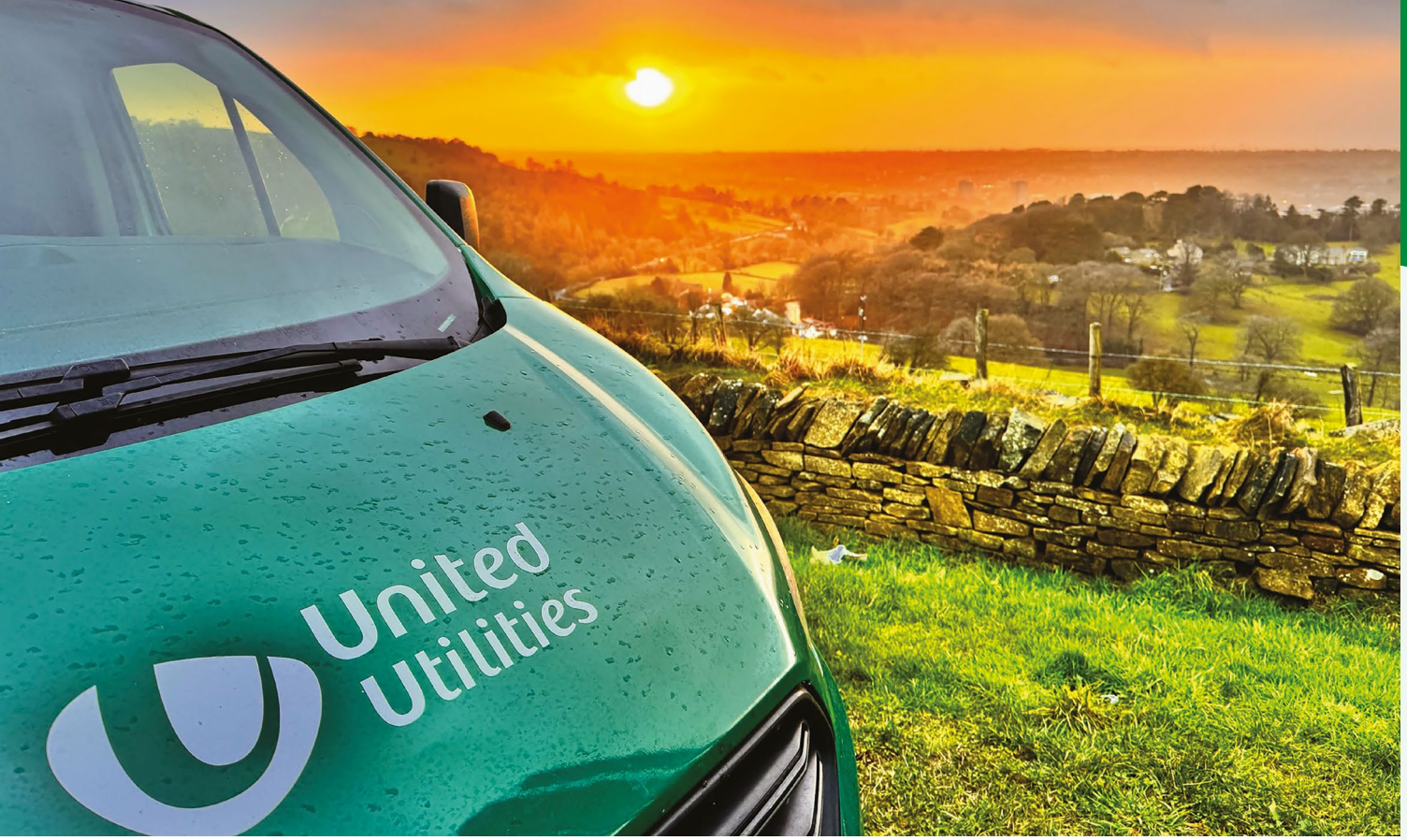
Stronger

100%
capital programme delivery incentive (CPDi)

£3.84m
community investment into North West communities (B4SI)

Upper quartile
performance across a range of trusted investor indices

▶ See the full list of **our stronger KPIs and metrics** on pages 76 to 77



Focus on ESG

I am pleased to present this sustainability report for 2025/26, a report which brings together disclosures on our strategy and performance across the themes that matter most to United Utilities and our stakeholders.

Over the past year, we have built on strong foundations, with an increased focus on embedding ESG considerations into our business planning and across our value chain, while maintaining a clear view of the external environment in which we operate.

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

We have also continued to monitor and respond to the evolving ESG reporting and disclosure landscape, where there is increasing emphasis on consistency, comparability and the credibility of both data and narrative. This aligns strongly with our principal material theme of trust, transparency and legitimacy.

To support this, we maintain a clear focus on stakeholder expectations, reputational awareness, investor priorities and market trends, alongside robust tracking of ESG performance. These are complemented by in-depth reviews of priority topics, ensuring focused oversight as we respond to a changing ESG landscape.

Protecting and enhancing the environment

We are driving environmental performance through improved operational performance and capital investment. During the year, we delivered strong improvements in key environmental metrics, including a 23% reduction in spill activations and a 27% reduction in spill duration versus the prior year. We remain on track to achieve a 60% reduction in spills by 2030, with current performance showing a 47% reduction against our 2020 baseline.

While total pollution incidents remain a key area of focus, we importantly recorded no category 1 incidents. We continue to implement our Pollution Incident Reduction Plan, focused on strengthening asset resilience, enhancing customer awareness of responsible waste disposal, and developing partnerships to address broader pollution drivers and drive down pollution in the coming years.

We have made further progress against our Science Based Targets initiative (SBTi) commitments and are contributing to the sector-wide refresh of the Water UK operational net-zero target. Our refreshed net-zero strategy focuses on reducing emissions at source, driving long-term system change, and addressing residual emissions through high-integrity removals and value chain partnerships. Our net zero transition plan will be presented for approval at the 2026 AGM.

This year, we are announcing our nature pledges: a series of commitments we are making to protect and improve the landscapes, rivers and coasts of the North West. We are pledging to restore 7,000 hectares of peatland, plant one million trees and protect and enhance 1,800 kilometres of river by 2030. We also commit to exceeding the UK Government's target by protecting at least 30% of our land for biodiversity by 2030.

We continue to strengthen our approach to understanding our impacts and dependencies on nature, alongside managing biodiversity across our landholding. Integrating natural capital considerations into long-term planning and operations remains key to improving resilience and delivering benefits to the North West.

Prioritising customers

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

Chief Executive Officer's review

Louise Beardmore

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

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

A great place to work

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

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

Responsible business and governance

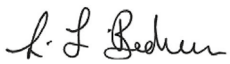
We continue to deliver our ambitious investment programme with strong oversight, discipline and efficiency. Our AMP8 capital programme is progressing to plan, with spend aligned to expectations and all year one regulatory outcomes achieved. The capital programme delivery incentive (CPDi) score of 100% reflects effective, efficient and high-quality delivery at scale.

Our award-winning Project Blueprint approach supports robust governance and cost control by standardising designs, enabling bulk procurement, and embedding efficient maintenance practices. This approach improves consistency, accelerates delivery and ensures value for money across projects.

We maintain a proactive and disciplined approach to financial and risk management. In response to energy market volatility, we have sustained strong hedging positions, remaining fully hedged for summer 2026 and over 90% hedged for winter 2026/27. The AMP8 regulatory true-up mechanism provides additional protection against future commodity price movements.

Looking ahead, we have submitted a £1.4 billion investment proposal to Ofwat to support housing growth, economic development and asset resilience, with further planned investment bringing total incremental investment to circa £2.5 billion and total AMP8 capital investment to approximately £11.5 billion.

This programme is underpinned by strong financial governance, including a successful £800 million equity placing from new and existing shareholders, ensuring funding for critical infrastructure investment and long-term value creation.



Louise Beardmore
Chief Executive Officer

15 May 2026

> **"The opportunities and risks associated with environmental sustainability, our role in society and effective governance will remain critical to the long-term success of the business."**

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

0
category 1 pollution incidents
the most serious form of pollution

23%
reduction in spills per overflow
which has contributed to a 47% reduction versus our 2020 baseline, on track to meet our target of 60% by 2030

422,041
customers supported with affordability
and on track to support one in six customers with affordability by 2030

42%
reduction in internal sewer flooding
since last year, with external sewer flooding down by 25%

Introduction from the chair of the ESG committee

Liam Butterworth

“As chair of the ESG committee, I am pleased to introduce this sustainability report, reflecting the board's continued commitment to responsible growth. As United Utilities significantly scales its capital delivery, oversight and challenge of the company's approach to a resilient and transparent supply chain is critical. The board is focused on ensuring operational continuity, managing risk, and supporting long-term value creation for stakeholders and the communities of the North West.

Reporting methodology

As a provider of essential water and wastewater services, we run our business in the interests of the public and wider society. Sustainability is a significant driver of what we do. This is intrinsically linked to our purpose – delivering great water for a stronger, greener and healthier North West – and our reporting approach reflects this integral relationship.

Stakeholder interest and expectations for sustainability-related information continue to grow, with the reporting frameworks and standards developing rapidly in response. Our sustainability-related disclosures demonstrate alignment between our material themes, strategic priorities, and stakeholders. We also provide a disclosure against EU Taxonomy, the strong results of which further demonstrate how closely aligned our business is with wider sustainability objectives.

Our materiality assessment continues to provide information on how we approach, govern, assess and monitor the top material themes under the four pillar headings that link the disclosure requirements of the International Sustainability Standards Board (ISSB), the Task Force on Climate-related Financial Disclosures (TCFD), and the Task Force on Nature-related Financial Disclosures (TNFD).

Our reporting methodology means that readers can find all of our sustainability-related disclosures in our integrated annual report, which can be downloaded at the link below. However, we have prepared this separate sustainability report for readers that are solely interested in the sustainability-related aspects of our business model and performance. This is a presentational alternative rather than additive disclosures, as we believe that fully integrated reporting provides the most accurate representation of the integrated thinking approach we take to running our business.

Our key performance indicators are structured across the ESG headings, in alignment with the ‘greener’, ‘healthier’ and ‘stronger’ ambitions of our purpose. These include a comprehensive spread of metrics, which are also linked to each stakeholder group for which we create value.

To ensure it is as easy as possible for readers with targeted areas of interest to find what they are looking for, we use colour coding and iconography to enable quick and easy identification of climate, nature and other issues throughout the business model and performance review. Within our integrated annual report, page 53 signposts to where we are meeting the recommended disclosures of TCFD and TNFD, however these disclosures can also be found within this sustainability report, which mirrors the business model and operational performance contents of our integrated annual report.

Our reporting suite

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

Our online annual report

- Use the link below or scan the QR code to view our online report and download the full integrated annual report and financial statements. Visit our online report at **unitedutilities.annualreport2026.com**

Our annual performance report

- Our annual performance report will be available from 15 July at **unitedutilities.com/corporate/about-us/performance/annual-performance-report**

Stock code: UU.

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

Our business model

The following pages set out how our business model helps us to provide great water for a stronger, greener and healthier North West.

Our business model sets out how we deliver our purpose, the environment we operate in, our key impacts and dependencies, and the material themes that can influence the value we contribute to society, the environment and all of our stakeholders.

We set out how our strategy addresses these material themes, our culture and core values, and the metrics we use to monitor our performance.

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 10 to 11) – from sustainable natural resources across the water cycle, to our extensive network of assets, and our colleagues and supply chain.

▶ See more on pages 10 to 11

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 14 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 19 to 20

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 21 to 23

Progressive
approach to ESG with strategy clearly aligned

Transparent
reporting with most material themes all covered through comprehensive disclosures

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.

Natural capital

We depend/rely on it:	We can impact on it:	How we manage this resource	UN SDG link
• 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.	• 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.	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. ▶ **Our TNFD** on pages 36 to 43 has more information on **our strategy to protect and enhance natural capital**	3, 6, 13, 14, 15

Intellectual capital

We depend/rely on it:	We can impact on it:	How we manage this resource	UN SDG link
• 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.	• 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.	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.	6, 9, 11, 12

Human capital

We depend/rely on it:	We can impact on it:	How we manage this resource	UN SDG link
• 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.	• 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.	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. ▶ Read more on **our approach** on pages 48 to 49	3, 4, 5, 8, 10

UN Sustainable Development Goals (SDGs) key:

Social capital

We depend/rely on it:	We can impact on it:	How we manage this resource	UN SDG link
• 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.	• 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.	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. ▶ Read more about **our customer strategy** on pages 46 to 47 and **our community strategies** on page 53	1, 8, 11, 16, 17

Manufactured capital

We depend/rely on it:	We can impact on it:	How we manage this resource	UN SDG link
• 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.	• 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.	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. ▶ Read more in our **striving for asset management excellence** case study on page 80	6, 9, 11, 12

Financial capital

We depend/rely on it:	We can impact on it:	How we manage this resource	UN SDG link
• 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.	• 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.	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.	6, 8, 9, 11

Our core activities

1

Water resources: sustainably sourcing water

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

2

Water network and treatment: supplying treated water 24/7

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

5

Customer services

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

4

Bioresources: generating renewable energy

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

3

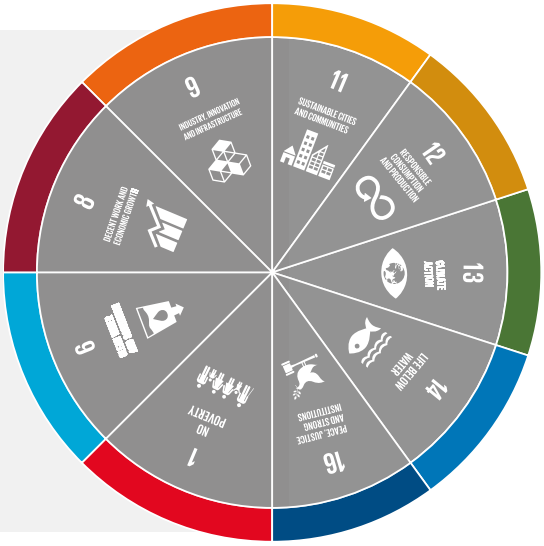
Wastewater network and treatment: cleaning and returning wastewater

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

How our activities contribute to the UN SDGs

SUSTAINABLE DEVELOPMENT GOALS

The Sustainable Development Goals (SDGs) comprise 17 global goals to be achieved by 2030. Adopted by the United Nations in 2015, they were designed to be the blueprint to achieve a better and more sustainable future for all. Our approach to responsible business aligns naturally with the goals. Here, we set out nine that are most material to our business and where we contribute the most. We contribute to a wider selection through our investment projects, as described in our sustainable finance framework.



1. No poverty

The North West contains more areas of extreme deprivation than any other region, with 47% of the most deprived (top 1%) neighbourhoods in England. We have a sector-leading package of affordability support, having helped 422,041 customers this year, with a target to help one in six households in our region by 2030. We are strong supporters of the Consumer Council for Water's drive to implement a national social tariff.

6. Clean water and sanitation

Part of our purpose is to provide great water. This is the reason we exist, ensuring customers in the North West have safe, resilient and affordable water and wastewater services. This includes avoiding wasting water, and we promote water efficiency through campaigns, advice, education and free water-saving gadgets for customers. We protect and enhance water-related ecosystems across our region through initiatives such as our catchment-based approach and nature-based solutions.

8. Decent work and economic growth

We are a significant contributor to the North West economy. Our plans for the 2025–30 period (AMP8) will support the employment of over 30,000 people, both directly and through our supply chain. We provide training and development opportunities in safe, secure working environments, graduate and apprentice opportunities, programmes for young people experiencing difficulties securing employment, offer equal opportunity to all, and value diversity among our colleagues.

9. Industry, innovation and infrastructure

We invest heavily in infrastructure to improve the performance and resilience of our assets and operations. Our BIG North West upgrade will deliver the biggest investment in our region's water and wastewater infrastructure in more than 100 years. We embrace innovation, especially in an increasingly digital world, to ensure the region in which we operate has reliable, sustainable and resilient infrastructure, now and into the future.

11. Sustainable cities and communities

We use our understanding of customer needs and priorities to deliver services that meet their expectations and engage with communities to enhance participation in what we do. We plan for the very long term to prepare for increases in the population and new housing that will need connections for water and wastewater services. We are exploring ways to do this using natural solutions to manage water and wastewater, such as sustainable drainage systems (SuDS).

12. Responsible consumption and production

We are committed to sustainably managing natural resources, including reducing leakage and encouraging and supporting customers to reduce water consumption. We are already undertaking numerous initiatives and have made strong progress; and our plans for AMP8 include ambitious targets to go further in relation to both. We generate renewable energy and high-quality fertiliser from bioresources, and more than 98% of our waste goes to beneficial use.

13. Climate action

Responding to the climate emergency is imperative for us all, and building a greener North West is a core feature of our purpose and one of our strategic priorities. Both mitigation and adaptation are important to our long-term planning. This includes delivering against our ambitious science-based targets to reduce emissions, while ensuring that our activities and the North West region are resilient to the impacts that a changing climate might bring.

14. Life below water

We are sector leaders in minimising pollution, being rated 'green' by the EA against serious pollution incidents every year since it began its annual assessments. Our AMP8 plan targets zero serious pollutions and further reductions in total pollution incidents.

We have 34 bathing waters in the North West, and have made good progress in improving river water quality, which has a knock-on impact on our oceans. This includes reducing spills from storm overflows and addressing nutrient imbalance.

16. Peace, justice and strong institutions

We run our business in a responsible manner, and doing the right thing is one of our core values. We maintain high standards in corporate governance and ethical standards of business conduct – those systems and processes through which our organisation is managed, controlled and held accountable. We are committed to open, honest and transparent corporate reporting, often voluntarily adopting disclosure guidelines early.

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

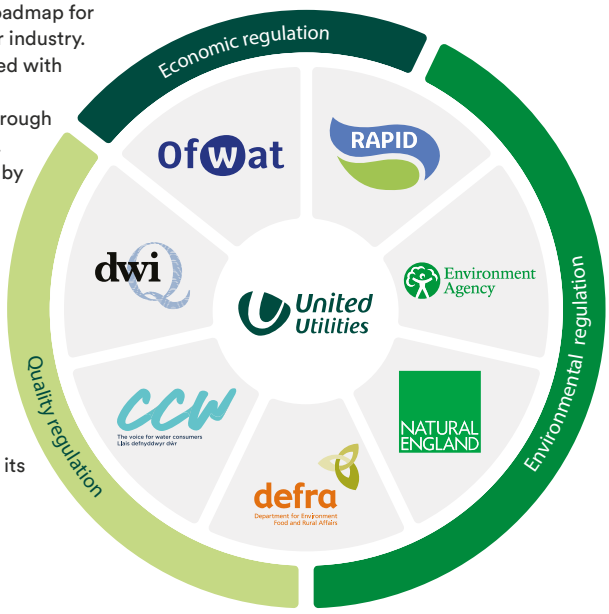
We are already experiencing more extreme rainfall events, freezing temperatures followed by rapid thawing, and prolonged dry periods. This increases the level of risk for water availability, flooding, and network damage. We have detailed plans for both adaptation (building resilience against these changes)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

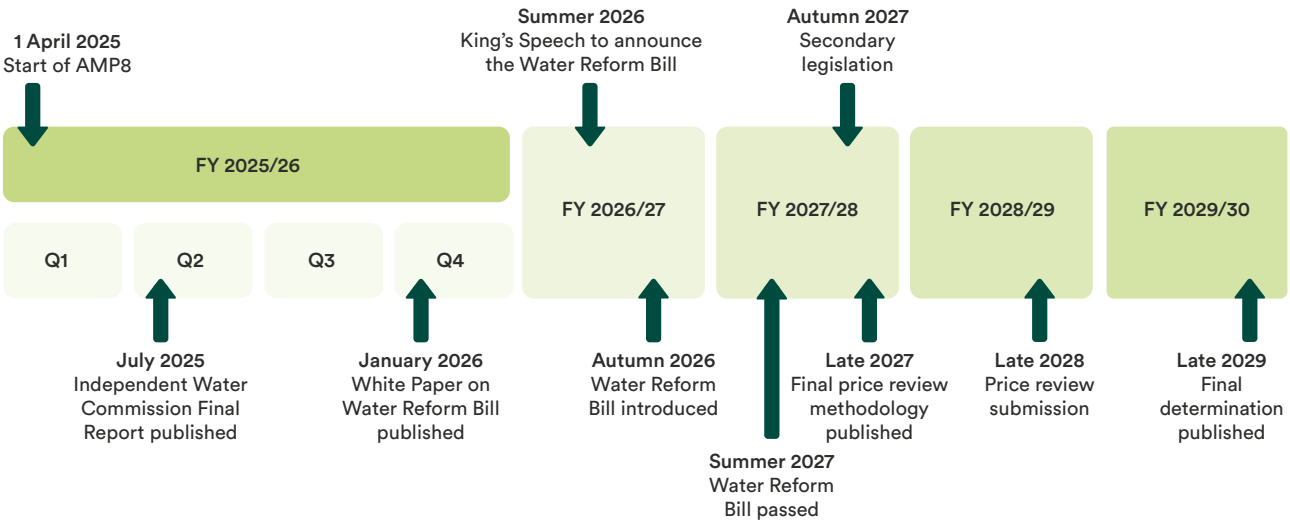
Customer interaction

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 55.

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.

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.

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.

Excellent
4.5 rating on Trustpilot for customer service

Reward
for our regulatory customer service metrics

0
category 1 pollution incidents

47%
reduction in spills versus 2020 baseline

£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 of our integrated annual report provides examples of how the board has had regard to stakeholders in some of the key board decisions made during the year. The ESG committee has stakeholder engagement and reputation as standing agenda items.

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

Customers

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

Environment

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

Communities

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

Colleagues

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

Suppliers

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

Investors

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

Media

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

Politicians

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

Regulators

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

How we maintain a high-performance culture

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

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

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

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

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

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

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

▶ Read more on **these rules** on page 49

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 of our integrated annual report

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

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

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

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

▶ Read more about **our core values and strategic priorities** on pages 20 to 21

How our strategy helps us to deliver our purpose

1 Our purpose: why we are here

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

Greener – Environmental

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

Healthier – Social

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

Stronger – Governance

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

2 Our core values: how we work

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

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

Do the right thing

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

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

Make it happen

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

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

Be better

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

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

3 Our strategic priorities: how we deliver our purpose

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

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

Our activities contribute to the UN SDGs

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

UN SDGs key:

Greener – Environmental

Improve our rivers

SDGs: 6, 14, 15

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

Create a greener future

SDGs: 13, 14, 15

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

Healthier – Social

Deliver great service for all our customers

SDGs: 3, 6, 11

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

Provide a safe and great place to work

SDGs: 3, 5, 8, 10

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

Stronger – Governance

Spend customers' money wisely

SDGs: 6, 9, 11, 14

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

Contribute to our communities

SDGs: 8, 11, 17

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

How we assess and prioritise material themes

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

Stakeholder views and priorities

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

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

This understanding feeds into our materiality assessment and materiality matrix on page 23, which drives the matters disclosed across this report, helping to ensure we are disclosing all material information.

Other considerations

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

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

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

2025/26 assessment

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

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

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

Our assessment process this year identified 29 material themes.

Our materiality assessment process

1 Define

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

2 Engage

Views were obtained from across all our stakeholder groups. Insight from consultations and data was made available through the engagement processes described on page 18. 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 in our integrated annual report. 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).

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

Material themes matrix

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

1 Trust, transparency and legitimacy

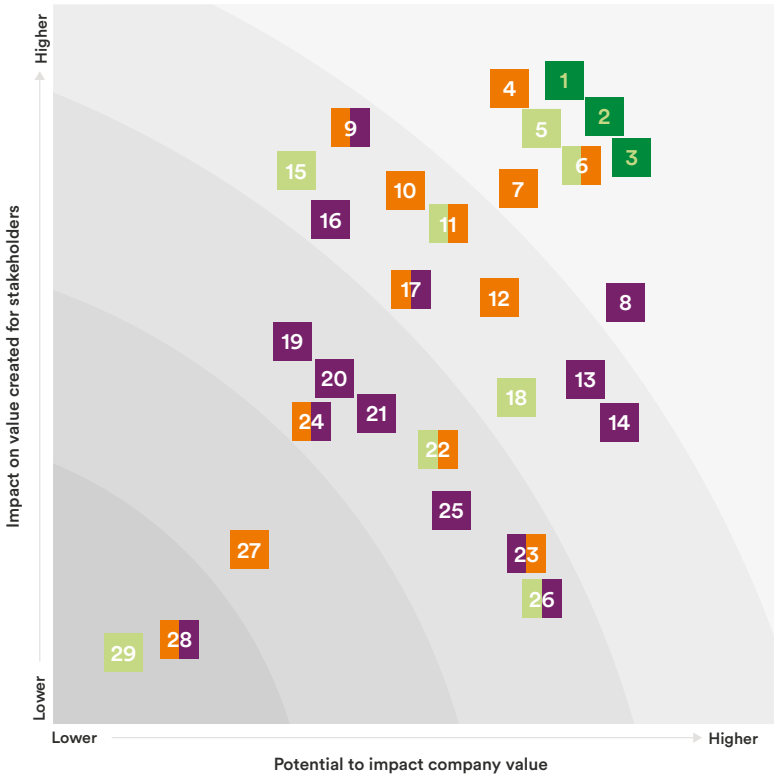
Our comprehensive disclosures and integrated reporting approach provide leading levels of transparency throughout this report.

2 Resilience

Resilience is a key consideration in our long-term planning (page 09), the way we manage our key resources (pages 10 to 11), and the ultimate focus of our risk management approach.

3 Political and regulatory environment

The political and regulatory environment can have a material impact on company value and the value we create (pages 14 to 18).



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

Greener

- 5 Environmental river water quality and storm overflows
- 6 Climate change adaptation
- 11 Water resources and leakage
- 15 Climate change mitigation
- 18 Natural capital and biodiversity
- 22 Recycling biosolids
- 26 Energy management
- 29 Waste management

Healthier

- 4 Customer service and operational performance
- 7 Health, safety and wellbeing
- 9 Affordability and vulnerability
- 10 Drinking water quality
- 12 Emerging contaminants
- 17 Diverse and skilled workforce
- 24 Colleague engagement
- 27 Competitive markets
- 28 Human rights

Stronger

- 8 Cyber and data security
- 13 Financial risk management
- 14 Corporate governance and business conduct
- 16 Supporting communities
- 19 North West regional economy
- 20 Recreational land and waters
- 21 Land management
- 23 Innovation
- 25 Responsible supply chain

How we respond to material themes

Greener – Environment

Climate change and nature

Our strategic priorities to ‘create a greener future’ and ‘improve our rivers’ are covered in the following pages in our Task Force on Climate-related Financial Disclosures and Task Force on Nature-related Financial Disclosures.

Key

TCFD and TNFD

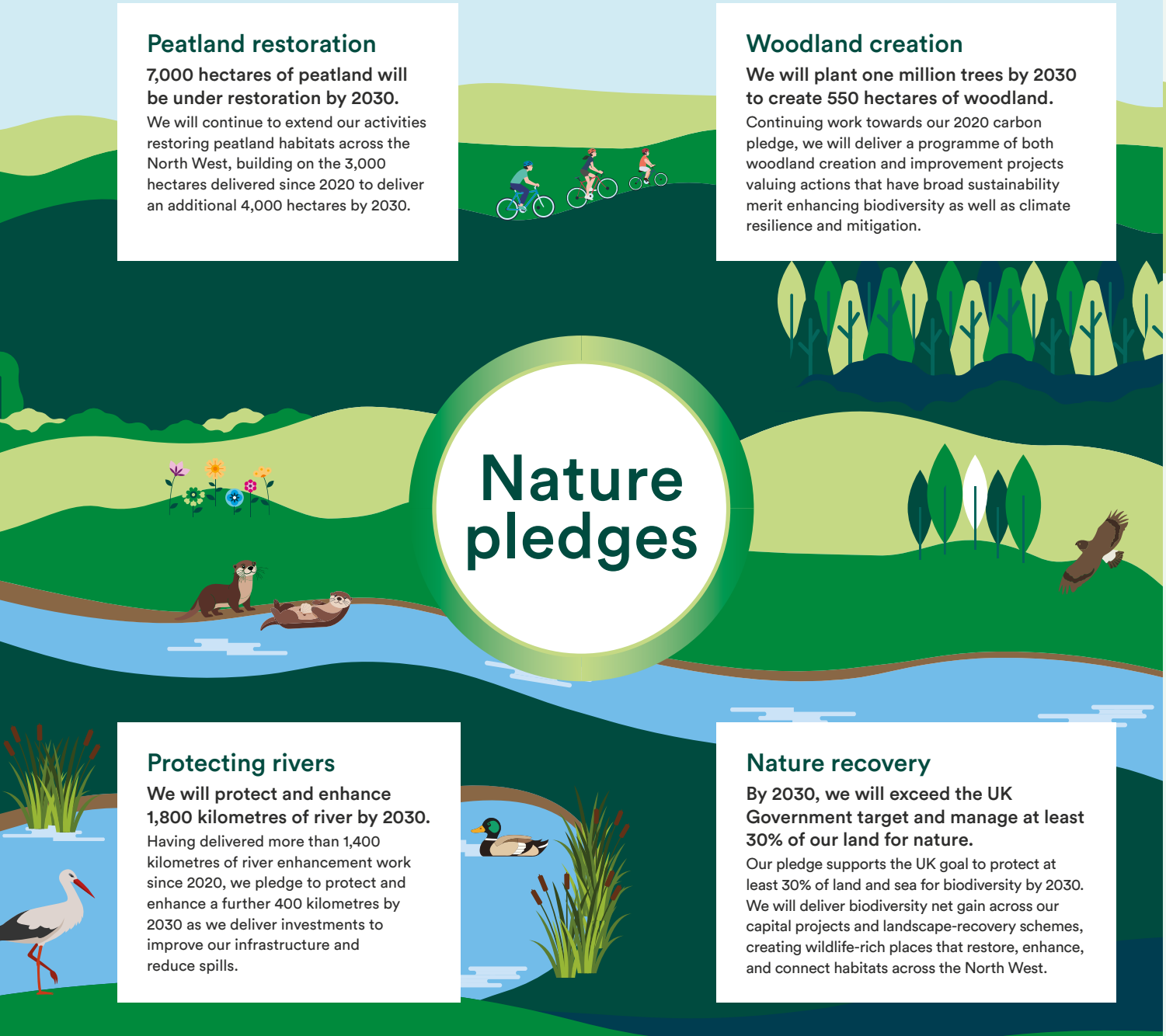
The icons below denote where to find our disclosures against the recommendations of the TCFD and TNFD.

TCFD TNFD

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 10, 11 and 13

Climate change

Strategic priorities related to climate

Create a greener future

Material themes related to climate

6 Climate change adaptation

15 Climate change mitigation

Strategy

TCFD disclosures

a. Our strategic assessments and planning include the forecasted impacts at three time horizons and under multiple climate change scenarios.

b. The risks with the most material impact on our organisation are those associated with the security of water supplies and increased volumes and intensity of rain to drain.

c. We are prepared for the immediate challenges and our BIG North West upgrade will improve our resilience across of a range of climate scenarios at county, regional and national levels.

Planning horizons for climate-related risks

Climate change in the North West of England will cause hotter, drier summers, more extreme temperature and storm events, and changes in seasonality such as milder, wetter winters. As a business, we plan across three broad time horizons (see page 09) to ensure long-term resilience and sustainability. For climate risks and opportunities, we use the same horizons as other business planning for short term (one year) and long term (out to 2100); however, for the medium term, we use 2050 to align with the Met Office UKCP18 mid-century climate change projections.

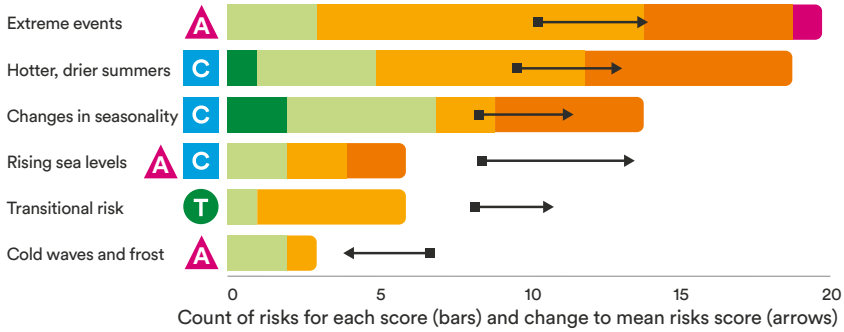
Short-term climate risks – such as increasingly frequent high-volume rainfall and distortions in seasonal weather patterns – are already affecting our operations and worsening existing material issues such as sewer and asset flooding, and asset deterioration. Some infrastructure assets, such as pipes and aqueducts, have long lifespans so, to match this, our long-term planning horizon extends out to 2100.

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

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

Climate-related risks categorised by causal factor

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



Count of risks for each score (bars) and change to mean risks score (arrows)

Short term	Medium term	Long term 2100	
2026	2050	Benign	Adverse
10.1	10.25	10.25	13.8
9.3	9.47	9.47	12.84
8.1	8.36	8.50	11.36
8.3	10.17	10.17	13.50
8.0	8.00	8.00	10.83
6.7	6.67	6.67	3.67

Key:

TCFD risk categories

A Acute physical risks

C Chronic physical risk

T Transitional risks

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

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

Mean score

Short term → Long term

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

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

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

How geography affects our climate-related risks

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

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

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

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

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

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

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

Impact of climate-related risks on strategy and financial planning

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

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

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

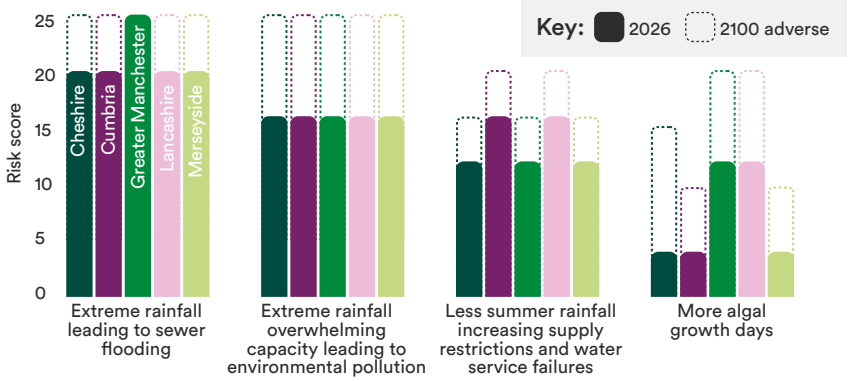
Our longer-term planning is set out in our Water Resources Management Plan (WRMP), Drainage and Wastewater Management Plan (DWMP) and long-term delivery strategy (LTDS). These plans draw on a range of future climate scenarios and take into account environmental, regulatory, technological and societal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

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

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

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

Risk scores for the top four climate risks by county



Climate adaptation progress report

Read more details about the **impacts of climate change, and our strategies and tactics to address the climate risks**, in our adaptation progress report at **unitedutilities.com/corporate/responsibility/environment/climate-change**

How we respond to material themes: climate change

Building resilience to a changing climate

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

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

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

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

One of the biggest emerging challenges is **compound risks**, where several climate-related impacts occur close together in time or location. To understand this and prepare, we stress test our plans using scenarios that combine actual examples of extreme weather. For example, we examine how our systems would cope with two consecutive hot, dry summers like those in 2020 and 2021, followed by an exceptionally dry winter such as the one in 1984. We also look for compound benefits, where a single action delivers multiple positive outcomes. Sustainable drainage systems (SuDS) are a good example of this. They reduce runoff, free up capacity in wastewater treatment, and provide opportunities for wider social and environmental improvements in local communities.

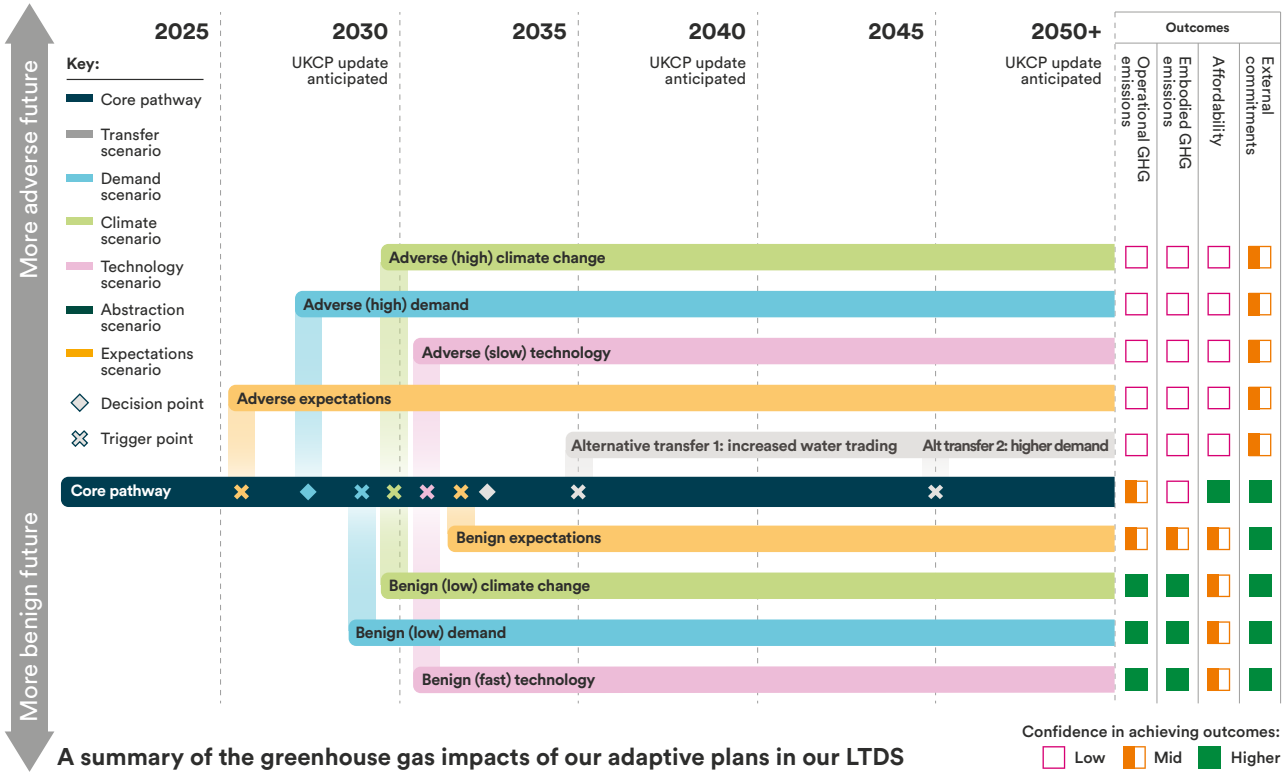
Alongside physical risks, we assess how implementing our water, wastewater and bioresources plans will affect our greenhouse gas (GHG) emissions. We have prioritised water efficiency to meet the needs of a growing population while protecting water sources and rivers over the long term, however, this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

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

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

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

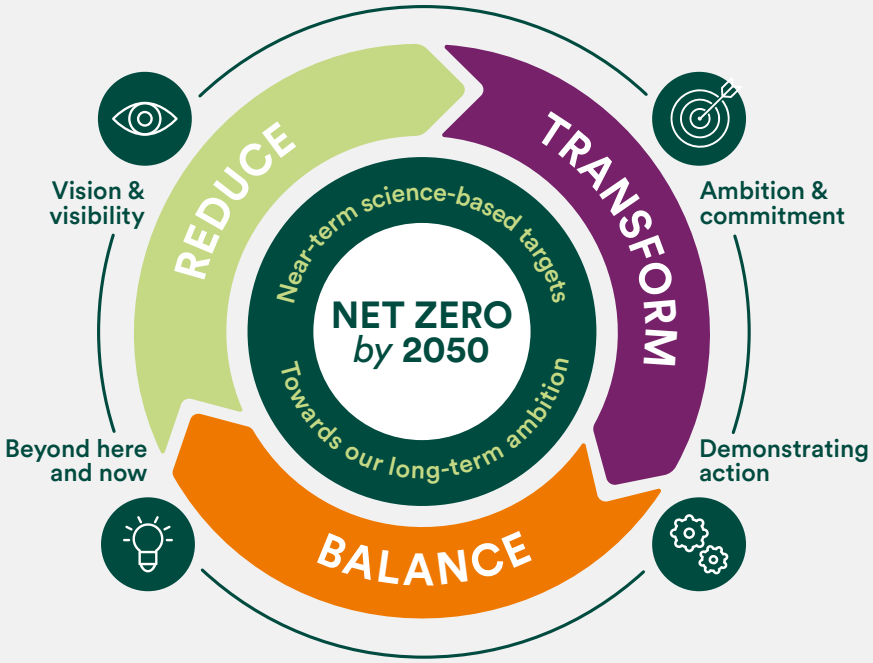
Adverse scenarios require additional investment to meet higher service demands – such as those driven by a larger population, tighter environmental standards or more intense peak rainfall. The associated increase in construction activity or chemical use would make delivering our transition plan more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



A summary of the greenhouse gas impacts of our adaptive plans in our LTDS

Net zero transition plan

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



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

Vision and visibility

'Demonstrating integrity and leadership in carbon reporting and disclosure'

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

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

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

Our long track record of annual GHG emissions reporting has been supported by independent, third-party verification of our GHG inventory by Achilles Group since 2008. We publish data, in line with reporting requirements in the Companies Act 2006, and seek to continually improve our disclosures to meet the emerging guidance and recommendations such as the UK Sustainability Reporting Standards.

Ambition and commitment

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

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

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

Demonstrating action

'Reducing our environmental impacts through the delivery of transformational strategies and culture change'

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

We will:

Reduce

what we can control today;

Transform

our systems for tomorrow; and

Balance

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

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

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

How we respond to material themes: climate change

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

Beyond here and now

'Innovating across processes, technology and culture'

Our strategy pillar of 'beyond here and now' reflects our intention to influence beyond our current emissions inventory and also beyond existing capabilities. We will go beyond emissions reductions and enable, encourage and reward interventions that protect and enhance the natural environment, while promoting the value of wider ecosystem services. This will include challenging standards, promoting nature-based solutions, and the increased application of circular economy principles with industry peers, our supply chain, and other partners.

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

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

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

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

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

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

Action plan

Reduce

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

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

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

Transform

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

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

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

Balance

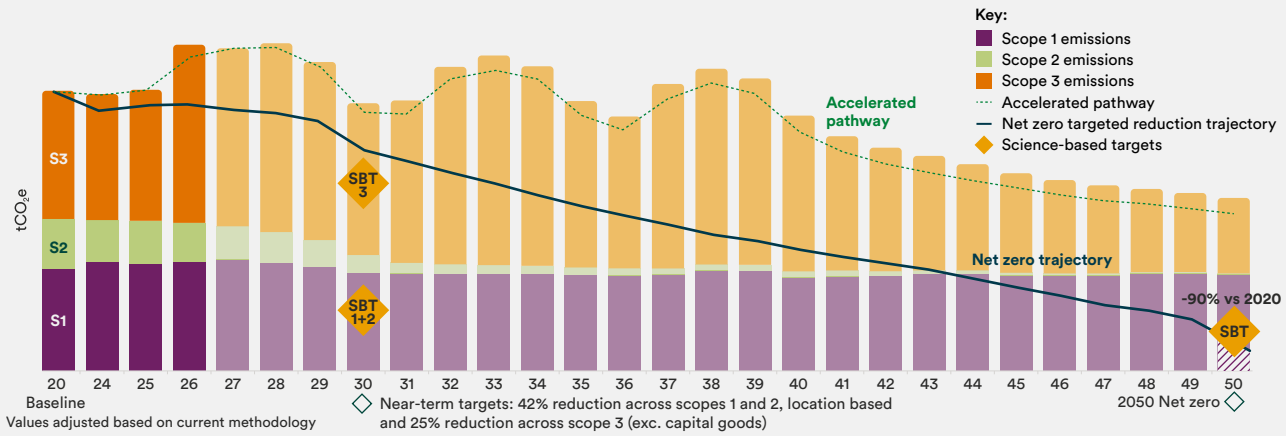
Managing what is left with integrity, and partnering on what is beyond our control

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

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

Our route to net zero

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



	Short term	Medium term up to 2035	Long term to 2050 and beyond	
	Progress in 2025/26	Plans to deliver proven interventions	Developing solutions for the future	
	Delivered nine projects through the energy efficiency programme, saving 0.9 GWh of electricity and avoiding 221 tCO_2e pa	Build on ESOS Phase 3 submission to develop our energy management capability supported by the recruitment of net zero engineers	Recovery of phosphorus, ammonia and cellulose to reduce the load on existing assets and support a circular economy	Reduce
	200 new electric vans added to our fleet, and installation of 68 EV charge points across our sites	Transition our van fleet from diesel to electric vehicles where practical and continue trialling electric HGVs	Digital tools to improve route optimisation and incentivise and encourage good driver behaviour to improve fuel usage	
	1.16m litres of HVO deployed for use in generators and 32,625 MWh of biogas used in boilers	Increase use of renewable fuels like biogas and HVO in our equipment and fleet	Low-carbon fuels for HGV fleet and equipment including electricity, biomethane and hydrogen, as viable options come to market	
	164 GWh of renewable electricity generated, 19% of electricity used	Expand renewable energy use enabled by the recent development of a commercial framework for behind-the-meter renewable PPAs	Maximise biogas yield from sludge through high-temp side-stream treatment, digesters in series and new AAD treatment hubs	
	Nitrous oxide monitoring project commenced, with mobilisation activities initiated across ten of the planned eighteen sites representing 34% coverage	Liquid and gas-phase nitrous oxide monitoring and mitigation, enhanced leak detection for methane; low-nitrous oxide and low-methane wastewater and sludge treatment technologies such as MBBR and AAD	Advance lower-carbon operations through predictive modelling and next-generation monitoring technologies; enable selection of specific microbes to improve N_2O emissions through microbial infrastructure mapping	Transform
	LowCast (cement free pre-cast concrete) demonstration project for our better rivers programme delivered 64% carbon saving vs. standard design	Deliver carbon benefits through Project Blueprint by expanding the catalogue of carbon-assessed standardised products	Deploy low-carbon materials and emerging construction techniques, such as cement alternatives and 3D concrete printing	
	Delivered a cloud platform for sharing carbon project-level data (MOATA) – providing the tools to measure, monitor and reduce emissions for capital programmes	Embed whole-life carbon decision-making in capital delivery projects and programmes	Expand nature-based treatment solutions such as swales, reed beds and SuDS to transition away from high-carbon engineered systems	
	1,245 hectares of peatland restored and 142 hectares of woodland created in the past 12 months	Maximise the value of our land for biodiversity and carbon through peatland restoration and woodland creation	Harness waste heat from the sewer network as a new source of low-carbon energy	Balance
	Completed an award-winning LOOP demonstration project – complete carbon capture for the water industry and fully sustainable hydrogen production	Increase production of grid-quality biomethane from biogas to displace fossil natural gas and decarbonise the UK grid	Upscale engineered carbon capture and storage (i.e. hydrogen and graphene from biogas)	
	Initiated structured carbon engagement with key suppliers that account for 34% of our scope 3 emissions from goods and services	Extend partner and supply chain engagement to drive low-carbon solutions	Introduce commercial frameworks that incentivise suppliers to innovate and reduce embodied and operational carbon	
	Installed nine additional FujiClean systems – compact biological treatment providing chemical-free phosphate removal	Reduce the embodied carbon of our chemical use by optimising dosing and transitioning to greener alternatives	Extraction of biopolymers from sludge for use as coagulants in the water sector and AI automation for polymer dosing	

How we respond to material themes: climate change

Governance

TCFD disclosures

a. The board and its committees, in particular the ESG committee, consider climate-related matters when reviewing and guiding strategy, approving the business plan and annual budgets and overseeing environmental performance, including science-based targets, our transition plan and adaptation progress.

b. Managing climate-related risks and opportunities is fully integrated in the responsibilities of multiple principal management committees, including the ESG leadership group, climate change mitigation steering group and risk boards.

Board oversight

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

The chart below illustrates how the board and its committees ensure climate-related issues are considered when reviewing and guiding strategy and its implementation. Actions include setting annual budgets and monitoring implementation and performance of our business plans, including our net zero transition plan.

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

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

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

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

Management role

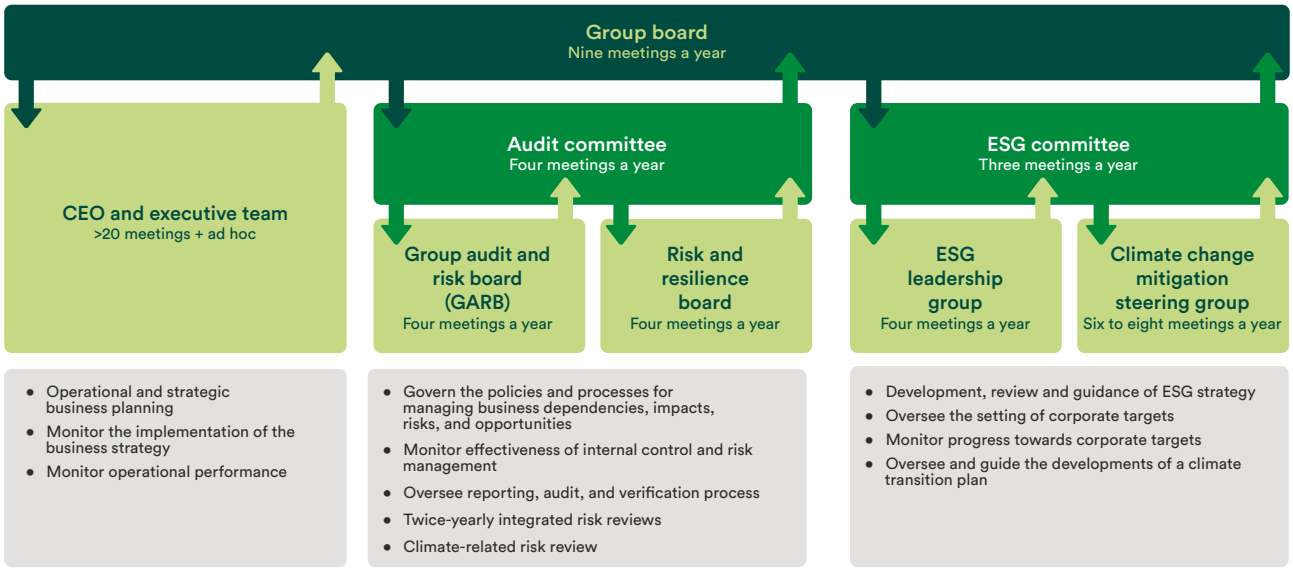
Given the links between weather, ecosystem health and water services, climate change poses both strategic and operational challenges. The CEO holds the highest management level responsibility for climate matters and connects the board with the executive team. The executive team, through various groups and committees, manages all climate-related dependencies, impacts, risks, and opportunities, ensuring appropriate financial resources and skills are in place to deliver our business plans. Its key responsibility is to balance competing operational and strategic priorities related to compliance, commitments and costs.

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

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

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

▶ Read more about **our committees, including their ESG skills,** in the integrated annual report



Risk management

TCFD disclosures

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

Risk identification

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

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

- **Benign scenario:** RCP 2.6, representing ~1.6°C global warming by 2081 to 2100.
- **Adverse scenario:** RCP 8.5, representing ~4.3°C global warming over the same timeframe.

Climate sensitivity of business risks

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

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

Risks directly related to climate change

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

Managing climate-related risks

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

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

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

Integration into the risk management framework

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

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

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

Company processes to identify and assess risks related to climate change

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

Impact	<5% (1)	0–20% (2)	21–31% (3)	31–50% (4)	>50% (5)
5	5	10	15	20	25
4	4	8	12	16	20
3	3	6	9	12	15
2	2	4	6	8	10
1	1	2	3	4	5

Likelihood

How we respond to material themes: climate change

Business risks categorised as 'sensitive' to climate change

*Five are in the top ten operational business risks.

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

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

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

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

Moderate climate sensitive risks

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

Key:

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

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

T Transitional risk
Associated with move to lower-carbon economy

Metrics and targets

TCFD disclosures

a. We track both physical and transitional metrics to assess climate-related risk and opportunities with metrics associated with rainfall being the most critical to our operations.
b. We disclose our GHG emissions and underlying energy use for 2025/26 in our energy and carbon report on pages 66 to 67.
c. Our main climate-related targets are our near-term and long-term science-based targets. Other environmental measures can be found on page 61.

Metrics to monitor climate risks

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

Physical metrics

Weather data is the most critical input to our operational planning, as temperatures and rainfall volume, intensity and location directly influence our water resources, wastewater and bioresources functions. Consequently, we analyse recent and historic weather patterns to continually improve our understanding of how different patterns can affect demand and our ability to deliver our services. This insight is combined with Met Office short-term forecasts and climate projections to feed into both immediate and longer-term adaptive planning.

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

Transitional metrics

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

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

Environmental KPIs

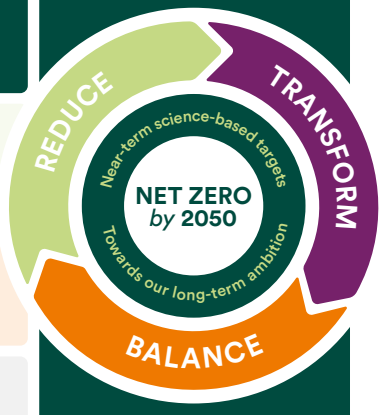
Management of our climate-related risks is embedded throughout our processes by putting in place controls, such as those described in the 2024 adaptation progress report. The effectiveness of these controls is seen in our operational performance metrics such as those on page 61, so some environmental measures are also recognised as climate-related metrics. These include leakage reduction, per capita consumption, water service supply and resilience and counts of flooding incidents, storm overflow activations and sewer collapses.

Internal carbon pricing

Carbon prices can be a useful tool to assign a monetary value to GHG emissions. We use pricing in a variety of ways for different purposes. We apply a shadow price, £ per tonne carbon dioxide equivalent (tCO_2e) from UK Government 'Carbon Values for Policy Appraisal' for the relevant year in risk assessments to quantify the total financial impact of failing to meet our carbon commitments, and the potential penalties associated with regulatory performance commitments.

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

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



SCIENCE BASED TARGETS

THE NET ZERO STANDARD
APPROVED NET-ZERO TARGETS

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

How we respond to material themes: climate change

Performance measures and targets

Science-based emissions targets

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

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

New regulatory targets

Ofwat has introduced two common performance commitments related to operational GHG emissions for water activities and wastewater activities. These measures include scope 1 and 2 emissions in their entirety plus some scope 3 emissions. They are calculated using an Ofwat-defined methodology that is different to annual emission reporting. Depending on annual performance, each performance commitment may result in a penalty or reward of £188 per tCO_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 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 66 to 68

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 23 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 09, 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

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.

How we respond to material themes: nature

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 25

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

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.

How we respond to material themes: nature

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**

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 in our integrated annual report. 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 42.

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.

How we respond to material themes: nature

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 in our integrated annual report.

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.

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 25. Environmental performance is on page 61.

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 in our integrated annual report.

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 61.

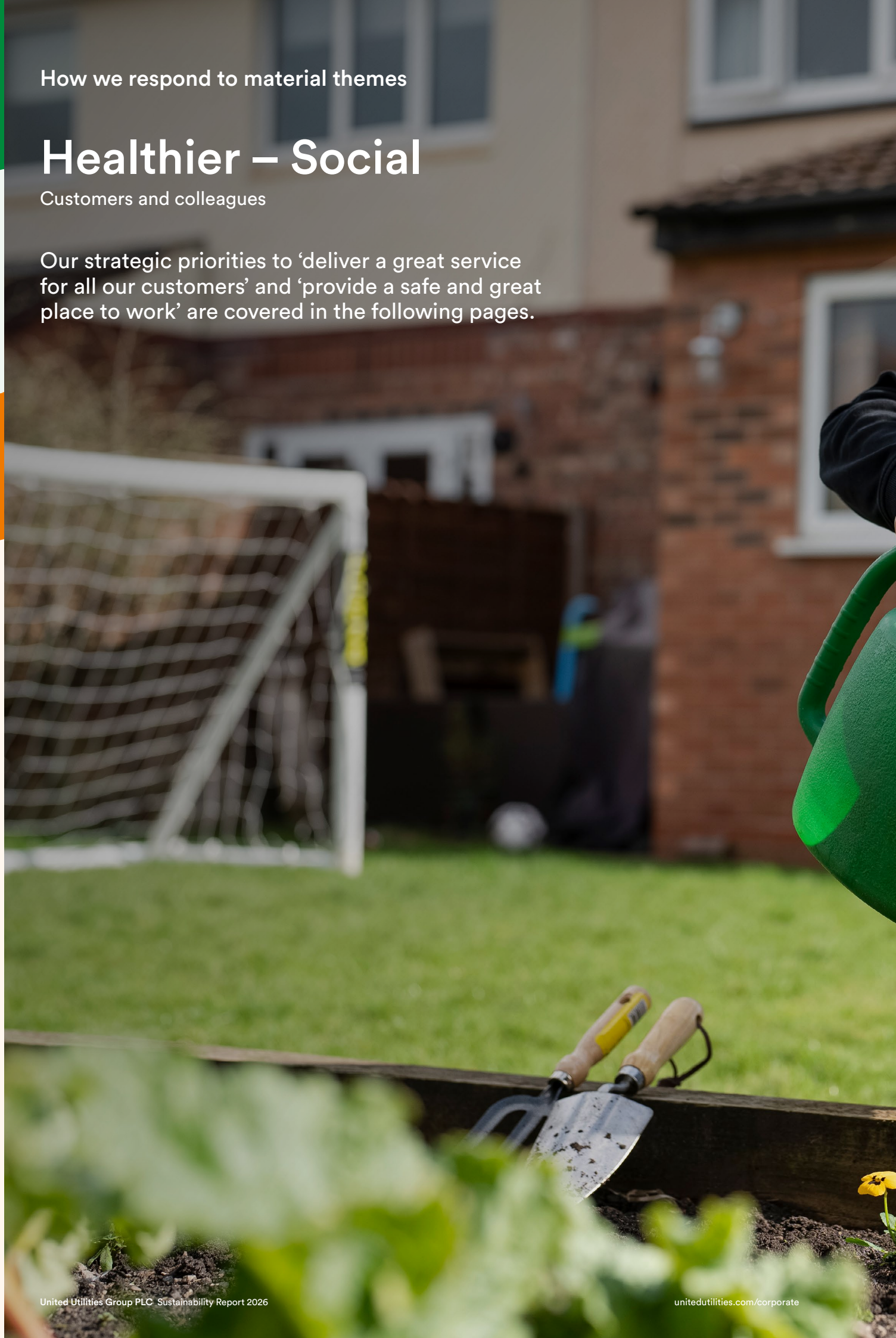
TNFD metric ID	Driver of nature change	Metric	Disclosure or 2030 target	Commentary
C1.0	Land/ freshwater/ ocean use change	Total spatial footprint	56,000ha	Our natural capital account presents a full breakdown of our over 56,000 hectares of owned land assets. Beyond this, we also depend on over 550,000 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.

How we respond to material themes

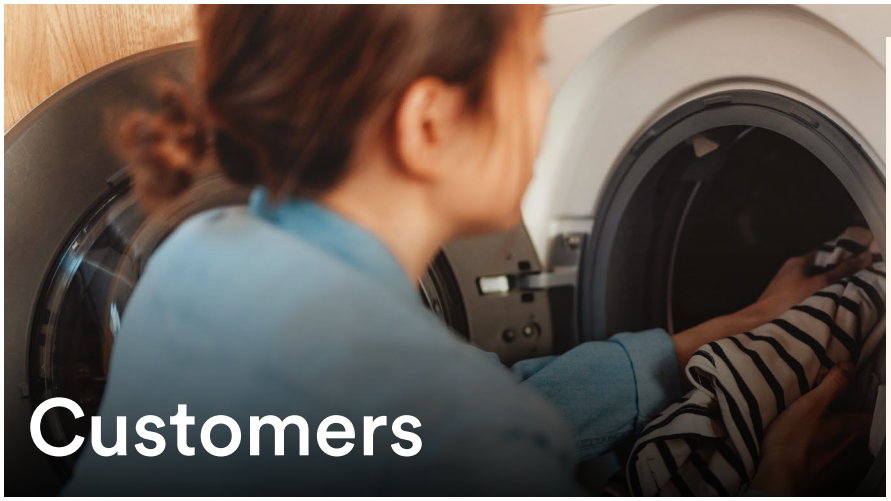
Healthier – Social

Customers and colleagues

Our strategic priorities to ‘deliver a great service for all our customers’ and ‘provide a safe and great place to work’ are covered in the following pages.



How we respond to material themes



Customers

Strategic priorities related to customers

Deliver great service for all our customers

Material themes related to customers

4 Customer service and operational performance

10 Drinking water quality

12 Emerging contaminants

9 Affordability and vulnerability

Strategy

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

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

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

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

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

Our Water Resources Management Plan includes our long-term strategy for our water investment and operations, factoring in long-term trends such as climate change and population growth.

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

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

Governance

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

Additional governance oversight of our performance on drinking water quality is provided by the DWI, as quality regulator, who has recognised the significant improvements we are making. Operational performance is also overseen by our other regulators, as detailed on page 14.

The customer services management team has responsibility for the delivery of our affordability and vulnerability schemes, including our certification to ISO 22458 for our Priority Services scheme. Performance is continuously monitored and reported via the executive performance meeting and the board on a monthly basis. Affordability and vulnerability are reviewed by the board twice a year.

Risk management

Being fundamental to our day-to-day service, customer and operational performance underpin many of our top risks. Seven principal risks, in our integrated annual report, are directly linked to material customer themes:

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

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

We also assess broader risks through common causal and consequence themes in our integrated annual report. Key causal themes include:

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

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

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

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

Given the fundamental nature of these themes, risk management is fully embedded across organisational processes. Details on exposure, controls, and assurance for each principal risk are in our integrated annual report.

Metrics and targets

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

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

▶ See the **full list of customer measures** on pages 70 to 71

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

34%
reduction in water quality contacts

Replacement of
30,000
lead pipes

Upgrading
65km
of the Vyrnwy Aqueduct

13%
leakage reduction

5%
reduction in household water use

7%
reduction in business water use

Installing around
one million
smart meters to help customers manage usage and lower bills

40%
reduction in internal sewer flooding

13%
reduction in external sewer flooding

Doubling affordability support to
£525m
helping one in six customers

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

How we respond to material themes

Colleagues

Strategic priorities related to colleagues

Provide a safe and great place to work

Material themes related to colleagues

7 Health, safety and wellbeing

17 Diverse and skilled workforce

Strategy

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

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

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

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

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

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

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

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

Our three behaviours are:

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

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

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

Governance

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

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

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

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

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

Do the right thing

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

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

Make it happen

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

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

Be better

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

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

Our 12 life-saving rules

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

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

Wellbeing
I am fit and healthy to perform my tasks.

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

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

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

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

Service with respect
I remove myself from any situation where I feel threatened.

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

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

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

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

Risk management

A safe, inclusive workplace helps manage key risks:

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

Health and safety risks fall into personal safety, process safety, and health and wellbeing, including mental health. Mitigation is built on six principles: active leadership, empowered colleagues, clear expectations, safe environments, simple systems, and continuous improvement.

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

Metrics and targets

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

We track diversity metrics (gender, ethnicity, disability, social mobility, LGBT+) and aim to match or exceed sector benchmarks. Our ED&I report, Opportunity for All, sets measurable targets:

By 2027:

- 5% ethnic minority – executive and direct reports

By 2030:

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

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

How we respond to material themes

Stronger – Governance

Efficiency, communities and cyber

Our strategic priorities to ‘spend customers’ money wisely’ and ‘contribute to our communities’ are covered in the following pages.

How we respond to material themes

Efficiency

Strategic priorities related to efficiency

Spend customers' money wisely

Material themes related to efficiency

13 Financial risk management

14 Corporate governance & business conduct

Strategy

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

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

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

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

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

▶ See **note A3**, in our financial statements

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

▶ More information can be found in our **corporate governance report**

Governance

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

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

Risk management

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

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

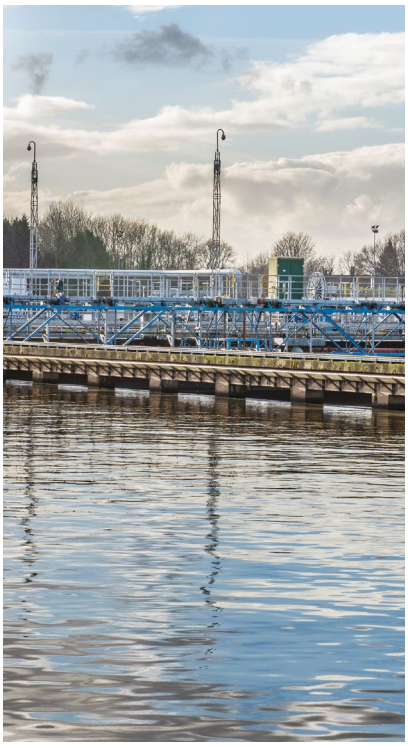
Efficiency is central to common causal themes, including 'asset health', and 'technology and data'. 'Climate change/ extreme weather' also has a major impact on how efficiently we are able to operate.

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

Metrics and targets

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

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



Communities

Strategic priorities related to communities

Contribute to our communities

Material themes related to communities

16 Supporting communities

Strategy

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

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

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

Governance

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

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

Risk management

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

- Our integrated annual report details **how we are managing our principal risks** – our county delivery squad structure and dedicated stakeholder managers will be key to managing these

Metrics and targets

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

Delivering for our communities in:

1 Cumbria

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

2 Lancashire

Enhancing bathing waters, river quality, and restoring peatland.

3 Merseyside

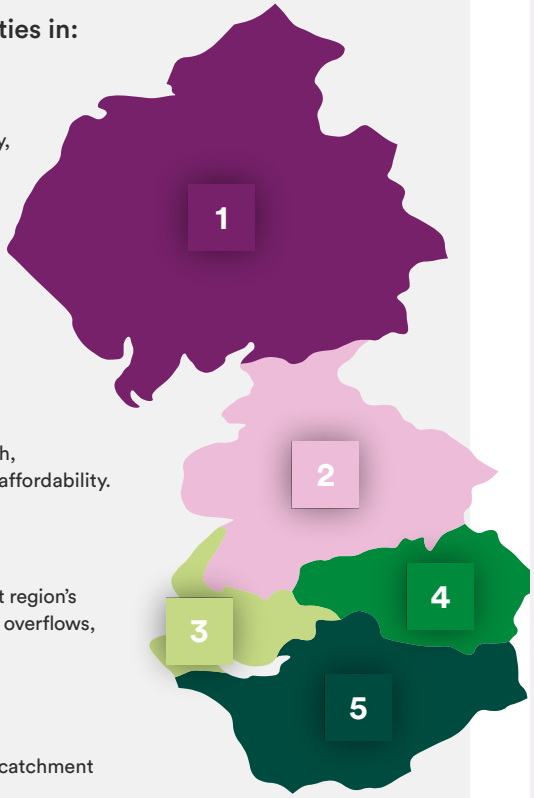
Tackling overflows, supporting growth, and improving climate resilience and affordability.

4 Greater Manchester

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

5 Cheshire

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



Our BIG North West upgrade has begun

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

Over £13bn
five-year investment programme

2m+ customers'
water supplies safeguarded

500km
of rivers benefiting from environmental improvements

30,000 jobs
supported across the North West

Our changing region

A growing population

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

Climate change in the North West

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

How we are responding

A place-based approach

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

Investing in nature as infrastructure

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

Project spotlight:

Haweswater Aqueduct Resilience Programme (HARP)

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

Looking ahead

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

How we respond to material themes

Cyber

Material themes related to cyber

8 Cyber and data security

Strategy

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

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

Governance

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

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

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

Risk management

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

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

Metrics and targets

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

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

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

Cyber security is one of the key considerations of the group board and is included in our S172 Statement in our integrated annual report.

Our performance against environmental, social, and governance measures.

Performance

The following pages contain our KPIs and metrics for each of the three pillars of our purpose, with supporting performance commentary and case studies.

Our continued performance improvements are helping to protect and enhance the natural environment and support society across the North West, and we maintain a responsible approach to business and financing.

We monitor our performance against the core pillars of our purpose – greener, healthier and stronger – which closely align to ESG.

Driving performance through transparency...

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

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

Operational performance metrics

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

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

Performance commentary

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

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

Greener

0
category 1
pollution incidents

47%
reduction in spills
against 2020 baseline

13%
scope 1 and 2 greenhouse gas
emissions reduction since 2019/20

▶ See the full list of **our greener KPIs and metrics** on pages 60 to 61

Healthier

4.5 Excellent
on Trustpilot

422,041
customers supported
with affordability

90%
colleague
engagement

▶ See the full list of **our healthier KPIs and metrics** on pages 70 to 71

Stronger

100%
capital programme
delivery incentive (CPDi)

£3.84m
community investment into
North West communities (B4SI)

Upper quartile
performance across a range
of trusted investor indices

▶ See the full list of **our stronger KPIs and metrics** on pages 76 to 77

Case study

How rainwater management helps us to deliver a greener North West

▶ Read more on pages 64 to 65

Case study

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

▶ Read more on pages 74 to 75

Case study

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

▶ Read more on pages 80 to 81

Financial KPIs

Financial KPIs are set out in our integrated annual report and assess profitability and financial resilience. They include income statement, balance sheet and shareholder performance metrics and are unchanged from last year.

Financial framework and guidance

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

Financial information contained in the APR

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

Regulatory return

The regulatory return is the return generated on actual regulatory equity, calculated using average actual gearing applied to the regulatory capital value (RCV), as per Table 1F – Financial Flows of the Ofwat Annual Performance Report. It encompasses the base return, outperformance, and the uplift to our regulatory asset base from inflation.

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

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

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

Remuneration

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

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

Assurance of performance metrics

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

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

- Relevant audit opinions are available at **unitedutilities.com/corporate/responsibility/our-approach/esg-performance**

Benchmarking our ESG performance

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

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

Further performance disclosures

Regulatory performance metrics

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

- Our APRs are available on our website at **unitedutilities.com/corporate/about-us/performance/annual-performance-report**

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

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

- Read more at **unitedutilities.com/corporate/responsibility/our-approach/cr-reporting/wef**

Sustainability Accounting Standards Board (SASB)

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

- Read more at **unitedutilities.com/corporate/responsibility/our-approach/cr-reporting/sasb**

How we're delivering our purpose: greener

Key performance indicators

There are a broad range of performance indicators that help us to assess how we're delivering our purpose, working towards a greener future. The three 'greener' KPIs below have been selected due to their importance with stakeholders, with additional 'greener' performance metrics on page 61.

Category 1 pollution incidents[1]

Pollution incidents with a serious, extensive or persistent impact on the environment, people or property.

Target
0

Annual performance
0
We have had zero category 1 pollution incidents this year, meeting our target of 0.

2024/25: 1

2023/24: 1

Status
G Met expectation/target

Key stakeholder
Environment

Relevant material themes[2]
- Environmental river water quality and storm overflows
- Natural capital and biodiversity
- Political and regulatory environment
- Trust, transparency and legitimacy

Link to remuneration[3]
LTP

Assurance
Regulatory reporting assurance

Spills reduction[1]

Reducing the total number of activations at combined sewer overflows.

Target
60% reduction by 2030

Annual performance
47% reduction in spills against 2020 baseline
The level of spills since our 2020 baseline has reduced by 47%, well on track to meet our target of 60% reduction by 2030.

2024/25: 32% reduction

2023/24: 14% reduction

Status
G Met expectation/target

Key stakeholder
Environment

Relevant material themes[2]
- Environmental river water quality and storm overflows
- Natural capital and biodiversity
- Political and regulatory environment
- Trust, transparency and legitimacy

Link to remuneration[3]
Bonus

Assurance
Regulatory reporting assurance

Scope 1 and 2 location-based GHG emissions target

One of two near-term science-based targets (SBTs) to reduce emissions by 2030 from the level in the base year of 2019/20.

Target
42% reduction by 2030

Annual performance
13% reduction since 2019/20
in emissions, reporting on a like-for-like basis. However, this year we have updated how we calculate process emissions to align with recently adopted UK Government and IPCC guidance. The impact of this will trigger a recalculation and revalidation of the SBT baseline and this will be reflected next year's annual report.

2024/25: 9.1% reduction

2023/24: 7.3% reduction

Status
A Close to meeting expectation/target

Key stakeholder
Environment

Relevant material themes[2]
- Climate change mitigation
- Energy management
- Trust, transparency and legitimacy

Link to remuneration[3]
LTP

Assurance
Independent third-party verification

(1) Measure relates to the water and wastewater activities of our regulated entity, United Utilities Water Limited.
(2) Read more about our materiality assessment on pages 22 to 23.
(3) Read our remuneration report, with details about the bonus and Long Term Plan (LTP), in our integrated annual report.

Status key

Performance against target: G Met expectation/target; A Close to meeting expectation/target; R Behind expectation/target

Stakeholder key: Customers; Environment; Communities; Colleagues; Suppliers; Investors

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

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

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

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

(4) As measured against a 2019/20 baseline. Methodology changes will trigger a recalculation and revalidation of SBT base year emissions. Figure here is an estimated like-for-like value calculated using current year activity data and previous method as noted on page 67.

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

Spotlight on EPA

We have retained our position as the second-highest-ranked company in the Environment Agency's Environmental Performance Assessment (EPA), with 13 stars out of a possible 16 in the first four years of this EPA cycle, with two stars for 2024. 2024 was a particularly wet and stormy year, and this, alongside the Environment Agency's updated approach to measurement of pollution incidents that occur during major storms, adversely impacted industry ratings for the year. There will be future changes in methodology, beginning in 2027, which will impact the consistency of EPA reporting. The EPA continues to be an important area of focus for the future, and we welcome the ongoing improvements to the methodology to give a more rounded and transparent view of company performance.

How we're delivering our purpose: greener

Creating value for

- Environment
- Communities
- Investors

Tackling pollution

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

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

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

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

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

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

▶ Read our **Pollution Incident Reduction Plan** on our website at **unitedutilities.com/corporate/responsibility/environment/reducing-pollution**

Spills and environmental water quality

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

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

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

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

Greenhouse gas emissions

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

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

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

▶ Read more on **our carbon and energy related performance** on pages 66 and 67

Managing water resources

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

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

Alongside increased find-and-fix activity, we continued to invest in the long-term resilience of our water infrastructure. During the year, we replaced over 150 kilometres of water mains, contributing to our commitment to replace at least 925 kilometres or approximately 2% of our network by 2030. We remain on track to deliver this programme within the current price control period and meet our delivery price control deliverable.

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

Nature and biodiversity

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

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

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

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

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

▶ Read more about **our nature pledges** on page 25

Focus on Windermere

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

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

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

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

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

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

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

Managing rain where it falls.

Schools invite nature into their playgrounds to help tackle rain

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

Case study:
Managing rain where it falls

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

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

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

Investment that delivers wider value

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

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

Project FLOW: creating living educational spaces

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

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

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

Outcomes and future impact

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

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

Delivering value for

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

Energy and carbon report

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

Greenhouse gas emissions methodology

Emissions are calculated by estimating the individual greenhouse gases that result from all United Utilities' activities, converted into a tonnes carbon dioxide equivalent (tCO_2e). Tools and values used in 2026 include UK water industry Carbon Accounting Workbook v20, the 2025 UK Government GHG conversion factors for company reporting, global warming potentials from IPCC 5th Assessment report and OpenCEDA (Comprehensive Environmental Data Archive) 2025. 100% of our emissions are related to activities and energy consumption in the UK. Our greenhouse gas inventory, and the underlying energy data, has undergone independent third-party verification by Achilles group and is aligned to the GHG Protocol Corporate Accounting and Reporting Standard (2015) and the international carbon reporting standard ISO 14064, Part 1:2018. The Toitū Carbon Reduce programme certification and report can be found at **unitedutilities.com/corporate/responsibility/environment/climate-change-mitigation**

Scope 1 and 2 greenhouse gas emissions[4] tCO_2e		2025/26 Updated method	*2025/26 Previous method*	2024/25	2023/24	2022/23	2019/20 SBT baseline
				As reported using previous method			
Scope 1: Emissions from activities we own or control, e.g. burning fossil fuels, wastewater and sludge processing							
Direct emissions from burning of fossil fuels		**19,825**		15,922	20,188	21,166	15,247
Process[1] and fugitive emissions – including refrigerants		**329,721**	*90,223*	90,633	96,173	94,915	96,186
Transport: Company-owned or leased vehicles		**18,724**		17,785	17,838	17,665	15,739
Scope 2: Emissions from purchased electricity including for use in vehicles [2]							
Purchased electricity – generation	Market-based	**170,675**		47[5]	33[5]	9[5]	11,789
	Location-based	***125,136***		*140,847*	*136,183*	*126,813*	*164,521*
Purchased electricity – vehicles	Market-based	**96**		31	7	2	0
	Location-based	***96***		*31*	*7*	*2*	*0*
Gross scope 1 and 2 emissions total	Market-based	**539,041**	*299,543*	**124,418**	**134,239**	**133,757**	**138,961**
	Location-based	***493,502***	*254,004*	***265,218***	***270,389***	***260,561***	***291,693***
Net emissions reductions							
Renewable electricity exported[3]	Market-based and *Location-based*	**-2,787**		-2,726	-3,101	-2,888	-3,979
Biomethane exported	*Location-based*	***-8,623***		*-8,479*	*-8,439*	*-9,360*	*-9,302*
Green tariff electricity purchased[3]	*Location-based*	***-1***		*-132,127*	*-136,162*	*-125,746*	*-164,210*
Net scope 1 and 2 emissions total	Market-based	**536,254**	*296,756*	**121,693**	**131,138**	**130,869**	**134,982**
	Location-based	***482,091***	*242,593*	***121,887***	***122,687***	***122,566***	***114,202***

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

(2) Scope 2 methods – Market-based: uses intensity factors specific to the contractual agreements. For electricity supplied on a standard grid tariff, we use CO_2e per kWh from suppliers' public fuel mix disclosures. *Location-based: uses average UK grid emissions intensities and are shown in green italics.*

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

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

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

Scope 3 greenhouse gas emissions tCO_2e		2025/26 Updated method	*2025/26 Previous method*	2024/25	2023/24	2022/23	2019/20 SBT baseline
				As reported using previous method			
Category 1: Purchased goods and services[6]		**372,701**	*307,082*	239,757	233,480	250,189	213,442
Category 2: Capital goods[6]		**132,557**	*125,798*	106,250	99,962	138,182	128,286
Category 3: Fuel and energy-related emissions[7]							
Purchased electricity – well to tank and transmission and distribution		**48,395**		46,383	46,536	44,704	38,865
Fuel (excluding electricity) – well to tank		**9,449**		7,820	6,653	8,742	6,397
Category 4: Upstream T&D – sludge transport[7]		**2,068**		8	6	35	3,374
Category 5: Waste generated in ops: including sludge disposal[1, 7]		**14,308**	*33,238*	28,357	26,135	27,454	27,936
Category 6: Business travel: public transport, private vehicles and hotel stays[7]		**1,700**		1,503	1,464	1,486	3,508
Category 7: Employee commuting and homeworking[7, 8]							
Commuting		**9,299**	*4,875*	4,676	4,631	4,974	4,231
Homeworking		**456**		572	505	361	0
Category 11: Use of sold products		**17**		17	17	17	17
Scope 3 emissions total	**Scope 3 SBT (excludes category 2)**	**458,393**	*407,280*	**329,093**	**319,427**	**337,962**	**297,770**
	Scope 3 total	**590,950**	*533,078*	**435,343**	**419,389**	**476,144**	**426,056**

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

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

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

Emissions commentary

Process, chemicals and waste

Biological wastewater treatment processes produce nitrous oxide (N_2O) and methane (CH_4), both of which have a significantly higher global warming potential than carbon dioxide (CO_2). Our wastewater process emissions are directly proportional to the population served and the volume of sludge produced and, therefore, increase as population grows.

In 2026, the UK water industry updated the calculation methodology for these emissions to reflect current IPCC guidance and published research. This accounting change increased reported process emissions by 239,498 tCO_2e, representing underlying emissions more accurately rather than a change in performance.

47,144 tCO_2e of our emissions from purchased goods and services were from chemicals used in water and wastewater treatment.

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

UKWIR research (Biosolids to land: carbon emissions and carbon capture) identified that previous industry methods significantly overestimated methane emissions associated with the land application of sludge biosolids. The updated factors have been used for 2025/26 emissions reporting reducing waste emissions by 18,930 tCO_2e.

Fuel and energy

Treatment and distribution of water and wastewater are energy-intensive activities, with fuel and energy accounting for 20% of our footprint. These emissions arise from the combustion of fossil fuels, purchased electricity, and associated well-to-tank and transmission and distribution emissions. Reducing energy consumption and replacing fossil fuels with lower-emission alternatives is central to the 'Reduce' theme of our net zero transition action plan.

We have continued to expand the infrastructure supporting our transition to low-carbon fleet fuels. As of April 2026, we operate over 100 electric vehicle charging points on our sites, 78 company van users have home charging, and there are over 400 electric vehicles in our fleet, including four HGVs. We are also increasing the use of renewable fuels such as biogas and HVO across our equipment and fleet, while exploring lower-emissions alternatives. In parallel, we plan to expand our renewable generation capacity and play an active role in the development of emerging technologies, including hydrogen.

Goods and services

Most of our scope 3 emissions arise from categories 1 (purchased goods and services) and 2 (capital goods). Capital goods are defined as construction services, with all other goods and service spend reported under category 1.

With the exception of chemicals, emissions from goods and services are calculated using annual spend and sector-based factors from the Open CEDA dataset, an open source environmentally extended input-output database. This provides a comprehensive but indicative estimate; however, it does not reflect our increasing use of sustainability criteria in supplier and product selection.

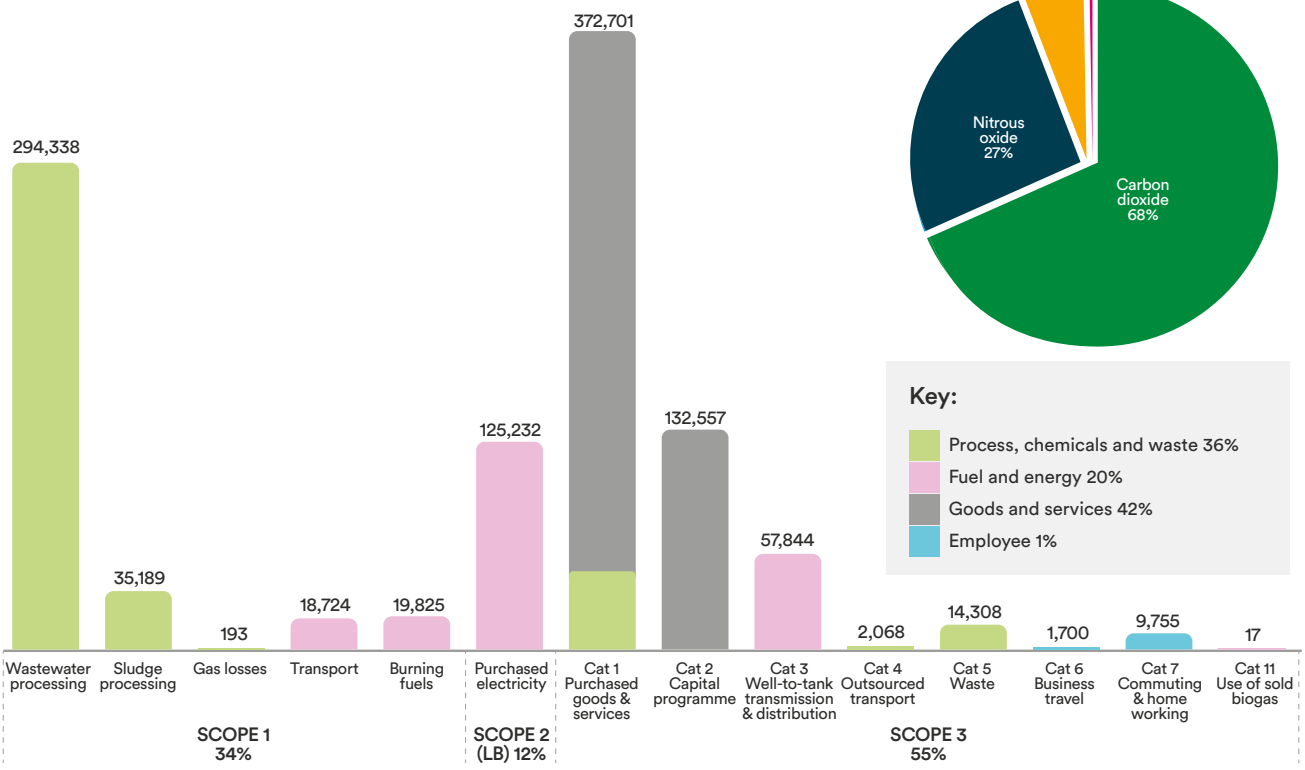
We are addressing this limitation by developing standardised sustainable solutions for which we can obtain or estimate the specific GHG emissions and also developing methods to track actual embedded emissions for capital projects as part of our AMP8 bespoke embedded emissions performance commitment.

While our extensive water and wastewater infrastructure investment programme will incur substantial GHG emissions, applying PAS 2080 carbon-management principles and more robust emissions calculations will allow us to better quantify and reduce the emissions intensity of this investment.

Employee

Employee-related emissions from business travel, commuting and homeworking total only 1% of the GHG inventory. Category 7 emissions have increased in 2025/26 because the number of employees has increased but, in the main, due to using a new company-specific model rather than a country-wide generic model. Our employees, on average, commute twice the England average and, in the North West, commutes are more likely to be by car rather than active or public transport and this is now reflected in our estimated commuting emissions.

GHG inventory chart



How we're delivering our purpose: greener

Intensity ratios

Intensity metric	Method notes	Units	2025/26	2024/25	2023/24	2022/23
Gross scope 1 and 2 GHG emissions per £m revenue	Location based	tCO_2e	**188.6**	123.6	138.7	142.8
Net scope 1 and 2 GHG emissions per £m revenue	Location based	tCO_2e	**184.3**	56.8	62.9	67.2
Net water operational emissions per megalitre water treated[1]	Location based	$kgCO_2e$	**167.0**	172.1	177.6	101.4
Net wastewater operational emissions per megalitre sewage treated [1]	Location based	$kgCO_2e$	**421.5**	198.5	209.0	158.8
Energy used per megalitre of water supplied	Distribution input	MWh	**1.548**	1.449	1.462	1.467

[1] UK water industry intensity metrics. The method for calculating these was redefined by Ofwat in 2024.

Energy strategy

Our energy management strategy has four objectives:

- Energy efficiency first – prioritising the lowest-cost, highest-impact interventions
- Maximising self-generation, storage and direct supply – reducing grid dependency and improving energy resilience
- Minimising costs
- Building supply resilience to ensure we can deliver our services

Energy remains one of our largest operational inputs, with total consumption of 1058 GWh in 2025/26. A growing population and increasingly stringent environmental performance expectations are driving up our energy use, reinforcing the need to improve efficiency and reduce our operational impact. Power and fuel use were high in 2025/26 as we acted to maintain supply and water quality to customers during the dry weather.

Through our Energy Management Programme, we have embedded energy awareness, data-driven decision-making and operational optimisation across the business. The expansion of our net zero engineering capability has accelerated the pace and impact of our energy efficiency programme, delivering measurable improvements in performance, resilience and cost efficiency, strengthening the foundation for our Energy Saving Opportunity Scheme (ESOS) Phase 3 compliance and future action plan.

Switch to clean, green energy

Renewable energy generated and low-carbon alternatives met 24.1% of our energy need in 2025/26. Most of our generation was from on-site combined heat and power (CHP) engines that convert biogas from our sludge treatment processes into low-carbon power. We also use biogas in boilers instead of natural gas and export the biogas through biomethane-to-grid facility.

We are developing a regional plan and have identified opportunities to enhance digestion performance improving biogas yield, to increase CHP efficiency and to scale up our engineered carbon capture and storage innovation that produces hydrogen and graphene from biogas. These developments, together with more switches to low-carbon alternatives, support both decarbonisation and long-term operational resilience.

During the year, we replaced 21% of the mineral diesel used in generators and mobile plant with sustainably sourced hydrotreated vegetable oil (HVO), avoiding over 3,100 tCO_2e. HVO will remain a transitional fuel as we electrify eligible assets through to 2040.

Energy efficiency actions

Energy efficiency remains central to our strategy with 24 GWh annual verified savings delivered through ESOS Phase 2 and a further 48 GWh each year of potential reductions identified in Phase 3 across operational optimisation, improved process control, pump and aeration efficiency, dewatering improvements, and enhanced driver behaviour in our vehicle fleet.

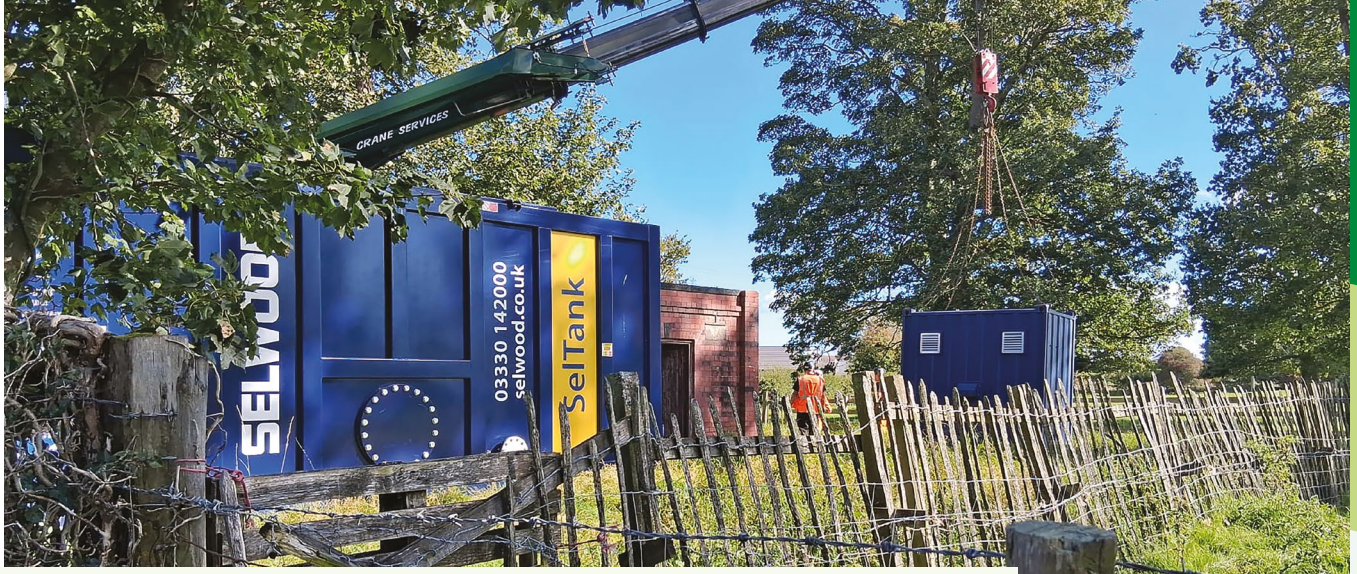
Key projects delivered improved energy efficiency across our sites. At Martholme Water Treatment Works, the installation of a non-return valve and proximity sensor enabled the safe re-instatement of the gravity feed to Burnley, saving an estimated 113 MWh and 29 tCO_2e per year. At St Helens Wastewater Treatment Works, an acid-clean of the ASP lanes restored aeration performance, improving oxygen transfer and reducing the energy needed for treatment. The technique is now proven in operation, with recurring annual benefits of around £25,000.

We continue to improve the efficiency of our transport operations through the use of telematics to monitor fuel performance and by using innovative smartphone-based driver-safety tools to improve and reward good driver behaviour. These projects demonstrate how targeted optimisation, smarter operations and focused investment can deliver substantial reductions in energy use, cost and carbon, while strengthening the resilience and performance of our services.

Energy data

	2025/26 GWh	2024/25 GWh	2023/24 GWh	2022/23 GWh
Energy use				
Electricity	854.8	822.4	819.6	818.8
Natural gas	19.8	14.2	34.1	33.6
Biogas in boilers	32.6	16.4	n/a	n/a
Stationary fossil fuels (gas oil, kerosene, diesel)[1]	59.7	49.1	51.4	55.8
Energy for transport [1]	79.4	76.0	75.8	74.8
Low-carbon alternatives (HVO, LPG, EVs)[1]	11.9	0.27	0.25	0.05
Total energy used[1]	1058.3	978.3	981.1	983.0
Electricity purchased				
Grid renewable[2]	0.003	680.1	657.6	655.6
Grid standard tariff[3]	707.0	0.13	0.09	0.13
Total purchased	707.0	680.2	657.7	655.7
Renewable energy generated				
CHP	104.3	105.2	120.4	123.0
Biogas in boilers	32.6	16.4		
Solar	48.0	42.0	47.3	46.4
Wind	5.0	4.7	5.2	5.1
Hydro	6.4	6.3	7.6	6.9
Biomethane	47.2	45.6	40.2	44.7
Total generated	243.5	220.2	220.7	226.1
Renewable energy exported				
Electricity	15.8	16.1	18.6	18.3
Biomethane	47.2	45.6	40.2	44.7
Total exported	63.0	61.7	58.8	63.0

[1] Energy calculated from volume of fuel used using net calorific values or from the distance travelled.
[2] Zero emissions electricity bundled with, or backed by separately purchased, REGO certificates.
[3] Supplier standard tariff grid electricity.
[4] All energy was consumed in the UK.



Reducing spills

Seeing the results of our environmental improvement programme

Across the North West, we are delivering a data-led programme that is transforming how we manage wastewater and storm overflows.

Our region includes major urban centres, rural communities, coastal environments and nationally significant landscapes, each placing different demands on the wastewater network. By analysing performance data at a regional level, we are identifying the key drivers of storm overflow activity, including infiltration, power resilience, tidal influence and network condition, allowing us to prioritise interventions that deliver the greatest environmental benefit in each location.

What began as a focused, short-term taskforce to reduce storm overflow spills, has now evolved into an environmental improvement programme. Weekly performance reporting provides clear visibility of trends, enabling rapid response and decision-making grounded in evidence. By measuring interventions in the right places, we are ensuring that investment delivers meaningful outcomes for both communities and the environment.

Ways of working

The programme is built around early intervention and practical delivery, underpinned by strong performance management. Weekly performance and delivery reviews draw on the latest rainfall and operational data to identify emerging issues and act quickly. Interventions are assessed against expected benefit, and success is measured through tangible improvements delivered within the calendar year. This evidence-based approach ensures timely action that delivers environmental improvement.

Interventions

During 2025, we delivered 332 interventions across 321 storm overflows in all five counties. Activities included drainage health checks, inspection and cleaning of over 20 kilometres of sewers, addressing infiltration and ingress, upgrading automated storm tank returns, and optimising pumping assets.

Where additional capacity was required at short notice, temporary steel storage tanks and mobile compact treatment units were installed, providing 310m³ of temporary storage capacity across four sites. Submerged aerated filter units were also installed at 18 sites to enhance wastewater treatment performance.

Innovation

Innovation is central to our approach. By working with our supply chain, we have installed intelligent non-return valves in storm overflow chambers to prevent river or tidal water entering the network, protecting assets and improving monitoring reliability. Smart free-floating sewer inspection technologies have been used to identify hidden blockages and restrictions in large or inaccessible sewers, enabling faster and more precise repairs. We are also applying machine learning and AI to better understand infiltration by combining rainfall, catchment and performance data, as well as trialling advanced analytics to optimise pump performance.

Digital and data

We have significantly improved storm overflow monitoring by replacing more than 780 event duration monitors with modern radar-based equipment, which provides more accurate and reliable data with lower power consumption. In addition, 99 monitors have been fully reviewed and over 430 reconfigured to better reflect site-specific conditions. These upgrades strengthen data quality, support transparent public reporting and enable more advanced analytics to inform delivery.

Outcomes and impact

Environment Agency figures based on our 2025 EDM return show a substantial year-on-year reduction in storm overflow activity. Compared with 2024, spill numbers fell by around 23% per overflow while total spill duration reduced by around 27%. This continues a longer-term downward trend, representing a 47% reduction against our 2020 baseline. These improvements were delivered despite above-average rainfall in the latter half of the year, demonstrating that we are starting to break the link between rainfall and spills.

Above: Temporary steel storage tanks installed at Blennerhasset Wastewater Pumping Station in Cumbria to provide additional storage capacity

How we're delivering our purpose: healthier

Key performance indicators

There are a broad range of performance indicators that help us to assess how we're delivering our purpose, working towards a healthier future. The three 'healthier' KPIs below have been selected due to their importance with stakeholders, with additional 'healthier' performance metrics on page 71.

Trustpilot

An open, independent, online review platform for customer service.

Target
Excellent

Annual performance
4.5 Excellent

Performance against this KPI fluctuates regularly, based on customer reviews, with the 4.5 score reflecting our performance as at the year end.

2024/25: New

2023/24: New

Status
G Met expectation/target

Key stakeholder
Customers

Relevant material themes(2)
- Customer service and operational performance
- Trust, transparency and legitimacy

Link to remuneration(3)
n/a

Assurance
Independent third-party verification

Customers supported with affordability(1)

Customers that have benefitted from our range of affordability support schemes.

Target
One in six customers

Annual performance
422,041

We have increased the number of customers on support tariffs by 180,000 through implementation of the new Low Income Discount; growing the number of customers supported this AMP to 422,041.

2024/25: New

2023/24: New

Status
G Met expectation/target

Key stakeholder
Customers

Relevant material themes(2)
- Affordability and vulnerability
- Customer service and operational performance
- North West regional economy

Link to remuneration(3)
n/a

Assurance
Internal audit team

Colleague engagement

Level of colleague engagement as measured by our annual colleague opinion survey.

Target
At least as high as the utilities norm benchmark

Annual performance
90%

86% of employees took part in our engagement survey, and we are proud to report an outstanding 90% engagement score – well above global utilities and UK high-performance benchmarks.

2024/25: 87%

2023/24: 81%

Status
G Met expectation/target

Key stakeholder
Colleagues

Relevant material issues(2)
- Colleague engagement
- Diverse and skilled workforce
- Health, safety and wellbeing

Link to remuneration(3)
n/a

Assurance
Independent third-party verification

(1) Measure relates to the water and wastewater activities of our regulated entity, United Utilities Water Limited.
(2) Read more about our materiality assessment on pages 22 to 23.
(3) Read our remuneration report, with details about the bonus and Long Term Plan (LTP), in our integrated annual report.

Status key

Performance against target: G Met expectation/target; A Close to meeting expectation/target; R Behind expectation/target

Stakeholder key

Customers; Environment; Communities; Colleagues; Suppliers; Investors

Measure	2030 target	Performance 2025/26	Performance 2024/25	Performance 2023/24	Assurance (5)	Link to remuneration (2)	Key stakeholder	Status: Performance against target
Customer ODIs(1)	Net reward	**c. -£35 million**	£4.29 million	£34 million	RRA	PC		G
Water quality customer contacts per 1,000 population(1)	0.80	**1.33**	1.28	1.32	RRA	Bonus		A
Supply interruptions per property per year (hours:minutes:seconds)(1)	00:05:00	**00:13:02**	00:14:17	00:09:39	RRA	Bonus		R
Unplanned outages of peak week production capacity(1)	2.14%	**1.34%**	1.85%	2.05%	RRA	PC		G
Household written complaints compared to WaSCs(1)	Upper quartile	**Third quartile(3)**	Third quartile	Third quartile	RRA	n/a		R
Customer satisfaction score (C-MeX)(1)	Above industry median	**Above industry median**	Above industry median	Above industry median	RRA	Bonus		G
Developer satisfaction score (D-MeX)(1)	Above industry median	**Above industry median**	Above industry median	Above industry median	RRA	PC		G
Business and Retailer satisfaction score (BR-MeX)(1)	Above industry median	**Above industry median**	Above industry median	Above industry median	RRA	Bonus		G
Households registered for Priority Services(1)	25%	**18.26% (597,401)**	16.51% (540,380)	12.35% (401,987)	RRA	LTP		G
Compliance Risk Index(1)	0.00	**2.20(4)**	10.28	5.92	RRA	PC		G
Accident frequency rate for colleagues (per 100,000 hours)	10% year-on-year improvement	**0.054**	0.078	0.092	IAT	n/a		G
Accident frequency rate for contractors (per 100,000 hours)	Year-on-year improvement	**0.122**	0.078	0.043	IAT	n/a		A
Smart meters installed	920,891	**209,980**	New	New	IAT	n/a		G

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

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

(3) Latest comparative data available 2024/25.

(4) The DWI will confirm the final Compliance Risk Index score in July.

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

Spotlight on customer experience

Our KPI for customer experience has historically been the water industry's measure, C-MeX, which offers great comparability across Ofwat-regulated companies, alongside D-MeX and BR-MeX. While these three measures remain important and are disclosed in our table of measures above, we have chosen to include our Trustpilot rating as a key measure of customer experience. Trustpilot is an international, third-party customer service rating platform, which brings an element of cross-sectoral comparability due to its widespread use. Using Trustpilot as a KPI will also bring additional timeliness to our reporting on customer experience, reflecting current customer views. There have been a number of recent changes to the C-MeX measure this year, meaning the latest scores will not be published until July, after the publication of this integrated annual report and financial statements.

How we're delivering our purpose: healthier

Creating value for

- Customers
- Communities
- Colleagues
- Suppliers
- Investors

Delivering great service for our customers

We are proud to maintain a culture of continuous improvement across our operations, with 80% of key performance metrics showing year-on-year progress despite the challenging operating environment. This reflects the commitment of our people and the effectiveness of our strategic programmes.

One of the most significant improvements has been in our Compliance Risk Index (CRI), which has improved by 79% compared with last year. This has been driven by the continued delivery of our water quality first programme, which remains central to our ambition to provide consistently high-quality drinking water for all our customers.

A key area of focus for improvement remains customer water quality contacts. The extremely dry summer created operational complexity and, in some areas, we needed to draw on alternative water sources to maintain supply. As a result, some customers experienced temporary changes in taste, smell or appearance. To address this and improve resilience for the future, we have insourced our network-flushing operations. These specialist teams now work overnight to remove sediment from the network, helping to maintain consistently high-quality water. We have also delivered strong performance in reducing unplanned outages at our treatment works. This is the result of an increased emphasis on proactive maintenance and strengthened asset health management, ensuring greater reliability and stability across our treatment processes.

In wastewater services, we have seen similarly positive trends, with continuous improvement across the majority of our key performance measures. We are particularly proud of achieving a 42% reduction in internal sewer flooding and a 25% reduction in external flooding. These improvements reflect a targeted focus on proactive maintenance and the effective use of dynamic network management to identify and mitigate potential issues before they impact customers.

Providing a high-quality service whenever customers contact us is also critical to building trust and confidence. Our Trustpilot rating, which is based on customer feedback across calls, emails and digital channels, stood at 4.5 (Excellent) at year end. While this represents strong performance, we remain focused on further improvement. Our ambition is to deliver a consistently leading customer experience, not only within our sector but compared with the best service providers across all industries.

Affordability and vulnerability

Our BIG North West upgrade represents a transformational investment in the region's environment, economy and long-term service resilience. While this programme is delivering substantial benefits, we also recognise the impact on customer bills. We have, therefore, set ourselves a stretching efficiency challenge to keep bills as low as possible. Nevertheless, we recognise that affordability remains a significant concern for many households.

To support those most in need, we have embedded £525 million of affordability assistance across AMP8. This year alone, we have provided support to more customers than during the whole of AMP7, with a total of 422,041 customers benefiting from our financial assistance schemes. We have expanded our efforts to proactively identify customers who may be struggling, working closely with a broader range of third-sector partners and introducing our new low-income discount to offer targeted help.

Our ambition is to continue scaling this support. By 2030, we expect to be assisting one in six of our customers with their bills. At the same time, we remain strong advocates for the introduction of a national social tariff, which we believe is essential to ensuring consistent and fair support for customers across the country.

We also recognise that many customers face circumstances that require enhanced or tailored services. Our Priority Services Register ensures those customers receive the support they need, whether due to health conditions, accessibility needs or other vulnerabilities. We now have almost 600,000 customers registered on the scheme, which is accredited to the international consumer vulnerability standard ISO 22458:2022 – making us one of the first water companies to achieve this recognition.

Providing a safe place to work

With the scale and ambition of our AMP8 investment programme, maintaining our focus on health and safety has never been more important. We must to work at scale and at pace to deliver our plan, but we will not compromise on keeping our colleagues and contractors safe.

Over the past year, we have significantly strengthened our Home Safe and Well programme, which forms the backbone of our approach to occupational health and safety. The programme is structured around monthly campaigns aligned to our life-saving rules, each supported by a dedicated executive sponsor. This leadership engagement is supported by mandatory

training and targeted, manager-led discussions across the organisation, ensuring that our safety culture is embedded at every level.

As for many organisations, driving for work represents one of the highest risk activities our colleagues undertake. Reducing occupational road risk has, therefore, been a major priority this year, with visible leadership from our CEO helping to reinforce its importance. Through a combination of clearer expectations, more consistent messaging, and improved reporting and training, we have seen a significant reduction in road-related incidents. To reinforce positive behaviours and recognise excellence, we also launched our Road Safety Awards, celebrating our safest and most responsible drivers.

The increased focus, awareness and capability brought about through these initiatives has delivered meaningful improvements in safety performance. Our lost time injury rate has reduced by 30% over the year, reflecting the collective commitment of our people to continuously improve. These initiatives will remain a core part of our approach throughout AMP8 as we work towards achieving lasting, sustainable improvements in keeping our colleagues safe.

Alongside our occupational safety priorities, we recognise the vital role that wellbeing plays in creating a supportive and high-performing workplace. We provide a tailored package of financial, physical and mental health support to help colleagues thrive, ensuring we are not only keeping people safe at work, but helping them feel well, supported and able to perform at their best.

Opportunity for all

Throughout the year, we advanced our equity, diversity and inclusion (ED&I) strategy, 'Opportunity for All', with a clear focus on strong leadership, transparent reporting and a culture where every colleague can thrive. This commitment was reflected in exceptionally strong colleague feedback, with a 90% engagement score for inclusion and 92% of colleagues believing the organisation supports diversity and inclusion, both significantly above national and sector benchmarks.

We have maintained fourth place in the Inclusive Top 50 UK Employers Index and received multiple awards, including Outstanding Employer and Diversity & Inclusion Initiative Awards at the Water Industry Awards, and a high commendation at the Employer's Excellence Awards. We've also been recognised as an Accredited Member of the Fair Employment Charter and featured strongly in the Religious Equity, Diversity & Inclusion Index.

Since 2021, representation of ethnic minority colleagues has doubled, and female representation remains on track to achieve 2030 ambitions. Across recruitment, we have run our largest intake of early career talent to date, hiring 83 apprentices and 43 graduates, with strong female representation and increased applications from under-represented groups, supported by expanded outreach, mentoring and school engagement programmes.

Retention and development remain core priorities. We have invested in accessible training, inclusive leadership development and supportive people policies. Enhancements included expanded maternity, adoption and paternity provisions, accessible e-learning aligned with AA accessibility standards, wider support for neurodiverse colleagues, and the continued rollout of British Sign Language training. One in five colleagues moved into a new role during the year, highlighting the breadth of career opportunity within the organisation.

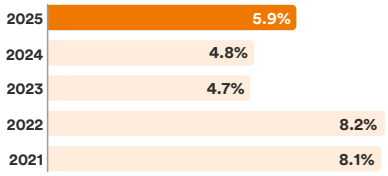
The company's 16 colleague networks continued to play a vital role in fostering connection and visibility. Activities ranged from cultural celebrations to peer support groups for menopause, neurodiversity, hearing loss and bereavement. Meanwhile, significant progress was made in wellbeing support, including improved menopause provision, expanded men's health initiatives and workplace changes to support colleagues undergoing prostate cancer treatment.

Collaboration remained a defining feature of the company's ED&I approach. We brought together partners across utilities, emergency services and regional employers to share best practice and strengthen inclusive employment practices. We have also continued to build social value through community events, charity support and STEM outreach.

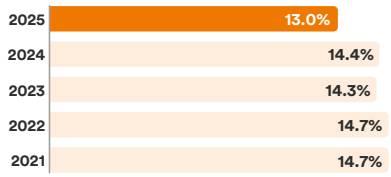
Gender pay reporting demonstrated further long-term progress, with the median pay gap at its lowest level since reporting began. We have seen an increase in senior operational and specialist technical roles to support the delivery of the capital programme. These roles typically attract more men, which has impacted the mean gender pay gap. The company remains committed to improving gender representation across all levels, supported by targeted talent pipelines and operational changes designed to broaden career appeal.

Looking ahead to 2026, we will continue to embed our 'Opportunity for All' strategy across our workplace and communities, with a focus on improved wellbeing provision, reduced recruitment bias, stronger leadership accountability and deeper collaboration with partners and supply chain organisations. These actions will support a more diverse workforce, a more inclusive culture and the delivery of essential services that reflect and meet the needs of the North West.

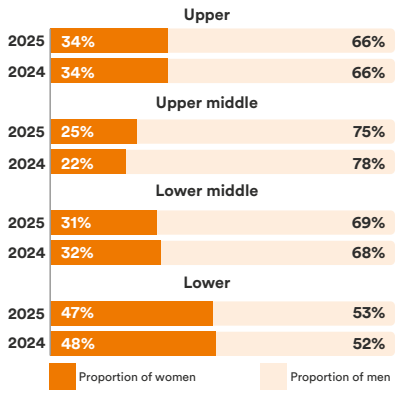
Our mean gender pay gap over time

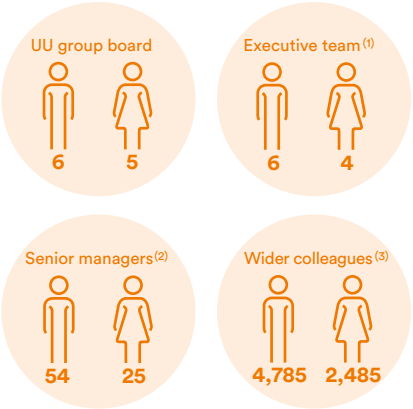


Our median gender pay gap over time



Percentage of women and men overall and in each quartile of the pay range (figures for 2025 and 2024)



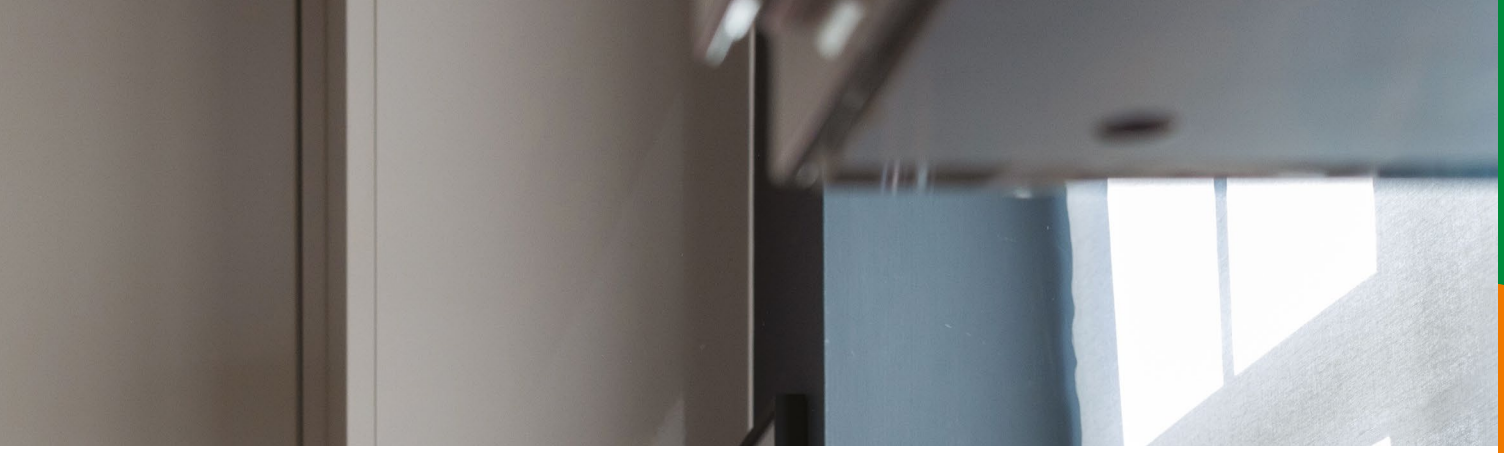


(1) Executive team excludes CEO and CFO who are included in group board figures.

(2) As at 31 March 2026, there were four male and four female colleagues appointed as statutory directors of subsidiary group companies but who do not fulfil the Companies Act 2006 definition of 'senior managers'.

(3) Wider colleagues as at 31 March 2026.

How we're delivering our purpose: healthier



Case study:
Providing affordability support for the North West

We've built an industry-leading package of support to ensure that no customer faces financial difficulty alone.

Our approach goes far beyond standard payment assistance: we combine tailored affordability schemes, proactive outreach, and compassionate, human-centred guidance to help households manage their water bills with confidence. By understanding each customer's circumstances and offering flexible, practical solutions, we're committed to making essential services genuinely accessible – especially for those who need our support the most.

We recognise that the record levels of investment we are delivering through to 2030 has an impact on customer bills, which makes it more important than ever to ensure that financial support is easy to access and available when customers need it.

One of the ways we are proactively getting support to those customers who need it the most is via our new low-income water discount scheme. Introduced in 2025, this has provided around 180,000 customers with £9 million in support through a £50 discount being directly applied to bills without the customer having to apply. For 2026/27, we will see the number of customers supported by this new scheme increase to around 270,000 – with £13.5 million in support being provided.

While we continue to work with the Government on positive reform to the WaterSure scheme, our proactive introduction of WaterSure Plus, ahead of reform changes, has already seen over 200 customers benefitting from a capped water bill who would not normally be eligible to access the current WaterSure scheme.

A positive assessment of our approach to customers in debt

As part of their two-day assessment of our approach to customers in debt, the Consumer Council for Water (CCW) identified some real positives, highlighting our proactive application of affordability support as good practice. When we identify someone who may be struggling, we don't wait for them to come to us – we reach out, offer guidance, and explore every possible route to help, even when engagement is limited.

Raising affordability awareness in our communities

We have improved awareness of our industry-leading affordability schemes through our internal volunteering and community champions initiatives, providing colleagues with the opportunity to bring their enthusiasm into their local communities. Our outreach and engagement team were supported at 23 events by 15 community champions, enabling more than a thousand customer conversations around affordability. Champions are equipped to answer water efficiency, billing, Priority Services and metering queries, with clear escalation routes for more complex questions. This creates added value for customers and communities, while feeding real-life experiences back into teams to keep us empathetic and connected to the communities we serve.

Partnering to be better together

We have seen strong engagement from partners in our trusted 'better together' scheme. This offers three levels of engagement, from initial outreach through to full data-sharing agreements to identify customers most in need. We provide customers with support without an additional application, benefitting those who are least likely to engage due to barriers or lack of awareness. Our first pilots with Kidney Care UK and Cheshire West and Chester Council will help us streamline the process to achieve the best outcomes for customers, partners, and our affordability teams.

A county-based approach to support

Our county-based focus to get help to those communities who really need it is bringing huge benefits to the region. In the last 12 months, our team has engaged with 73 organisations across the North West and had meaningful conversations with MPs and local authority leaders, building awareness and strengthening partnerships.

A seamless affordability assessment process

The enhancement of our affordability assessment solution with IE Hub has now successfully concluded. The solution allows us to create a more holistic affordability assessment journey, with capability for customers to self-serve where appropriate, as well as the integration of open banking to improve the accuracy and efficiency of our customer affordability assessments and make applying for support as easy as possible for our customers.

Water without worry

Our commitment is simple: every customer deserves access to essential water services without worrying about their bills. By combining practical tools, personalised support, and a genuinely compassionate approach, we're proving that our affordability strategy is getting the right support to those customers who need it.

Delivering value for

This is creating value for customers and communities.

▶ Read more about **affordability** on page 72

How we're delivering our purpose: stronger

Key performance indicators

There are a broad range of performance indicators that help us to assess how we're delivering our purpose, working towards a stronger future. The three 'stronger' KPIs below have been selected due to their importance with stakeholders, with additional 'stronger' performance metrics on page 77.

Capital programme delivery incentive (CPDi)

Measures the extent to which we have delivered our capital projects efficiently, on time, and to the required quality standard.

Target

At least 85%

Annual performance

100%

The scaling-up of our activity has not impacted its quality, with the Capital Programme Delivery Incentive (CPDI), our measure of effective, efficient and quality delivery of the capital programme, hitting 100%.

2024/25: 99.6%

2023/24: 98.0%

Status

G Met expectation/target

Key stakeholder

Investors

Relevant material themes(1)

- Customer service and operational performance
- Financial risk management
- Corporate governance and business conduct

Link to remuneration(2)

Bonus

Assurance

Internal audit team

Community investment

Total community investment as measured by the Business for Societal Impact (B4SI) method.

Target

Average community investment in 2026 to be at least 10% higher than the average between 2015 and 2025 of £3.57 million per annum: £3.92m

Annual performance

£3.84m

Our performance this year is very close to the target of £3.92m, and we expect to see this increase over the remainder of AMP8 with the delivery of our community SuDS programme.

2024/25: £9.80m

2023/24: £3.99m

Status

A Close to meeting expectation/target

Key stakeholder

Community

Relevant material themes(1)

- Supporting communities
- Trust, transparency and legitimacy
- Recreational land and waters

Link to remuneration(2)

n/a

Assurance

Independent third-party verification

Performance across a range of trusted investor indices

Company performance relative to water and utilities sector participants in a selection of trusted investor ESG ratings and indices.

Target

Upper quartile

Annual performance

Upper quartile

As at the year end, we maintained upper quartile performance across our selection of ESG ratings and indices.

2024/25: Upper quartile

2023/24: Upper quartile

Status

G Met expectation/target

Key stakeholder

Investors

Relevant material issues(1)

- Trust, transparency and legitimacy
- Corporate governance and business conduct
- Political and regulatory environment

Link to remuneration(2)

n/a

Assurance

Independent third-party verification

(1) Read more about our materiality assessment on pages 22 to 23.

(2) Read our remuneration report, with details about the bonus and Long Term Plan (LTP), in our integrated annual report.

Status key

Performance against target: G Met expectation/target | A Close to meeting expectation/target | R Behind expectation/target

Stakeholder key: Customers | Environment | Communities | Colleagues | Suppliers | Investors

Measure	2030 target	Performance 2025/26	Performance 2024/25	Performance 2023/24	Assurance[3]	Link to remuneration[2]	Key stakeholder	Status: Performance against target
Credit rating – UUW senior unsecured debt (Moody's, S&P, Fitch)[1]	Baa1, BBB+, A-	**Baa1, BBB+, A-**	A3, BBB+, A-	A3, BBB+, A-	ITV	n/a		G
Anti-bribery: percentage of identified colleagues completing required training	100%	**100%**	100%	100%	IAT	n/a		G
% of suppliers delivering 'strong' performance	95%	**76%**	n/a	n/a	IAT	n/a		G
% of suppliers signed up to responsible sourcing principles	95%	**76%**	n/a	n/a	IAT	n/a		G
% of suppliers subject to enhanced audit within contract lifecycle	10%	**2%**	n/a	n/a	IAT	n/a		G
CIPS ethics mark	Retained	**Retained**	Retained	Retained	ITV	n/a		G
Invoices paid within 60 days	At least 95%	**97.7%**	98.7%	99.6%	ITV	n/a		G
Price control deliverables (PCDs) – timing incentive	£39.5m	**On track**	New	New	RRA	LTP		G
Taxonomy aligned revenue	n/a	**93%**	87%	New	IAT	n/a		G
Taxonomy aligned and eligible revenue	n/a	**87%**	93%	New	IAT	n/a		G

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

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

(3) ITV = Independent third-party verification. RRA = Regulatory reporting assurance. IAT = Internal audit team.

Spotlight on community investment and social value

We are maturing our approach to measuring and reporting how we deliver our strategic priority to 'contribute to our communities'. This means, as we progress through AMP8, we will increasingly look to measure and report the social value we create, as well as the community investment figure that we have reported for many years.

We have developed a medium-term target to reflect this impact of our plan, first focusing on the social value delivered through our recruitment activities. The target is to create £10 million of social value between FY26 and FY28, and is linked to executive remuneration. This is calculated through a robust external methodology, 'National TOMs' (themes, outcomes and measures), then verified by a third party.

Alongside this, we're looking to quantify the social value delivered through our supply chain, working with our partners to gather and mature the necessary data.

For 2025/26, our target for community investment has been rolled forward from AMP7 while we develop our broader approach. As we have done so for many years, we will calculate the total value of our community investment, adopting the B4SI methodology, which includes assurance of our approach.

This year, our community investment figure is £3.84 million, and we expect this level of investment to continue to grow in line with the growth of our capital delivery.

▶ Read more about **the activities we have invested** in on page 79

How we're delivering our purpose: stronger

Creating value for

- Customers
- Communities
- Suppliers
- Investors

Efficient and effective capital delivery

With AMP8 representing the largest investment in our water infrastructure in generations, it is critical that we continue to deliver projects efficiently, at a high quality and on time. With the ramp up in investment this year, we're pleased that performance against the Capital Programme Delivery Incentive (CPDi) has remained high, this year hitting 100%.

The scale of the programme means that we are thinking differently about delivery, matching the right project with the right partner. We have three main pathways to delivery: i) Our network of regional build-only partners across the five counties, quick to mobilise and complete smaller-sized projects; ii) Medium projects up to £20 million through our 18 design and build partners; and iii) Large-scale infrastructure projects over £20 million through the United Utilities Enterprise.

The Enterprise: delivering differently for AMP8

United Utilities' Enterprise is our collaborative delivery model designed to transform how major infrastructure and environmental projects are delivered during AMP8 and beyond. Bringing together eight industry-leading partners into one integrated team, the Enterprise model enables smarter, faster and more efficient delivery across some of the North West's most complex programmes.

This joined-up approach replaces traditional, siloed working with a single-team mindset by co-designing solutions, sharing expertise, and standardising processes to reduce delays and duplication. The focus is on delivering long-term value: improving customer outcomes, strengthening environmental protection, embedding sustainability, and reducing carbon across every project.

The Enterprise partnership includes United Utilities, Jacobs, Costain, Mott MacDonald Bentley, Murphy, C2V (a Jacobs/VolkerStevin joint venture), Kier, and MWH Treatment. Supported by a robust supply chain and aligned commercial model, the team is equipped to adopt and scale the latest innovations both within and beyond the water sector.

Over the next decade, Enterprise will deliver more than £2 billion of investment across wastewater, bioresources, and water services. Projects are underway in Partington, Lancaster, Southport, Askam-in-Furness, Dukinfield, Crewe, Brampton and Warrington, alongside major programmes across Cumbria, Greater Manchester, Merseyside, Lancashire and Wigan.

With AMP8 representing a huge investment in wastewater, the Enterprise plays a vital role in ensuring projects are delivered efficiently, safely, and sustainably. By working as one team, we are delivering differently for the North West: faster, smarter, and with lasting benefits for customers, communities, and the environment.

Project Blueprint: standardising designs for multiple benefit

Project Blueprint is our award-winning asset standardisation programme, driving efficiency throughout our programme. The Blueprint methodology identifies and prioritises opportunities to implement standard designs, which can be used across multiple projects/solutions. This approach helps deliver efficiencies in the design phase of projects and ensures United Utilities can secure critical goods and components through advanced ordering commitments. We are seeing lower costs and reduction in carbon associated with standard designs as well as efficiencies in maintenance and repair activities as our engineers can have a standardised approach.

Transforming our operations: simpler, smarter, better

During the year, we made significant progress in delivering our 'Simpler, Smarter, Better' operational transformation programme – an initiative designed to strengthen our ability to provide a reliable, high-quality service for customers, communities and the environment.

AMP8 represents the most ambitious investment programme we have ever undertaken, and 'Simpler, Smarter, Better' provides the platform to deliver it successfully. The programme is focused on simplifying how work is carried out so that we get the job done quickly and first time to a consistently high standard, supported by the smart use of technology and readily accessible data to inform decision-making. Our commitment is to drive transformation that empowers our front-line teams to continually improve operational performance.

We are designing a simpler, flexible operation that can respond to changing demands as required. The foundation of this is a high-performance culture where expectations and accountabilities are clear. Across our wastewater teams we have reshaped our operating model to meet increasing regulatory expectations and deliver a more proactive, resilient service. This has included strengthening capacity through new recruitment, improving preventive maintenance practices, and

using data more effectively to anticipate issues before they occur. These changes are contributing to a more stable network, reducing incidents and helping ensure our colleagues return home safe and well.

We have significantly enhanced our capacity and demand planning capability, enabling us to respond more quickly to changing needs and improve the deployment of operational teams. This proactive approach is supporting better sourcing of skills and the development of stronger commercial partnerships. Within bioresources, energy and fleet, we have brought more fleet maintenance in house to improve reliability and increase control over asset availability. We continue to focus on power and chemical usage across our operational sites, applying best practice and exploring innovative approaches to procurement to strengthen resilience for the future.

Our data-driven operations strategy is enhancing our ability to monitor asset performance proactively, enabling us to address issues earlier, improve response times and deliver better service outcomes. This is supported by improvements to our work management processes and tools, ensuring efficient planning and scheduling that gets the right person to the right place at the right time, with the right equipment and information. This has already been trialled, ahead of regional roll-out, with our water services teams, where we are empowering colleagues to self-select activities based on local conditions.

Maintenance excellence remains a core pillar of the programme, focused on advancing asset care through improved management of spares and parts, strengthened preventive maintenance and greater use of asset health data to intervene before failures occur.

Contributing to our communities

Having historically reported against community investment, we are maturing our capability in terms of measuring and reporting social value. This will allow us to capture, report and improve the additional social value created through our activity, not just the monetary value of the investment. In the near term, we have developed a social value long-term incentive for our executive directors to deliver against a narrow, targeted basket of measures under National TOMs (themes outcomes and measures), focused on recruitment activities. While the target itself is stretching, the £10 million target only represents a small proportion of the total social value delivered through our investments and activities. Going forwards, we are working with our supply chain to improve our capability, with the aim of reporting social value with a much broader scope.

Our community investment total for this year is £3.84 million, with a large proportion of this coming through the UU Trust Fund to support customers who are struggling with affordability. As well as this, our 'SuDS for Schools' programme continues, bringing better management of rainwater, and helping to teach local children about the water cycle, and improve their outdoor spaces. We also support local charities and partnerships, such as the Turning Tides partnership, focused on improving bathing waters along the Fylde coast.

Strengthening our supply chain

Effective supply chain management continues to be fundamental to delivering high-quality services for customers and achieving our ambition for a stronger, greener, healthier North West. This year, we have continued to strengthen our United Supply Chain (USC) programme, which underpins our supplier collaboration strategy and brings our responsible sourcing principles to life across thousands of partners who help us deliver for the region.

USC is designed to create a high-quality, resilient and values-driven supply chain through strong collaborative relationships with our partners. It establishes a framework through which suppliers can enhance their performance, embed best practice and collaborate closely with us and each other. By moving towards a truly business to business collaborative environment, we are able to build on the strengths of our partners, reduce risk and improve value for customers at the lowest sustainable cost.

76% of our suppliers are signed up to our responsible sourcing principles against a target of 95%. Alongside this, 76% of our suppliers are delivering 'strong' performance, defined as suppliers who consistently achieve above the agreed service level across all key performance indicators.

A further focus this year has been strengthening resilience and reducing risk through increased visibility across supply chains. By working closely with suppliers to understand risk exposures, whether topic-specific, such as modern slavery or climate change, or sector-specific, such as within construction or chemicals, we can target assurance activity more effectively. This may involve additional checks, site visits or supply chain mapping, but delivers significant value through earlier risk mitigation and shared learning. This year, we have delivered enhanced audits across 2% of our suppliers to mitigate these risks.

The benefits of this collaborative approach are already clear. USC supports closer working relationships, stronger alignment of strategies and improved operational standards. It enables us to deliver environmental and social value through initiatives that benefit communities, enhance biodiversity, and improve workforce health, safety and wellbeing. It also helps drive efficiency by reducing duplication, removing waste and unlocking new ideas.

Our supply chain includes a diverse mix of partners with USC ensuring we harness the full breadth of their skills, expertise and innovation. By treating the supply chain as an integral part of how we serve customers, USC is strengthening assurance, building resilience and helping secure sustainable, efficient outcomes in AMP8 and beyond.

Performance across trusted investor indices

We have participated in a range of independently assessed global ESG ratings and indices for many years to benchmark our approach against best practice and emerging sustainability challenges. Our approach to responsible business has ensured consistent upper quartile performance in selected ESG ratings.

Index/ assessment	2025/26 result	Commentary
FTSE4Good Index Series	Included	Constituent since June 2001; latest review completed December 2025
S&P's corporate sustainability assessment	65%	Reported through the assessment for more than 25 years
Sustainalytics ESG risk rating	14.0 – Low Risk	Rating received in February 2026
MSCI ESG rating	A	Rating held as of August 2025
CDP climate change	A–	Leadership level in 2025 assessment
CDP water security	A–	Leadership level in 2025 assessment
CDP supplier engagement	A	'A list' in 2025 assessment
ISS ESG Corporate ESG Rating	Prime	Prime status maintained
Corporate Knights Europe 50 Most Sustainable Corporations	Ranked	Included as of March 2026

The external perspective provided by these ESG ratings goes beyond the UK water sector and compares our performance against international water utilities, wider utilities and non-utility companies. We continue to respond to best practice and emerging ESG trends to maintain our performance in these ratings, and we are increasing our engagement with investors on ESG matters.

Striving for asset management excellence.

Case study:

Striving for asset management excellence

Asset management provides a framework and approach to oversee the lifecycle of infrastructure such as pipes and treatment works – fundamental to delivering resilient services, safeguarding the environment and securing value for customers over time.

In October 2025, we became the first water company in the UK to achieve certification to the revised ISO 55001:2024 Asset Management Standard.

We were pleased to be the first in the industry to achieve this standard and, in November 2025, Ofwat set out an ambition that all water companies should demonstrate asset management maturity by attaining the same certification in future.

A whole organisation effort

Achieving the new certification required a whole organisation effort to strengthen strategic asset management capability, improve resilience, and enhance the way we use insight and risk-based decision-making to deliver long-term value for customers and the region.

Having initially secured certification to the original standard in 2022, we made the bold strategic decision to transition directly to the new version rather than recertify against an outgoing standard. This choice reflected both our ambition and our confidence in the maturity of our asset management approach.

The new standard introduced a swathe of new requirements, as well as clarification of some pre-existing ones. In preparation, our internal audit and assurance team led a gap analysis, identifying 169 improvement actions to meet the new standard, which we grouped into activity types to implement the changes required.

The gap-closing activities involved over 100 colleagues across multiple departments, resulting in improvements to processes, documents, communications, and training. Our strategic asset management plan was also updated to reflect the improvements made and the requirements of the new standard.

The audit itself was an intensive eight-day interview of 85 colleagues and partners across 13 sites, taking in each county and each discipline to demonstrate the depth of our asset management culture.

Feedback from the audit commended our improved capability, strong leadership, and engaged people.

Strengthening our capabilities

Certification is not the end of the journey; it is a platform. It strengthens our ability to make better long-term decisions, manage risk transparently, and deliver sustainable value for our customers and the environment.

By being the first to achieve ISO 55001:2024, we have, once again, demonstrated sector leadership, reinforcing our commitment to a stronger, more resilient water system for the North West.

Delivering value for

This is creating value for customers, the environment and investors.

Our EU Taxonomy disclosure

Our corporate level EU Taxonomy disclosures show how much of our revenue, capex and opex is eligible or aligned with sustainable outcomes.

The EU Taxonomy provides a common language and framework for assessing whether an economic activity is environmentally sustainable. Its aim is to prevent greenwashing and help investors make informed sustainable investment decisions in order to direct investments to the economic activities most needed to meet the EU's climate and energy targets for 2030 and the objectives of the European Green Deal. The taxonomy sets out a list of activities, with detailed criteria that must be met in order to demonstrate alignment.

Eligible activities

Given the nature of our core activities, we are eligible for a large number of the activities set out in the taxonomy. Some activities are quite broad, while others are relatively narrow and specific. We have chosen to focus on the activities that best align with our core day-to-day services but, where other activities are met through what we do, we disclose these as well.

Water supply

Construction, extension and operation of water collection, treatment and supply systems. This core activity covers our provision of water services to customers from the point of abstraction, through treatment, and up to the point of supply.

Wastewater treatment

Urban wastewater treatment. This activity covers our provision of wastewater services to customers from the point of collection, through treatment, storm water management, and up to the point of discharge of final effluent.

Bioresources

Core activities: 'Anaerobic digestion of sewage sludge', breaking down organic matter from wastewater treatment and generating renewable energy.

Non-eligible activities

We have a small amount of non-eligible business activities, such as our retail services for customers. These are not covered within the list of activities for EU taxonomy purposes as they do not meet the specific environmental objectives of the European Green Deal, but we still undertake them through the lens of our commitment to sustainability.

Our EU Taxonomy disclosure

Assessment of alignment

Our assessment is the result of a collaborative process between the finance team and numerous other subject matter experts in the relevant functions right across the business.

The EU Taxonomy has detailed requirements and technical screening criteria that must be met to establish alignment. In order to improve the robustness, governance, and efficiency around our assessment, we utilised specialised analysis software and expert support and advice from ISS-Corporate.

This enabled us to assess and demonstrate that we met the minimum safeguards and identify where we were satisfying the criteria for making a substantial contribution, and/or doing no significant harm, for the relevant environmental objectives in relation to each eligible activity.

Mapping of financial data

We have mapped financial data to the individual activities using existing systems.

The majority of our activities sit within our regulated entity, United Utilities Water Limited (UUW), for whom we are required to report to the regulator, Ofwat, under price controls. These are closely aligned to EU Taxonomy activities – for instance, the water price controls cover the construction, extension and operation of water collection, treatment and supply systems and, therefore, form the initial basis of our financial data mapping.

Regulatory reporting guidelines differ from IFRS, so we made the relevant adjustments between regulatory and statutory accounting standards, and also adjusted to include other activities that sit outside of UUW, to arrive at IFRS reported financial data at the group level, apportioned out between EU taxonomy eligible activities and other activities not eligible under EU Taxonomy.

We then made further adjustments to reflect any differences between the definitions of the KPIs reported under EU Taxonomy and IFRS reporting definitions. The general EU Taxonomy definitions, and core differences with our IFRS-reported equivalents, are set out here.

Turnover (revenue)

Net turnover is defined by EU Taxonomy as the amounts derived from the sale of products and the provision of services after deducting sales rebates and taxes, such as VAT, that are directly linked to turnover. Turnover for EU Taxonomy purposes aligns to revenue reported under IFRS.

Capital expenditure (capex)

Capex is defined by EU Taxonomy as the total additions to tangible and intangible assets during the financial year considered before depreciation, amortisation and any re-measurements. It excludes: additions resulting from revaluations, impairments, and fair value changes. The taxonomy capex definition refers to costs that are accounted based on IAS16 'Property, plant and equipment', IAS38 'Intangible assets', IAS40 'Investment property', IAS41 'Agriculture', and IFRS16 'Leases'. We include depreciation and amortisation as opex; therefore, capex for EU Taxonomy purposes aligns to capex additions reported under IFRS.

Operating expenditure (opex)

Opex aims to capture non-capitalised costs that relate to investments in assets and processes. It is defined by EU Taxonomy as non-capitalised costs related to research and development, building renovation measures, short-term leases, maintenance and repair costs, and other direct expenditure related to the company's strategy for maintaining or improving environmental performance and resilience in respect of each activity. We have made a number of adjustments from IFRS to meet the taxonomy definition of opex.

For example, overheads are excluded, as these are not directly attributable to the activities, and we have stripped out depreciation and amortisation. Reagents such as the chemicals used in water and wastewater treatment, and the electricity used to operate assets, are also stripped out on the basis that these are direct costs of production and, therefore, must be excluded under EU Taxonomy to avoid double counting with turnover.

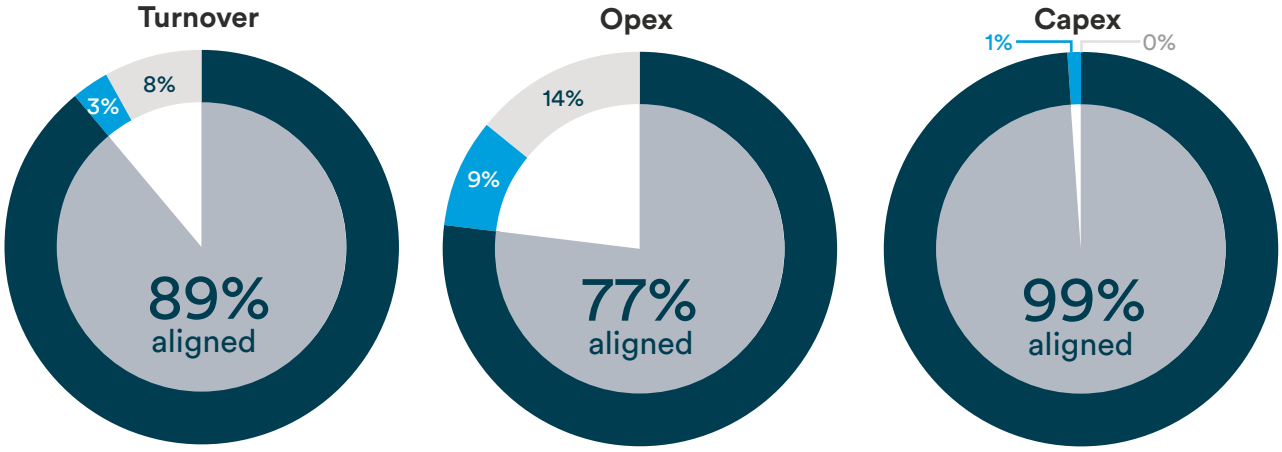
Outcome of our assessment

The overall profile of allocations continues to be driven primarily by year-on-year movements in revenue, opex and capex across the 'aligned', 'eligible', and 'not eligible' categories. In preparing this year's assessment, we have also applied updated guidance on materiality to exclude items below the 10% threshold, including SuDS, Peatland and Woodland.

Compared with the prior year, one notable development is the ability to evidence that activities relating to the anaerobic digestion of sewage sludge meet the criteria for alignment with the EU Taxonomy. As a result, turnover, opex and capex associated with these activities is now classified as 'aligned', contributing to a higher proportions falling within this category.

The proportion of 'aligned' opex has decreased marginally compared with the previous year. This reflects increased operating expenditure associated with scaling up the AMP8 capital programme, including higher staff costs. In addition, there has been an increase in the proportion of opex classified as 'not eligible'. This is primarily due to more granular treatment of a regulatory accounting to IFRS adjustment relating to the removal of bad debt. In the current year, this adjustment has been allocated across water, wastewater and bioresources, providing a more accurate reflection of its impact.

There has been a slight increase in the proportion of 'aligned' capex. This reflects the significant growth in investment across core water and wastewater activities, driven by the company's transformational AMP8 capital programme.



	Turnover		Opex		Capex	
Activities	**£m**	**%**	**£m**	**%**	**£m**	**%**
Construction, extension and operation of water collection, treatment and supply systems	1,053	40%	264	41%	596	35%
Urban wastewater treatment	1,197	46%	188	29%	1,013	59%
Anaerobic digestion of sewage sludge	82	3%	45	7%	92	5%
Total eligible and aligned under EU Taxonomy	**2,332**	**89%**	**498**	**77%**	**1,701**	**99%**
Other eligible activities	83	3%	60	9%	24	1%
Total eligible under EU Taxonomy	**2,415**	**92%**	**558**	**86%**	**1,725**	**100%**
Not eligible under EU Taxonomy	201	8%	93	14%	2	0%
Total[1]	**2,616**	**100%**	**651**	**100%**	**1,727**	**100%**

(1) The total opex differs significantly to the equivalent figure calculated under IFRS as a result of the differences in the EU taxonomy definition.

Our risk and resilience framework

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

Our approach to risk and resilience

Proactive management of uncertainties, variabilities and potential disruption enables us to deliver on our purpose to provide great water for a stronger, greener and healthier North West, and be more resilient across our corporate, financial and operational structures. A key objective of our approach to risk and resilience is to support the sustainable achievement of the strategic priorities that underpin our purpose (see page 21).

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

- anticipate threats and variability that could affect the delivery of an effective service in these challenging times;
- understand vulnerability, interrelationships and interdependencies for an integrated approach;
- apply preventative measures to limit impact, and have the capability to respond and recover when risks materialise;
- adapt to change, and absorb stresses and shocks; and
- apply enabling measures to optimise relevant opportunities.

Key components of the framework include:

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

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

- the implementation of a new enterprise-wide risk, opportunity and watching brief system with enhanced analysis and reporting functionality;
- reinforcing non-financial impact using the six capitals (areas of value – see pages 10 to 11) and consideration of stakeholders (representing the impact on trust);
- focusing on cross-business controls to improve integration;
- further development of tactical risk appetite and tolerance statements through key risk indicators; and
- improving our maturity on upside risk (opportunity management) while maintaining a primary focus on downside risk.

Roles, responsibilities and training

In line with the corporate governance code, the board has overall responsibility for establishing, maintaining and monitoring the risk management and internal control systems, with our CFO having the executive responsibility for implementing risk and resilience management on behalf of the group board. This includes the risk and resilience policy, and an established corporate risk team to develop and embed the overarching risk and resilience framework, the coordination and facilitation of which is supported by a network of risk leads and coordinators across the business. Executive members and business unit heads are then accountable for the rigorous application of the risk and resilience framework, with senior managers responsible for sponsoring the assessment and treatment of individual risks through associated controls and mitigating actions. Each control and mitigating action has a defined owner who is typically a subject matter expert with the remit to mobilise resource.

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

Beyond this shared baseline:

- awareness training is tailored for executives and board members, enabling them to interpret risk reports and dashboards, understand aggregate risk exposure, and use insights to support strategic decision-making;
- working-knowledge training is designed for risk and opportunity sponsors, with a focus on horizon scanning for new and emerging risks, understanding interconnected risk themes, and operating within an integrated control environment; and
- practitioner training encompasses working-knowledge training and also equips risk leads and coordinators with detailed system functionality knowledge, including how to record, maintain, and update risks, controls, and actions within the system.

New and emerging risks and opportunities

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

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

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

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

Regulatory change

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

The Water (Special Measures) Act is now in its second year of operation, introducing new legal and regulatory requirements, including enhanced environmental standards and increased transparency in pollution reporting. While essential to improving water quality and maintaining public confidence, these changes represent a material shift in how environmental risks are regulated and scrutinised, increasing potential reputational impact where performance falls short. We continue to closely monitor regulatory developments and engage actively as they evolve, while maintaining focus on service improvements and delivery against required targets.

Geopolitical issues

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

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

Technological innovation

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

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

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

Emerging contaminants

Emerging contaminants are chemicals or materials that are present in the water cycle which may impact the environment and/or human health. The majority are human-made, e.g. poly or perfluoroalkyl substances (PFAS), plastics, pesticides, pharmaceuticals and personal care products, however, climate change may also facilitate the increased production of natural contaminants in previously non-impacted catchments.

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

▶ Read more about **emerging contaminants and PFAS** at **unitedutilities.com/pfas**

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

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

▶ Read more about **our approach to managing risk** on pages 54 to 63 in our integrated annual report

United Utilities Group PLC
Haweswater House
Lingley Mere Business Park
Lingley Green Avenue
Great Sankey
Warrington
WA5 3LP

Telephone +44 (0)1925 237000

Stock Code: UU.
Registered in England and Wales
Registered number 6559020

United Utilities

Water for the North West