

A photograph of a young child running happily through a field of dry grass. The child is wearing a grey knit beanie, a yellow cardigan over a grey shirt, a green jacket, purple trousers, and brown boots. In the background, a person wearing a hat and a backpack is bent over, working in the field. The image is framed by large, curved, semi-transparent orange and red shapes.

Northumbrian Water Limited Sustainability Report 2026

NORTHUMBRIAN
WATER *living water*

ESSEX & SUFFOLK
WATER *living water*



ABOUT THIS REPORT

Welcome to our 2026 Sustainability Report



This Sustainability Report covers the financial year 1 April 2025 to 31 March 2026. It focuses on Northumbrian Water Limited's operations in the North East of England, where we provide water and wastewater services, and in Essex and Suffolk, where we provide water services. Unless otherwise stated, all data and examples relate to this reporting period.

The report explains how we are embedding environmental, social and governance considerations across our business and how we are delivering against the priorities that matter most to our customers and stakeholders.

It forms part of a wider reporting suite. Our Annual Report and Financial Statements provides detail on our overall business performance, strategy, governance and financial position. Our Annual Performance Report provides detailed, assured information on how we have performed against the commitments in our Business Plan, including regulatory, customer and environmental metrics.

Further information, including the publications in our reporting suite, is available on our website. Unless otherwise stated, all data and examples relate to this reporting period.



Further information and all publications in our reporting suite are available on our website.

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INTRODUCTION FROM OUR CEO

CEO foreword

Every day, millions of people rely on us for clean water, effective wastewater services and resilient infrastructure that supports homes, communities, businesses and the environment across our regions.

Providing those essential services safely, reliably and affordably is our highest priority. It is also central to our purpose: caring for the essential needs of our communities and environment, now and for generations to come. We do this by providing reliable and affordable water and wastewater services for our customers. We make a positive difference by operating efficiently and investing prudently, to maintain a sustainable and resilient business.

This Sustainability Report sets out how we are putting that purpose into action. It explains how we are embedding environmental, social and governance considerations across our business, how we are responding to the issues that matter most to our customers and stakeholders, and how we are making a positive difference for the communities and environment we serve.

We know expectations of the water sector continue to rise. Customers, communities, regulators and government rightly expect high standards of service, strong environmental performance, greater transparency and long-term investment that delivers value. That is why we are proud to be one of the most trusted companies in the sector, and why we will always work hard to maintain that trust.

For us, sustainability is not a standalone activity. It is part of how we plan, invest, operate and make decisions. It is embedded in our company Articles of Association and reflected in our vision to be the national leader in the provision of sustainable water and wastewater services, our values and our core strategy.

The year 2025/26 marked the start of a significant new phase for our business as we began the 2025–30 regulatory period. During the year, we continued to deliver strong performance in many areas, exceeding our regulatory requirements across the majority of our performance commitments.

Customers continue to place a high priority on excellent service, clear communication and reliable support when they need us. During the year, we were ranked number one for Ofwat's regulatory measure for customer service, C-MeX, reflecting industry-leading customer experience. The Consumer Council for Water (CCW) also ranked Northumbrian Water as the most trusted water and sewerage company, and Essex & Suffolk Water as the third most trusted water-only company. We also continued to support customers who need extra help, including more than 160,000 customers through affordability programmes, and remain on track to achieve our target to eradicate water poverty by 2030. Our Priority Services Register also continued to grow, reaching 14.4% of our customer base and helping us provide services targeted to customers' additional needs.

We made progress on important environmental priorities that matter deeply to our customers and

communities, including rivers, coastal waters and the wider natural environment.

Storm overflow performance improved, with average spills per overflow reducing by 32% from 26.30 to 17.70, and 33 out of 35 North East bathing waters achieving Good or Excellent status. We continued to invest in programmes that improve water quality, reduce pollution risk, enhance biodiversity and protect rivers and coastal waters for the long term.

Innovation remains central to how we deliver progress. During the year, we continued to build on nearly a decade of our Innovation Festival, which has helped generate more than 350 potential inventions across 295 innovation sprints. Across our operations, programmes such as world-leading Smart Sewers, smart river monitoring and advanced leakage detection show how data, artificial intelligence, automation and new partnerships can support better outcomes for customers and the environment. This culture of innovation was also independently recognised during the year, when we became the first water company in the world to achieve the BSI Kitemark for Innovation.

Our social impact also continues to be an important part of our sustainability story. I am proud of the contribution our people make every day, often in difficult circumstances, to provide reliable services and support the communities we serve. During the year, 86% of colleagues said Northumbrian Water Group (NWG) is a great place to work, and we were ranked 28th in the Super Large Organisations category in the UK's Best Workplaces 2026 list.

“Recognising our vital role in economic growth, we continued to contribute strongly to regional economies, with more than 60p in every £1 spent with suppliers in our operating regions. We also continued to invest in programmes that improve water quality, reduce pollution risk, enhance biodiversity and protect rivers and coastal waters for the long-term.”

In addition, 54% of colleagues took part in Just an Hour volunteering, with 3,383 activities completed, supporting causes across our operating areas. Recognising our vital role in economic growth, we also continued to contribute strongly to regional economies, with more than 60p in every £1 spent with suppliers in our operating regions.

Recent legislative and regulatory developments, including the Water (Special Measures) Act 2025 and the wider reform agenda set out in the Government's White Paper, A New Vision for Water, reinforce the importance of clear accountability, long-term planning and transparent reporting. Strong governance underpins all of this. Effective oversight, independent challenge and stakeholder engagement help us make better decisions and remain accountable for our performance. This report sits alongside our Annual Report and Annual Performance Report, which provide further detail on our performance, progress and future priorities.

We are proud of what we have delivered, but we are not complacent. We know that expectations will continue to increase, particularly around environmental performance, resilience, affordability and transparency. Where there are specific areas that require further improvement, we are focused on understanding the causes, taking action quickly and maintaining the discipline needed to deliver sustained progress.

"For us, sustainability is not a standalone activity. It is embedded in how we plan, invest, operate and make decisions."

The challenges ahead are significant, but we enter this new period from a strong position. Climate change, population growth, affordability pressures and increasing environmental standards all require long-term planning, investment and collaboration. We are ready and prepared for the next stage, supported by a clear strategy, ambitious plans, strong performance in many areas and talented people who are determined to make a difference.

As we look ahead, our focus is clear: to deliver reliable and affordable services, protect and enhance the natural environment, support customers and communities, invest in our people, and maintain a resilient and sustainable business for the long term.

I am grateful to all colleagues, partners and stakeholders who have contributed to the progress described in this report. Together, we will continue to deliver for the communities and environment we are privileged to serve.

Heidi Mottram CBE
Chief Executive Officer



Heidi Mottram, CEO



INTRODUCTION

Statement by the Independent Challenge Group for Northumbrian Water and Essex & Suffolk Water

Members of the Independent Challenge Group (ICG), previously known as the Water Forum, are drawn from a diverse background and bring a wide range of expertise to our work, which is to review and challenge what the company plans to do and how it performs against those plans.

This Sustainability Report for 2026, which supersedes the company's Our Purpose Report of previous years, is a record of how it delivers wider economic, social and environmental value across the regions it serves; a broad range of activities, often working alongside local communities, which the regulators do not measure but the public very much value.

We welcome this report and the work it showcases, because we believe Northumbrian is ahead of its peers in the way it goes 'beyond the day job', putting people and communities first and demonstrating a strong culture of focusing on and delivering social value.

As an ICG we are clear that we want the company to do even more. By further recognising its 'soft power' and the opportunity it has to shape lives and futures across much more than the world of water, it can continue to add yet more community and consumer value.

By way of example, the company continues to lead the industry in promoting and inspiring innovation. Its Innovation Festival is now in its 10th year – this event has led to many important innovations that directly benefit water services and many of them have delivered significant wider benefits too.

The company is right to herald how last year it supported 160,000 customers struggling to pay their water bills. That said, there are increasing numbers of people who struggle with the affordability of their water bills and this number is rising. We will therefore challenge the company to help even more customers so that it can meet its ambition of eradicating water poverty in the areas it serves.

We welcome the success in improving river water quality and bathing waters – the recreational value of the water environment is a critical contributor to the social fabric of communities and to the sustainability of the wildlife that calls those environments home. We recognise that there are improvements to be made in preventing pollution incidents and that the EPA judgements remain a challenge.

We recognise that catchment partnerships are still in development and note that with the right support they offer significant opportunities to deliver greater value. We look forward to seeing more evidence of their impact next year.

The company spends a lot of money running its water services and is investing record levels in improving the environment and services over the next five years. It is neither easy nor always possible to locally procure all the elements needed for this scale of delivery. We therefore applaud that Northumbrian has spent 60 pence of every pound in the very regions it serves – a notable achievement that has broad economic value to those regions. As the level of capital spend grows in the years to come, we challenge the company to maintain and improve this performance.

Over 54% of staff give a minimum of an hour of their time to volunteering in their local communities and even internationally, working with Water Aid. This valuable work says so much about the culture and the commitment of the company to make a difference to people's lives.

Once you delve deeper into the water industry, you realise the scale of the operation that delivers fresh clean water and removes unwanted wastewater from our homes, community premises and businesses. And there is more to come, with a significant expectation on the entire industry to deliver service and environmental improvements through ground-breaking levels of investment in the coming five years. Whilst focusing on this substantial challenge, we hope the values that drive Northumbrian Water, which are abundantly clear throughout this report, remain strong. We will independently challenge and encourage the team to keep sight of the bigger picture and to remain committed to delivering positive social value.

Robert Light

Chair, Independent Challenge Group



Robert Light



INTRODUCTION

Who we are

Northumbrian Water Limited provides essential water and wastewater services across two distinct regions.

1



In the **North East of England**, where we trade as Northumbrian Water, we provide both water and wastewater services to homes, businesses and communities across urban, rural and coastal areas.

2



In **Essex and Suffolk**, where we trade as Essex & Suffolk Water, we provide water services only, serving customers in one of the driest parts of the UK.

Every day, we supply around **1.1 billion litres of water** and operate extensive infrastructure, including treatment works, pumping stations, reservoirs, water mains and sewers. These services support public health, enable economic activity and help protect the environment.

WE EMPLOY:

4,200 people

WE OPERATE AND MAINTAIN:

50 water treatment works

385 water pumping stations

304 water service reservoirs

26,366km
of water mains

412 sewage treatment works

966 sewage pumping stations

30,237km
of sewers



INTRODUCTION

OUR PURPOSE

Caring for the essential needs of our communities and environment, now and for generations to come.
We do this by providing reliable and affordable water and wastewater services for our customers.
We make a positive difference by operating efficiently and investing prudently,
to maintain a sustainable and resilient business.

OUR VISION

Our vision is to be the national leader in the provision of sustainable water and wastewater services.

OUR STRATEGIC THEMES



CUSTOMER



ENVIRONMENT



COMPETITIVENESS



PEOPLE



COMMUNITIES

OUR VALUES



CUSTOMER FOCUSED



RESULTS DRIVEN



ETHICAL



INNOVATIVE



ONE TEAM

OUR REPUTATION





INTRODUCTION

How our services work

Our business model reflects the essential services we provide every day and the way water moves through our system.

We collect water from the environment, including reservoirs, rivers and underground sources, and manage these resources carefully to balance the needs of customers, communities and the natural environment.

We treat water to high standards before supplying it through our network of water mains, pumping stations and service reservoirs to homes and businesses across our operating areas.

In the North East, we also collect wastewater and rainwater through our sewerage network and move it to wastewater treatment works. There, wastewater is treated to meet environmental standards before recycled water is safely returned to rivers, estuaries and coastal waters.

Wastewater treatment also allows us to recover resources, including renewable biogas from treated sludge. Remaining treated biosolids are managed in line with regulatory requirements and, where appropriate, recycled for agricultural use. Across this system, we are increasingly using artificial intelligence, data and automation to help monitor performance, predict risks and operate our networks more efficiently.

Across this system, we are increasingly using artificial intelligence, data and automation to help monitor performance, predict risks and operate our networks more efficiently. We recognise that digital technologies, including AI, have their own environmental impacts, including water and energy use. Our approach is therefore guided by core principles for the sustainable, secure and ethical use of AI, so that technology is used responsibly and where it can create positive value for customers, communities and the environment.

- ① ② ③ Northumbrian Water
Essex & Suffolk Water
- ④ ⑤ ⑥ Northumbrian Water
- ✦ Artificial Intelligence



1

COLLECT
WATER

2

TREAT
WATER

3

SUPPLY WATER
TO HOMES AND
BUSINESSES

4

COLLECT AND TREAT
WASTEWATER

5

RETURN
RECYCLED
WATER

6

RECYCLE
BIOSOLIDS



INTRODUCTION

Resources, relationships and long-term value

Delivering essential water and wastewater services sustainably depends on how we manage the resources, relationships and capabilities that underpin our business.

Our people operate and maintain complex systems every day, often in challenging conditions. Our assets, from reservoirs, treatment works and pumping stations to underground networks, require ongoing investment to maintain resilience, improve performance and meet increasing expectations.

We operate and maintain our infrastructure within wider natural systems, including rivers, reservoirs, catchments, coastal waters and land. Protecting and enhancing these resources is a shared responsibility, and our role is to manage our activities carefully, work in partnership and invest in improvements that support resilient services, healthy ecosystems and sustainable water supplies.

Long-term investment enables us to maintain and improve critical assets, respond to climate change and population growth, and deliver improvements for customers and the environment while maintaining a focus on affordability and value.

Equally important are the relationships that help us deliver. We work with customers, communities, colleagues, suppliers, partners, regulators and wider stakeholders to understand priorities, respond to shared challenges and improve outcomes.

Technology, data and innovation are increasingly central to how we operate. From smart networks and real-time monitoring to data analytics, artificial intelligence and low-disruption repair techniques, these capabilities help us identify risks earlier, make better decisions, improve performance and target investment where it can have the greatest impact.

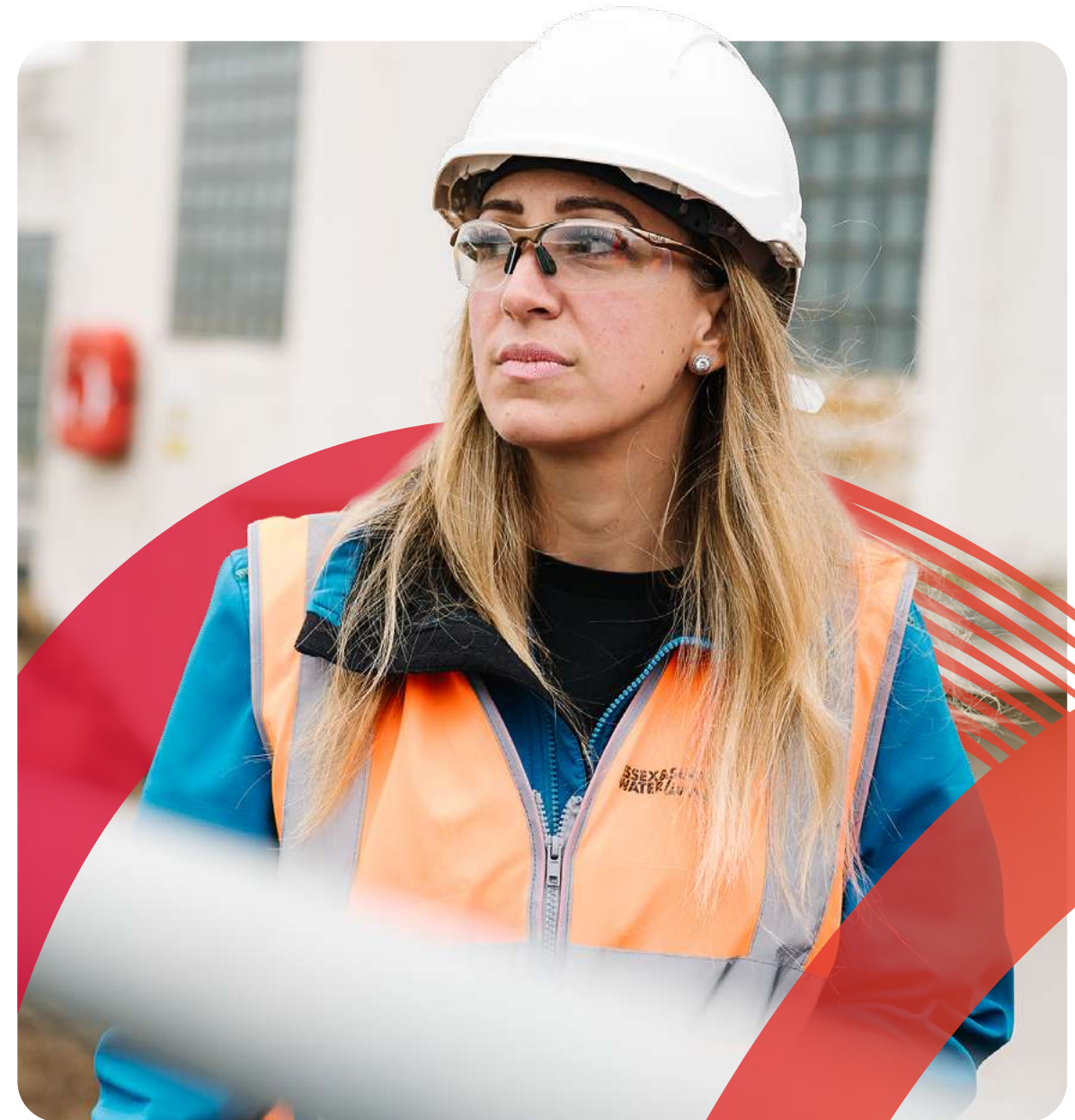
CREATING LONG-TERM VALUE

Through this integrated approach, we create value in multiple ways:

- Delivering reliable, high-quality and affordable services for customers.
- Protecting, restoring and regenerating the natural environment.
- Supporting customers, communities and regional economies.
- Investing in our people, assets, technology and partnerships.
- Maintaining a resilient and sustainable business for the long-term.

As an infrastructure provider, we continue to invest in our assets, strengthen resilience and respond to evolving expectations from customers, regulators and wider stakeholders.

The rest of this report considers this value through an environmental, social and governance lens, showing how our strategy is being delivered in practice.



INTRODUCTION

Our sustainability approach

Our strategy is built around five strategic themes that reflect what matters most to our customers, communities and stakeholders: **Customer, Environment, Communities, People and Competitiveness.**

These themes guide how we operate, how we invest and how we measure success. They also provide the link between our business strategy and the structure of this Sustainability Report.

Sustainability is grounded in our purpose and strategic themes. We embed environmental, social and governance considerations across our strategy, operations and decision-making, so sustainability is not treated as a standalone activity, but as part of how we deliver for customers, communities and the environment.

**CUSTOMER**

Delivering excellent service, building trust and making sure our services are affordable and accessible for all.

**ENVIRONMENT**

Protecting and enhancing the natural environment and improving water quality.

**COMMUNITIES**

Supporting the communities we serve and creating social value.

**PEOPLE**

Creating a safe, inclusive and high-performing workplace.

**COMPETITIVENESS**

Driving efficiency, innovation and investment to deliver long-term value.



INTRODUCTION

Our sustainability approach (cont)



This report is structured around **three core** areas:



ENVIRONMENT

Reflecting our **Environment** theme, this section covers water quality and quantity, biodiversity, climate action, resource use and our wider work to restore and regenerate the natural environment.



SOCIAL

Bringing together our **Customer, Communities and People** themes, this section covers how we support customers, contribute to communities and create a safe, inclusive and high-performing workplace.



GOVERNANCE

Covering how the business is directed and managed, this section includes our governance framework, stakeholder engagement and our **Competitiveness** theme, which focuses on innovation, investment and efficiency.

INTRODUCTION

2025/26 performance

The following highlights provide a snapshot of performance across Environment, Social and Governance.



ENVIRONMENT

- 33 out of 35 North East bathing waters achieved Good or Excellent status, supporting safe, enjoyable coastal spaces for communities and visitors, and keeping us on track towards our ambition for all coastal bathing waters to reach this standard by 2030.
- Storm overflow performance improved, with average spills per overflow reducing to 17.70, helping protect rivers and coastal waters that communities value for recreation, wildlife and local pride.
- Continued investment in pollution reduction, using innovation, monitoring and targeted resilience improvements to detect and prevent issues earlier across our wastewater network.
- Leakage reduced to 168.1 MLD (three-year average), down from 172.30 MLD the previous year, helping protect water supplies for customers and communities, particularly during periods of dry weather and rising demand.
- 256.9km of improvements to rivers, coasts and other waterside environments delivered through Bluespaces to date, supporting biodiversity, access to nature and local communities.
- Greenhouse gas emissions performance was mixed, with Water emissions below target at 109,771 tonnes and Wastewater emissions above target at 91,357 tonnes.



SOCIAL

- Number one ranking for C-MeX, reflecting industry-leading customer experience and strong service for customers when they need us.
- Internal sewer flooding incidents reduced by 34%, helping protect customers, homes and communities from the disruption and distress caused when wastewater enters a property, supported by more proactive monitoring and early intervention across the sewer network.
- Supported more than 160,000 customers through affordability programmes, helping reduce financial pressure and keep essential services accessible.
- Strong colleague engagement, with 86% of employees saying NWG is a great place to work, supporting a stable and motivated workforce to deliver for customers.
- 3,383 Just an Hour employee volunteering activities completed – up 24% on the previous year – supporting charities, community groups and local causes across our regions.
- Gender pay gap reduced from 11.3% to 9.9%, reflecting our continued focus on improving opportunities for women across our business and the wider sector.
- Over 60p in every £1 spent locally, supporting communities, regional economies, local jobs and suppliers.



GOVERNANCE

- Northumbrian Water ranked as the most trusted Water and Sewerage Company in CCW's Water Matters survey, while Essex & Suffolk Water ranked third among Water-only Companies.
- Continued to strengthen competitiveness through innovation, progressing ideas that improve efficiency, resilience and environmental performance, with our Innovation Festival having generated more than 350 potential inventions across 295 sprints since launch.
- Continued to hold investment grade credit ratings, supporting our ability to finance long-term investment in resilient services for customers, communities and the environment.
- Maintained strong governance, engagement and assurance processes, with Board and committee oversight supported by our Independent Challenge Group (previously known as the Water Forum), stakeholder engagement through our Drainage and Wastewater Management Plan (DWMP), and robust controls over reporting and performance.

INTRODUCTION

2025/2026 performance (cont)

PERFORMANCE OVERVIEW

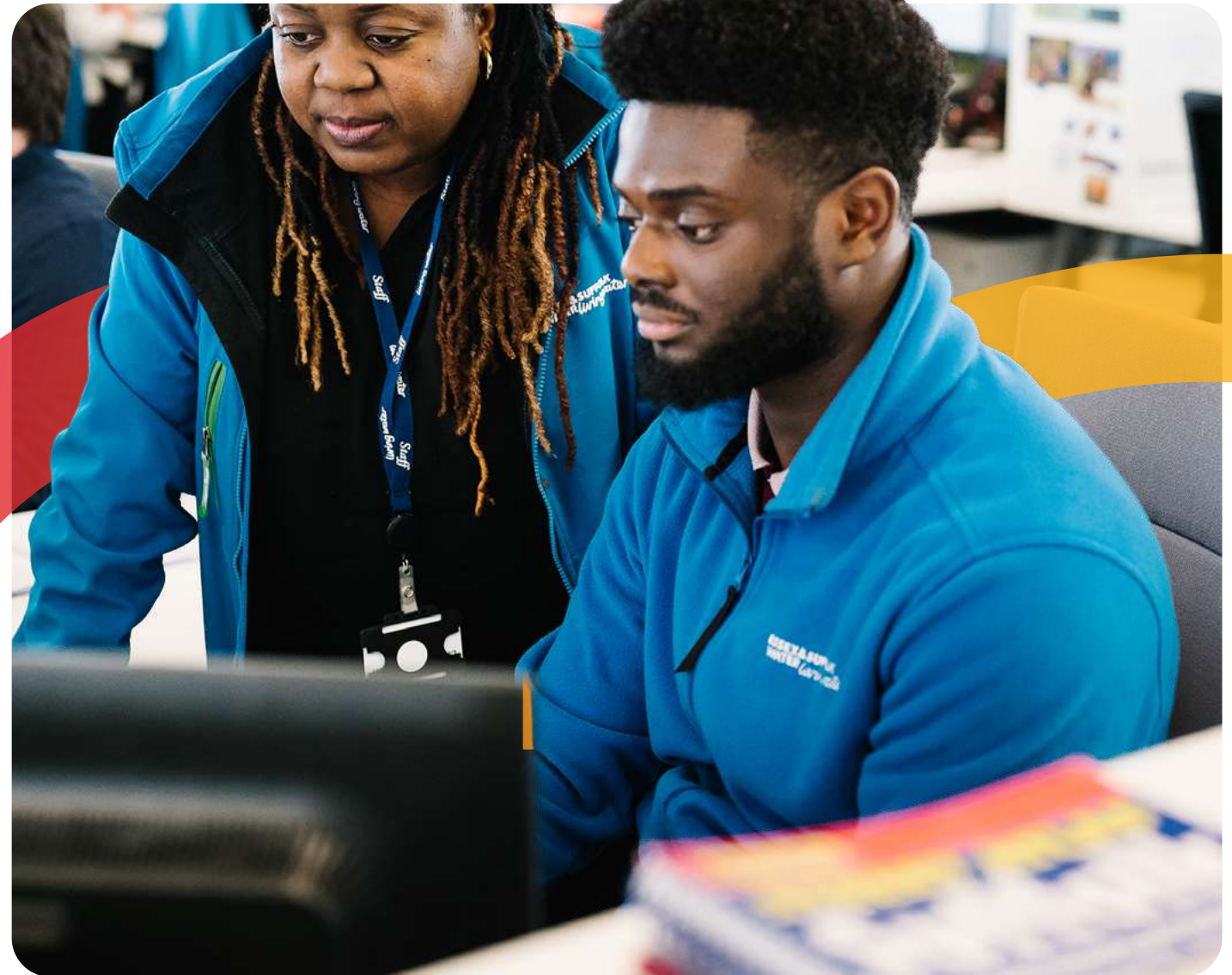
We track a focused set of key measures across the areas that matter most to our customers, communities and stakeholders.

Some of these measures are also reported in more detail in our Annual Performance Report, which sets out performance against our full range of regulatory commitments, and in our Annual Report and Financial Statements.

The sections that follow provide a wider view of our progress, with further data, examples and stories about the work we are doing for customers, communities, the environment and our people.



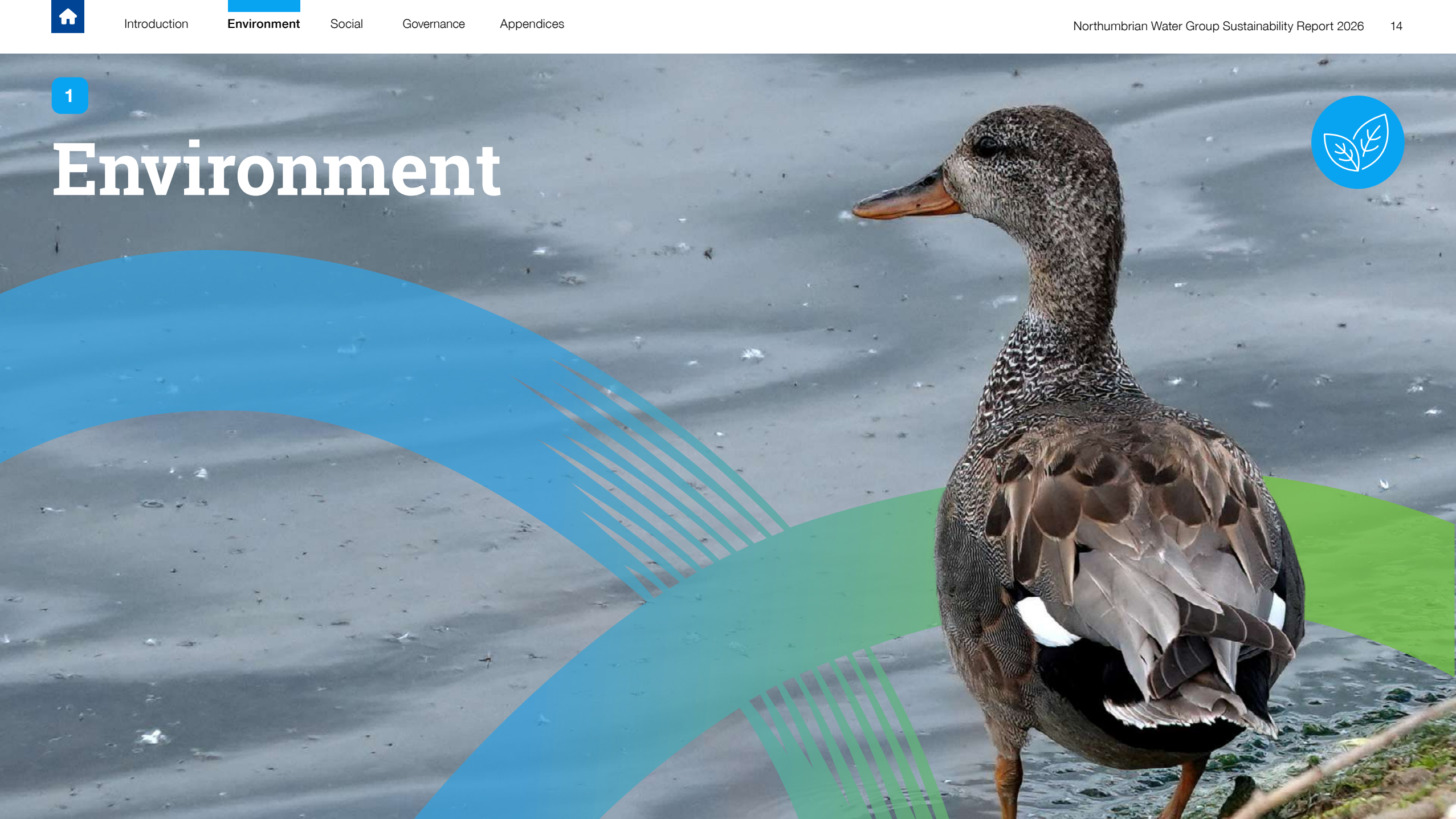
View the key performance data and measures that underpin this Sustainability Report in the appendix.





1

Environment





ENVIRONMENT

Environment introduction

The water environment is at the heart of everything we do as a business. We take water from the environment and, after treating it to a high standard, deliver it to our customers. In our North East region, we are also responsible for taking wastewater away, treating it carefully and safely returning it to the environment.

The rivers, coasts and wider natural environment we rely on face growing pressures from climate change, population growth, land use, agricultural and urban run-off, and the demands placed on water and wastewater services. We have made progress, including maintaining strong bathing water quality and reducing storm overflow use, but we know there is more to do. This includes reducing pollution incidents, improving water efficiency and addressing the impact our own activities can have on the environment.

Protecting and improving these environments is therefore not just an ambition, but part of our responsibility as a water and wastewater company, alongside the roles played by regulators, local authorities, landowners, communities and environmental partners.

This work directly supports our Environment strategic theme, which focuses on protecting and enhancing the natural environment while delivering sustainable services for customers.

OUR ENVIRONMENTAL AMBITION

“Together, we are restoring and regenerating our natural environment, creating a better place through our actions.”

This ambition reflects the central role we play in managing water responsibly, improving environmental outcomes and working in partnership to deliver lasting change.

“Our Environment Strategy, Restore and Regenerate, sets out our long-term ambition.”

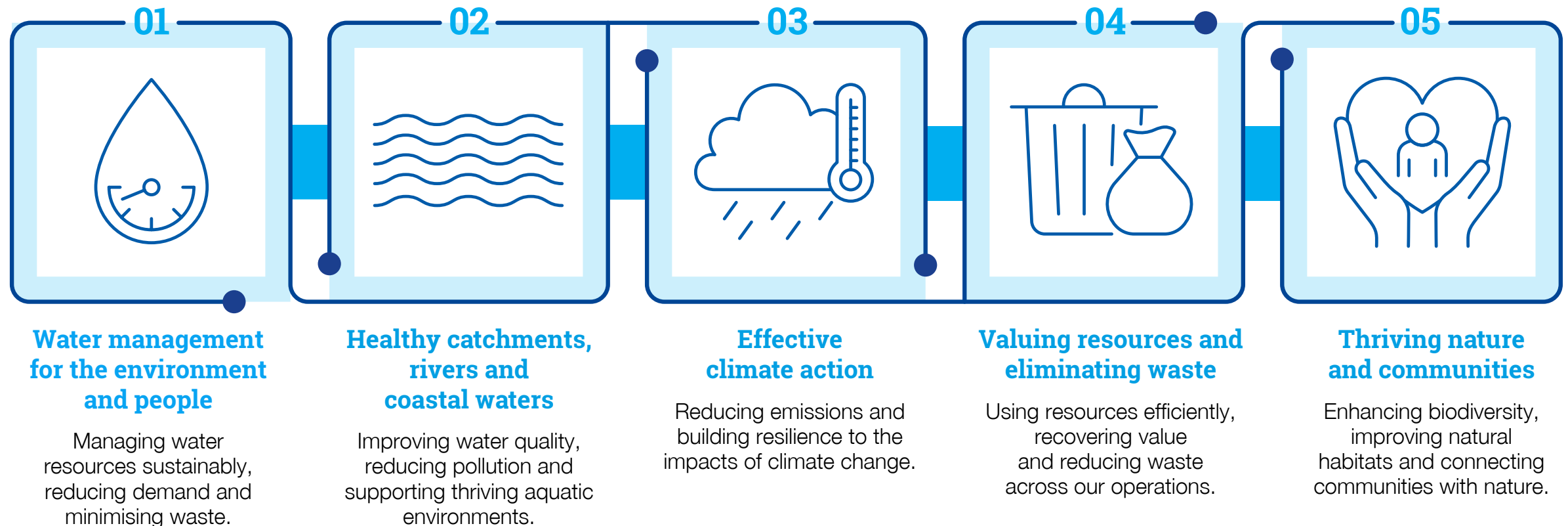


ENVIRONMENT

OUR ENVIRONMENTAL PRIORITIES

To deliver this ambition, we have identified **five Environmental Priorities**. These priorities provide a clear framework for our activities and commitments and are used to structure this section of the report.

Each of these priorities is supported by a set of focus areas and commitments, which are outlined in our Environment Strategy.





ENVIRONMENT

Water management for the environment and people

Fresh water is a precious resource and one that must not be taken for granted. We must balance protecting and improving the natural environment with delivering reliable and resilient water supplies for customers and businesses, now and in the future.

Reliable water supplies support homes, schools, hospitals, businesses and local economies every day, while sustainable water management helps protect the rivers, reservoirs and habitats that our communities depend on and value. Managing water carefully also helps reduce the need for more costly interventions in the future, supporting long-term affordability for customers.

This challenge is increasing as climate change, population growth and environmental pressures reduce the amount of water available. At the same time, we must continue to provide affordable services for customers.

Our Water Resources Management Plan (WRMP) sets out how we will maintain resilient supplies and continue to deliver clean, clear drinking water in the future, even in the most severe drought. We need to balance future water demand against sustainable supply, identifying the best long-term solutions to meet future challenges.

OUR APPROACH

We take a long-term and collaborative approach to water resource management, combining demand reduction, leakage reduction and strategic planning to ensure water is managed sustainably.

Reducing leakage helps protect water that has already been abstracted, treated and put into supply, while supporting resilience during periods of dry weather and high demand. Helping customers use water more efficiently can also reduce pressure on household bills, particularly where customers are on a meter, and supports wider efforts to protect water resources for future generations.

Alongside delivery of our statutory WRMP, we work collaboratively through regional water resources planning groups to help shape resilient and sustainable supplies beyond our own boundaries.

We are a core member of Water Resources North (WReN) and Water Resources East (WRE), working with neighbouring water companies, regulators and other sectors to support joined-up, multi-sector planning and identify strategic long-term solutions for future water needs. This wider planning helps ensure that future decisions take account of the needs of customers, communities, businesses, agriculture, energy, the environment and other sectors that rely on water.

PERFORMANCE IN 2025/26

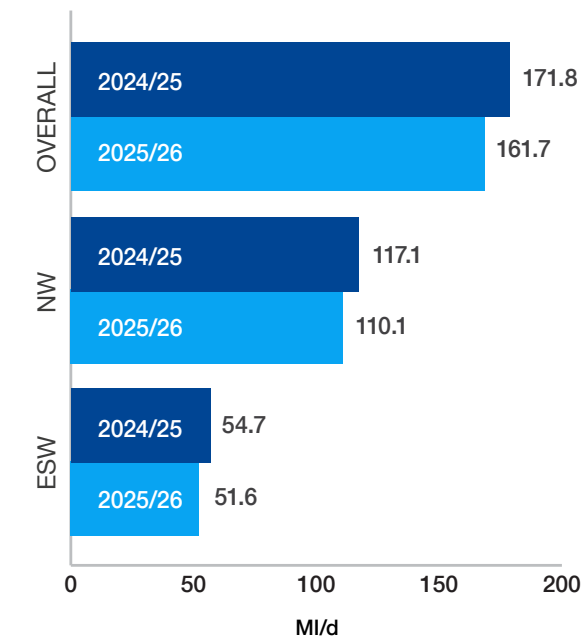
During 2025/26, we continued to deliver **strong leakage performance**, reducing overall leakage and supporting more efficient water use, while recognising that reducing customer water consumption remains a long-term challenge.

On a three-year average basis, overall leakage reduced to 168.1 megalitres per day (ML/d), improving from 172.30 ML/d in 2024/25. On an annual basis, leakage also reduced in both regions, falling to 110.1 ML/d in the North East and 51.6 ML/d in Essex and Suffolk, representing 6% and 5.7% of total production respectively. This is strong performance in a wider context: around a fifth of water supplied in England is lost through leakage, while broader European comparisons often report average non-revenue water at around a quarter of supply. Against that backdrop, Essex and Suffolk Water's leakage performance is among the strongest in the sector and comparable with leading international performance.

Performance was impacted by prolonged dry weather during spring and summer, followed by a significant freeze-thaw event in January 2026 which temporarily increased leakage across both regions. Leakage improvements were supported by pressure management, enhanced leakage detection, contractor expansion and the continued rollout of innovative technologies including satellite detection and fixed network logging (permanent monitoring devices that help identify leaks and changes in network performance more quickly).

We also continued to deliver household **water efficiency programmes** aimed at reducing consumption and helping customers use water more efficiently. This included our home water and energy saving retrofit programme, through which **3,434 home visits delivered** estimated savings of 0.23 ML/d, alongside our targeted leaking toilet repair programme, which **repaired 1,167** toilets, delivering estimated savings of 0.25 ML/d.

Leakage reduction comparison graph (annual)



ENVIRONMENT

In addition, we expanded support for customers with supply pipe leaks through our customer-side leakage initiatives. During the year, we **supported 5,668 customers with private supply leaks**, helping to save an estimated 20.5 Ml of water and providing advice to support longer-term behavioural change and pipework resilience.

Household water use remained above target during the year. **Per Capita Consumption (PCC)**, which measures average daily household water use per person, was **153.0 litres** (three-year average), compared with a target of 148.9. This was influenced by exceptionally warm and dry weather during spring and summer 2025, which increased demand, as well as contractor issues affecting delivery of some household water efficiency activity and lower than expected voluntary uptake of water efficiency interventions among customers. Reducing everyday water use is a shared challenge. Small changes made by customers, supported by practical advice, metering, data and targeted water efficiency programmes, can make a meaningful difference when multiplied across the millions of people we serve.

We also launched our **Business Demand Reduction Strategy**, introducing targeted interventions and pilot schemes to reduce non-household water use. This included retrofit programmes with major customers, including a supermarket chain, alongside a business water-saving fund delivering 9,462 litres per day of savings.

Working with businesses to reduce water use supports resilience beyond household demand. It helps businesses manage operating costs, supports regional growth and reduces pressure on shared water resources, particularly in areas facing

greater climate and population pressures.

LOOKING AHEAD

We will continue to deliver our Water Resources Management Plan by reducing leakage, helping customers use water more efficiently and progressing future supply options that maintain resilient services while protecting the environment.

In 2026/27, better data and smart technology will help us target demand reduction activity where it can make the biggest difference. This includes using smart meter data to identify customer-side leaks more quickly, support higher-use households and encourage everyday water-saving habits.

We will also continue to deliver our Business Demand Reduction Strategy, progress work to reduce reliance on environmentally sensitive water sources, and develop major supply schemes including the Suffolk Strategic Network, Lowestoft Reuse, Caister Reuse and North Suffolk Reservoir.

Alongside this, we will continue to update our Drought Plan and develop WRMP29, setting out how we will maintain resilient supplies over the longer term.

We will also continue to work with businesses in high-growth sectors, including data centres, to support responsible water use and help ensure new development is planned in a way that is viable, resilient and sustainable, particularly in water-stressed regions.

20.5 Ml is 8.2 Olympic-sized swimming pools.



CASE STUDY

Spotting hidden leaks from space

Imagine finding a hidden leak from space, using AI to pinpoint where it is most likely to be, and then repairing it without the disruption of traditional excavation. By combining satellite detection, artificial intelligence and No Dig® repair technology, we are finding hidden leaks faster, protecting water supplies and reducing disruption for customers, communities and road users.

CHALLENGE

Finding leaks can be complex. Many are hidden underground and may not be visible at the surface, meaning traditional detection methods can take time and require significant investigation before repairs can be made. Repairing leaks can also be disruptive for customers and communities when roads or pavements need to be excavated.

ACTION

To help find and fix leaks more quickly, we have continued to work with Gateshead-based Origin Tech, using its Origin Find and Fix® approach in our Northumbrian Water region.

The technology brings together satellite-enabled leak detection, artificial intelligence and No Dig® repair techniques into a single workflow. Origin Orbit™ uses satellite data and AI analysis to identify subtle changes in ground conditions, such as soil moisture, movement or vegetation, which may indicate an underground leak before it becomes visible.

Once a potential leak is identified, field teams can investigate further. Where appropriate, repairs can then be completed using Origin's No Dig® technology, which injects a gel-like solution into pipework to seal cracks or holes without traditional excavation.

This approach complements our existing leakage detection and repair activity, helping teams target work more effectively, reduce digging and complete repairs with less disruption for customers and communities. By narrowing search areas, it also helps protect water supplies and minimise the impact on roads, pavements and local communities.

IMPACT

The use of Origin Find and Fix® is helping us move towards a faster, more targeted and less disruptive approach to leakage reduction.

It is supporting customers and communities by helping to protect water resources, reduce the likelihood of leaks developing into more visible or disruptive issues, and avoid unnecessary excavation where repairs can be completed using No Dig® techniques.

During 2025/26, the technology helped us:

- Avoid 643 excavations across our operating areas, reducing disruption for customers, communities and road users.
- Help reduce the amount of excavated material sent to landfill, with each avoided excavation estimated to prevent around one tonne of material from being generated.

The approach is also supporting colleagues by helping them narrow down search areas and focus their time where leaks are most likely to be found. This means leakage teams can work more efficiently, respond more quickly and reduce the amount of time spent investigating large areas of the network.





ENVIRONMENT

Healthy catchments, rivers and coastal waters

To safeguard our water systems, we must adopt a holistic perspective – from the top of a river catchment to the coastal outlet. Activities across entire catchments influence water quality, flows, ecosystem health and the resilience of the natural environment.

By promoting the recovery of nature and sustainability across catchment areas, we can protect the quality of our drinking water at its source, reducing treatment needs. Healthier ecosystems with fewer pollutants create the conditions for thriving communities of people, plants and wildlife.

This is a key priority within our Environment Strategy and reflects the central role we play in managing water responsibly and improving environmental outcomes.

OUR APPROACH

We take a catchment-based approach, recognising that the health of rivers and coastal waters is influenced by many factors and can only be improved through coordinated action across multiple partners and sectors.

We support catchment partnerships across our operating areas, working with regulators, local authorities, environmental organisations, farmers and landowners to address shared challenges and deliver improvements at scale.

This approach allows us to address the causes of pollution linked to our activities, while working with others on wider catchment pressures.

Our work spans the full water cycle. We are investing in wastewater treatment, reducing the impact of storm overflows and using data and innovation to better understand and manage our networks.

We previously reported progress through our Coasts and Rivers report, which set out our long-term pledges. These commitments are now embedded within our Environment Strategy.

OUR REPORTS



You can download our full Coasts and Rivers report using this link.



You can download our full Environment Strategy report using this link.



PERFORMANCE IN 2025/26

During 2025/26, we have continued to deliver activity and investment across a number of areas, while recognising that improving the health of rivers and coastal waters remains a long-term challenge.

We have continued to invest in our **storm overflow programme**, including the rollout of smart monitoring and network management through initiatives such as **Smart Sewers**. These approaches are helping us to better understand how our systems operate and to target interventions more effectively.

Bathing water quality remains an important area of focus. Beaches and bathing waters are an important part of life for many communities across the North East, supporting recreation, wellbeing, tourism, local businesses and people's connection with the coast. We continue to work with partners to maintain and improve standards across our regions, recognising the importance of these sites for communities, recreation and the local economy.

In 2025, bathing water quality in the North East, where we provide wastewater services, remained strong, with **33 of 35 designated bathing waters achieving Good or Excellent status**. This contributed to a reported performance score of 83.2%*, ahead of our target.

This included 24 sites rated Excellent and nine rated Good, maintaining the high level of performance seen in the previous year.

We recognise that two sites – Cullercoats and Littlehaven – have not yet reached the required standard. At Cullercoats, investigations indicate that contaminated groundwater remains a contributing factor, while at Littlehaven further monitoring and investigation work is underway to better understand and address water quality issues.

These results reflect sustained investment, monitoring and partnership working to help protect coastal waters, alongside targeted action where standards are not yet met.

USING LIVE DATA TO MANAGE THE NETWORK

We are also exploring new approaches to strengthen how we monitor and understand bathing water quality, including Healthy Skies, which is developing drone sampling and lab-in-a-box technology to support faster, more targeted insight.

During the year, we continued to support **partnership working across our catchments**, building on the integrated catchment approach developed through the North East Catchments Hub and Thriving Catchments projects as we move into AMP8. This work is also linked to our Integrated Catchment Plan commitment in our Environment Strategy.

Our support for the Catchment Based Approach (CaBA) and Catchment Partnerships includes strategic support for six partnerships across the North East, Essex and Suffolk until 2027.

ENVIRONMENT

This will help strengthen integrated catchment planning, link activity to catchment restoration priorities, and identify and deliver catchment and nature-based solutions. Working with catchment partners and landowners, these activities will help improve water quality and deliver wider benefits for nature and communities.

In 2025/26, we invested more than £150,000 to support people resources for Catchment Partnerships through four host Rivers Trusts. We also invested in catchment improvements through our Field to Tap programme. Between April 2025 and March 2026, £104,000 was invested across our northern and southern operating areas within drinking water safeguard zones, supporting 13 farms to implement a range of measures, including yard concreting, variable-rate nitrogen mapping, autosteer technology, soil sampling, a reedbed, roofing, precision mapping and watercourse fencing.

The Environment Agency's **Environmental Performance Assessment (EPA)** looks at water companies' environmental performance, including pollution incidents, discharge permit compliance, self-reporting and delivery of environmental schemes. EPA is assessed by calendar year, so the 2024/25 result reflects 2024 performance; the 2025 result will be confirmed by the Environment Agency later in 2026. In the most recently published assessment, our rating was two stars, reflecting red ratings for category three pollution incidents and discharge permit compliance. Based on current 2025 performance, including pollution performance and discharge permit compliance, which are both considered within the EPA assessment, we expect the next EPA assessment to be challenging, although the final result has not yet been concluded by the Environment Agency. We recognise this performance needs to improve and are taking action through our [Pollution Incident Reduction Plan \(PIRP\)](#), operational improvements and targeted investment across our wastewater assets.

CASE STUDY

Smart sewers

Smart Sewers is changing how we manage wastewater flows during rainfall. Instead of relying only on new infrastructure, the programme uses live data, rainfall forecasting and artificial intelligence to make better use of the pipes, pumping stations and storage already available across the network.

In Tyneside, hundreds of sensors feed data into a digital twin of the sewer network, giving teams a clearer view of current and forecast conditions. This helps us identify where pressure is likely to build and take earlier action to hold back or redirect flows, reducing the risk of storm overflow spills and sewer flooding.

For customers and communities, this means a more proactive wastewater service that can respond earlier during heavy rainfall, helping reduce the risk of sewer flooding, disruption to homes and businesses, and environmental impact on local rivers and watercourses.

The system is now integrated with our water and wastewater control system, allowing operational teams to respond more dynamically during wet weather. Early results show that Smart Sewers can make a meaningful contribution to reducing spills and improving resilience, while also helping us understand where future investment will have the greatest impact.

As the programme develops, every rainfall event provides new insight, helping us refine the model, improve responses and build a more predictive, preventative approach to managing the wastewater network.



1,049 sensors installed

42 storm overflow spills prevented during 2025/26

233,000 m³ spill volume avoided

9 future phases / catchments being assessed

In 2025, we recorded **151 wastewater pollution incidents**. When normalised by the length of our sewer network, this equated to 50.29 incidents per 10,000km of sewer served, compared with 117 incidents and 38.97 on the same basis in 2024, and against a 2025/26 performance commitment target of 27.44.

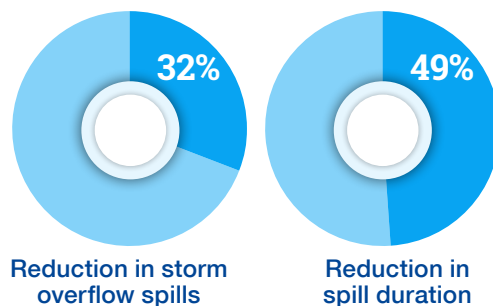
Many incidents were linked to treatment works and pumping stations, with external power interruptions during storms remaining a significant factor. This reflects the operational challenges of managing complex wastewater assets during more extreme and unpredictable weather. The increase also reflects increased Environment Agency oversight and inspection activity during 2025, particularly towards the end of the year as the sector prepared for formal methodology and reporting changes taking effect from 1 January 2026.

During the year, two wastewater pollution incidents were classified as Category 2 serious pollution incidents. Our performance for serious water and wastewater pollution incidents for 2025 was still being reviewed by the Environment Agency at time of publication. Previously, NWL has achieved an industry-leading status with zero serious water pollution (Category 1 or 2) since 2020 or a serious wastewater incident since 2021.

While we have made progress in some areas, we recognise that any pollution incident is unacceptable and that there is more to do to meet our own expectations and those of our customers and stakeholders. We are therefore targeting the main causes of incidents across our wastewater network, strengthening operational response, improving asset resilience and accelerating the use of data, monitoring and predictive tools to prevent incidents before they occur.

Our continued investment in storm overflow reduction is delivering measurable results.

ENVIRONMENT



In 2025, our **Event Duration Monitoring (EDM)** data showed a **32% reduction in storm overflow spills**, with total spills reducing from 40,792 in 2024 to 27,756 and the average number of spills per overflow falling from 26.3 to 17.70 outperforming our 2025/26 performance commitment target of 19.33.

Total spill duration also reduced by 49% from the previous year. We also continue to focus on improving the reliability and operability of our monitoring equipment, so that we can maintain transparent, accurate and timely data on storm overflow activity.

While this represents strong progress, reducing storm overflow activity further is a long-term programme that requires sustained investment, innovation and catchment-wide action. We remain committed to delivering this programme through major investment in our wastewater network, improved monitoring, innovation and partnership working to reduce pressure on the system over time.

External sewer flooding can cause significant disruption for customers and communities, so reducing incidents remains a major priority.

Fewer sewer flooding incidents means fewer customers experiencing one of the most distressing service failures, helping protect homes, gardens, businesses and day-to-day life from the impact of wastewater flooding.



CASE STUDY

Back up batteries

Back-up batteries strengthening wastewater resilience. External power failures can create immediate risks at wastewater sites, particularly during storms and severe weather. If pumping stations or treatment assets lose power, flows can build quickly, increasing the risk of pollution incidents before teams or mobile generators can reach site.

The benefit for customers and communities is a more resilient wastewater service during power disruption, with reduced risk of sewer flooding, pollution incidents and environmental impact when sites are under pressure.

The approach forms part of our wider power resilience programme, alongside mobile generators, improved alarms and targeted investment at priority sites. We are working with an innovative start-up to deploy battery technology that can provide rapid, short-duration back-up power where it is needed most. Early deployment has shown how short-duration battery power can help maintain operation during disruption, reducing pollution risk and strengthening resilience at locations where rapid response is most critical.

BACK-UP BATTERIES IN NUMBERS

3 sites prioritised for short-duration power resilience

3 Category 3 incidents (minimum) avoided

4 hours' cover to keep critical equipment running while teams respond

15 further units planned for deployment in 2026/27

During the year, performance improved further, with incidents **reducing by 11% from 2,431 to 2,160**.

Overall, we have reduced external sewer flooding by 54% since 2019/20, putting us ahead of the industry average and positioning us to become industry leading in this area. This progress reflects sustained investment, proactive maintenance and continued improvements in how we monitor, respond to and support customers.

Ofwat has also recognised our **industry-leading response times** for external sewer flooding incidents and our approach to reviewing and responding to customers, particularly those worst affected by repeat flooding.

LOOKING AHEAD

Improving the health of our catchments, rivers and coastal waters will remain a key priority over the long term. We are investing more to reduce storm overflows, improve asset performance and enhance environmental outcomes, combining traditional infrastructure improvements with smart technologies, nature-based solutions and catchment-wide partnership working.

We will also continue to build on the progress made through our sewer flooding tactical plan as we move into AMP8. This will support further improvements in both internal and external sewer flooding performance, with a particular focus on reducing the impact of flooding on customers, communities and the environment.

To support this, we are expanding targeted interventions across our wastewater network, including wider deployment of low-cost monitoring solutions. These will help us identify blockages and emerging flooding risks earlier, enabling more proactive intervention before customers or the environment are affected.

We will also build on the success of our Bin the Wipe campaign, strengthening customer engagement and targeting behaviour change to reduce wet wipes entering the sewerage system, which remain a significant cause of blockages.

Further detail on our progress will continue to be reported through this Sustainability Report.

CASE STUDY

Using AI to see river health differently

AI, remote sensing and real-time monitoring help us spot risks earlier and focus action where it can make the greatest difference.

CHALLENGE

Improving river health means understanding what is happening across whole catchments, not just at individual assets or monitoring points.

Water quality can be affected by many pressures, including rainfall, storm overflows, misconnections, land use, agricultural run-off and nutrients. These pressures change quickly, while traditional monitoring can rely on physical sampling, delayed analysis and fragmented datasets.

As more data becomes available from sensors, citizen science, satellite imagery and open sources, the challenge is turning that information into practical insight. We need to spot risks earlier, identify where action can have the greatest impact and make complex water quality data easier to use.

ACTION

Through River Deep Mountain AI, we explored how artificial intelligence, machine learning, remote sensing and open data could improve understanding of waterbody health at catchment scale.

Led by Northumbrian Water with partners from across the water sector, technology, research and environmental organisations, the project developed eight open-source models. These tested how AI could support river flow prediction, orthophosphate and E. coli estimation, pollution source tracking, hotspot mapping and event detection from continuous water quality monitoring data.

The project has completed its innovation phase. Its learning shows these approaches can support catchment management, helping teams move from fragmented data towards earlier insight and more targeted decisions.

The learning is now being taken forward through OCI³, which stands for Open Catchment Intelligence, Insights and Integration. The project was awarded £2 million through the Ofwat Innovation Fund's Water Breakthrough Challenge in 2026.

OCI³ will bring together data from water companies, regulators, citizen scientists and satellites into a free, open-source platform. This will make catchment pressures easier to see and help identify where action can have the biggest impact.

IMPACT

Through OCI³ and related internal work, selected models will be developed into practical tools, including anomaly detection, catchment risk modelling and satellite analysis. These tools will strengthen our river water quality monitoring programme and help us make better-informed decisions for rivers, communities and nature.

For customers and communities, this means better insight into local rivers, earlier identification of potential issues and more targeted action to protect the water environment. It also supports more transparent conversations with partners and stakeholders, helping everyone involved work from a shared evidence base.

River Deep Mountain AI has delivered open-source, UK-ready AI models that can be adopted and refined using local datasets. Together, the project and its next phase through OCI³ are helping turn data into action, and action into healthier rivers.



ENVIRONMENT

Effective climate action

Climate change poses one of the greatest long-term threats to the natural environment and to the sustainability of our business. Playing our part in mitigating and adapting to climate change is essential if we are to protect the environment, support society and continue delivering resilient services for customers in the future.

Our engagement with stakeholders also shows that environmental performance remains an important part of how our role is judged, including how we manage our impact for customers, communities and future generations.

As a provider of essential water and wastewater services, climate change presents both environmental and operational risks. More frequent extreme weather, changing rainfall patterns and rising temperatures can affect the availability of water resources, increase pressure on wastewater systems, and challenge the resilience of our infrastructure and supply chains.

At the same time, our operations are energy intensive and our activities generate greenhouse gas emissions through treatment processes, transport, construction and the wider supply chain. We therefore have an important role to play in supporting the transition to a lower-carbon economy.

We have committed to achieving **net zero greenhouse gas emissions across Scope 1, 2 and 3 by 2050**, reflecting both the scale of the challenge and the transformation required across our operations and value chain.

OUR APPROACH

Our approach to climate action combines building resilience to the impacts of climate change with reducing emissions.

[Our Climate Adaptation Report](#), alongside our long-term strategies and plans, sets out how we are adapting our operations and infrastructure to ensure we can continue to provide reliable and sustainable water and wastewater services in a changing climate.

Reducing emissions requires action across multiple areas of our business. We are focused on improving energy efficiency, increasing the use of renewable and low-carbon electricity, reducing process emissions, decarbonising our fleet and embedding lower-carbon thinking into investment and procurement decisions.

Achieving our net zero ambition will also require close collaboration with our supply chain, as a significant proportion of our emissions sit outside our direct operational control. We are therefore working with partners to explore lower-carbon materials, construction methods and operational practices.

Alongside mitigation activity, we continue to strengthen the resilience of our infrastructure and operations. This includes improving the ability of key sites to withstand extreme weather, strengthening backup power arrangements and considering future climate risks in long-term planning and investment decisions.



Our approach to climate action combines reducing emissions with building resilience to the impacts of climate change.

ENVIRONMENT

PERFORMANCE IN 2025/26

We continued to make progress during the year in reducing emissions and improving climate resilience across our operations.

The way we report emissions has changed for AMP8. Our **greenhouse gas performance** commitments now cover a wider scope, including emissions linked to the production of the energy and chemicals we use, and electricity is reported using grid-average emissions factors rather than reflecting renewable electricity purchased through energy contracts.

We also now report water and wastewater emissions separately, reflecting the different activities involved. Water emissions are mainly linked to abstraction, treatment and pumping, while wastewater emissions include sewage and sludge treatment, where methane and nitrous oxide can also be produced.

Reducing emissions across both areas will require continued investment in renewable energy, energy efficiency, operational improvements and lower-carbon ways of working.

For AMP8, we are reporting greenhouse gas emissions in two ways. The first shows actual emissions, calculated in line with industry best practice. The second shows performance against our greenhouse gas Outcome Delivery Incentives (ODIs) — the regulatory performance measures used to assess delivery against agreed emissions targets.

These figures are materially different because they are calculated for different purposes and using different methodologies. Actual emissions provide the most complete view of our emissions inventory, while ODI performance tracks delivery against the specific regulatory measures agreed for AMP8.

Actual performance: following best practice: Our total emissions inventory has increased significantly compared to previous years. For 2025/26, the sector, in agreement with industry regulator Ofwat, adopted an updated emissions factor for nitrous oxide (N₂O) emissions arising from the wastewater treatment process. This reflects the latest Intergovernmental Panel on Climate Change (IPCC) guidance and aligns the sector with the most up-to-date scientific evidence.

As a consequence of this change, total greenhouse gas emissions attributed to Wastewater Process Emissions increased from 30 ktCO₂e to 126 ktCO₂e, where ktCO₂e means thousand tonnes of carbon dioxide equivalent. This increase is material but does not indicate a deterioration in operational performance. Rather, it represents an improvement in methodological accuracy and transparency, providing a stronger basis for future emissions management strategies and interventions.

In addition, increased expenditure linked to the growth of our capital programme and increased demand meant that emissions arising in our supply chain also increased. This increase was further compounded by new emissions factors, which suggest that historical emissions were under-reported. Our actual emissions for 2025/26 were 270 ktCO₂e and 339 ktCO₂e for water and wastewater respectively. Of these 609 ktCO₂e, the five largest categories being Capital/Construction (35%), wastewater process emissions (21%), purchased goods and services (16%), energy (16%) and chemicals (5%).

ODI performance: Our ODI performance is calculated using a different method to our actual performance described above, so the two figures should not be compared directly. The ODI follows an industry standard method defined by Ofwat.

The emissions covered by the ODI only related cover one third of the total emission inventory set out above. In 2025/26, **greenhouse gas emissions from our water activities were 109,771 tonnes CO₂e**, compared with a target of 99,645 tonnes CO₂e. This was above target, largely reflecting the operational impact of dry weather during the summer, which increased the need to abstract and pump raw water to maintain supplies.

Greenhouse gas emissions from our **wastewater activities were 91,537 tonnes CO₂e**, compared with a target of 97,380 tonnes CO₂e, meaning we outperformed this measure. This was mainly due to lower natural gas use and increased biomethane production.

We also continued to improve the efficiency of our operations through targeted energy management initiatives and operational optimisation programmes. This included increasing renewable generation, growing biomethane exports, reducing unnecessary travel, using biodiesel in our bioresources fleet and continuing to introduce electric vehicles where possible.

“We continued to make progress during the year in reducing emissions and improving climate resilience across our operations.”



ENVIRONMENT

LOOKING AHEAD

Addressing climate change will remain one of the most significant long-term challenges facing our business. Over the coming years, we will continue to accelerate delivery of our net zero ambition, with a focus on reducing operational and supply chain emissions, expanding renewable generation and improving energy efficiency across our assets, while embedding lower-carbon design standards across our capital programme.

As part of this, we will continue to progress our fleet decarbonisation programme, including our ambition to electrify nearly a third of our light commercial vehicle fleet by 2030, and are targeting 80 new EVs being added to our fleet in the 2026/27 financial year.

We will also continue to strengthen the resilience of our infrastructure and operations, including investment in asset resilience, power security and nature-based and catchment solutions, ensuring we are prepared for the increasing physical impacts of climate change and can maintain reliable services for customers in more extreme conditions.

Further detail on our climate-related governance, risk management and disclosures can be found in the climate-related reporting section of this report and the appendix.



Climate-related reporting section.



CASE STUDY

Turning sunshine into stronger services

Using solar energy at Broken Scar to cut carbon, reduce costs and help keep essential services running for customers and communities.

CHALLENGE

Water and wastewater treatment are energy-intensive processes. They need a reliable power supply to keep essential services running, protect the environment and serve customers every day.

At the same time, we need to reduce carbon emissions, manage energy costs and strengthen the resilience of our operations as climate and energy pressures increase.

ACTION

Broken Scar solar farm has completed its first full year of operation, generating renewable energy directly for our operations.

During the year, the site produced more than six million kWh of energy and helped avoid around 1,500 tonnes of carbon emissions.

The scheme forms part of our wider ambition to significantly increase solar generation across our estate. With a target of 50MW of solar generation, we aim to take an industry-leading position in this area.

IMPACT

Broken Scar is helping us reduce emissions, cut energy costs and lower reliance on grid electricity.

Feedback from the operation of the scheme also suggests it is improving resilience at the site by reducing exposure to electricity network disruption. This helps support reliable treatment processes and the essential services customers and communities depend on.

It shows how renewable energy can do more than power our sites. It can help us deliver stronger, lower-carbon and more resilient services for the future.

15,000+
solar panels at Broken Scar

2,250 homes
equivalent powered

1,500 tonnes
carbon emissions avoided



ENVIRONMENT

Valuing resources and eliminating waste

Using resources carefully is an important part of reducing our environmental footprint and delivering efficient, affordable services for customers.

Across our operations, we use energy, chemicals, materials and other resources to treat water and wastewater, and we also manage significant volumes of by-products from our treatment processes.

OUR APPROACH

Our approach is to reduce what we use, recover value where we can, and avoid waste wherever possible. This means improving efficiency, reducing reliance on raw materials, keeping materials in productive use for longer, and turning operational by-products into sources of energy, nutrients or wider environmental value.

We have supported circular economy principles for many years through activities such as generating renewable energy from sludge, recycling biosolids to land and finding new uses for materials that would otherwise be treated as waste. We also continue to explore new technologies and partnerships that can help recover greater value from resources, reduce emissions, lower costs and support long-term operational resilience.

PERFORMANCE IN 2025/26

We continued to make progress during the year in increasing resource recovery and reducing waste across our operations.

We remain an industry leader in using wastewater sludge to generate renewable energy through **Advanced Anaerobic Digestion** (AAD). Our AAD plants at Howdon and Bran Sands process around two million cubic metres of sludge each year, generating approximately 165GWh of renewable biogas – enough to heat around **14,300 homes**. This renewable gas is used both on-site and injected into the national gas grid to maximise environmental and financial value.

The residual treated biosolids from this process continue to be repurposed to agricultural land, supporting soil health and reducing reliance on manufactured fertilisers. Before being supplied to farmers, biosolids are treated and managed in line with strict regulatory requirements to make sure they are suitable for agricultural use. Over the last three years, we have applied an average of 25,641 tonnes of biosolids to land annually. This has helped replace around 180 tonnes of nitrogen fertiliser and 500 tonnes of phosphate fertiliser each year, providing a benefit to local farmers while also reducing the energy and carbon impacts associated with producing chemical fertilisers.

We also continued our long-standing programme to repurpose grit removed during wastewater treatment. Rather than sending this material to landfill, we reuse the majority in land reclamation projects at Seal Sands, a mudflat and nature reserve situated at the mouth of the River Tees in County Durham. This approach repurposes around 36,000 tonnes of grit per year, delivering both environmental benefits and annual cost savings of approximately £1.8 million.

Alongside established initiatives, we are progressing innovative approaches to recover additional value from wastewater treatment processes. At Howdon, our ammonia recovery trial has demonstrated the potential to remove more than 95% of ammonia from Advanced Anaerobic Digestion liquor, creating opportunities to recover ammonia as a potential input for fertiliser products while reducing treatment demand and energy use. A second phase of the trial is now underway to assess the feasibility of scaling the process further.

We have also introduced food waste collections across offices and operational sites, with more than 4 tonnes collected since the rollout began in 2025. This waste is now diverted from general waste streams and sent to a waste management firm, where it is used to generate biomethane through anaerobic digestion.

LOOKING AHEAD

In 2026/27, we will continue to progress our Green Machine work at Bran Sands, which is exploring how algae can be used to remove nutrients from wastewater while creating value from waste. This is covered in more detail in our Green Machine case study on the following page, and is one example of how innovation can support more circular, lower-carbon approaches to wastewater treatment.

We will also continue to explore opportunities to recover greater value from existing treatment processes, including progressing our ammonia recovery trial at Howdon and identifying how this approach could be scaled in future.

Alongside this, we will maintain and look for ways to optimise established circular economy activities, including the repurposing of grit from wastewater treatment for use in land reclamation projects.

By embedding circular economy principles more deeply across our operations, we aim to reduce our environmental footprint while improving efficiency and delivering long-term value for customers.



CASE STUDY

Scaling up Green Machine at Bran Sands

What if algae could help cut emissions, recover value from wastewater and reduce reliance on traditional treatment processes?

That is the opportunity behind Green Machine, our innovative process at Bran Sands that uses algae to remove nutrients, capture carbon and explore new value from wastewater treatment by-products.

CHALLENGE

Advanced Anaerobic Digestion has generated renewable biogas from sewage sludge for many years, helping recover value from wastewater and reduce reliance on fossil fuels.

However, it also creates a concentrated effluent stream that needs further treatment, requiring energy, chemicals and operational cost. Carbon dioxide is also produced through biogas upgrading.

The challenge is to treat wastewater by-products more sustainably, reduce emissions and recover value from materials that would otherwise be waste.

ACTION

Green Machine uses algae to remove nutrients from concentrated effluent streams. It also uses carbon dioxide from biogas upgrading to help algae grow, reducing the release of CO₂ into the atmosphere.

The algae biomass can then be explored for further value, including conversion into sustainable fuels or other useful products.

During 2025/26, the project progressed at Bran Sands, where the process is being scaled up from earlier trials. The first full-scale algae plant is structurally complete and expected to enter commissioning in 2026, with a second plant expected to follow later in the year.

The project has continued through the patent process, with positive recent feedback, so some details remain commercially sensitive.

IMPACT

If successful at scale, Green Machine could reduce treatment costs, recover more value from wastewater, reduce carbon impacts and support better environmental outcomes.

To date, NWL has invested £9.6 million in developing and scaling the process. Once commissioned, the algae plants will test performance at larger scale and build evidence for its role in future wastewater treatment.

The project creates opportunities to explore sustainable fuels from algae biomass, including potential aviation fuel, biodiesel and biogas. We are assessing these options with third-party contractors to identify the strongest sustainable business case.

Subject to commissioning progress, we are aiming to develop the largest algae production facility of its type in Europe by September 2026.





ENVIRONMENT

Thriving nature and communities

Healthy natural habitats support wildlife, improve resilience to climate change and help protect the quality of the rivers, reservoirs, wetlands and coastal waters that our communities value. They also provide places for people to connect with nature, supporting health, wellbeing and local pride. Improving access to these places helps ensure environmental improvements are felt by communities, not just measured through habitat or biodiversity outcomes.

The UK's natural systems have been under long-term pressure from development, pollution, invasive non-native species, climate change and habitat loss. As a major landowner and provider of essential water and wastewater services, we have an important role to play in supporting nature recovery across our regions.

Our approach focuses on improving biodiversity across our own sites, working with partners to restore habitats and helping communities access and enjoy the water environment around them.

PERFORMANCE IN 2025/26

During 2025/26, we continued to deliver **biodiversity improvements** across our sites and through partnership working across our regions.

As part of the new industry-wide Biodiversity Performance Commitment introduced for AMP8, the 2025-30 regulatory period, water companies are measured on the net change in biodiversity units on nominated land, reported as biodiversity units per 100km² of company area.

Ofwat defines a biodiversity unit as a measure of an area's value to wildlife, based on factors including habitat size, habitat quality and whether the habitat is in a location of strategic significance for nature.

In 2025/26, our target under this commitment was to maintain existing biodiversity value, rather than deliver an increase. We outperformed this by improving biodiversity value across our landholdings, delivering 0.05 biodiversity units per 100km², equivalent to 10.75 biodiversity units in total. This was achieved through targeted habitat improvements across our landholdings, including converting arable land to higher-value habitat, creating species-rich grassland, planting orchards and establishing new hedgerows. These improvements support wildlife, strengthen habitat connectivity and enhance biodiversity value around operational sites, reservoirs and nearby designated areas.

To support oversight and assurance of our performance, we have established an external stakeholder group, including representatives from Local Nature Partnerships, Wildlife Trusts and Rivers Trusts.

The group reviews and approves sites for biodiversity improvements, helping ensure our activity is targeted, credible and aligned with wider nature recovery priorities.

Our **Bluespaces** partnership funding scheme also continued to support projects that improve accessible water environments for customers while delivering benefits for wildlife and water quality. These projects include habitat creation, wetland restoration and improved access to rivers and coastal environments, helping more people connect with nature while enhancing biodiversity.

During the year, partners delivered **8.8km of enhancements**, bringing the cumulative total delivered since the scheme began to **256.9km**, with a long-term ambition of **500km by 2030**.

Bluespaces has also supported wider environmental improvements, including tree planting and wetland creation across our regions, alongside community-led projects that enhance local green and blue spaces. We committed **£840k in funding during the year** to support future delivery. This means Bluespaces is not only improving habitats and water quality, but also helping people enjoy, understand and take pride in the rivers, coastlines, reservoirs and wetlands around them.



CASE STUDY

Helping one of Britain's rarest butterflies thrive

At Oakwood Reservoir in Essex, we are supporting the recovery of the heath fritillary butterfly – one of the UK's rarest butterfly species – through targeted habitat management and restoration. Working in partnership with Butterfly Conservation, Essex Wildlife Trust, Natural England and local authorities, we are using rotational coppicing and woodland management to create the warm, open habitat conditions the species needs to breed. Since work began in 2019, monitoring has recorded continued use of the site, including confirmed breeding activity, helping strengthen habitat connectivity between nearby populations and supporting wider species recovery across the region.

Alongside this, wider habitat enhancement activity continued across our sites, including pond creation, grassland management and conservation-focused land stewardship to support protected and priority species. Since 2020, our Bluespaces and Branch Out programmes have supported 164 environmental partnership projects, including habitat restoration, invasive species management and public access improvements, helping to improve water quality and ecological resilience across our regions.

ENVIRONMENT

Between 2020 and 2025, **Branch Out** supported 105 partnership projects, with over **£1 million of funding** awarded. This included the creation or enhancement of 260 hectares of priority habitat, improvements to more than 1,350km of riparian habitat through invasive non-native species management, enhancements to 100km of publicly accessible waterways, and the restoration or planting of 16 hectares of wetland and 1km of hedgerow. The programme also engaged over 335,000 members of the public, 11,200 school children and 187 community or school groups. This engagement helps people connect with their local environment and take part in practical action to improve and protect natural spaces.

Building on this delivery, Branch Out will continue through AMP8 with £3.3 million of funding to 2030. Sixteen AMP8-funded projects are already in delivery, valued at £190k, with a further pipeline in development focused on landscape-scale connectivity, invasive species control and habitat resilience.

LOOKING AHEAD

Through our Bluespaces scheme, we will support projects that improve access, biodiversity and water quality across more accessible water environments, building on the 248km improved during 2020-25 and helping us progress towards our target to enhance 500km by 2030.

We will also continue to invest through our Branch Out funds, supporting catchment improvements, biodiversity, landscape connectivity and action to tackle invasive non-native species. By March 2028, we expect to invest approximately £650,000 through these funds, helping to deliver practical improvements for nature, water and local communities.

BRANCH OUT IN NUMBERS

£1 million

of funding awarded

260

hectares of priority habitat created

335,000

members of the public engaged

11,200

school children engaged

100km

of publicly accessible waterways

105

partnership projects supported



We are making our first voluntary disclosure aligned with the Taskforce on Nature-related Financial Disclosures (TNFD), recognising the importance of healthy natural systems to the long-term resilience of our services. A summary of our approach is included in the appendix.

CASE STUDY

Restoring wetlands across the Great North Fen

Working with Durham Wildlife Trust, we are supporting wetland restoration across the Great North Fen, helping improve water management, restore habitats and create healthier natural spaces for local communities.

CHALLENGE

Wetlands and lowland fens support biodiversity, store carbon, help manage water and provide places where people can connect with nature. But historic drainage, land use change and scrub encroachment have altered water levels and reduced habitat quality.

The Great North Fen is a long-term project to restore wetland habitats across the Durham Carrs. These landscapes were once waterlogged wooded areas, but many have become drier over time. Restoring them requires evidence, partnership working and practical land management, particularly where sites sit close to the East Coast Main Line and the A1(M).

**BranchOut**[Watch the video case study here.](#)

ACTION

Through Branch Out, we awarded £63,000 to Durham Wildlife Trust to support its Great North Fen Water and Habitat Restoration Project, delivered with support from Durham University.

The project is creating foundations for wetland recovery at Ricknall Carrs and Bishop's Fen. Work has included surveys to understand soils, carbon storage, topography and water levels, alongside habitat management to re-wet land and improve conditions for wetland species.

At Ricknall Carrs, Durham University has supported the collection and propagation of locally sourced wetland plant seed from nearby remnant habitats. Around 1,000 plants are being prepared for planting back into the landscape, helping expand rare wetland plant communities.

At Bishop's Fen, scrape creation and willow removal have helped create wetter spaces for wildlife and breeding wading birds.

IMPACT

The project is helping Durham Wildlife Trust restore the Great North Fen at landscape scale. By improving evidence on water levels, soils and habitats, the work is supporting better decisions about how and where to manage water for long-term nature recovery.

For customers and communities, it supports healthier local landscapes, better access to nature and more resilient natural spaces. Restored wetlands can help reduce flood risk, lock carbon into peat soils and create homes for species such as otter, water vole, curlew and lapwing.

At publicly accessible sites such as Bishop's Fen, visitors will be able to experience wetland wildlife and see how local landscapes are recovering. Branch Out funding has helped provide the evidence and early delivery needed to build momentum for wider restoration.

“We’re restoring wetlands that would have been here for hundreds and thousands of years, giving people the opportunity to see nature on their doorstep.”

Andrew Ward, Reserves Manager,
Durham Wildlife Trust



CASE STUDY

Taking a catchment approach with Bluespaces

Improving water quality does not stop at the gates of a treatment works.

At New Moors, we are combining infrastructure investment with practical river restoration and community stewardship, helping to deliver wider benefits for water, wildlife and local people.

CHALLENGE

The Hummer Beck and River Gaunless in County Durham are valued local watercourses, but face pressures affecting water quality, habitats and public enjoyment.

These include agricultural run-off, livestock pressures, limited riverside buffers, fly tipping, invasive species and riverbank erosion. Improving their health requires action beyond our own assets, with partners, landowners and communities across the catchment.

At the same time, we invested £4.3 million to upgrade New Moors Sewage Treatment Works, improving treated water returned to the Hummer Beck.



Bluespaces

ACTION

Through Bluespaces, we provided more than £14,000 to support Wear Rivers Trust's Hummer Beck and Lower Gaunless Project, near Bishop Auckland.

The project complemented our investment at New Moors by taking a wider catchment approach. Working with local partners, Wear Rivers Trust delivered riverbank repairs, tree planting, invasive species control, litter picking, farmer engagement, education, public engagement and improved waymarking.

“An excellent project that has made substantial improvements to these waterbodies; it has engaged lots of people with the improvements and also ongoing monitoring of them.”

IMPACT

Completed in 2025, the project delivered 6.7km of improvements along the Hummer Beck and Lower Gaunless, helping enhance water quality, biodiversity, access and community connection.

A key legacy is the Gaunless Guardians, a community group continuing water quality testing, riverfly monitoring and reporting issues to NWG and the Environment Agency. This keeps local people involved in protecting the watercourses over the long term.

The project won the Salmon Award for Best Northumbrian Water Bluespaces Exemplar Project at our 2025 Bluespaces Awards.

By combining treatment works investment with partnership-led river restoration and community stewardship, the project shows how Bluespaces can deliver lasting environmental and social value beyond regulatory requirements.

2025 Bluespaces Award winner

Best Northumbrian Water Bluespaces exemplar project





2

Social



SOCIAL

Social introduction

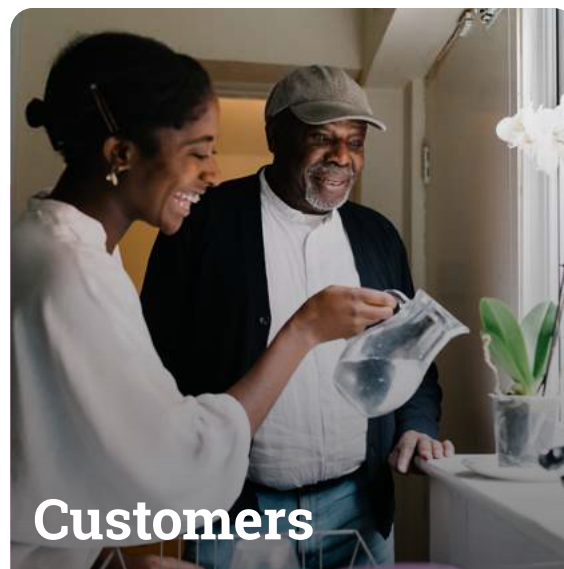
Creating positive social impact is central to how we deliver our purpose as a business. Beyond providing essential water and wastewater services, we have an important role to play in supporting the wellbeing of our customers, strengthening communities and creating an inclusive, safe and rewarding workplace for our people.

As a provider of vital public services, the decisions we make and the way we operate can have a significant impact on the lives of those we serve and work alongside. We therefore aim to create long-term social value through the services we provide, the support we offer and the relationships we build.

This work directly supports three of our strategic themes: **Customers, Communities and People**.

OUR SOCIAL PRIORITIES

Our approach to social sustainability is focused on three core areas. Together, these priorities help ensure we deliver positive outcomes for customers, communities and colleagues, while supporting the long-term sustainability of our business.



Customers

Delivering excellent service, providing inclusive and affordable support, and ensuring customers can access the services and help they need.



Communities

Supporting the places we serve through investment, partnerships, education and wider social value initiatives.



People

Creating a safe, inclusive and high-performing workplace where our colleagues can thrive and develop.

SOCIAL

Customers

Providing excellent service to customers sits at the heart of our purpose and strategy. As a provider of essential public services, we recognise the critical role we play in people's daily lives and the importance of delivering services that are reliable, accessible and represent good value for money.

We operate in a changing environment, shaped by rising customer expectations, affordability pressures and the need to deliver long-term environmental improvements. In this context, maintaining trust and delivering consistently high levels of service is more important than ever. Our focus is therefore on providing a high-quality customer experience, supporting customers fairly and inclusively, and ensuring our services remain resilient, efficient and responsive to customer needs.

During 2025/26, we ranked **first in the industry for Customer Measure of Experience (C-MeX)** Ofwat's measure of customer experience. This is the third time in six years that we have topped the C-MeX table, and we are the first company to retain first place for two consecutive years.

C-MeX combines feedback from customers who have contacted their water company with wider customer perceptions of the service they receive. Our performance reflects the continued focus of colleagues across the business on getting things right first time, communicating clearly and resolving issues quickly.

We also performed strongly across our customer experience measures for developers, business customers and retailers. We finished 4th overall for D-MeX, reflecting consistent service and strong customer satisfaction. In the first year of BR-MeX, we finished 3rd overall, supported by strong B-MeX performance, where we finished 2nd for the year and 1st in the final quarter.

We remain focused on continuous improvement, using customer insight, engagement and feedback to strengthen customer journeys, improve processes and make it easier for customers to interact with us. Broader independent customer feedback, including our first-place performance in CCW's Water Mark report, is explored further in the Governance section.

Our approach is also supported by our work under Licence Condition G, the Principles for Customer Care, which sets expectations for high standards of service and appropriate support for the full diversity of customer needs. This is reflected in our Unrivalled Customer Experience Strategy and Inclusivity Strategy, which guide how we provide accessible services, support customers fairly and continue improving through feedback and learning.

During 2025/26, we ranked first in the industry for Customer Measure of Experience (C-MeX).



SOCIAL

DRINKING WATER QUALITY (CRI)

Providing clean, safe drinking water and maintaining customer confidence in water quality remains fundamental to our purpose.

Performance is measured through the Compliance Risk Index (CRI), which assesses water quality across the source-to-tap journey, including treatment works, networks and customer taps. Lower scores indicate better performance.

In 2025/26, our **CRI performance was 3.90**.

This was a significant improvement on the previous year, but remained above our target level. Treatment works-related CRI reduced significantly, from 8.5 to 0.55, reflecting the impact of focused improvement activity. However, overall performance continued to be affected by failures identified at customer taps, where samples can reflect issues within household plumbing or property supply pipes, as well as the wider network.

During the year, we progressed operational improvements and physical upgrades at treatment works to reduce risk and strengthen resilience. This included treatment process refurbishment, filter media renewal, improved monitoring and enhanced operational controls. We also continued our hazard review process and worked with customers where sample failures were linked to internal plumbing or property supply pipes.

Climate change and changing raw water conditions continue to create challenges for drinking water treatment, including higher temperatures, heavier rainfall and periods of drought affecting rivers and reservoirs. Our long-term plans are designed to address current risks and ensure we are well placed to meet future expectations.

SUPPORTING VULNERABLE AND FINANCIALLY STRETCHED CUSTOMERS

Our inclusivity approach focuses not only on supporting customers once identified, but also on improving how we proactively identify and engage those who may benefit from additional assistance. This includes working with frontline teams, community partners and cross-sector initiatives such as **Support for All** to improve referral pathways and strengthen data sharing across sectors. We also enhanced the accessibility of our digital services during the year, achieving **WCAG 2.2 AA accreditation** for our websites. WCAG, or Web Content Accessibility Guidelines, is the recognised standard for making digital content accessible to people with disabilities and other access needs. This helps ensure our online services are accessible to customers with a wide range of needs.

Affordability remains a significant pressure for many households, and we are committed to ensuring essential water and wastewater services remain affordable for all. **In 2025/26, 11.62% of households were in water poverty**, highlighting the importance of the support we provide. Through affordability schemes and targeted support programmes, we currently support over **160,000 customers** and are continuing to expand this support in line with our ambition to eradicate water poverty by 2030.

As part of this commitment, we plan to expand affordability support from approximately £40 million to £170 million during AMP8 (2025-30), double the number of households supported through social tariffs to 300,000, and introduce a £20 million shareholder-funded hardship scheme to support those most in need.

WATER SUPPLY INTERRUPTIONS

Providing reliable water supplies and minimising disruption for customers remains one of our most important operational responsibilities.

In 2025/26, our performance on **water supply interruptions** greater than three hours was **6 minutes and 35 seconds** per customer, outperforming our target of 8 minutes and 25 seconds. This represents **another year of strong service performance** and reflects the resilience of our network and the focus we place on maintaining dependable day-to-day supplies for customers.

We achieved this through proactive maintenance, network monitoring, rapid response capability and careful operational planning. We continue to invest in the upkeep of our equipment and infrastructure, using operational insight to identify potential issues early and reduce both the likelihood and duration of interruptions. Where interruptions do occur, our priority is to restore supplies quickly and safely, using measures such as temporary water storage, network rezoning and overland supplies where appropriate. During the prolonged warm and dry weather in spring and summer 2025, active network management and careful resource planning helped us maintain reliable supplies despite increased demand.

MEETING CUSTOMERS WHERE THEY ARE

Our customer engagement vehicles — Carlton, Sandy and Flo — help us take support directly into the communities we serve. During 2025/26, our face-to-face engagement included Customer Hero events, pop-up shops and tabletop sessions across our operating areas. Customer Heroes attended 112 events, enabling more than 1,300 interactions, while Carlton and Sandy supported 405 events and welcomed 11,019 customers, with 3,926 receiving more specialist help.

These conversations help customers access practical support, including water efficiency and water quality advice, affordability support, Priority Services Register sign-ups, meter applications, leak checks and help with billing or complaints.

Feedback from a community group for people with sight loss also helped us improve how we support customers during supply interruptions, including clearer advice for customers who may not be able to check whether their water is running clear.



SOCIAL

UNPLANNED OUTAGES

While water supply interruptions measure the impact on customers, unplanned outages measure the resilience of our water treatment works. They track the amount of treatment capacity that is unexpectedly unavailable because of issues such as equipment failures, access constraints or delays in sourcing specialist parts.

In 2025/26, we achieved **1.65%** for unplanned outages, significantly outperforming our target of 3.95% and continuing our trend of year-on-year improvement.

This performance reflects our focus on maintaining treatment works effectively, responding quickly when issues arise and targeting resources where they are most needed.

During the prolonged dry weather, when demand was higher, we positioned maintenance teams at key sites to reduce the risk of outages affecting customers.

We also reduced the average size of our largest unplanned outages from 0.15% to 0.10%, helping strengthen the resilience of the assets that support reliable water supplies.

IMPROVING WASTEWATER SERVICE RESILIENCE

We have continued to deliver strong performance in this area. In 2025/26, **internal sewer flooding reduced to 0.54 incidents per 10,000 wastewater connections, a total of 72 incidents.**

This was an improvement on 1.03 in 2024/25, when there were 136 incidents, and was significantly ahead of our 2025/26 target of 1.54, equivalent to around 204 incidents. Although drier weather is likely to have contributed to performance during the year, this also reflects sustained progress in reducing the impact of flooding on customers' homes and businesses, achieved through targeted operational improvements, proactive maintenance, increased use of data and insight, early intervention through tools such as Customer Sewer Alarm monitors, and greater field resource across the wastewater network.

Alongside reducing incidents, we continue to support customers affected when issues do occur, providing clear communication and learning from every event to reduce future risk. Further detail on our wider performance, including external sewer flooding, is set out in the **Environment: Healthy catchments, rivers and coastal waters** section.



Environment: Healthy catchments, rivers and coastal waters section.

LOOKING AHEAD

We will continue to build on our strong customer service performance while evolving the support and services we provide in response to changing customer expectations and needs. This includes further improving affordability and vulnerability support, expanding proactive water efficiency and leakage initiatives, and strengthening the resilience and responsiveness of our water and wastewater services.

We will also continue to benchmark our performance externally and work with recognised independent bodies to validate and strengthen our approach. This includes progressing reaccreditation for the Institute of Customer Service's ServiceMark, maintaining our TrainingMark standard, and working towards the BSI Kitemark for Service Excellence, alongside the BSI Kitemark for Inclusive Service which we already hold.

By maintaining a strong focus on service, fairness, accessibility and continuous improvement, and by continuing to innovate in the tools and technologies we use, we aim to deliver excellent and inclusive outcomes for customers now and in the future.



CASE STUDY

Bin The Wipe

Wet wipes are a major cause of sewer blockages, which can lead to flooding, pollution and disruption for customers. In the North East, flushed wet wipes account for more than 60% of sewer blockages.

Since 2020, our Bin The Wipe campaign has encouraged customers to put wipes in the bin, not the toilet. As the ban on plastic-containing wet wipes approaches in May 2027, the campaign continues to play an important role in changing everyday behaviour.

For customers and communities, this means fewer avoidable blockages, fewer flooding incidents and less disruption, while also helping to protect local watercourses from pollution caused by sewer network issues.

To date, Bin The Wipe has reached more than 1 million households and delivered up to a **74% reduction** in wipe-related blockages. It has also helped **reduce overall blockages by 52%, internal flooding by 57% and external flooding by 60%.**

CASE STUDY

Making support easier to find and access

Growing our Priority Services Register, strengthening partnerships and using data-led support to help customers get the right help earlier.

CHALLENGE

Customers can need extra support for many reasons, including health conditions, disability, communication needs, financial difficulty or temporary life events. Some may not know that help is available, while others may find it difficult to ask for support or understand which options are right for them.

This means we need to identify needs earlier, make support easier to access and ensure colleagues can respond with empathy and confidence. It also means working with trusted partners who can help us reach customers we may otherwise miss.

ACTION

We have strengthened our approach to vulnerability and affordability support, with our Priority Services Register sitting as part of a wider customer support framework rather than a standalone register.

We are improving how we identify customers who may need extra help through frontline conversations, prompts in customer journeys and targeted engagement during affordability and collections activity. We are also expanding partnerships with organisations including Scope, StepChange, Money Advice Liaison Group, Money and Mental Health, local community groups and other utilities.

Our Water Without the Worry campaign brings together affordability and inclusivity support, helping customers access services without anxiety about cost, debt or vulnerability. We also work with partners such as ReachOut, whose Pathfinders provide confidential support and signpost customers to free help, including grants, advice and support for financial, mental or physical wellbeing.

IMPACT

Since January 2023, Priority Services Register coverage has increased from **4.5%** to **14.4%** of our household customer base, reflecting improved awareness, stronger colleague capability and better integration of vulnerability support into customer journeys.

We are also improving the quality of PSR data, aiming to contact **98%** of eligible PSR customers and review or update 50% of records, exceeding regulatory expectations. To support this, new vulnerability training is being extended to **380 customer-facing colleagues**, helping ensure customers receive consistent, compassionate and appropriate support.

Our partnerships and data-led approach are helping customers access wider help too. Through Policy in Practice, **8,802 customers** were identified as missing out on benefits, with an average potential gain of **£478** a month.

By making support easier to find, understand and access, we are helping more customers receive the right help at the right time, before problems escalate.

“New vulnerability training is being extended to 380 customer-facing colleagues.”



SOCIAL

Social communities



As a regional business providing essential public services, our role extends beyond delivering water and wastewater services. We have a responsibility to create positive social and economic value in the communities we serve, helping places to thrive both through the services we provide and through the wider impact of our business.

This means using our role as a major local employer, investor and purchaser to create wider benefits, from supporting jobs and skills to helping local organisations, suppliers and communities share in the value created through our work.

We aim to make a lasting contribution to our regions by investing locally, working with partners, supporting good causes and helping people understand and protect the water environment. This supports regional resilience, builds trust and helps ensure our business delivers long-term benefits for customers, communities and the environment.

Our approach combines direct community support with long-term investment, responsible procurement and targeted initiatives designed to address local needs and maximise the wider value created through our activities.

Through programmes such as Local Action, we engage directly with communities in the places we serve, creating opportunities for meaningful two-way conversations about local priorities, our plans and the issues that matter most to customers and stakeholders.

Since launch, we have delivered **more than 36 Local Action events**, engaging with **1,392 attendees** through face-to-face community engagement activity, including **259 stakeholders and 1,134 customers**.

Feedback from Local Action activity shows these events are helping people feel better informed and more connected to us, with attendees' understanding of our Environment Strategy increasing from 5.1 to 8 out of 10, and NWG rated 8.7 out of 10 for being an important part of the community. The programme has also led to direct follow-up action, including helping a customer reduce her bill by moving onto a water meter and investigating local concerns raised about surface water, riverbank erosion and sewage debris.

This work helps us build trust, improve understanding and ensure communities have a stronger voice in shaping our approach. Alongside this, we continue to provide direct support to local initiatives and community organisations through wider investment and partnership activity.

Our AMP8 investment programme, our largest to date, also creates significant wider economic value for the regions we serve.

This investment is expected to support around **3,000 jobs across our supply chain and the wider economy and contribute approximately £5.7 billion to the local economy**, based on economic impact modelling of our investment programme and supply chain spend. This means our investment is not only improving assets and services, but also supporting employment, skills and economic activity in the regions we serve.

SOCIAL

Supporting local businesses forms a core part of our responsible procurement approach. In 2025/26, we spent **60.88p in every £1 with suppliers based in our operating regions**, ahead of our target of 60p. This helps retain economic value locally while supporting regional growth and resilience. By keeping more of our spend within our operating regions, we can help local suppliers grow, support local jobs and strengthen the regional economies our customers and communities depend on.



In 2025/26, we spent 60.88p in every £1 with suppliers.

Our responsible procurement framework and Supplier Charter set clear expectations for ethical business practices, sustainability and social value across our supply chain. We continue to engage proactively with suppliers through initiatives such as Meet the Buyer events, supplier development programmes and educational resources to help local businesses access procurement opportunities. Our continued accreditation by the **Good Business Charter** further reflects our commitment to responsible and ethical business practices.

Supporting future generations is another important part of how we create long-term value in our communities. During the year, we continued to engage with schools and educational settings across our regions through outreach, careers and STEM (science, technology, engineering and mathematics) activity, helping young people better understand water, sustainability, engineering and future career opportunities.

This included project-linked educational engagement and targeted sessions in schools and colleges designed to inspire future talent and strengthen links between our business and local communities.

The Innovation Festival also contributes to social value by creating opportunities for young people, schools, charities and community partners to take part in innovation activity. In 2025, this included the Young Citizens Work Experience Festival, which gave more than 400 Year 10 students practical insight into future careers and employability skills. Further detail on the Innovation Festival is included in *Governance: Competitiveness*.



[Click here to see Governance: Competitiveness.](#)

We also work closely with delivery partners to maximise the social value generated through our capital investment and operational programmes. This includes embedding social value expectations into major infrastructure contracts and working collaboratively with partners to deliver benefits for local communities alongside construction activity.

One example includes partner led education and engagement linked directly to live investment schemes, such as a careers day delivered at Pelton Primary School in County Durham, giving pupils hands on exposure to STEM careers alongside our £8m storm overflow reduction works in the local area.

Colleague volunteering is another important way we support local communities. Through our **Just an Hour** programme, colleagues can give their time during working hours to causes that matter to them, helping strengthen connections with charities, community groups and the places we serve.

We also continue to preserve and promote the **industrial heritage** of the water industry through our support for historic museum sites across our operating regions. Our heritage sites – including Ryhope Engines Museum, Tees Cottage Pumping Station and the Museum of Power at Langford – help preserve the history of water and wastewater services while providing educational, cultural and tourism value for local communities.

LOOKING AHEAD

We will continue to strengthen how we plan, deliver and measure the social and economic value created through our business. In 2026/27, we will further develop our Community Investment Strategy, which will bring together the different ways we support communities beyond our core services. This includes colleague volunteering through Just an Hour, charitable and community funding, education and heritage activity, and environmental and partnership programmes such as WaterAid, Branch Out and Bluespaces.

The strategy will provide a clearer framework for how these activities are managed and prioritised, helping ensure community investment is purposeful, aligned with our strategic themes and focused on activities that support our wider business plan goals. This will include clearer governance and decision-making criteria for the schemes we support, such as whether activity takes place in our operating areas, supports our environment, people or communities themes, and delivers clear benefits for local people or places.



SOCIAL

We will also embed our new social value framework which has been developed in response to the scale and opportunity in AMP8 and beyond. The framework is aligned to our capital investment portfolio, focusing on community impact and business plan outcomes. Local insight will be used to translate place-based priorities into practical delivery plans, so that social value activity responds to community need rather than being generic.

A more consistent approach to measuring and reporting outcomes will help us better understand the difference this activity is making, strengthen accountability and identify where further action is needed. By combining our Community Investment Strategy with the social value framework, we aim to direct resources more effectively, reduce duplication and support more inclusive, resilient places across our regions.

**“We spent 60.88p
in every £1
with suppliers
based in our
operating regions.”**



CASE STUDY

Working together for lasting change in Zambia

In Zambia's Copperbelt region, access to clean water and safe sanitation remains a significant challenge for some communities.

CHALLENGE

In Zambia's Copperbelt region, access to clean water and safe sanitation remains a significant challenge for some communities. Our five-year Sanitation and Water Operator Partnership brings together NWG colleagues, WaterAid, Kafubu Water and Sanitation Company and supply chain partners to support long-term improvements.

A recent visit highlighted the scale of need. One health centre and maternity unit serving around **25,000 people** currently has no access to water or sanitation. A primary school attended by around **2,000 children** also needs support, with no water or sanitation in place and an existing toilet block that is not plumbed in.

These community challenges sit alongside wider operational pressures for Kafubu, including ageing assets, water quality, leakage, wastewater treatment and maintaining reliable services.

"The partnership combines community fundraising with practical, peer-to-peer support."

ACTION

The partnership combines community fundraising with practical, peer-to-peer support. This year, colleagues and supply chain partners raised £110,000 to provide water and sanitation at the health centre and maternity unit, where contracts have now been signed. We are also working with Kafubu to understand what is needed at the primary school.

Alongside this, NWG and supply chain colleagues are sharing technical knowledge through operational workstreams. The wider partnership is supported by more than £1 million of partner donations over five years, helping provide training and hands-on support across water and wastewater treatment, active leak detection, maintenance and filter performance.

At Itawa Water Treatment Works, the team supported a proof-of-concept repair to improve filter backwashing. The demonstration showed a clear visible improvement, helping Kafubu build the case for further work across its remaining filters. Equipment and expertise shared through the partnership has also helped local teams identify network leaks.

With support from WaterAid and NWG, Kafubu has also accessed £33 million of World Bank funding linked to agreed performance targets.

IMPACT

The partnership is supporting urgent community needs while strengthening the skills, systems and confidence needed to improve services over the long term.

Community fundraising is helping people who do not currently have reliable access to water and sanitation in essential settings such as healthcare and education. For these communities, the benefit is immediate and practical: safer, more dignified facilities for patients, mothers, children and employees.

At the same time, operational workstreams are helping Kafubu improve performance, identify leaks, strengthen maintenance and make better use of existing assets. This helps build the capability, evidence and funding needed to improve service reliability over the longer term.

The relationship has developed into a genuine partnership built on trust, shared learning and mutual respect. For NWG, it is a powerful example of our purpose in action, bringing together colleagues, technical expertise, supply chain partners and our long-standing support for WaterAid to help create lasting benefits for communities beyond our own regions.



CASE STUDY

One team, hundreds of causes

Giving colleagues time to volunteer for the causes they care about, supporting communities across our regions and strengthening connections with the people and places we serve.

Just an Hour gives colleagues the opportunity to volunteer during working hours, supporting causes that matter to them and making a positive difference in the communities we serve.

In 2025, colleagues set a new company record for volunteering. A total of **2,114 colleagues** took part, representing **54%** of our people, and completed **3,383** volunteering activities. This was **652 more activities** than in 2024, with **243 more colleagues** getting involved. Around **998 charities and community groups** benefited across our north and south operating areas.

The range of support reflects the breadth of our communities and the causes our people care about. Colleagues supported foodbanks, schools, cancer support charities, animal rescue centres, allotments, environmental projects and fundraising events. More than **200 colleagues** also took part in Great British Beach Clean activity, helping remove almost **200kg of litter** from local coastlines.

Examples from the year included the Water Tactical Planning team supporting Tunstall Allotments, which provides fruit and vegetables for Sunderland Community Soup Kitchen; the Reservoir Safety Team helping improve the children's play area at Derwent Reservoir Sailing Club; and teams taking part in the Big Essex Charity Walk to raise funds for Blind in Business and Ehlers-Danlos Support UK.

For communities, the benefit is practical and immediate: more support for local charities, cleaner and improved shared spaces, help for vulnerable people, and stronger links between our colleagues and the communities we serve.

The programme also received national recognition, winning **Best Community Initiative** at the 2025 Corporate Comms Awards. This reflects the impact colleagues are making every day — not just through the services we provide, but through the time, energy and care they give to local causes.

As Just an Hour continues to grow, we will keep encouraging colleagues to support the communities and organisations that matter to them, helping build stronger connections with the people and places we serve.

“Just an Hour has been invaluable to Mission Christmas, ensuring over **40,000 local children** living in poverty each year receive a gift from Santa.”

Dan Slee, Charity Manager, Cash for Kids





SOCIAL

People

Our people are central to delivering our purpose and strategy. Every day, colleagues across the business provide essential services, support customers, maintain and operate our assets, respond to incidents and plan for future challenges – often in roles that customers may never see. Much of this work happens behind the scenes, but it shapes the reliability, quality and care that customers experience.

We therefore aim to create a safe, inclusive and high-performing workplace where colleagues can thrive, develop and feel proud of the contribution they make. Our approach focuses on supporting wellbeing, building skills and capability, fostering an inclusive culture and attracting and retaining the talent needed to deliver long-term value for customers, communities and stakeholders.

This is particularly important as we begin AMP8, the 2025-30 regulatory period, and deliver the largest investment programme in our history. Building and retaining the right skills and capabilities will be essential to delivering our planned environmental improvements, maintaining high standards of customer service and strengthening the resilience of our assets and operations.

SAFETY AND WELLBEING

Creating a safe and healthy workplace remains one of our highest priorities. We are committed to maintaining high standards of health, safety and wellbeing across our business, recognising the importance of protecting colleagues, partners and contractors working across a wide range of operational and office-based environments.

In 2025/26, colleagues completed more than **105,000 60-second safety checks** (short, on-the-spot reviews of immediate risks), held 9,481 safety conversations (discussions to reinforce safe behaviours and raise awareness), and undertook 13,070 high-hazard risk assessments (detailed assessments of higher-risk activities). These proactive interventions support our ambition that everyone goes home safe every day.

Alongside our safety programmes, we continue to invest in colleague wellbeing through our Living Well programme, which provides preventative and responsive support including virtual GP access, counselling, physiotherapy, cancer screening and personalised fitness and nutrition support. We also continue to hold the Maintaining Excellence Better Health at Work Award, reflecting the maturity of our wellbeing approach.



CASE STUDY

Raising everyday standards through Site Excellence Scheme

The Site Excellence Scheme has been introduced to recognise and strengthen high standards across our operational sites. It gives water and wastewater treatment works a clear benchmark for what good looks like, focused on health and safety, security, housekeeping and welfare.

Sites can achieve a High Water Mark at Foundation, Bronze, Silver or Gold level, with awards lasting for two years. The process includes guidance, pre-inspection and final inspection, helping teams identify practical improvements and share learning across the business.

SOCIAL

DEVELOPING SKILLS AND FUTURE CAPABILITY

We also continue to invest significantly in learning and development to help colleagues build the skills and capabilities needed both now and in the future. During the year we launched the **NWG Academy**, a long-term investment in workforce capability spanning technical competence, leadership development and future talent attraction.

Seven new **Competent Operator Schemes** were introduced across our Water and Wastewater Directorates, expected to support around 200 colleagues annually, while over 75 colleagues have now completed our Aspiring Managers Programme, with more than 50% progressing into people leader roles within 12 months.

Attracting and developing future talent is critical to the long-term sustainability of our business. As we continue to invest in our operations and infrastructure, we must ensure we have the workforce and skills needed to meet future demand and support the transition to new technologies and ways of working.

We therefore continue to invest in apprenticeships, graduate programmes and early careers pathways, helping develop the next generation of talent for our business and sector. During the year we **increased apprentices to 104**, our highest ever number, welcomed 19 graduates through our Building Futures graduate scheme, and delivered work experience and outreach opportunities to hundreds of young people through schools engagement and the Innovation Festival.

Female representation in our early careers pipeline remains strong, with **women accounting for 37% of apprentices**, 55% of graduates and 75% of undergraduate placements, helping build a more diverse workforce for the future.

BUILDING AN INCLUSIVE AND HIGH-PERFORMING CULTURE

Building an inclusive, engaged and high-performing culture is essential to creating a workplace where everyone can perform at their best. We continue to listen to colleagues through engagement activity and structured feedback mechanisms, using this insight to shape improvements and strengthen the colleague experience.

In our latest Great Place to Work survey, our Trust Index increased three percentage points to 81%, and we were ranked 28th in the UK's Best Workplaces Super Large category, rising eight places year on year. We were also recognised among the UK's Best Workplaces for Development, Wellbeing, Women, and in Construction, Engineering and Property.

We are committed to fostering an environment where colleagues feel respected, valued and able to be themselves at work. Our **TIDE (Together for Inclusion, Diversity and Equity)** strategy continues to drive progress in representation, inclusion and opportunity across the organisation, with a refreshed strategy for 2026–30 published in June 2026. This will see individual directorate leadership teams developing their own local TIDE action plans, to support diversity ambitions.

Our median **gender pay gap reduced to 9.9%** from 11.3%, the lowest level recorded to date. Female representation across our workforce has increased to **33%**, with women now making up **41%** of managers and **44%** of our Executive Leadership Team, reflecting continued progress in strengthening diversity at all levels of the business.

86% of colleagues say NWG is a great place to work



Female representation across the workforce increased to 33%



Great Place To Work®

28th in the UK's Best Workplaces

W♀STEM

SafetoSay

Gender pay gap dropped to 9.9% from 11.9% last year



SOCIAL

While this represents positive progress, we recognise that a gap remains, influenced by structural factors such as the distribution of roles and representation across pay quartiles. We are continuing to address this through our TIDE strategy, building on progress to date and setting out clear ambitions to further improve representation and reduce our gender pay gap to 7% by 2030. *Gender pay gap reporting follows a separate statutory timetable, so the latest published data relates to 2024/25.*

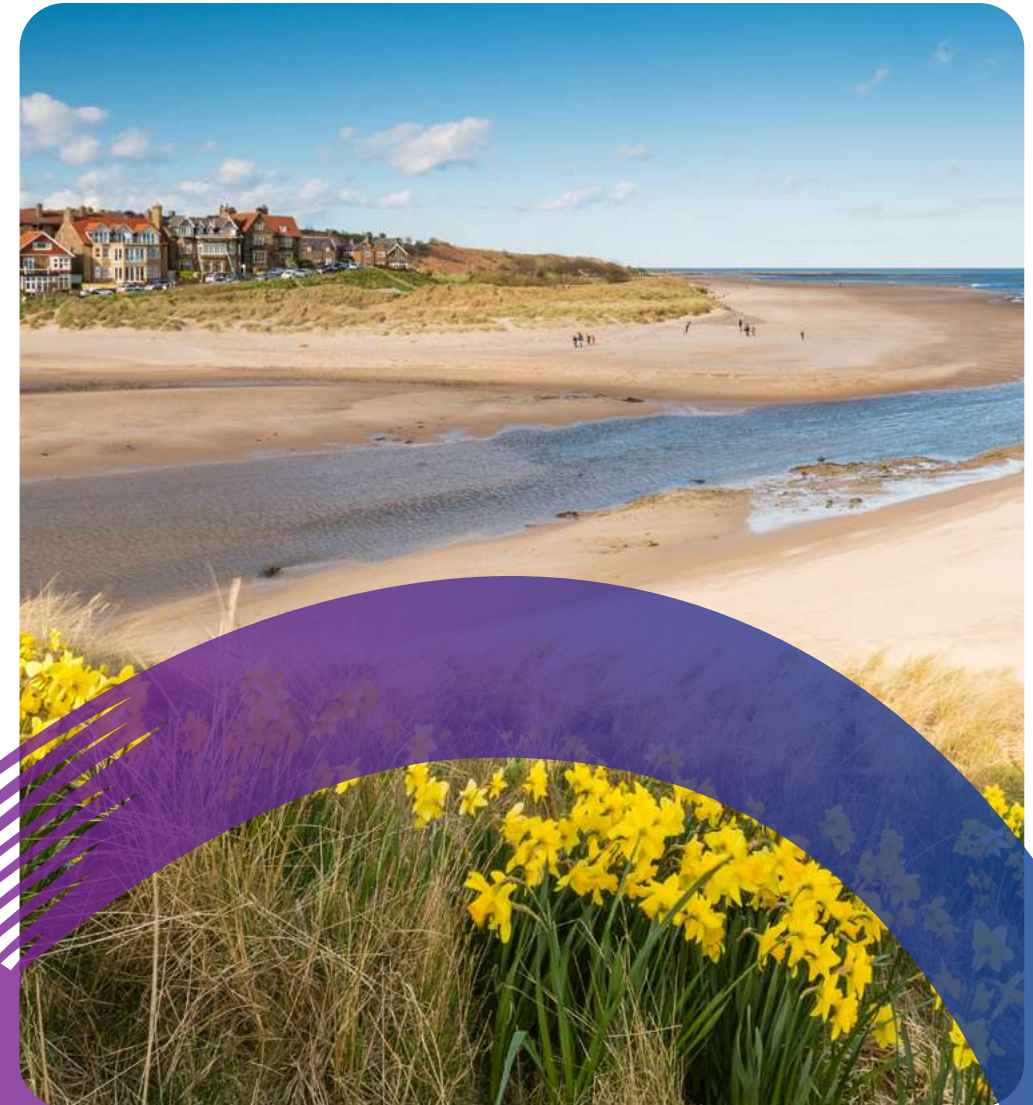
We continue to strengthen inclusion through colleague-led networks including WiSTEM, Thisability, REACH and Rainbow Support Network, alongside our Safe to Say initiative, which supports psychological safety and open dialogue across the organisation. Since launch, **Safe to Say** has received around 27 reports, providing an early indication of engagement with the scheme and helping us identify and address issues at an early stage.

LOOKING AHEAD

We will continue to evolve our people strategy to attract, develop and retain the diverse skills and capabilities needed for the future. This includes maintaining our focus on safety and wellbeing, strengthening leadership and capability development through enhanced 'Licence To' management training, embedding inclusion more deeply across the business and building a resilient talent pipeline for the years ahead.

During 2026/27, we will review Our Way, our culture programme, engaging colleagues and stakeholders to gather views on our culture and how we work together. This will inform a new workshop for all colleagues, focused on our values, behaviours and ways of working, helping existing and new colleagues understand the culture we need to achieve our ambitions.

We will also focus on increasing mandatory training completion towards our 90% target, with people managers playing a key role in ensuring teams have the training they need to work safely and effectively. Alongside this, we will continue to invest in future talent and inclusion, including through the Young Citizens Festival work experience programme for 500 Year 10 students and activity linked to National Inclusion Week.



CASE STUDY

Building skills for the future through the **NWG Academy**

Through the NWG Academy, we are creating opportunities for people to build careers in the water industry, while developing the skills we need to deliver reliable services for customers and communities.

CHALLENGE

Delivering essential water and wastewater services depends on skilled, capable people. We need colleagues who can operate and maintain complex assets, protect the environment, use data effectively and respond to the changing needs of customers and communities.

At the same time, we need to attract new talent into the sector and provide accessible routes into long-term, skilled careers. Apprenticeships, placements and graduate pathways help bring people into the business, support local employment and build the future workforce our communities rely on.

**ACTION**

Launched in 2025, the NWG Academy brings together our approach to role competence, career development, leadership and early careers. It supports colleagues to build skills through structured development, while helping attract the next generation of talent into the water industry.

As part of this approach, we have continued to grow our early careers pipeline. During the year, apprentice numbers increased to 104, our highest ever level, alongside graduate, undergraduate placement and work experience opportunities.

Across NWG, early careers colleagues are gaining practical experience in operational, technical and environmental roles. This includes developing skills on operational sites, learning from other teams and working with real company data, including abstraction licence data, flow data and information linked to environmental sites that need to be protected.

For some, the Academy provides a first step into the water industry. For others, it offers the opportunity to change career, gain a recognised qualification and build a future in a larger business with long-term opportunities.

[Watch the video case study here.](#)**IMPACT**

The NWG Academy is helping us build a stronger, more resilient workforce, with the skills needed to deliver for customers, communities and the environment over the long term.

For apprentices and placement students, it offers practical experience, structured learning and the chance to understand how different parts of the business work. It also helps people build confidence, develop transferable skills and see the impact their work can have.

For customers and communities, the benefit is a workforce that is better equipped to keep essential services running safely, reliably and sustainably. By investing in local people and future talent, we are strengthening the teams that protect water supplies, manage operational assets and support environmental performance across our regions.

The Academy also supports social value by creating routes into skilled work, helping people build careers close to home and developing pride in delivering services that communities depend on every day.



“Being an apprentice at Essex and Suffolk Water gives me job security and a full qualification at the end of the apprenticeship.”

Kurtis Smith, Water Treatment Control Officer Apprentice



3

Governance



GOVERNANCE

Governance introduction

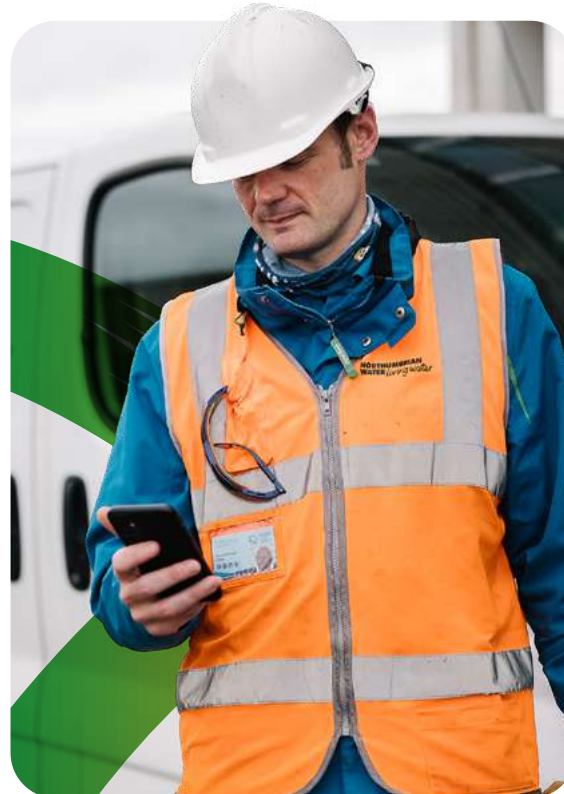
Strong governance is fundamental to how we operate as a responsible provider of essential public services and critical national infrastructure. We are accountable to our customers, communities, regulators and wider stakeholders for the decisions we make, the services we provide and the outcomes we deliver.

Expectations of the water sector continue to evolve, with increasing focus on transparency, environmental performance, customer trust, affordability and long-term resilience. Effective governance helps us respond to these expectations by providing clear accountability, robust oversight and responsible decision-making across our business.

Good governance is not only about Board structures and formal oversight; it is also about how decisions are made, challenged and informed by evidence, performance data and the views of customers, colleagues, partners and wider stakeholders.

Our governance approach also supports how we manage risk, allocate investment, maintain financial resilience and deliver efficiently for customers. The measures included in our performance table, including customer trust, expenditure versus allowance and credit rating, help provide an important view of how we are performing in these areas and will be updated in the final report.

Innovation is also central to how we deliver better outcomes. Strong governance helps ensure new ideas, technologies and partnerships are developed responsibly, targeted at the right challenges and aligned with the long-term interests of customers, communities and the environment.



GOVERNANCE

Governance framework



Strong governance underpins our ability to deliver for customers, communities, colleagues and the environment. It provides the structure, oversight and accountability needed to support responsible decision-making, manage risk effectively and deliver our long-term strategy.

Our governance framework is designed to ensure clear accountability across the business, with oversight of strategy, performance, risk and assurance embedded at Board and executive level. The Board has ultimate responsibility for governance and strategic oversight and is supported by committees covering areas including audit, risk, remuneration, nominations and ESG.

Sustainability and ESG-related matters are embedded within this broader framework rather than sitting separately from core business decision-making. Climate-related risks and opportunities are overseen by the Board, supported by the Risk and Compliance Sub-Committee and the ESG Committee, with ESG performance monitored through business scorecards and risk management processes. Climate scenario analysis also informs investment planning across our AMP8 programme and long-term strategies, including the Water Resources Management Plan and Drainage and Wastewater Management Plan.

Risk management and assurance are central to this framework. Environmental, social and governance risks are regularly reviewed through established governance and assurance processes, with climate-related risks embedded within our enterprise risk management framework. Internal controls, external audit and targeted independent assurance also support the integrity of our data, reporting and decision-making. Further detail on our assurance approach and externally assured metrics is provided in the appendices.

“Our governance framework is designed to ensure clear accountability across the business, with oversight of strategy, performance and risk.”



GOVERNANCE

Competitiveness

Remaining competitive is essential to delivering long-term value for customers, communities and stakeholders. The water sector is operating in an increasingly challenging environment, with rising customer expectations, tightening environmental standards and the need for significant long-term investment to maintain resilient services. Against this backdrop, companies must continually improve performance, deliver efficiency and demonstrate leadership in how they respond to these challenges.

Our ambition is to be the **national leader in the provision of sustainable water and wastewater services**. For NWG, competitiveness is therefore not defined solely by cost efficiency, but by our ability to lead the sector in customer service, environmental performance, innovation and long-term resilience. This means combining strong operational performance with forward-looking investment, collaboration and the application of new technologies to deliver better outcomes for customers and the environment.

AMP8 represents the delivery phase of our £3.6 billion investment programme for 2025–30, our largest ever, focused on upgrading infrastructure, improving resilience and enhancing service for customers and communities. Alongside direct infrastructure investment, this programme supports jobs, strengthens our supply chain and generates wider economic value across the regions we serve.

INNOVATION LEADERSHIP THROUGH COLLABORATION

Our **Innovation Festival** is a flagship part of our approach to innovation, bringing partners together to solve challenges, accelerate ideas and support better outcomes for customers, communities and the environment.

Since launching in 2016, the festival has brought together **more than 20,000 participants from 5,000 organisations across 40 countries**, generating over **350 potential inventions through 295 innovation sprints**.



It has helped establish NWG as one of the sector's recognised innovation leaders and created a pipeline of ideas that have progressed into live operational deployment.

The value of this activity is not the ideas themselves, but the improvements they can unlock for customers and communities, from reducing disruption and preventing pollution to improving service resilience and making investment go further.

The festival also creates wider social value by opening up opportunities for young people, communities, charities and partners to contribute to innovation. In 2025, the Young Citizens Work Experience Festival ran alongside the main event, giving more than 400 Year 10 students from schools across the region access to practical workshops, career insight and employability skills linked to STEM, sustainability, technology, leadership and the creative industries.



The festival also provided a platform for charity and wellbeing organisations, including groups focused on mental health, accessibility, sight loss and support for families. This builds on activity in previous years, including foodbank collections, WaterAid-linked activities and wellbeing and inclusivity sessions with local charities, helping broaden the event's impact beyond business innovation.

Beyond its social value, the festival continues to generate practical solutions that have progressed from sprints into operational deployment, delivering real-world benefits across our business, for customers and for the wider sector.

This culture of innovation was also independently recognised during the year, when we became the **first water company in the world to achieve the BSI Kitemark for Innovation**, based on the ISO 56001 Innovation Management standard. This recognises the maturity of our innovation management system, including our leadership, strategy, governance, colleague involvement and ability to embed ideas into everyday operations. We were also named **gold winner in Britain's Most Admired Companies awards** for Capacity to Innovate, further demonstrating the strength of our innovation culture and our commitment to turning ideas into practical outcomes.

GOVERNANCE

TURNING INNOVATION INTO OPERATIONAL ADVANTAGE

Examples highlighted elsewhere in this report, including Smart Sewers, River Deep Mountain AI, Origin Find and Fix and Pipebot Patrol, show how data, automation and new technologies are helping us move towards more predictive, preventative and efficient ways of working.

Innovation only creates value when it delivers practical outcomes. We therefore focus on scaling successful innovations into day-to-day operations where they can improve performance, resilience and efficiency.

Our Smart Sewers programme is a leading example, using AI, predictive analytics and real-time network data to optimise wastewater flows dynamically and improve use of existing network capacity. The programme is helping to reduce spill frequency and improve network resilience, with the approach attracting interest from other water companies.

BACKING INNOVATION WITH EXTERNAL INVESTMENT

Our ability to innovate at pace is further demonstrated by our success in securing external funding. Through the Ofwat Innovation Fund, we have secured **£39.7 million of innovation funding**, including **£18 million focused on wastewater innovation**, alongside **£1.3 million of our own investment** to accelerate deployment.

This funding allows us to test and scale innovative solutions more rapidly, while sharing learning across the wider sector and helping maintain our position at the forefront of industry transformation.

RESPONSIBLE BUSINESS AND EXTERNAL ASSURANCE

Our competitiveness is also supported by responsible business practices, strong controls and recognised external standards. We maintain policies, statements and processes covering areas including business ethics, whistleblowing, anti-bribery and corruption, data privacy and security, responsible procurement and modern slavery. These are reviewed and updated as appropriate, helping us manage risk, strengthen accountability and promote responsible business practices across our operations and supply chain.

During the year, we retained **ISO 14001** certification after passing our external environmental audit, providing assurance that we have effective systems in place to manage environmental risks and support continuous improvement.

We also continue to use external benchmarks to strengthen our approach. While we were not recognised in the latest **Ethisphere World's Most Ethical Companies** awards cycle, we remain proud to have been recognised 14 times previously and continue to use insights from the process to support ethical business practice, governance and accountability.

MAINTAINING FINANCIAL RESILIENCE

As we deliver our largest ever investment programme, maintaining financial resilience and disciplined investment management remains essential. We monitor expenditure against our allowed funding to help ensure we are investing efficiently and delivering the improvements customers and stakeholders expect.

During the year, our shareholders confirmed a **£400 million equity injection** to support delivery of our AMP8 business plan. This additional funding strengthens our ability to progress investment, maintain momentum on priority projects and continue improving services for customers and the environment.

We are also committed to maintaining investment grade credit ratings, as assessed by independent agencies including Moody's and Fitch. Credit ratings provide an independent view of our financial strength and our ability to finance long-term investment. NWL has maintained strong investment grade credit ratings and following the balance sheet date saw both its negative outlooks resolved due to the £400m equity injection. Moody's removed its negative rating for NWL and affirmed its long-term issuer rating of Baa1 in April 2026. Fitch then removed their negative outlook and affirmed NWL's senior unsecured debt rating at BBB+ in June 2026.

We also monitor **expenditure against our allowance** as part of our approach to disciplined investment management. In 2025/26, our expenditure was 18% below allowance.

Together, these measures help demonstrate how we are balancing significant investment in services and the environment with the need to maintain a financially sustainable business.





CASE STUDY

Sending robots into sewers to **spot problems early**

Trialling autonomous PipeBot technology to inspect sewer pipes, identify emerging risks and support a more proactive approach to preventing flooding, pollution and disruption for customers and communities.

CHALLENGE

Blockages and defects in the sewer network can lead to flooding, pollution incidents and disruption for customers and communities. Finding these issues early is essential, but sewer inspections can be complex, time-consuming and difficult to target across a large underground network.

Traditional inspections often involve teams attending sites, opening chambers or using specialist equipment to investigate known or suspected issues. The challenge is to move from reactive inspection and response towards a more predictive approach, identifying risks before they become service failures.



Watch the video case study [here](#).



Seaham residents guess what Pipebot does.

ACTION

PipeBot Patrol is an Ofwat-funded innovation project testing autonomous sewer robots in a live sewer environment at Seaham, County Durham.

Working with partners including the University of Sheffield and Minicam, we are testing whether a robot can move through sewer pipes, collect useful data and detect potential blockages or obstacles. The project brings together academic research, specialist engineering and operational experience to understand how this technology could work in real network conditions.

Minicam has adapted one of its standard pipe inspection crawlers to include LiDAR, acoustic sensors and additional electronics. The LiDAR acts like a laser scanner, helping the robot detect nearby obstacles, while the acoustic sensors send sound through the pipe and analyse what comes back to help identify features such as connections, manholes and blockages.

The University of Sheffield is developing the autonomous control system, helping the robot understand what is in front of it, collect data and move safely through a challenging pipe environment.

IMPACT

PipeBot Patrol is still a prototype, but it shows how innovation could help us find and respond to sewer issues earlier.

For customers and communities, the benefit is prevention. By detecting debris, wipes, soft blockages or other issues while they are still small, teams could be sent to the right place sooner, reducing the risk of problems developing into internal or external sewer flooding, pollution incidents or disruption in local areas.

The technology is intended to support colleagues, not replace them. The robot would help gather better information, while operational teams would still attend site, investigate and remove blockages where needed.

Local people passing the Seaham test site were able to see the robot and ask questions, with many surprised that a world-first trial was taking place in County Durham. It is a practical example of how partnership and innovation can help us explore better ways to protect customers, communities and the environment.

“This project is a real first step in helping us detect blockages earlier and address problems right at the very beginning.”

Chris Bolt, Innovation Portfolio Manager,
Northumbrian Water Group



GOVERNANCE

Engaging with our stakeholders

Our approach starts with listening carefully to those affected by our decisions and using their views to shape how we operate. Strong relationships with customers, colleagues, partners, suppliers and communities help us understand what matters, make better decisions and deliver the right outcomes.

Stakeholder engagement is therefore an important part of our governance approach. It provides insight, challenge and evidence that inform strategic planning, operational delivery and long-term investment decisions, while helping us demonstrate how feedback has influenced our plans and where engagement has led to change.



BUILDING CONFIDENCE THROUGH LISTENING AND ACTION

Trust is built over time through openness, transparency and responsiveness. Independent customer feedback is an important part of our governance approach, giving us external insight into how customers experience our services and helping ensure their views are reflected in decision-making, performance oversight and improvement plans.

During the year, **CCW's Water Matters** research compared customer feedback on water company performance across a wide range of areas that matter to customers, including overall service, value for money, affordability, complaints handling, sewer flooding, leakage and interruptions to supply.

Northumbrian Water performed strongly in the Water Mark report, **ranking first** when assessed against average Water and Sewerage Company ratings across the report.

Northumbrian Water also **topped the industry tables** for satisfaction with overall service, value for money, fair bills and affordability. We performed strongly in other important service areas too, ranking second among Water and Sewerage Companies for complaints handling, internal sewer flooding and interruptions to supply.

Essex & Suffolk Water also delivered strong results against other Water-only Companies, ranking second for fair bills and leakage, and third for affordability and overall service.





GOVERNANCE

Our stakeholder engagement approach runs through all five strategic themes and helps shape the decisions we make across the business.

CUSTOMER

We engage customers to understand expectations, test proposals and improve services. This includes the work of the Water Forum, our independent customer challenge group, which provides scrutiny and challenge on behalf of customers and has helped shape our business planning proposals, including the balance between service improvements, environmental investment and affordability.



ENVIRONMENT

Engagement with local authorities, regulators, environmental groups and other stakeholders helps ensure our environmental plans reflect local priorities, technical evidence and wider environmental needs, recognising that many environmental outcomes depend on shared action across catchments.



COMMUNITIES

We work with communities to understand local priorities and deliver wider benefits through our activities and investment. This includes Local Action, which brings colleagues, customers and stakeholders together through face-to-face events, and our new online Community Hubs, which give customers a clearer way to follow local investment projects, receive updates, ask questions and share feedback. The Hubs are already supporting engagement on schemes including the £3.8m South Moor flood risk reduction scheme, being delivered through the Northumbria Integrated Drainage Partnership with Durham County Council and the Environment Agency, and our Gallows Corner water main diversion and upgrade in Essex.



COMPETITIVENESS

Collaboration with partners, suppliers and wider stakeholders supports innovation and continuous improvement. Our Innovation Festival is one example of this open approach, bringing together diverse perspectives to test ideas and accelerate practical solutions for customers, communities and the environment.



PEOPLE

Colleague feedback helps shape our culture and colleague experience, including action planning around leadership communication, manager capability, wellbeing and inclusion. It also supports initiatives such as Safe to Say, which provides a clear route for colleagues to raise concerns.



LOOKING AHEAD

We will continue to strengthen how stakeholder insight informs our plans, decisions and delivery. In 2026/27, this will include further engagement to shape our next Drainage and Wastewater Management Plan (DWMP), continued partnership working through forums such as the Northumbria Integrated Drainage Partnership, and wider use of our Community Hubs to help customers follow local investment, ask questions and provide feedback.

We will also continue to use customer research, the Water Forum and local engagement activity to test priorities, explain trade-offs and demonstrate how feedback is influencing action.

CASE STUDY

Building trust through local conversations

Taking our environmental plans into communities across our regions, listening to local concerns and turning conversations into follow-up action.

CHALLENGE

Trust is built through open, honest and visible engagement. At a time when customers and stakeholders have high expectations of water companies, we need to create opportunities for people to speak to us directly, ask questions and understand the action we are taking in their local area.

Environmental issues such as river health, storm overflows, water management and affordability can be complex and emotive. Local communities want clear information, but they also want to feel listened to. This means going beyond traditional communications and creating space for meaningful, two-way conversations.

ACTION

Local Action was developed to take our environmental work into the heart of the communities we serve.

Since launching in 2024, the campaign has brought colleagues, customers and stakeholders together through face-to-face events in village halls, community centres and high streets. These events are designed to make our Environment Strategy more accessible, explain local plans and listen to the issues that matter most to each community.

Over the past two years, we have visited every one of our catchments, from Berwick to Barnard Castle and Lowestoft to Leiston. The campaign has created direct channels of dialogue with customers, councillors, community leaders and local groups, helping us build relationships beyond formal consultations or media headlines.

IMPACT

Local Action has grown from a campaign into a more established model for community engagement.

Since launch, we have delivered **36 events** across our regions, attracting **1,392 attendees**, including **259 stakeholders** and **1,134 customers**.

The campaign has also generated more than one million social media impressions, reaching over 30% of the local population, while Local Action web pages have received more than 5,000 visits.

The campaign has also generated more than **one million social media impressions**, reaching over 30% of the local population, while Local Action web pages have received more than **5,000 visits**.



Customer affordability support

At a Local Action event in Consett, a customer was supported to move onto a water meter, reducing her bill by around £500.

Surface water investigation

Following a concern raised in Hurworth, teams are investigating surface water flow outside a customer's property.

Riverbank erosion

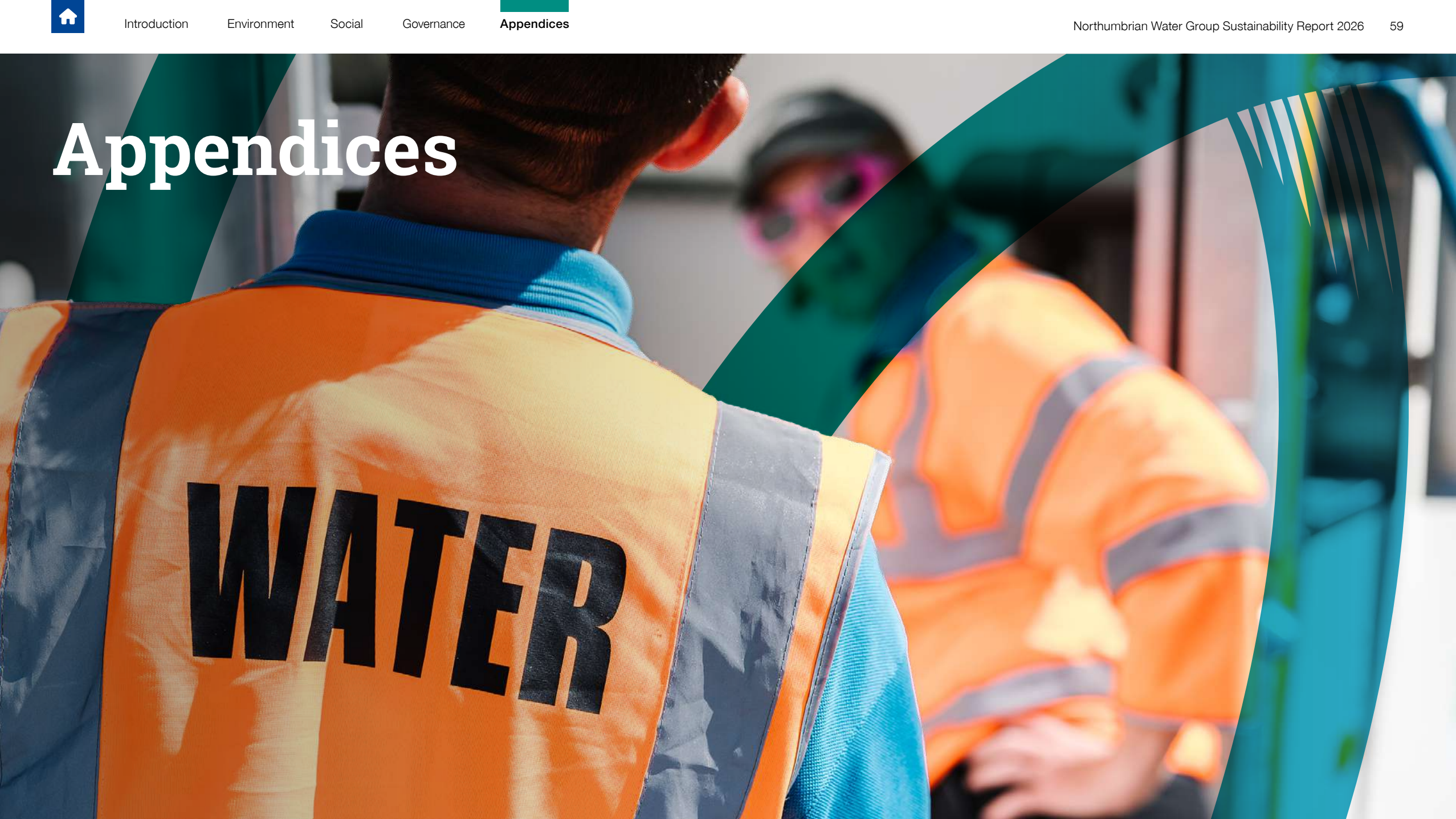
After erosion was raised as a concern on the River Tees, the Environment team was asked to investigate and advise on any next steps.



Attendees' understanding of our Environment Strategy increased from **5.1 to 8 out of 10**, while NWG was rated **8.7 out of 10** for being an important part of the community.



Appendices

A photograph of a water worker from behind, wearing a blue turtleneck and a high-visibility orange vest with reflective silver stripes. The word 'WATER' is printed in large, bold, black capital letters on the back of the vest. In the background, another worker in a similar vest and safety glasses is visible, slightly out of focus. The image is overlaid with a large, stylized graphic element consisting of overlapping teal and blue shapes.

WATER

APPENDICES

Performance tables

Metric	2021/22	2022/23	2023/24	2024/25	Target 2025/26	2025/26 result	Target met	Measure explanation
Environmental Performance Assessment (EPA)	4	3	3	2	4	To be published later in 2026	N/A	The Environment Agency, one of our regulators, collects data on how well water companies have protected the environment in a number of different ways. They use the data to form a scorecard and give an overall assessment each year out of four stars.
Pollution incidents per 10,000km sewers	22.98	19.96	32.97	38.97	27.44	50.29		The number of times pollution is caused by contaminated substances being released from our sewers into a watercourse or onto land, per 10,000km of sewer.
Leakage NW	134.7	129.8	123.1	118.6	<=115.8	115.7		The amount of water which leaks from pipes between our water treatment works and customers' homes and businesses, measured on a three-year average. Expressed as ML/d (megalitres per day).
Leakage ESW	63.1	60.3	55.2	53.7	<=52.6	52.4		
Per Capita Consumption (PCC)	157.7	159.1	154.4	152.7	148.9	153.0		The amount of water each person uses, on average, each day, expressed in litres.
Storm overflow spills	n/a	n/a	n/a	26.3	19.33	17.70		The average number of times each storm overflow spills in a year.
Bathing water quality	33/34	33/34	33/34	33/35	33/35	33/35		The proportion of designated bathing waters rated by the Environment Agency as Excellent or Good.
Net greenhouse gas emissions - water**	n/a**	n/a**	n/a**	n/a**	99,645 tonnes	109,771 tonnes		A measure of our net greenhouse gas emissions, reported in ktCO ₂ e (kilotonnes of carbon dioxide equivalent).
Net greenhouse gas emissions - wastewater**	n/a**	n/a**	n/a**	n/a**	97,380 tonnes	91,357 tonnes		
Biodiversity	–	–	–	–	0	0.05 (10.75BUs)		The number of biodiversity units (a measure of an area's value to wildlife) created per 100km ² of company land area.
Bluespaces (water environment improvements)	34.6	33.1	31.9	118.3	500km by 2030	8.8		Improvements made to water environments such as rivers, reservoirs and coastlines that the public can access, expressed in kilometres. Improvements could be made to facilities and recreation, wildlife and biodiversity, and the quality of water.
C-Mex	n/a*	n/a*	n/a*	n/a*	1st	1st		Ofwat's customer measure of experience, based on surveys of customers about their satisfaction and experience, with water companies ranked.
Households in water poverty	–	–	–	–	7.0	5.72%		The % of customer households in water poverty. Based on ater bills being no more than 5% of household income after housing costs deducted.
Priority Services Register	3.5	8.8	10.5	13.2	n/a	14.4	n/a	The % of customers registered for extra support through our Priority Services Register.
Water Quality Compliance – Compliance Risk Index (CRI)	6.36	7.62	3.45	10.94	0 (deadband to 1.5)	3.90		A numeric score that measures the risk arising from treated water compliance failures. It shows how well we are managing risks to drinking water quality and keeping drinking water clean and safe to drink. A lower score is better.

APPENDICES

Metric	2021/22	2022/23	2023/24	2024/25	Target 2025/26	2025/26 result	Target met	Measure explanation
Interruptions to supply greater than three hours	05:51	08:17	05:32	04:40	<=08:25	06:35		Interruptions to customers' water supply of greater than three hours duration, measured in average minutes and seconds across the year.
Unplanned outages	4.57	3.51	2.89	1.95	3.95	1.65		A measure of the percentage of unplanned loss of water production capacity against our peak week production capacity, caused when we are unexpectedly unable to produce water from one of our water treatment works because of a fault.
Internal sewer flooding	1.84	1.21	1.21	1.03	1.54	0.54		The number of buildings and homes that are flooded by sewage entering them, per every 10,000.
Local procurement spending	60.34	62.60	61.74	60.88	60.00	60.88		Pence in the pound spent with suppliers in our operating regions. We aim to spend at least 60p in every £1 with suppliers in our operating regions.
GPTW Trust Index	67	70	77	78	>=78	81		The Great Place To Work (GPTW) trust index is calculated through an annual survey which asks our employees to rate what it is like to work for our company. The score is reported as a percentage.
Gender Pay Gap***	15.7	10.5	11.7	11.3	n/a	9.90		A measure of the difference in average pay between male and female colleagues across the business, expressed as a percentage.
Customer trust (CCW Water Matters) NW	8.7	8.6	8.2	8.0	Top 2 WaSCs	1st WaSC (7.0)		Customers are asked if they trust us. This measure is reported by CCW, the independent voice for water consumers in England and Wales, and is scored out of ten.
Customer trust (CCW Water Matters) ESW	7.3	7.2	6.9	6.8	Top 2 WoCs	3rd WoC (6.9)		
Expenditure versus allowance	+1.3	+2.5	2.5	57	n/a	-18%		Our regulator sets an allowance for how much we can spend on delivering services to customers. This is a measure of whether we stay within our allowance.
Credit rating	Moody's (Baa1) and S&P (BBB + negative outlook	Moody's (Baa1) and S&P (BBB stable outlook	Moody's (Baa1) (Stable) and Fitch (BBB+)	Moody's (Baa1) and S&P (BBB + (negative outlook)	n/a	Moody's (Baa1) (Stable) and Fitch (BBB+ stable)	n/a	An external assessment of whether a business is considered to be capable of meeting its financial commitments, including paying for day-to-day operations, investing for the future, and repaying debt.

* C-Mex is reported from 2025/26 as an overall customer experience measure. In previous years, we reported the Customer Service and Customer Experience components as separate metrics.

** Greenhouse Gas emissions reported on new basis for AMP8. Reported values use ODI methodology as they are compared against the performance commitment levels.

*** Based on 2024/25 data as per the reporting requirements.



APPENDICES

Climate-related Financial Disclosures: CFD Statement

Climate change poses the single greatest threat to our natural environment and continues to be one of the most significant long-term challenges facing our company. Our operations are directly influenced by climate change, whether through more frequent and intense storms, prolonged dry periods affecting water availability, or increased pressures on our wastewater network. Playing our part in mitigating and adapting to climate change is essential to maintaining resilient services for our customers and protecting the environment we depend on. Therefore, understanding how climate change may affect our assets, our customers, and the natural environment is essential to safeguarding the long-term reliability and affordability of the services we deliver.

This year's Climate-Related Financial Disclosures (CFD) builds up on our previous reporting and continues to be an important step in strengthening how we integrate climate considerations into strategic decision-making.

We disclose in accordance with the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022, and have incorporated enhanced elements that align with the International Financial Reporting Standards (IFRS) S2 (Sustainability Disclosure Standard for Climate-related Disclosures), issued by the International Sustainability Standards Board (ISSB).

This approach ensures compliance with CFD while laying the foundation for broader sustainability reporting under the emerging UK Sustainability Reporting Standards (UK SRS), which will bring the ISSB global baseline into the UK regulatory framework in future periods. It aims to enhance transparency and enable stakeholders to make informed decisions regarding our sustainability strategies and financial performance.

For our Sustainability Report, we have provided a summary of our disclosure for each of the four CFD pillars: Governance, Strategy, Risk Management, and Metrics and Targets. Our full CFD disclosure with enhanced IFRS-aligned elements is available on our Annual Report and Financial Statements on our website, from page **XX**

GOVERNANCE

Climate-related risks and opportunities are overseen by the Board, supported by the Risk & Compliance Sub-Committee and the Environmental, Social, and Governance (ESG) Committee.

The Risk and Compliance Sub-Committee has oversight of the scope and effectiveness of the Group's risk management systems, including climate-related matters. The ESG Committee has oversight of ESG topics, including a specific focus on climate-related risk and opportunities within the Risk Management Framework.

STRATEGY

We undertake a physical climate scenario analysis to understand how climate-related hazards could affect our operations over time, drawing on the assessment presented in our [Climate Adaptation Report](#) in line with the Met Office's UK Climate Projections 2018 (UKCP18) Representative Concentration Pathways (RCPs). This scenario analysis helps us explore future climate conditions and the potential implications for our assets, services, and long-term resilience.

The time horizons selected for the scenario analysis aligns to our AMP8 investment plan over the short-term (2025-30), with the Environment Strategy over the medium to long-term (2030-50), and with our planning horizons for Water Resources Management Plan (WRMP), Drainage and Wastewater Management Plan (DWMP) and our Long-term Strategy.

The table on the next page outlines material climate-related risks and opportunities identified across both physical and transition categories, including their impacts and the mitigation actions in place to manage and adapt to them.

CLIMATE ADAPTATION REPORT



Download our full Climate Adaptation Report using this link.

[Download](#)

WATER RESOURCES MANAGEMENT PLAN



Download our full Water Resources Management Plan using this link.

[Download](#)

DRAINAGE AND WASTEWATER MANAGEMENT PLAN



Download our full Drainage and Wastewater Management Plan using this link.

[Download](#)

LONG-TERM STRATEGY



Download our full Long-term Strategy report using this link.

[Download](#)



APPENDICES

Impact type	Impact category	Risk / opportunity	Potential impact	Risk mitigation examples
Physical risks	Acute	Potential for poor water quality or interruptions to water supply.	Remediation costs, legal liabilities, and potential fines which will impact our long-term sustainability and undermine public trust.	Detailed resilience plans set out in our WRMP.
	Acute	Constraints on the effective treatment and management of sludge (bioresources).	Threat to water quality through contamination from incorrect disposal. Risk to reputation from loss of trust and regulatory non-compliance. A negative or harmful effect on the environment, such as pollution or habitat destruction. Inability to deploy biosolids to an agriculture landbank.	Provision of 90-day strategic cake storage and increased high solids dewatering which provide resilience in the supply chain. Sludge to land supply chain resilience from high solids dewatering at Howdon and Bran Sands. Development of reactive short-term plans. On-going strategic workshops to ensure our future operations are ready to mitigate this risk sufficiently.
	Chronic	Exposure of assets to flooding – including riverine, from surface and groundwater, and coastal.	Damage to infrastructure or equipment, interrupt the delivery of our services, creating financial problems, through costs of repairs and increased resilience measures.	Implementation of our Storm Overflows Reduction Plan. Establishing and developing working partnerships within the areas we serve. Research and understanding on interdependencies and the risk associated with supply chains.
	Chronic	Exposure of systems and networks to ground subsidence.	Infrastructure damage and disruption of our water supply, leading to financial problems and diminished customer confidence in our reliability.	Assessed the key risks to our networks from temperature by 2030. Investment in 2025-30 to protect key chemicals from heatwaves, and to accommodate higher water temperatures. Targeted investment to strengthen resilience against subsidence in 2025-30.
	Chronic	Vulnerability of our network to cascading failures.	Cascading failures impact an interconnected system, leading to service disruption and reduction in water quality from widespread water outages and infrastructure damage.	Asset resilience is built into our business planning activities to ensure we have an investment plan for climate change adaptation. Research and understanding on interdependencies and the risk associated with interconnected supply chains.
	Chronic	Exposure of aquifers from sea-level rise and saltwater intrusion.	Threat to water quality and quantity that is being distributed. There will be the need for innovation and restoration of aquifers which pose a financial risk.	Continued assessment of the impact of sea level rises and saline incursion for specific sources (e.g. Sunderland). Shortfalls have been considered by the schemes in our WRMP.



APPENDICES

Impact type	Impact category	Risk / opportunity	Potential impact	Risk mitigation examples
Physical risks	Chronic	Reduced water availability affecting the reliability of public water supplies.	Threat to our ability to meet public demand and business growth, potentially leading to shortages and disruptions. Long-term implications include strained resources and heightened operational cost.	Dry year scenarios that form part of our forward-look in our WRMP. Customer engagement campaigns with a focus on water savings. Work with local economic development agencies to locate high water demand businesses in suitable locations. Regional drought plans in place for 2025-30.
	Chronic	Potential for reduced electricity network resilience and increased power outages driven by adverse weather events, with additional grid instability associated with growing renewable generation.	Inability to meet operational requirements due to power issues and increased cost to due financial penalties. Failure to meet regulatory compliance.	Our power resilience improvement programme.
Transition risks	Technology	Operational and logistical challenges associated with the transition to a fully Electric Vehicle (EV) fleet.	Reduced operational efficiency due to limited EV infrastructure. Inability to meet operational requirements due to a large-scale power outage.	Adopting a risk based, phased strategic EV allocation. Our power resilience improvement programme.
	Policy and legal	Potential inability to meet mandatory and regulatory carbon performance commitments.	Reputational damage and increased negative media coverage. Increased cost due to financial penalties.	Impacts have been accounted for as part of our net zero programme. Ongoing regulatory engagement.
	Market	Increased operational and financial exposure resulting from external carbon pricing mechanisms (e.g. UK Emissions Trading Scheme).	Increased operational and capital costs. Operational resilience risk due to increase supply chain costs.	Increased use of renewable energy such as installation of solar arrays and use of biodiesel.
	Reputation	Uncertainty arising from differing carbon commitments standards and expectations across the sector.	Reputational damage due to unclear climate commitments. Loss of credibility with our regulators.	Public commitment to net zero by 2050 as set out in our Long-term Strategy, supported by our customers.

APPENDICES

Impact type	Impact category	Risk / opportunity	Potential impact	Risk mitigation examples
Transition opportunities	Market	Access to sustainable finance instruments, such as green bonds, to support investment in climate-aligned and resilience projects	Access to ESG-focused debt investors and/or those with specific sustainability mandates. Create social and economic value through funding local projects in the areas we operate.	Robust financial control procedures. We have a sustainable finance framework.
	Energy source	Expansion of self-delivered renewable generation and/or on-site energy storage.	Financial upside as it is a lower cost than other alternatives. Reduced carbon emissions from operational electricity consumption.	Our renewable delivery programme ensures we capitalise benefits of this opportunity.
	Energy source	Transitioning the vehicle fleet from petrol or diesel to EVs	Reduced carbon footprint. Financial savings because of a change in energy source.	Adopting a risk based, phased strategic EV allocation.

RISK MANAGEMENT

Climate issues are embedded into the corporate Risk Management Framework and are integral to strategic plans including the Long-Term Strategy, the Environment Strategy, and regulatory plans such as the WRMP, DWMP and PR24 Business Plan.

The Risk Management Framework defines our approach to identifying, analysing, and evaluating risks across the business, including climate related risks. Each risk is evaluated using our established methodology, which considers likelihood and consequence, the effectiveness of existing and planned management controls and the internal and external sources of assurance that support our understanding of risk exposure.

We actively monitor, identify, and assess climate-related risks, with co-ordination led by dedicated Risk Champions within each area of the business.

These risks include the impact of extreme weather events, changes in precipitation patterns, and regulatory impacts related to water quality standards.

METRICS AND TARGETS

To meet regulatory expectations and maintain consistency across the UK water industry, we calculate and report our operational Greenhouse Gas (GHG) emissions using the UK Water Industry Research (UKWIR)'s Carbon Accounting Workbook (CAW), which is designed in line with the GHG Protocol standard, providing a true and fair account of GHG emissions from our operations and value chain. This methodology underpins both our long-term net zero commitment and our compliance with the Operational GHG Performance Commitment to drive improvements across the sector.

We have set GHG reduction targets in our PR24 Business Plan for April 2025 to March 2030. Our GHG performance is monitored on a quarterly basis through the Balance Scorecards, and targets are reviewed internally by our Energy, Carbon and Risk Management Committee. Progress is reported through Energy and Carbon Reporting, including metrics that track emissions intensity. Longer term commitments are outlined in our Environment Strategy and Long-Term Delivery Strategy to 2050.

Our short term environmental KPIs are reported in the Performance Review, including the GHG emissions reduction. Longer term targets addressing climate-related risks and opportunities remain qualitative at this stage.

CONCLUSION AND NEXT STEPS

We recognise that climate-related risks and opportunities will continue to evolve over time, and we remain committed to refining our approach in line with emerging best practice, regulatory developments, and stakeholder expectations. As part of our commitment to transparency, and accountability under CFD, aspects of IFRS S1 and future UK SRS, we will continue to enhance our climate-related disclosures, ensuring that they are useful. More details about areas of planned improvement are included in the Annual Report and Financial Statements. By integrating climate considerations across our governance, strategy, risk management, and metrics and targets, we are positioning the organisation to navigate the transition to a low-carbon economy effectively. Climate change is a dynamic challenge, and we will remain committed to reporting annually, reflecting on our progress and continually improving our approach.

APPENDICES

Taskforce for nature-related financial disclosures (TNFD)

Northumbrian Water Limited recognises the critical interdependence between our operations and the natural ecosystems we rely on. As a water and wastewater company, our operations depend on natural capital, such as healthy rivers, wetlands, soils, and the ecosystem services these natural assets provide. We recognise that protecting and restoring nature is not only essential for the resilience of our services, but also for the communities we serve and the ecosystems within them.

We are committed to embedding nature-positive principles into our core business strategy to ensure we understand and manage the most material nature-related risks and opportunities that we face. This year, we have taken an important step in our journey to integrate nature into our decision-making processes: we are making our first disclosure using the Taskforce on Nature-related Financial Disclosures (TNFD) framework. The TNFD is currently a voluntary disclosure framework supported by the UK Government which is already being adopted in the UK water sector.

By adopting the TNFD framework and making our first disclosure, we demonstrate our commitment to sustainable water stewardship, environmental resilience, and transparent reporting. By integrating nature into our governance and strategic planning, we aim to protect and enhance the ecosystems that underpin our services and support thriving communities across our regions.

Our first TNFD report represents the starting point on our TNFD journey.



To view the **TNFD report** on our website click here.

It is written to highlight the areas where we already align with some of the TNFD recommendations based on existing information. We have also started to prioritise the actions we can take to improve our reporting and management of nature-related dependencies, impacts, risks, and opportunities to align with the TNFD more closely over time. The full report is structured around the TNFD's four pillars: Governance, Strategy, Risk and Impact Management, and Metrics and Targets. For our Sustainability Report, we have provided a summary of our current position for each of these pillars, and, summarised our next steps for improving our alignment with the TNFD in future.

GOVERNANCE

- **First disclosure:** Oversight of nature-related risks and opportunities is embedded at the highest levels of our organisation. The Board of Directors, supported by the Environment, Social and Governance Committee (ESGC), ensures robust risk management and ethical governance. Our governance structure integrates nature-related considerations into strategic planning, supported by a comprehensive risk management framework and departmental registers.
- **Future disclosures:** Provide greater detail on aspects such as terms of reference, features of board-level oversight on nature-related issues specifically, how performance on nature-related issues are tracked and renumerated, and mapping our human rights, local communities, and stakeholder engagement policies and activities to the most material nature-related risks and opportunities we face.

STRATEGY

- **First disclosure:** Our long-term vision is guided by Restore and Regenerate: Our Environment Strategy to 2050. This strategy sets out our environmental ambitions, along with a series of commitments and guiding principles – one of which is to prioritise natural solutions. We have undertaken an initial assessment to identify a range of physical and transition nature-related risks – such as climate change, biodiversity loss,

and shifting stakeholder expectations — as well as opportunities to enhance ecosystem services and deliver biodiversity net gain. Scenario analysis using Representative Concentration Pathways (RCPs) was undertaken to help us assess the evolving nature of climate-driven risks and opportunities across short- and long-term horizons. We also provided an initial analysis of priority locations where our operations interact with ecologically sensitive environments. The work provides a valuable starting point for subsequent TNFD disclosures and represents an evolving picture.

- **Future disclosures:** We aspire in future to link these risks and opportunities to the impacts and dependencies we have on nature not only in our direct operations, but in our upstream and downstream value chain where possible, and distinguish these over the short, medium, and long-term. We intend to use the TNFD's Locate, Evaluate, Assess and Prepare (LEAP) process to help identify which of these are the most material for NWL, clarify our definition of materiality for nature-related issues, and improve of analysis of priority sites to align with the guidance. This would update the risks and opportunities we have identified and is an important part of our adaptive planning approach.

APPENDICES

RISK AND IMPACT ASSESSMENT

- **First disclosure:** We have described the process used by NWL to identify, assess, prioritise, and monitor risks. This starts with understanding if they are emerging risks or principal risks, and those deemed significant enough are assessed within our corporate risk model. We show how our heat map provides a visual representation of our greatest risks by category in our corporate risk model, as currently assessed. We highlight that nature-related risks, impacts and dependencies are relevant across the majority of these categories, and that there is currently no separate category for nature-related risks within the heat map. We also describe how nature-related issues are managed through our Environment and Sustainability Risk Register, and through strategies such as our Water Resources Management Plan (WRMP) and Drainage and Wastewater Management Plan (DWMP).
- **Future disclosures:** Future TNFD reporting will consider mapping the risks in our heat map to our most material nature-related impacts, dependencies, risks and opportunities identified by undertaking the TNFD's Locate, Evaluate, Assess, Prepare (LEAP) approach. This would help demonstrate the extent to which these are already captured in the existing model and inform any updates to our corporate risk model or their categorisation. This will also be carried out for the Environmental and Sustainability Risk Register.

METRICS AND TARGETS

- **First disclosure:** In our first TNFD disclosure, our reporting on our nature-related metrics and targets is focused on our existing regulatory targets, internal company scorecard, and our existing environmental commitments. We describe how our these are aligned with the UK Government's Environmental Improvement Plan (EIP). This demonstrates that we already have processes in place for monitoring metrics and targets, some of which are nature-related, and therefore provides a strong starting point for improving alignment with the TNFD over time.
- **Future disclosures:** Future TNFD disclosures will consider undertaking an exercise to map these targets and commitments to the most material nature-related risks and opportunities identified through a LEAP assessment. They should also be mapped to the TNFD's core and additional sector disclosure metrics. This would help inform whether our existing metrics and targets are sufficient for monitoring and managing the most material nature-related dependencies, impacts, risks and opportunities we face, and inform updates to these where appropriate.

CONCLUSIONS AND NEXT STEP

Our first TNFD disclosure establishes a starting point for reporting on our approach to managing nature-related impacts, dependencies, risks and opportunities. By providing a baseline position across all four TNFD pillars, we have been able to prioritise the actions needed to improve our alignment with the TNFD framework and demonstrate how nature is incorporated into decision making.

These actions include developing a structured roadmap and scorecard for TNFD adoption, developing a high-level diagram of our value chain, and screening our nature-related dependencies and impacts using the TNFD guidance. This would then inform a focused LEAP exercise to refine our nature-related risk and opportunity analysis and management process, and strengthen integration with other sustainability reporting processes, such as climate-related financial disclosures (CFD).

These next steps will not only improve the alignment of our TNFD disclosures with industry standard guidance and improve sustainability reporting transparency. They are also crucial to our ambition to reduce environmental impacts while actively contributing to the restoration and regeneration of the natural systems on which the business and our communities depend.



APPENDICES

Impact type	Risk / opportunity	How we are already taking action
Physical risks	Changing climate poses a risk to nature: altering water cycles, degrading habitats, and challenging the resilience of the ecosystems we depend on.	Over 2025–30 we are investing £1.7 billion to improve the environment, which will increase overall resilience. This includes further development of sustainable drainage systems (SuDS), schemes to protect and restore habitats (e.g. Branch Out, Bluespaces), implementation of innovative catchment-management and nature-based solutions.
	Extreme heat impacting biological processes: we rely on natural processes using microbes as part of our treatment processes for water and wastewater.	Investment in innovation and research projects such as the trial of the ‘SuPR Loofah’ system. Adoption of advanced thermal treatment (e.g. Howdon STW), and on-going monitoring and reporting of our treatment processes.
	Scientific advances demonstrate harm for a greater range of pollutants than those addressed using existing treatment processes: potential to create additional treatment costs e.g. microplastics, Anti Microbial Resistance (AMR), and persistent organic pollutants including PFAS.	Implementation of innovative automated monitoring systems to tackle pollution (e.g. AI-powered ‘Smart Sewers’). Monitoring a range of pollutants through the UK Chemical Investigation Programme. Monitoring and mitigation of PFAS levels led by the Drinking Water Inspectorate (DWI). Various public awareness campaigns to educate consumers (e.g. Bin the Wipe campaign).
	Declining water quality through nutrient run off, pesticides, microplastics, algal blooms.	Innovative nature-based solutions (e.g. Tees Estuary project). Catchment partnerships work aimed to reduce the input of phosphorus, nitrates and pesticides.
	Ecosystem degradation such as wetlands loss, deforestation, soil erosion, all leading to weaker natural filtration and less reliable recharge.	Sustainable land management initiatives such as the South and North Tyne holistic catchment programmes.
	Biodiversity loss, reducing the natural resilience of catchments and greater reliance on engineered solutions.	Holistic catchment projects to improve river and water quality. Schemes to protect and restore habitats (e.g. Branch Out, Bluespaces). Grassland enhancement initiatives across our operational sites.
Transition risks	Shifts in customer expectations: demand for nature-positive water stewardship and scrutiny of river pollution.	Regular customer engagement through schemes such as Local Action and customer and stakeholder surveys. On-going consultation to help shape our strategic plans.
	Reputational damage e.g. from sewage spills, over abstraction, or biodiversity impacts.	Infrastructure upgrades as part of our AMP8 capital delivery programme. Transparency regarding the progress of infrastructure investment, and environmental protection projects.



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