Remuneration committee report

Members

Kath Cates
Chair of the remuneration committee

- Doug Webb
- Alison Goligher

Annual statement from the remuneration committee chair

Our executive pay arrangements are aligned to our purpose, strategy and values, incentivising delivery for customers and the environment, and the creation of long-term value.

Dear shareholder

The past year saw the conclusion of what has been a challenging but successful five-year regulatory period, in which the company has delivered strongly for stakeholders, including customers and the environment. Meeting or exceeding around 80 per cent of our performance commitments has positioned the company as a top-quartile performer, and on a great footing to make further progress during the next regulatory period.

The water sector has remained subject to significant scrutiny during the year, with continued interest from customers and wider society on pollution and spills from storm overflows in particular. It is understandable why executive pay, and performance-related pay in particular, has formed part of the discourse. As I said last year, everyone, including those working in the water sector wants to see environmental performance improve and we recognise that this is key to restoring public confidence and trust.

The committee, and indeed the whole board, agree that incentive outcomes for executives should be strongly aligned with performance to demonstrate legitimacy to all stakeholders and believe that companies should provide clear and accessible explanations about pay arrangements to enable stakeholders to understand how they operate and how incentive outcomes are determined. This is something that we have consistently sought to do in our reporting, and we remain as committed as ever to driving strong standards both within the water sector and across the FTSE more broadly.

In February 2025, the UK Government passed the Water (Special Measures) Act, requiring Ofwat to implement rules that will prohibit water companies from paying performance-related pay to board-level executives if certain standards that it sets are not met. At the time of writing, Ofwat is still consulting on the proposed executive performance pay prohibition rule and so it is not yet certain exactly what implications the eventual rule will have. The committee understands the overall aims of the Act and our responses to the initial and follow-up consultations have therefore focused on ensuring that the final rules are proportionate, fair and transparent, and that there are no unintended consequences, particularly for listed water companies which are subject to additional governance requirements and expectations.

Uncertainty over the eventual rules that Ofwat will implement following its latest consultation has impacted on the committee's decision-making during the year, most notably in regard to the renewal of our directors' remuneration policy and determining the executive directors' performance-related pay outcomes. Whilst the rules are unlikely to be known before June 2025 they will retrospectively apply from 1 April 2024 and so could potentially affect the 2024/25 bonuses, but not the 2022 Long Term Plan awards which were granted before 1 April 2024. Based on the proposals set out in the most recent consultation the committee believes that the required standards of performance have been achieved and therefore that the annual bonus outcomes in respect of 2024/25 should be permitted, and so as described later in this letter the committee has been through its usual decision-making process to determine the value of bonuses that may be payable. We are mindful however that if Ofwat's final rules are materially different to what is currently understood this could mean that the assessment we have made in good faith must be revisited. As such, whilst this report provides details about the bonuses which have been proposed, no payments will actually be made to the executive directors until the committee has all necessary information for it to be certain that the standards set out in Ofwat's rules have been met. We are monitoring the situation closely and any changes to what is set out in this report will be explained next year. Details are provided on page 160.

As in previous years, the performance-related pay outcomes that the executive directors will receive in respect of this year will not be paid for by customers.

Remuneration policy review

When setting the remuneration arrangements for executive directors, the committee has always adopted a prudent and responsible approach, which aligns to company strategy. We received significant shareholder support in 2022 for our current remuneration policy, having carefully considered then how we should align our pay arrangements (and the incentive elements in particular) with the business plan for the remainder of the five-year regulatory period 2020-2025. We have continued to receive strong support for the annual implementation of our policy since then.

On 1 April 2025 we embarked on the latest regulatory period (AMP8) which will see us deliver what will be the largest investment in water and wastewater infrastructure in over 100 years and build a stronger, greener and healthier North West. It is therefore essential that while demonstrating transparency and legitimacy, the committee retains the flexibility to operate our remuneration policy as intended, to enable us to motivate and retain our talented and experienced leadership team to deliver on our challenging AMP8 plan and align outcomes for executives with the performance delivered for shareholders, customers and the environment.

The committee considered a number of possible changes to the current policy, however, noting the uncertainty referred to earlier over the eventual rules Ofwat will implement in relation to executive performance-related pay, we initially determined that the current policy remains broadly fit-for-purpose, remaining well-aligned to providing high standards of services for customers, protecting and enhancing the environment and continuing to support and uphold best practice corporate governance standards. Views of major shareholders and other stakeholders, including colleagues, were sought during a consultation exercise between April and May 2025, following which the committee remains satisfied that for now, our current approach remains appropriate with only minor changes to the policy being proposed, as shown on page 149. If approved by shareholders, the new policy will take effect from the July 2025 AGM.

Remuneration during 2024/25

Fixed pay

As set out in last year's report, having considered their performance and the positioning of their overall reward packages, the committee approved base salary increases of 5.0 per cent for both Louise Beardmore and Phil Aspin with effect from 1 July 2024. Their increases were less than the 5.5 per cent workforce increase for the year. The pension arrangements for both executive directors remain fully-aligned with the company's approach for other colleagues.

2024/25 annual bonus

As in previous years, a consistent bonus scorecard applied throughout the company in 2024/25, to ensure a shared focus on stretching delivery for customers and the environment.

We are pleased with the progress we have made during the year on our Better Rivers commitments, with full delivery of our Accelerated Solution programme milestones and a significant reduction in the number of reported storm overflow activations, materially exceeding our stretch target. Reducing storm overflow spills remains a key area of focus and further improvements in this area will continue to be targeted in the 2025/26 annual bonus plan. Strong performance was also achieved in the delivery of our capital programme and in the full delivery of our health and safety improvement plan for the year. However, persistent rainfall and frequent named storms throughout the year along with unprecedented heavy rainfall over the New Year naturally impacted our weather-responsive wastewater performance measures and contributed to the company not achieving the challenging targets set by the committee in respect of the outcome delivery incentives measure, so no bonus will be payable in relation to that. Whilst we maintained our position as the leading listed company on Ofwat's C-MeX measure of customer satisfaction with our above-median ranking position of 8th earning an ODI reward, the stretching nature of our targets meant that this was not sufficient for any bonus to be payable for that measure. At this stage, performance against the serious pollutions measure is undetermined until the Environment Agency publishes its report later in the year, so the bonus scorecard outcome has been provisionally calculated without any outcome for that measure.

Quick facts

- The code requires that 'the board should establish a remuneration committee of at least three independent non-executive directors'.
- By invitation of the committee, meetings are attended by the Chair, the CEO, the company secretary, the people director, the head of reward and the external adviser to the committee.
- Our proposed remuneration policy will be put to shareholders for approval at the 2025 AGM.
- The remuneration report sets out how the previous remuneration policy was applied in 2024/25 and how we intend to apply the new remuneration policy in 2025/26.
- Certain sections of the remuneration report are audited. The unaudited sections of the remuneration report, including the annual statement from the remuneration committee chair have been subject to external assurance by the remuneration committee's independent adviser, Ellason LLP. This appointment was performed as a limited assurance engagement in accordance with the requirements of the International Standard on Assurance Engagements (UK) 3000. Ellason's full assurance statement is available at unitedutilities.com/corporate/responsibility/our-approach/esg-performance

Quick links

Terms of reference: **unitedutilities.com/corporate-governance**

Read our **at a glance summary: executive directors' remuneration** on pages 150 to 153

Read about our **review of the directors' remuneration policy** on page 149 and our **proposed new policy** on pages 154 to 159

Read our **annual report on remuneration** on pages 160 to 171

Remuneration committee report

As shown on page 160 the provisional formulaic bonus outcome on this basis (without an outcome for the serious pollutions measure) was therefore 44.8 per cent.
The committee then undertook its usual thorough decision-making process, including an assessment to determine whether the formulaic outcome of the bonus scorecard was aligned with overall performance and the experience of stakeholders, including customers and the environment. This involves the consideration of performance across a range of stakeholder lenses which are not necessarily captured in the incentive scorecards, many of which are covered as proof-points on pages 68 to 103 where we demonstrate how we're delivering our purpose (stronger; greener; healthier) using a wide array of metrics and case studies. As a result of its considerations the committee decided that the scorecard outcome fairly reflected overall performance and that it would not exercise any discretion in respect of bonus outcomes. We expect to be able to finalise our serious pollution performance later in the year and we will disclose the restated bonus figures in next year's report.

2022 Long Term Plan (LTP)
LTP awards granted in July 2022 were based 50 per cent on a basket of customer and environmental measures and 50 per cent on return on regulated equity (RoRE). The basket comprised 12 metrics – including four directly linked to our carbon pledges – selected to reflect customer priorities, demonstrate our focus on customer delivery and environmental performance, and recognise stakeholder expectations with regard to ESG matters.

The final outcome for some of the measures in the basket will only be known when all relevant information is available, including our 2024 EPA rating which is currently undetermined. The estimated vesting outcome (without an outcome for the EPA rating measure) is 73.1 per cent as shown on page 161. We will provide an update in next year's report if the eventual outcome is different to this estimate.

Again, for the reasons described earlier the committee believes that the overall LTP outcome fairly reflects the underlying performance of the company and the experience of stakeholders over the period so is not currently minded to exercise any discretion in respect of the vesting of these awards, noting that it has the opportunity to revisit this again prior to vesting. Both directors' awards will vest after the completion of a holding period taking the overall vesting period to five years from the grant date.

Looking ahead

We expect Ofwat to publish its final executive performance pay prohibition rule and implementation guidance during the summer, at which point the committee will carefully assess its potential implications.

The committee has not yet reviewed executive director salaries for the year. For other colleagues, a 4.5 per cent salary increase has been agreed.

No changes are expected to pension provisions or benefits in the year or the maximum bonus opportunity (which will remain at 130 per cent of base salary for both executive directors). Award levels and targets for the 2025 LTP award will be determined later in the summer once shareholders have had the opportunity to vote on the new remuneration policy, and details of the measures, weightings and targets will be disclosed at the time of grant. As in recent years, measures relating to environmental performance will feature prominently in our performance-related pay arrangements. I hope that you find this report a clear and helpful account of the committee's key areas of focus and decisions during the year, and our plans looking forward. I would be happy to answer any questions you may have at the upcoming AGM.

This report has been approved by the board and is signed on its behalf by:

Kath Cates
Chair of the remuneration committee

A continued focus on setting stretching targets in our incentives

The committee has consistently sought to ensure that performance pay outcomes are well-aligned with delivering value for customers, communities and the environment, and page 151 provides explanations about why the measures used were chosen, and how they link to our strategic priorities and stakeholders.

Importantly, the committee takes steps to make sure that outcomes are based on stretching targets. A number of factors are considered when setting stretching targets, including our business plan, our historic performance and improvements required, relative sector performance, and regulatory requirements and determinations. We also recognise that performance pay measures and targets need to be set dynamically in order to calibrate performance and act as strong incentives, so the level of stretch applied will necessarily take account of the context of the specific measure selected. The Stretch targets used for the incentives vesting this year were set at an ambitious level of performance, in the context of current, past and forward-looking performance trends.

We constantly look for opportunities to evolve and improve our remuneration disclosures, so on pages 160 and 161, where we summarise our incentive outcomes for 2024/25, we have included a key to help stakeholders understand how the targets set for our customer and environmental measures are stretching.

Key
(BP) Exceed or match the company's best performance level
(CC) Exceed or meet our ambitious carbon commitments
(FD) Exceed or meet the level set by Ofwat in our AMP7 final determination
(IL) Represent industry leading performance
(IP) Represent full or substantial delivery of our challenging internal plans
(MI) Represent a material improvement compared to the prior period

Overall, 20 customer and environmental metrics featured in either the 2024/25 annual bonus or the 2022 LTP, demonstrating a substantial link to delivery for customers and the environment. Noting that a target for a measure could meet more than one of the statements shown in the key above, for the Stretch targets used in our 2024/25 performance related pay outcomes:

15 Exceed or match the company's best performance level (BP)
4 Exceed or meet our ambitious carbon commitments (CC)
4 Exceed or meet the level set by Ofwat in our AMP7 final determination (FD)
6 Represent industry leading performance (IL)
12 Represent full or substantial delivery of our challenging internal plans (IP)
10 Represent a material improvement compared to the prior period (MI)

The stretching nature of the targets set is evidenced by the fact that they have not all been achieved, and so the executives will not receive elements of the remuneration that they were potentially eligible for. See pages 160 to 161 for details.

Review of the directors' remuneration policy

Around eight million people in the North West of England rely on United Utilities to provide reliable and affordable water supplies to their homes, businesses and recreational spaces.

When setting the remuneration arrangements for executive directors, the committee has always adopted a prudent and responsible approach, which aligns to company strategy. We received significant shareholder support in 2022 for our current remuneration policy, having carefully considered how we should align our pay arrangements (and the incentive elements in particular) with the business plan for the remainder of the five-year regulatory period 2020–25. We have continued to receive strong support for the annual implementation of our policy since then.

In the intervening years the water sector has been subject to increasing and significant scrutiny and concerns, with storm overflows and pollution remaining clear areas of interest for customers and wider society. Everyone wants to see environmental performance improve, including those working in the water sector.

The committee, and indeed the whole board, understands why executive pay has formed part of the debate, including among politicians and regulators. We recognise the need to restore public confidence and trust in the sector and are committed to having executive pay arrangements that demonstrate legitimacy and transparency, and reflect the expectations of our regulators. We agree that incentive outcomes for executives should be strongly aligned with performance to demonstrate legitimacy to all stakeholders and believe that companies should provide clear and accessible explanations about pay arrangements to enable stakeholders to understand how they operate and how incentive outcomes are determined. This is something that the committee has consistently sought to do in its own reporting, and we remain committed to driving strong standards both within the water sector and across the FTSE more broadly.

On 1 April 2025 we embarked on the latest regulatory period (AMP8) which will see us deliver what will be the largest investment in water and wastewater infrastructure in over 100 years, and details about our plans are set out on pages 8 and 9 of the Strategic Report. It is therefore essential that while demonstrating transparency and legitimacy, our executive remuneration approach enables us to motivate and retain our talented and experienced leadership team to deliver on this plan and to build a stronger, greener and healthier North West.

The passing of the Water (Special Measures) Act by the UK Government in February 2025, requires Ofwat to implement rules that will prohibit water companies from paying performance-related pay to board-level executives if certain standards that it sets are not met. At the time of writing, Ofwat is consulting on this proposed executive performance pay prohibition rule and so it is not yet certain exactly what implications the eventual position will have.

It is in this context that the committee has been conducting its review of the remuneration policy, as we are required to submit a new policy at our 2025 AGM. With such uncertainty prevalent over the eventual outcome of Ofwat's consultation and the associated regulatory framework for executive pay, the committee's initial conclusion was that the current policy remains broadly fit-for-purpose, remaining well-aligned to providing high standards of services for customers, protecting and enhancing the environment, being in line with best practice corporate governance standards, and continuing to support the key principles of aligning to our purpose, vision and strategy; incentivising great customer service and creating long-term value for all stakeholders.

Views of stakeholders, including major shareholders and colleagues, were sought during a consultation exercise between April and May 2025, following which the committee remains satisfied that for now, overall, our current approach remains appropriate. At the upcoming AGM, the committee therefore proposes to submit only a small number of changes to the policy framework, alongside some minor changes to facilitate the administration of the policy, for example, removing references to arrangements for legacy directors that are no longer relevant. A summary of the key elements of the policy review and its outcome are shown in the table below, with full details of the proposed policy shown on pages 154 to 159. If approved by shareholders, the new policy will take effect from the July 2025 AGM.

Element of policy	Focus/rationale for review	Position following consultation
Include explicit reference to variable incentives being subject to customer and environmental measures, in addition to financial and operational performance (in the annual bonus) and Return on Regulated Equity (in the LTP).	We are committed to delivering major improvements for customers and the environment, and the new regulatory period is a significant opportunity for us to do so. This change reinforces this commitment within the Policy by explicitly linking variable pay, in part, to customer and environmental outcomes	Stakeholders consulted raised no concerns about the proposed change, and so it is reflected in the new Policy set out on pages 154 to 159.
Reduce the level of mandatory deferral from at least 50 per cent to at least 25 per cent of any bonus earned once an executive director has met their shareholding guideline.	We recognise the need for there to be long-term alignment between the interests of shareholders and those of executives, which is achieved using our shareholding guidelines. This change provides greater flexibility for the executive directors only once they have reached their shareholding guideline, and still allows the committee to apply malus or clawback provisions if ever necessary.	The significant majority of stakeholders consulted raised no concerns about the proposed change, and so it is reflected in the new Policy set out on pages 154 to 159.

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Remuneration

At a glance summary: executive directors' remuneration

Aligning our remuneration approach to business strategy

Our remuneration approach is aligned to our purpose, values and strategy, thereby incentivising delivery for customers and the environment, and the creation of long-term value for all of our stakeholders.

Our purpose is to provide great water for a **stronger, greener, healthier** North West

Our strategic priorities

Our purpose is implemented throughout our strategy

- Improve our rivers
- Create a greener future
- Deliver great service for all our customers
- Provide a safe and great place to work
- Spend customers' money wisely
- Contribute to our communities

Stakeholders

Delivering for all our stakeholders

- Customers
- Environment
- Communities
- Colleagues
- Suppliers
- Investors

Our remuneration approach supports our business and people strategy and reflects the views of different stakeholders.

There are three key principles of our approach to executive remuneration:

1. **Align** to our purpose, values and strategy
2. **Incentivise delivery** for customers and the environment
3. **Create long-term value** for all of our stakeholders

Our incentive framework in 2024/25 was designed to align with our business strategy and delivers for each of our stakeholder groups.

Our annual bonus and Long Term Plan (LTP) are closely aligned to our strategic priorities and with delivery for our stakeholders. They each demonstrate a clear focus on customers and the environment.

Element	Why it's important to our remuneration approach	Link to strategic priorities	Link to different stakeholders
2024/25 annual bonus			
Underlying operating profit	Underlying operating profit is a key measure of shareholder value.		
Reducing pollution and enhancing outcomes for customers and the environment • Outcome delivery incentives (environmental, water and customer) • Serious pollution incidents • Storm overflows: reduction of reported activations • Storm overflows: delivery of Accelerated Solution programme milestones • Capital programme delivery incentive (CPDi)	The outcome delivery incentive measure includes a range of environmental, water and customer commitments. It is based on the outperformance payments earned and financial penalties incurred by the company based on its delivery of the performance targets embedded in the AMP7 final determination. The performance targets and the financial incentives associated with them are determined by Ofwat in the expectation that achieving them means that stretching outcomes have been delivered for customers and the environment. Bonus awards are only made where the value of these payments exceeds a predetermined level, which the committee sets relative to the AMP7 determination. Non-delivery of our performance commitments can result in financial penalties being applied, which reduces the likelihood of this target being achieved. Protecting and improving the environment is a priority for the company, and minimising the extent to which our operations might cause a pollution is a crucial part of this. Improving river health continues to be a key area of focus and we have an ambitious plan to reduce storm overflows across our region. The use of bonus measures relating to the reduction of storm overflows means our executive directors are incentivised to deliver these plans. The CPDi measure incentivises the executive directors to keep tight control of our capital programmes to ensure we can provide a reliable and environmentally conscious service to our customers.		
Improving customer service and water quality • C-MeX ranking • Water quality contacts (due to appearance)	By using Ofwat's measure of customer experience executive directors are incentivised to deliver the best service to customers. Ofwat can apply financial incentives or penalties depending on our customer service performance. Customers expect the water that comes out of their tap to be clear, and when it is discoloured it can affect public confidence in the water supply. This measure helps drive improvements in this aspect of our performance.		
Looking after our people • Delivery of health and safety improvement programme	We are committed to improving health and safety performance, and driving a safety and a more caring culture to ensure our people get home safe and well. This measure is based on the delivery of our health and safety improvement programme, which is comprised of three key pillars: personal safety; process safety; and occupational health and wellbeing.		
Compulsory deferral of bonus	Requiring executive directors to defer part of their bonus into shares provides reassurance that the company is being run in the longer-term interests of shareholders, customers and the environment, including beyond the annual bonus period. It reassures shareholders and customers that some/all of the deferred bonus could ultimately be withheld if, during the deferral period, this is deemed necessary.		
2022 Long Term Plan (LTP)			
Return on Regulated Equity (RoRE)	RoRE is a key regulatory measure of performance against the final determination. Outperformance will result in an increase to RoRE, which should translate into higher returns for shareholders through share price performance. Outperformance also benefits customers and the environment through strong delivery against stretching performance commitments, efficiencies in the capital investment programme and lower long-term financing costs.		
Basket of customer and environmental measures	The basket is made up of specific performance commitments embedded in the AMP7 final determination, focusing on areas that customers have identified via our research as being most important to them. It also includes carbon measures linked to our efforts to continually strengthen the sustainability and resilience of our business. Strong delivery of the commitments benefits our customers, communities and the environment, and can result in outperformance payments from Ofwat, which is positive for shareholders.		
Additional holding period (so the overall vesting and holding period is at least five years)	Requiring the executive directors to wait a further period after the performance outcome of their award is known ensures continued longer-term alignment with shareholder interests and delivery for stakeholders, including customers and the environment. It reassures shareholders and customers that some/all of the LTP outcome could ultimately be withheld if, during the holding period, this is deemed necessary.		
Key governance mechanisms			
Discretion over outcomes	The committee retains discretion to override formulaic outcomes (including reducing down to zero) in both schemes to ensure that they are appropriate and reflective of overall performance, over the life of the policy (taking into account any evolution of the strategic goals for the company and to reflect customer and regulatory priorities).		
Withholding and recovery provisions	Bonuses and shares under the DBP and LTP are subject to withholding (malus) and recovery (clawback) provisions in cases of: material misstatement of audited financial results; an error in the calculation; gross misconduct; serious reputational damage; serious failure of risk management; corporate failure; or other circumstances that the committee may determine.		
Shareholding guidelines	It is important that each executive director builds and maintains a significant shareholding in shares of the company to provide alignment with shareholder interests (during and after employment) and as a demonstration that the company is being run for the long-term benefit of all its stakeholders, including customers and the environment.		

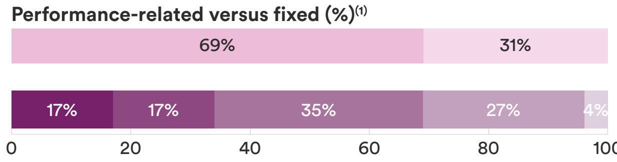
At a glance summary: executive directors' remuneration

Executive directors' remuneration policy

Elements of executive directors' pay for 2024/25

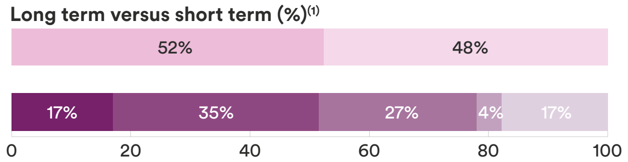
A significant proportion of executive directors' pay is performance-related, long term and remains 'at risk' (i.e. subject to withholding and recovery provisions for a period over which the committee can withhold vesting or recover sums paid):

Performance-related versus fixed (%)[1]



- Performance linked
  - Annual bonus – cash
  - Annual bonus – shares
  - Long Term Plan (LTP)
- Fixed
  - Base salary
  - Pension and other benefits

Long term versus short term (%)[1]

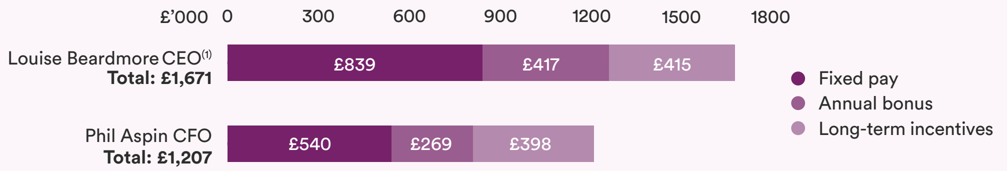


- Long term
  - Annual bonus – shares
  - Long Term Plan (LTP)
- Short term
  - Base salary
  - Pension and other benefits
  - Annual bonus – cash

(1) Based on maximum payout scenario for executive directors in line with the current remuneration policy, assuming the maximum award level of 130 per cent of salary for the Long Term Plan (LTP).

Single total figure of remuneration for executive directors for 2024/25

Fixed pay comprises base salary, benefits and pension. Further information on the single figure of remuneration can be seen on page 160.

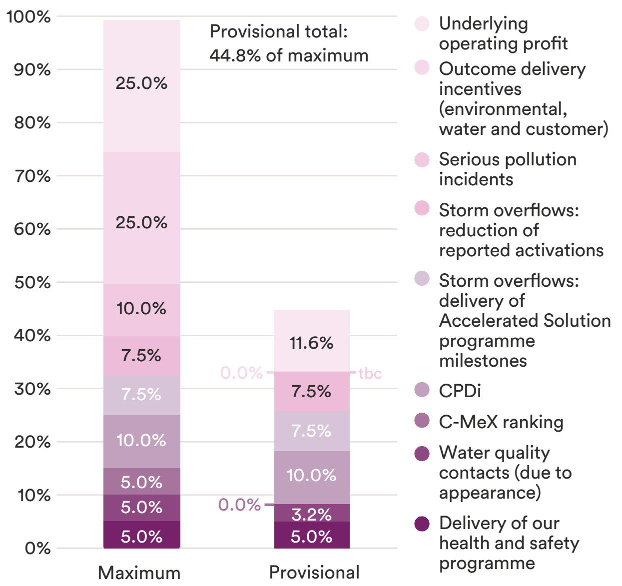


(1) For Louise Beardmore, the LTP relates to the award granted in 2022 prior to her appointment as CEO in April 2023.

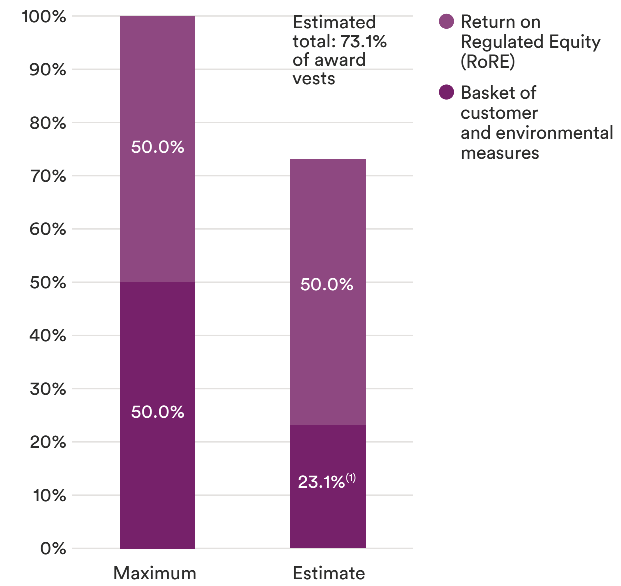
Annual bonus and Long Term Plan (LTP) outcomes

The charts below show the results of the performance against targets for the annual bonus and LTP. Further information about the annual bonus is shown on page 160 and about the LTP on page 161.

Provisional 2024/25 annual bonus outcome

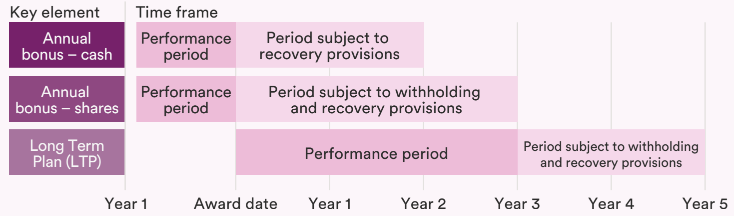


Estimated 2022 Long Term Plan (LTP) outcome



(1) Estimate does not include EPA rating outcome which is undetermined

Pay at risk



Further details on **what triggers the withholding and recovery provisions** can be found on page 157

Implementation of directors' remuneration policy in 2024/25

The table below summarises the implementation of the directors' remuneration policy for executive directors in 2024/25. For further details see the annual report on remuneration on pages 160 to 171.

Key element	Implementation of policy in 2024/25
Base salary	• Having considered their performance and the positioning of their overall reward package within the external market, Louise Beardmore and Phil Aspin each received a salary increase of 5.0 per cent from 1 July 2024. This was less than the increase of 5.5 per cent paid to the wider workforce.
Benefits and pension	• Market competitive benefits package including a green travel allowance of £14,000; health, life cover and income protection; and reimbursement of taxable expenses. • The pension arrangements for the executive directors are the same as those available to the wider workforce. Louise Beardmore has a combination of a cash pension allowance and a contribution into the pension scheme such that the cost to the company is broadly the same as 12 per cent of base salary. Phil Aspin has a cash pension allowance of 12 per cent of base salary.
Annual bonus	• Maximum opportunity of 130 per cent of base salary. • 2024/25 annual bonus outcome of 44.8 per cent (provisional). • 50 per cent of 2024/25 annual bonus deferred for three years. • Withholding and recovery provisions apply.
Long Term Plan	• Award of 130 per cent of base salary. • Estimated long-term incentive vesting of 73.1 per cent for the performance period 1 April 2022 to 31 March 2025. The awards will vest after an additional holding period, which ends no earlier than five years from the date of grant. • Withholding and recovery provisions apply.
Shareholding guidelines	• Personal shareholding for Phil Aspin is above the 200 per cent of salary minimum guideline. Louise Beardmore is building her respective shareholding and is expected to reach the minimum guideline within five years of her appointment as CEO. Post-employment shareholding requirements apply. See page 167 for further details.

Key:

- At or above stretch target
- Between threshold and stretch targets
- Below threshold target

(1) For the purpose of annual bonus, underlying operating profit excludes infrastructure renewals expenditure and property trading.
(2) Average RoRE over 2022/23, 2023/24 and 2024/25.
(3) Total of the overall 2022 LTP outcome arising from performance in relation to the basket of customer and environmental measures. Estimate does not include EPA rating outcome which is undetermined. See page 161.

Aligning pay with performance

See pages 160 to 161 for details

Annual bonus – year ended 31 March 2025

Underlying operating profit[1]

£812.7m

Outcome delivery incentives (environmental, water and customer)

£24.1m

Storm overflows: reduction of reported activations

20,064 fewer spills

Storm overflows: delivery of Accelerated Solution programme milestones

100%

Capital programme delivery incentive (CPDi)

99.6%

C-MeX ranking versus the other water companies

8th out of 17

Water quality contacts (due to appearance)

5,146

Delivery of our health and safety programme

100%

Long Term Plan – three years ended 31 March 2025

Return on regulated equity (RoRE)[2]

6.78%

Basket of customer and environmental measures[3]

23.1%

Directors' remuneration policy

This part of the directors' remuneration report sets out the remuneration policy for the company, and has been prepared in accordance with the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013.

The policy in this report will be put to a binding shareholder vote at the AGM on 18 July 2025, and will take formal effect from that date, subject to shareholder approval. A summary of the policy development process and key changes are provided on page 149.

Overview of remuneration policy

The company's remuneration arrangements are ultimately designed to promote the long-term success of the company, without paying more than is necessary for this purpose. The committee recognises that the company operates in the North West of England in a regulated environment and, therefore, needs to ensure that the structure of executive remuneration reflects both the practices of the markets in which its executives operate, and stakeholder expectations of how the company should be run.

The committee also recognises that the success of the company is dependent on the company's ability to attract, motivate and retain senior executives of the calibre required to deliver against the business plan and long-term strategy. This requires the design and application of the remuneration policy to be fair, consistent and transparent. The committee monitors the remuneration arrangements to ensure that there is an appropriate balance between risk and reward.

There is clear and direct link between incentives and delivery of the company's business plan. If the business plan is delivered within an acceptable level of risk, the committee believes that there should be the opportunity for senior executives to be rewarded through the annual bonus and long-term incentives. If it is not delivered, then a significant part of their potential remuneration will not be paid, providing alignment with stakeholders.

The committee understands that listening to the views of the company's key stakeholders plays a vital role in formulating and implementing a successful remuneration policy over the long term.

The committee thus actively seeks the views of shareholders and other key stakeholders to inform the development of the remuneration policy, particularly where any changes to policy are envisaged. Customer and stakeholder engagement directly informed the development of our business plan on which our variable pay arrangements are based. Engagement is conducted in a variety of ways including customer focus groups, workshops, online community panels and surveys to understand the key priorities for our customers and this feedback is used by the committee to inform the choice and weighting of measures used in the annual bonus and LTP.

Account is also taken of colleague views on the policy, typically via the colleague voice panel. Additionally, the company carries out colleague engagement surveys and regular discussion takes place with union representatives on matters of pay and remuneration for colleagues covered by collective bargaining or consultation arrangements, all of which can provide insight which is of value to the committee. The general base salary increase and broader remuneration arrangements, including pension provision, for the wider colleague population are considered by the committee when determining remuneration policy for the executive directors. As outlined on page 164 processes are in place for the committee to regularly review and consider any remuneration-related matters that may arise from the activities undertaken by the board to take account of the 'colleague voice'.

Future policy for directors

Base salary

Purpose and link to strategy: To attract and retain executives of the experience and quality required to deliver the company's strategy.

Operation	Maximum opportunity
Normally reviewed annually. Significant increases in salary should only take place infrequently, for example where there has been a material increase in: • the size of the individual's role; • the size of the company (through mergers and acquisitions); or • the pay market for directly comparable companies (for example, companies of a similar size and complexity). On recruitment or promotion to executive director, the committee will take into account previous remuneration, and pay levels for comparable companies, when setting salary levels. This may lead to salary being set at a lower or higher level than for the previous incumbent.	Current salary levels are shown in the annual report on remuneration. Executive directors will normally receive a salary increase that is generally no greater than the increase awarded to the general workforce, unless one or more of the conditions outlined under 'Operation' is met. Where the committee has set the salary of an executive director at a discount to the market level, increases can be implemented in the following years to bring the salary to the appropriate market position, subject to individual performance. **Performance measures** None.

Pension

Purpose and link to strategy: To provide a level of benefits that allow for personal retirement planning.

Operation	Maximum opportunity
Executive directors are offered the choice of: • a company contribution into a defined contribution pension scheme; • a cash allowance in lieu of pension; or • a combination of a company contribution into a defined contribution pension scheme and a cash allowance.	The maximum opportunity is aligned to the approach available to the wider workforce, currently: • up to 14 per cent of salary into a defined contribution scheme; • cash allowance of broadly equivalent cost to the company (up to 14 per cent of salary less employer National Insurance contributions at the prevailing rate, i.e. up to 12 per cent of base salary for 2025/26); or • a combination of both such that the cost to the company is broadly the same. **Performance measures** None.

Benefits

Purpose and link to strategy: To provide market competitive benefits to help recruit and retain high-calibre executives.

Operation	Maximum opportunity
Provision of benefits such as: • health benefits; • green travel allowance; • relocation assistance; • life assurance; • group income protection; • all-employee share schemes (e.g. opportunity to join the ShareBuy scheme); • travel; and • communication costs. Any reasonable business-related expenses can be reimbursed (and any tax thereon met if determined to be a taxable benefit). Executives will be eligible for any other benefits that are introduced for the wider workforce on broadly similar terms and additional benefits might be provided from time to time if the committee decides payment of such benefits is appropriate.	As it is not possible to calculate in advance the cost of all benefits, a maximum is not predetermined. **Performance measures** None.

Annual bonus

Purpose and link to strategy: To incentivise performance against selected financial and operational KPIs that are directly linked to business strategy. Deferral of part of bonus into shares aligns the interests of executive directors and shareholders.

Operation	Maximum opportunity
Until an executive director has met their shareholding requirement at least 50 per cent of any bonus earned will be deferred into company shares under the Deferred Bonus Plan (DBP) for a period of at least three years. Once an executive director has met their shareholding requirement, at least 25 per cent of any bonus earned will be deferred. Dividends or dividend equivalents accrue during the DBP deferral period and are paid upon vesting. Not pensionable. Bonuses and DBP shares are subject to withholding and recovery provisions, details of which are included as a note to this Policy table.	Maximum award level of up to 130 per cent of salary, for the achievement of stretching performance objectives. **Performance measures** Payments predominantly based on financial and operational performance, including customer and environmental performance, with the possibility of a minority to be based on achievement of personal objectives if determined by the committee. Targets and weightings set by reference to the company's financial and operating plans. Bonus outcomes are subject to the committee being satisfied that the company's performance on the measures is consistent with underlying business performance and individual contributions. The committee will exercise discretion on bonus outcomes if it deems necessary. 100 per cent of maximum bonus potential for stretch performance; up to 50 per cent of maximum for target performance; and up to 25 per cent of maximum for threshold performance. No payout for below-threshold performance.

Long Term Plan (LTP)

Purpose and link to strategy: To incentivise long-term value creation and alignment with the long-term interests of shareholders, customers, and other stakeholders.

Operation	Maximum opportunity
Awards under the LTP are rights to receive company shares, subject to certain performance conditions. Each award is measured over at least a three-year performance period. An additional holding period applies after the end of the three-year performance period so that the total vesting and holding period is at least five years. Dividends or dividend equivalents accrue until awards are released to participants, to the extent that such awards vest for performance. Shares under the LTP are subject to withholding and recovery provisions, details of which are included as a note to this Policy table.	The overall policy limit is 200 per cent of salary. The normal grant level will be 130 per cent of salary per annum. An increase to the normal grant level on an ongoing basis will be subject to prior consultation with major shareholders. **Performance measures** The two performance conditions are Return on Regulated Equity and environmental measures. The weighting of each of these two components is 50 per cent. Any vesting is subject to the delivery of the dividend policy applicable to each year of the respective performance period, and the committee being satisfied that the company's performance on these measures is consistent with underlying business performance. The committee will exercise discretion on LTP outcomes if it deems it necessary. The committee has discretion to set alternative performance measures and/or weightings for future awards but will consult with major shareholders before making any material changes to the currently applied measures and/or weightings. 100 per cent of awards vest for stretch performance and up to 25 per cent of awards vest for threshold performance. No awards vest for below-threshold performance.

Directors' remuneration policy

Shareholding requirements

Shareholding requirements	
Purpose and link to strategy: The committee believes that it is important for each executive director to build and maintain a significant investment in shares of the company to provide alignment with shareholder interests during and after employment.	
Operation	**Maximum opportunity**
Executive directors are expected to reach a shareholding requirement of 200 per cent of salary, normally within five years of appointment. The following post-employment shareholding requirements apply in the event of an executive director leaving the company: • Executive directors must continue to hold the lower of 200 per cent of salary in shares or their shareholding on departure, for two years after ceasing employment with the group. • Executive directors must retain shares vesting (net of tax) from all share awards (including in-flight awards) if not doing so would take their shareholding below the requirement. Nominee accounts are used to enable the post-employment shareholding requirements to be robustly enforced.	None. **Performance measures** None.

Non-executive directors' fees and benefits

Non-executive directors' fees and benefits	
Purpose and link to strategy: To attract non-executive directors with a broad range of experience and skills to oversee the development and implementation of our strategy.	
Operation	**Maximum opportunity**
The remuneration policy for the non-executive directors (with the exception of the Chair) is set by a separate committee of the board. The policy for the Chair is determined by the remuneration committee (of which the Chair is not a member). Fees are reviewed annually taking into account the salary increase for the general workforce and the levels of fees paid by companies of a similar size and complexity. Additional fees may be paid in relation to extra responsibilities undertaken, such as for chairing certain board sub-committees, undertaking the role of senior independent non-executive director or other roles where an additional time-commitment is required. In exceptional circumstances, if there is a temporary yet material increase in the time commitments for non-executive directors, the board may pay extra fees on a pro rata basis to recognise the additional workload. No eligibility for bonuses, long-term incentive plans, pension schemes, healthcare arrangements or colleague share schemes. The company repays any reasonable expenses that a non-executive director incurs in carrying out their duties as a director, including travel, hospitality-related and may provide other modest benefits (including covering any tax liabilities thereon), if appropriate.	Current fee levels are shown in the annual report on remuneration. The value of benefits may vary from year to year, according to the cost to the company. **Performance measures** Non-executive directors are not eligible to participate in any performance-related arrangements.

Notes to the policy table

Selection of performance measures and targets

Performance measures for the annual bonus are selected annually to align with the company's key strategic goals for the year and reflect financial, operational and, where relevant, personal objectives. 'Target' ranges are set taking into account the business plan for the year, (following rigorous debate and approval of the plan by the board) and other relevant factors (including relative sector performance, customer priorities and regulatory expectations).

Only modest rewards are available for delivering threshold performance levels, with rewards at stretch normally requiring substantial outperformance. Details of the current measures used for the annual bonus are given in the annual report on remuneration.

The LTP structure was set by the committee following an extensive review and consultation in 2018/19, to align with the company's key strategic goals, customer priorities and the creation of long-term shareholder value. No changes are proposed to the current structure and it will remain linked to stretching delivery for customers, communities, shareholders and the environment.

Basket of customer and environmental measures

What is it?

- A basket of customer measures comprising operational, service, resilience and environmental measures to capture the delivery of performance for customers and the environment. Customer priorities are reflected in the measures selected.

Key reasons for selection

- Customers will benefit from improvements in key performance areas of importance to them, and from long-term reliability in the quality of their water supplies, and ways of working that protect and improve the environment.
- Investors will be impacted by financial rewards resulting from delivery on service commitments, and through investments made to ensure the long-term health and sustainability of our assets.

Return on Regulated Equity (RoRE)

What is it?

- RoRE is the return that the company is expected to earn relative to the equity portion of its Regulatory Capital Value.
- The return is comprehensive in that it is composed of the company's performance on expenditure, investment and financing decisions, and operational and customer initiatives undertaken over the regulatory period.

Key reasons for selection

- Directly linked to the allowable return set by the regulator, and is comparable across the sector.
- Captures financial, operational and customer performance.
- Outperformance will result in an increase to RoRE which should translate into higher returns for investors through share price performance.
- Outperformance also benefits customers through strong delivery against stretching performance commitments, efficiencies in the capital investment programme and lower long-term financing costs.

The policy provides for committee discretion to alter the LTP measures and weightings to ensure they continue to facilitate an appropriate measurement of performance over the life of the policy (taking into account any evolution of the strategic goals of the company and to reflect customer and regulatory priorities). LTP targets are set taking into account a number of factors, including reference to market practice, the company business plan and analysts' forecasts where relevant. The LTP will only vest in full if stretching business performance is achieved.

Flexibility, discretion and judgement

The committee will operate the company's incentive plans according to their respective rules and consistent with normal market practice, the Listing Rules and HMRC rules where relevant, including flexibility in a number of regards.

These include making awards and setting performance criteria each year, dealing with leavers, and adjustments to awards and performance criteria following acquisitions, disposals, changes in share capital and to take account of the impact of other merger and acquisition activity.

The committee retains discretion within the policy to adjust the targets, set different measures and/or alter weightings for the annual bonus and LTP and can, in exceptional circumstances, under the rules of these plans adjust performance conditions to ensure that the awards fulfil their original purposes (for example, if an external benchmark or measure is no longer available). All assessments of performance are ultimately subject to the committee's judgement.

When determining performance pay outcomes for executives, in addition to reviewing performance against the specified measures the committee will consider other factors, including legal and regulatory requirements and the extent to which the formulaic outturns are aligned with the experience of stakeholders. Full details of this assessment and the rationale for any discretion exercised will be disclosed in the annual remuneration report.

Recovery and withholding

Cash bonuses and shares granted under the DBP and LTP are subject to withholding (malus) and recovery (clawback) provisions in cases of: material misstatement of audited financial results; an error in the calculation; gross misconduct; serious reputational damage; serious failure of risk management; corporate failure; or other circumstances that the committee may determine.

These provisions may be invoked at the committee's discretion at any time within two years of the payment of a cash bonus (in respect of the annual bonus), at any time within three years of a deferred bonus award being granted (in respect of the deferred bonus), or within two years following the date in which the committee has determined that the performance targets have been satisfied for an LTP award (in respect of the LTP). The committee considers that these periods are appropriate in the context of United Utilities' business operations.

Alignment of executive director remuneration with the wider workforce

The remuneration approach is consistently applied at levels below the executive directors. Key features include:

- market competitive levels of remuneration, incentives and benefits to attract and retain colleagues;
- colleagues at all levels participate in a bonus scheme with the same corporate performance measures as for executive directors; and
- all colleagues have the opportunity to participate in the HMRC-approved share incentive plan, ShareBuy.

At senior levels, remuneration is increasingly long term, and 'at risk' with an increased emphasis on performance-related pay and share-based remuneration.

Governance
Corporate governance report
5
Remuneration

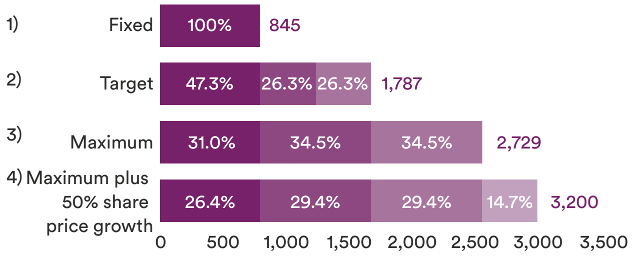
Directors' remuneration policy

Scenarios for total remuneration

The charts below show the illustrative pay-outs under the remuneration policy for each current executive director under four different scenarios.

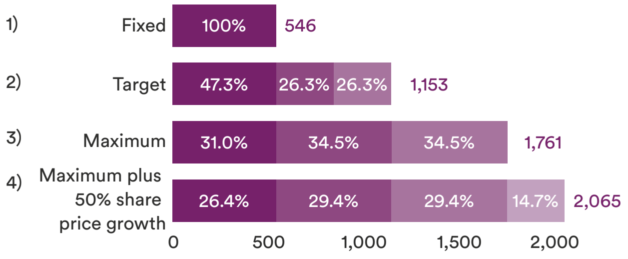
Louise Beardmore CEO

£'000s



Phil Aspin CFO

£'000s



Fixed | Annual bonus | Long Term Plan | Additional Long Term Plan value if share price grows by 50 per cent

Notes on the scenario methodology:

- 'Fixed' is base salary as at 1 April 2025 plus the applicable cash allowance in lieu of pension and the value of benefits as shown in the single total figure of remuneration table for 2024/25;
- 'Target' performance is the level of performance required for the annual bonus and LTP to pay out at 50 per cent of maximum;
- 'Maximum' performance would result in 100 per cent vesting of the annual bonus and LTP (assumed to be 260 per cent of salary in total);
- 'Maximum performance plus 50 per cent share price growth' shows maximum performance plus the impact on the LTP of a hypothetical 50 per cent increase in the share price;
- Annual bonus includes amounts compulsorily deferred into shares;
- LTP is measured at face value, i.e. no assumption for dividends or changes in share price (except in the fourth scenario); and
- Amounts relating to all-colleague share schemes have, for simplicity, been excluded from the charts.

External directorships

The company recognises that its executive directors may be invited to become non-executive directors of other companies outside the company and exposure to such non-executive duties can broaden experience and knowledge, which would be of benefit to the company. Any external appointments are subject to board approval (which would not be given if the proposed appointment was with a competing company, would lead to a material conflict of interest or could have a detrimental effect on a director's performance). Directors will be allowed to retain any fees received in respect of such appointments.

Service contracts and letters of appointment

Copies of executive directors' service contracts and non-executive directors' letters of appointment are available for inspection at the company's registered office during normal hours of business and will be available at the company's AGM. Copies of non-executive directors' letters of appointment can also be viewed on the company's website.

The notice period in the service contracts for executive directors' appointed on or after 1 May 2022 is one year. For executive directors appointed prior to 1 May 2022 the notice period is up to one year when terminated by the company and at least six months' notice when terminated by the director. The policy on payments for loss of office is set out in the next section.

The Chair and other non-executive directors have letters of appointment rather than service contracts. Their appointments may be terminated without compensation at any time. All non-executive directors are subject to re-election at each AGM.

Date of service contracts

Executive directors	Date of service contract
Louise Beardmore	1.4.23
Phil Aspin	24.7.20

Approach to recruitment remuneration

The remuneration package for a new executive director would be set in accordance with the terms of the company's approved remuneration policy in force at the time of appointment.

Buy-out awards

The committee may offer additional cash and/or share-based elements (on a one-time basis or ongoing) when it considers these to be in the best interests of the company (and therefore shareholders). Any such payments would be limited to a reasonable estimate of value of remuneration lost when leaving the former employer and would normally reflect the delivery mechanism (i.e. cash and/or share-based), time horizons and whether performance requirements are attached to that remuneration. Shareholders will be informed of any such payments at the time of appointment.

Maximum level of variable pay

The absolute maximum level of long-term incentives that may be awarded to a new executive director will be limited to the maximum LTP limit of 200 per cent of salary per annum. Therefore, the absolute maximum level of overall variable pay that may be offered will be 330 per cent of salary (i.e. 130 per cent annual bonus plus 200 per cent LTP). These limits are in addition to the value of any buyout arrangements which are governed by the policy above.

In the case of an internal appointment, any variable pay element awarded in respect of the prior role would be allowed to pay out according to its terms, adjusted as relevant to take into account the appointment. In addition, any other previously awarded entitlements would continue, and be disclosed in the next annual report on remuneration.

Base salary and relocation expenses

Base salary levels for new executive directors will be set in accordance with the policy, taking into account the experience of the individual recruited and the market rate for the role. The committee has the flexibility to set the salary of a new appointee at a discount to the market level initially, with increases implemented over the following years to bring the salary to the appropriate market position, subject to individual performance in the role.

The committee may agree that the company will meet certain relocation and/or incidental expenses as appropriate.

Annual bonus performance conditions

Where a new executive director is appointed part way through a financial year, the committee may set different annual bonus measures and targets for the new executive director from those used for other executive directors (for the initial part-year only).

Appointment of non-executive directors

For the appointment of a new Chair or non-executive director, the fee arrangement would be set in accordance with the approved remuneration policy in force at that time. Non-executive directors' fees are set by a separate committee of the board; the Chair's fees are set by the remuneration committee.

Payment for loss of office

The circumstances of the termination, including the individual's performance and an individual's duty and opportunity to mitigate losses, are taken into account in every case. Our policy is to stop or reduce compensatory payments to former executive directors to the extent that they receive remuneration from other employment during the compensation period. A robust line on reducing compensation is applied and payments to departing executive directors may be phased to mitigate loss. Our policy is shown in the table below:

Provision	Summary terms
Compensation for loss of office	• An executive director's service contract may be terminated without notice and without any further payment or compensation, except for sums earned up to the date of termination, on the occurrence of certain contractually specified events such as gross misconduct. • No termination payment if full notice is worked. • Otherwise, a payment in respect of the period of notice not worked of basic salary, plus pension and green travel allowance for that period. • Half of the termination payment will be paid within 14 days of date of termination. • The other half will be paid in monthly instalments over what would have been the second half of the notice period. This will be reduced by the value of any salary, pension contribution and green travel allowance earned in new paid employment in that period.
Treatment of annual bonus on termination	• Normally, eligibility for any bonus payment will be forfeited where the annual performance period has not yet been completed. However, in certain circumstances, such as death, disability, mutually agreed retirement or other circumstances at the discretion of the committee, a time prorated bonus may be payable for the period of active service. There is no automatic entitlement to payments under the bonus scheme. Any payment is at the discretion of the committee and is subject to withholding and recovery provisions as detailed in the policy table. • Performance targets would apply in all circumstances. • If it is not possible for legal reasons to grant a deferred share award (for example, if the director is no longer employed by the company at the point of payment), the committee will seek to effect the normal deferred element in the form of a deferred cash award, but may ultimately use its discretion to pay the bonus wholly in cash.
Treatment of deferred bonus on termination	• Determined on the basis of the relevant plan rules. Full details can be found on the company's website. • The default treatment is that any outstanding awards will vest in full on the originally intended vesting date with no time prorating applying. • Deferred bonuses are subject to withholding and recovery provisions as detailed in the policy table.
Treatment of unvested long-term incentives on termination	• Determined on the basis of the relevant plan rules. Full details can be found on the company's website. • Normally, any outstanding awards where the performance period has not yet been completed will lapse on date of cessation of employment (awards which are in a holding period following the completion of the performance period will not lapse). • However, under the rules of the plans, in certain prescribed circumstances, such as death, disability, mutually agreed retirement or other circumstances at the discretion of the committee, 'good leaver' status can be applied. In these circumstances, a participant's awards vest on a time prorated basis subject to the satisfaction of relevant performance criteria, with the balance of awards lapsing. • The committee retains the discretion not to time prorate if it is inappropriate to do so in particular circumstances. The committee will take into account the individual's performance and the reasons for their departure when determining whether 'good leaver' status can be applied.
Treatment of pensions on termination	• On redundancy, an augmentation may apply in relation to benefits accrued under a United Utilities defined benefit pension scheme, in line with the trust deed and rules of the appropriate section.

Outplacement services, reimbursement of legal costs and any other incidental expenses may be provided where appropriate. Any statutory entitlements or compromise claims in connection with a termination of employment would be paid as necessary. Outstanding savings/ shares under all-employee share plans would be transferred in accordance with the terms of the plans as approved by HMRC.

Change of control

On a change of control, executive directors' incentive awards will be treated in accordance with the rules of the applicable plans. In summary:

- Bonus payments will take into account the extent to which the performance measures have been satisfied between the start of the performance period and the date of the change of control, and the value will typically be prorated to reflect the same period. Any such payments would normally be paid entirely in cash.
- Deferred bonuses will generally vest on the date of a change of control. Awards may alternatively be exchanged for new equivalent awards in the acquirer, where appropriate.
- Long Term Plan awards will generally vest on the date of a change of control taking into account the extent to which the committee assesses that any performance condition has been satisfied at that point. Time prorating will normally apply unless the committee determines otherwise. Awards may alternatively be exchanged for new equivalent awards in the acquirer, where appropriate.

Annual report on remuneration

Single total figure of remuneration for executive directors (audited information)

Year ended 31 March	Fixed pay: Base salary £'000 2025	Base salary £'000 2024	Pension £'000 2025	Pension £'000 2024	Benefits £'000 2025	Benefits £'000 2024	Subtotal £'000 2025	Subtotal £'000 2024	Variable pay: Annual bonus £'000 2025[1]	Annual bonus £'000 2024	Long-term incentives £'000 2025[2]	Long-term incentives £'000 2024[3]	Subtotal £'000 2025	Subtotal £'000 2024	Total £'000 2025	Total £'000 2024
Louise Beardmore	716	690	89	86	34	29	839	805	417	420	415	190	831	610	1,671	1,415
Phil Aspin	462	438	55	53	23	21	540	512	269	266	398	479	667	745	1,207	1,256

(1) Annual bonus outcomes for the year are provisional. See details below.

(2) This relates to the Long Term Plan (LTP) award granted in July 2022. The amount is estimated as the vesting percentage for the customer and environmental measures will not be known until later in 2025 and the awards will not vest until the end of an additional holding period. The value of LTP awards has been calculated using an average share price over the three-month period from 1 January 2025 to 31 March 2025 of 986.0 pence per share.

(3) This relates to the Long Term Plan (LTP) award granted in June 2021. The figure stated in last year's report was estimated, but was subsequently confirmed at 79.1 per cent. The award for Phil Aspin will not vest until the end of an additional holding period. Dividend equivalents accrued to 31 March 2025 have been added, and the value of the award has been calculated using an average share price over the three-month period from 1 January 2025 to 31 March 2025 of 986.0 pence per share. The award for Louise Beardmore was granted prior to her appointment to the board so no holding period applied and, for the purpose of this table, the value of the award has been calculated using the share price on the vesting date of 1,058.3 pence per share.

Performance-related pay in 2024/25

As outlined on page 148, this year we are seeking to help stakeholders better understand how the targets set for our customer and environmental measures are stretching. If achieved, the Stretch targets would:

Key

- **(BP)** Exceed or match the company's best performance level
- **(CC)** Exceed or meet our ambitious carbon commitments
- **(FD)** Exceed or meet the level set by Ofwat in our AMP7 final determination
- **(IL)** Represent industry leading performance
- **(IP)** Represent full or substantial delivery of our challenging internal plans
- **(MI)** Represent a material improvement compared to the prior period

Annual bonus in respect of the financial year ended 31 March 2025 (audited information)

The performance measures, targets and outcomes in respect of the executive directors' annual bonus for the year ended 31 March 2025 are set out below. The table on page 151 summarises how the performance measures are linked to our business strategy, including delivery for customers and the environment. As outlined in the chair's statement (page 146) whilst some uncertainty remains, the committee currently believes that the executive directors will be permitted to receive bonus payments under Ofwat's eventual performance related pay prohibition rule and is satisfied that the formulaic outcome is aligned with overall performance and the experience of stakeholders, including customers and the environment. The committee has determined that no discretion was required over the outcomes, noting that performance against the serious pollutions measure is undetermined until the Environment Agency publishes its report later in the year, so the bonus scorecard outcome has been provisionally calculated without any outcome for that measure and the eventual outcome will be restated in next year's report.

Measure	% weighting of measure	Threshold (25% vesting)	Target (50% vesting)	Stretch (100% vesting)	Stretch target (see key above)	Actual	Vesting as a % of maximum	Outcome
Underlying operating profit[1]	25.0%	£791.5m	£816.5m	£841.5m	n/a	£812.7m	46.2%	11.6%
Reducing pollution and enhancing outcomes for customers and the environment								
Outcome delivery incentives (environmental, water and customer)[2]	25.0%	£34.0m	£44.2m	£54.5m	BP/IP	£24.1m	0.0%	0.0%
Serious pollution incidents	10.0%	2	1	0	BP/IL/IP/MI	tbc	–	–
		number of Category 1 & 2 incidents						
Better Rivers commitments (storm overflows)								
• Reduction of reported storm overflow activations	7.5%	2,000	6,000	10,000	BP/IP/MI	20,064	100%	7.5%
		fewer spills than in 2023						
• Delivery of Accelerated Solution programme milestones	7.5%	90.0%	95.0%	100%	BP/IP	100%	100%	7.5%
		% of programme milestones met						
Capital programme delivery incentive (CPDi)[3]	10.0%	90.0%	93.0%	96.0%	IP	99.6%	100%	10.0%
		Capital programme delivery incentive performance						
Improving customer service and water quality								
C-MeX ranking	5.0%	7th	6th	5th	BP/IP	8th	0.0%	0.0%
		ranking out of 17 water companies						
Water quality contacts (appearance)	5.0%	5,400	5,200	5,000	BP/IP/MI	5,146	63.5%	3.2%
		customer contacts						
Looking after our people								
Delivery of health and safety improvement programme	5.0%	90.0%	95.0%	100%	IP	100%	100%	5.0%
		% delivery of programme						
Total:								
Overall outcome (% of maximum)								44.8%
Maximum award (% of salary)								130%
Actual award (% of salary)								58.2%

	Louise Beardmore	Phil Aspin
Actual award (£'000 – shown in single figure table)[4]	417	269

(1) For bonus purposes this is based on the underlying operating profit on page 94 and excludes infrastructure renewals expenditure and property trading.
(2) The outcome of this measure has been subject to independent external assurance.
(3) CPDi is an internal measure that measures the extent to which we deliver our capital projects on time, to budget and to the required quality standard. It is expressed as a percentage, with a higher percentage representing better performance.
(4) 50 per cent of the annual bonus will be deferred for three years.

2022 Long Term Plan (LTP) awards with a performance period ended 31 March 2025 (audited information)

The 2022 LTP awards were granted in July 2022. Performance against many of the measures has been strong as detailed in the strategic report, and as outlined in the Chair's statement (pages 146 to 148) Ofwat's executive performance pay prohibition rules will not apply to this award because it was granted before 1 April 2024, so payments related to the 2022 LTP will be permitted but the final outcome will not be confirmed until summer 2025 when performance for all customer and environmental measures is finalised. As stated on page 148 the value of the awards are estimated and will be restated if necessary in next year's report.

Measure	% weighting of measure	Achieved[1]: Threshold (25% vesting)	Achieved[1]: Stretch (100% vesting)	Stretch target (see key on previous page)	Estimate	Vesting as a % of maximum	Outcome
Return on Regulated Equity (RoRE)							
Average RoRE	50.0%	+0.25%	+2.00%	n/a	Average RoRE of 6.78% was +2.78% above the average allowed return	100%	50.0%
		average RoRE compared to the average allowed return set by the regulator across the three-year performance period					
Basket of customer and environmental measures[2]							
Carbon – green fleet[3]	2.5%	170	200	BP/CC/MI	204	100%	2.5%
		electric or other low-carbon vehicles deployed in our fleet					
Carbon – peatland restoration[3]	2.5%	527	644	BP/CC/IL	3,000	100%	2.5%
		hectares of peatland restored and certified to the Peatland Carbon Code (or equivalent)					
Carbon – woodland creation[3]	2.5%	77	94	BP/CC/IL/MI	83	51.5%	1.3%
		hectares of woodland created and certified to the Woodland Carbon Code (or equivalent)					
Carbon – supply chain engagement[3]	2.5%	n/a	66%	BP/CC/IL/MI	78%	100%	2.5%
		% of suppliers, by emissions within scope 3 capital goods, with science-based targets					
Water poverty[3]	5.0%	66,500	83,900	BP/FD	84,726	100%	5.0%
		customers lifted out of water poverty					
Priority Services[3]	5.0%	n/a	7.0%	IP	16.5%	100%	5.0%
		customers listed on the Priority Services Register					
Sewer flooding incidents[3]	5.0%	26.38	18.85	BP/IP/MI	24.74	41.3%	2.0%
		combined total of incidents per 10,000 connected properties					
Pollution incidents[4]	5.0%	19.50	11.80	BP/FD/IL/MI	36.2	0.0%	0.0%
		incidents per 10,000km of wastewater network					
Treatment works compliance[4]	5.0%	97.90%	99.00%	FD	98.2%	45.0%	2.3%
		% compliance					
Leakage[3]	5.0%	93.1	90.5	BP/FD/MI	96.7	0.0%	0.0%
		megalitres per 10,000km of water network per day (three-year average)					
Compliance risk index (CRI)[4]	5.0%	2.75	2.00	IP/MI	10.21	0.0%	0.0%
		CRI score					
The Environment Agency's Environmental Performance Assessment (EPA) rating[5]	5.0%	3-star rating	4-star rating	BP/IL/IP	tbc	–	–

Overall underpin

Overall vesting is subject to the committee being satisfied that the company's outcome performance on these measures is consistent with underlying business performance and that the company's dividend policy has been delivered in respect of each financial year of the performance period.

✓ Assumed met.

Details of the committee's preliminary assessment on the alignment of the vesting outcome to the underlying performance of the business is set out in the introductory statement from the chair of the committee. The committee will make a final assessment of the company's performance once the outcome of the basket of customer and environmental measures is known.

Estimated vesting (% of award)		73.1%
	Louise Beardmore	**Phil Aspin**
Number of shares granted	51,551	49,489
Number of dividend equivalent shares	5,962	5,724
Number of shares before performance conditions applied	57,513	55,213
Estimated number of shares after performance conditions applied	42,042	40,360
Three-month average share price at end of performance period (pence)[6]	986.0	986.0
Estimated value at end of performance period (£'000 – shown in single figure table)[7]	415	398

(1) Straight-line vesting applies between the threshold and stretch targets, with nil vesting below threshold performance.
(2) Measures based on the performance commitment (PC) definitions as per the AMP7 final determination.
(3) Outcome based on performance in the financial year ending 31 March 2025 as published in our own and/or the other water companies' annual performance reports for 2024/25.
(4) Outcome based on performance in the calendar year ending 31 December 2024 as published in our own annual performance report for 2024/25.
(5) Outcome based on performance in the calendar year ending 31 December 2024 as published in the Environment Agency's published report in 2025.
(6) Average share price over the three-month period from 1 January 2025 to 31 March 2025.
(7) As the share price on vesting is less than the share price on grant, none of the value vesting is attributed to share price appreciation.

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Deferred Bonus Plan awards made in the year ended 31 March 2025 (audited information)

Bonuses are earned by reference to performance in the financial year and paid in June following the end of the financial year.

For executive directors, 50 per cent of any bonus is deferred, typically into shares under the Deferred Bonus Plan. These awards vest after three years and are subject to withholding provisions. There are no service or additional performance conditions attached.

The table below provides details of share awards made on 17 June 2024 to the executive directors in respect of deferred share bonus payments for the 2023/24 financial year.

Executive director	Type of award	Basis of award	Number of shares	Face value of award[1] (£'000)	End of deferral period
Louise Beardmore	Conditional shares	50% of bonus	20,245	£210	17.06.27
Phil Aspin	Conditional shares	50% of bonus	12,841	£133	17.06.27

(1) The face value has been calculated using the closing share price on 14 June 2024 (the dealing day prior to the date of grant), which was 1,036.8 pence per share.

2024 LTP awards with a performance period ending 31 March 2027 (audited information)

The table below provides details of share awards made to executive directors on 14 March 2025 in respect of the 2024 LTP:

Executive director	Type of award	Basis of award	Face value of award[1] (£'000)	Number of shares under award	% vesting at threshold	End of performance period[2]
Louise Beardmore	Conditional shares	130% of salary	£942	96,303	25%	31.03.27
Phil Aspin	Conditional shares	130% of salary	£607	62,115	25%	31.03.27

(1) Face value calculated using the average share price from the five-days preceding the grant date, which was 978.3 pence per share.
(2) An additional holding period applies after the end of the performance period such that the overall vesting period is at least five years.

As per the Policy, the structure of the 2024 LTP awards for the three-year performance period was 50 per cent related to return on regulated equity (RoRE) and 50 per cent related to a basket of customer and environmental measures.

While LTP awards are normally issued in June/July each year, noting the complexities (and potential risks) of setting measures and targets while the AMP8 business plan was still under development, the committee agreed to use its discretion to defer the setting of measures and targets until Ofwat's final determination for AMP8 had been approved by the board. Details about the measures, targets and underpins were published on the company website at the point of grant and are summarised in the table below.

	Targets[1]		
Measure	**Threshold (25% vesting)**	**Stretch (100% vesting)**	**Weighting**
Return on Regulated Equity (RoRE)[2]			
RoRE	1.00% below the average of Ofwat's allowed RoRE over the three years of the performance period	0.5% (or more) above the average of Ofwat's allowed RoRE over the three years of the performance period	50.0%
Basket of customer and environmental measures[3]			
Price Control Deliverables (PCD)[4]	90.0% of in-flight PCDs on track versus the phased milestones agreed with relevant regulators for AMP8	100% of in-flight PCDs on track versus the phased milestones agreed with relevant regulators for AMP8	20.0%
WINEP schemes delivery[5]	98.0%	100%	10.0%
Carbon reduction[6]	Reduction of 2,300 tCO_2e Equivalent to 5.0% reduction from 2023/24 baseline year	Reduction of 4,600 (or more) tCO_2e Equivalent to 10.0% reduction from 2023/24 baseline year	10.0%
Priority Services[6]	17.5% of our customers are listed on the Priority Services Register	18.5% (or more) of our customers are listed on the Priority Services Register	10.0%
Total			100%

Overall underpin

Overall vesting is subject to the committee being satisfied that the company's performance on these measures is consistent with underlying business performance and that the company's dividend policy has been delivered in respect of each financial year of the performance period.

(1) Straight-line vesting applies between the threshold and stretch targets, with nil vesting below threshold performance.
(2) Targets for RoRE reflect the known impact in the first year of the performance period (2024/25) of the planned investment above the final determination totex allowance for AMP7.
(3) The basket of customer and environmental measures will be based on the performance commitment definitions as per the AMP8 final determination.
(4) Price Control Deliverables (PCDs) are specific delivery expectations on water companies set out by Ofwat in relation to AMP8.
(5) Delivery of United Utilities' schemes under the Water Industry National Environment Programme (WINEP) during the period.
(6) Based on performance in respect of the financial year ending 31 March 2027 as published in the UUG Annual Report and Accounts and/or UUW Annual Performance Report for 2026/27.

Performance-related pay in 2025/26

The performance measures used in our performance-related pay schemes during 2025/26 will remain closely aligned with our strategic priorities, and focused on delivery for our stakeholders. As in recent years, across both of our incentive schemes there will be a material weighting linked to delivery for customers and on measures that relate to our environmental performance.

As always, the committee has the discretion to override formulaic incentive outcomes by exercising discretion on outcomes if deemed necessary, including by taking account of overall performance through our various stakeholder lenses. Any performance-related pay outcomes that the executive directors receive in respect of the year will not be paid for by customers.

Annual bonus for 2025/26

As is outlined on pages to 150 to 151, the measures used in our annual 2024/25 bonus arrangements for executive directors demonstrated significant alignment to stakeholder interests, but as we step into AMP8 we are focussing even more clearly on delivery in areas that customers have told us are priorities, and which will drive the best performance outcomes across the business and for all stakeholders. The main change from our previous approach is that rather than continuing with one overall measure related to environmental, water and customer delivery incentives we will use individual specific measures, with many of these being performance commitments embedded within the final determination. We are satisfied that the balanced scorecard supports our purpose of building a stronger, greener and healthier North West. Overall, 75 per cent of the annual bonus remains based on delivery for customers and the environment, and almost half of the overall bonus (45 per cent) is based on measures linked to reducing pollution, storm overflow spills, or other aspects of environmental performance.

The maximum bonus opportunity for the year commencing 1 April 2025 will be unchanged at 130 per cent of base salary, and the table below summarises the measures and weightings we will use, and how they align to stakeholders. The targets are closely linked to our strategy and so are considered commercially sensitive and will therefore be disclosed retrospectively in the 2025/26 annual report on remuneration.

	Weighting (% of award)	Link to stakeholders
Underlying operating profit[1]	25.0%	
Reducing pollution and enhancing customer and environmental outcomes		
Serious pollution incidents[2]	5.0%	
Sewer flooding[3]	5.0%	
Storm overflow activations (reduction in number of spills)[4]	5.0%	
Storm overflow programme (milestone delivery)	5.0%	
Improving water quality and minimising leakage and interruptions to supply[5]		
Leakage	5.0%	
Supply interruptions	5.0%	
Water quality contacts (due to appearance)	5.0%	
Per capita consumption	5.0%	
Improving customer service[6]		
C-MeX contactor ranking (service for domestic customers)	5.0%	
BR-MeX ranking (service for businesses)	5.0%	
Delivering our capital programme efficiently		
Capital programme delivery incentive (CPDi)[7]	15.0%	
Looking after our people		
Health and safety: colleague Lost Time Incident frequency rate	10.0%	
Total	100%	

(1) Underlying operating profit for bonus purposes excludes infrastructure renewals diversions income.
(2) The number of category 1 or 2 incidents occurring during calendar year 2025 using the Environment Agency's definitions. When assessing the outcome, the committee will consider the context of any incident, including the likely cause and extent to which the company was responsible for its occurrence.
(3) Combined total of sewer flooding incidents per 10,000 connected properties.
(4) Based on performance during calendar year 2025 compared to 2024.
(5) Based on the performance commitment definitions as per the AMP8 final determination.
(6) For C-MeX: out of 17 companies. For BR-MeX: out of 15 companies.
(7) CPDi is an internal measure assessing the extent to which we deliver capital projects on time, to budget and to the required quality standard. A higher percentage represents better performance. All of the projects covered impact environmental performance.

The executive directors will be required to defer a proportion of any bonus received into shares and these will only become available after a period of three years in line with policy. This provides the committee with time to consider and respond appropriately to any matters that were not known at the end of the relevant performance period but become apparent during the deferral period. This could include the use of the withholding and recovery provisions.

2025 LTP awards with a performance period ending 31 March 2028

Consistent with the approach since 2020, we expect the awards to be based on Return on Regulated Equity and a basket of customer and environmental measures, with each component being equally weighted at 50 per cent, and the performance period for the awards will be 1 April 2025 to 31 March 2028. The committee has decided to wait until after the new directors' remuneration policy has been approved by shareholders at the 2025 AGM to grant the awards, to take account of any feedback which may arise.

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Supporting our colleagues' wellbeing

In recognition of the ongoing challenging financial environment, the company has continued to take action to support colleagues. Our 2024/25 pay settlement meant that around 5,100 collectively bargained colleagues received salary increases worth 5.5 per cent from 1 April 2024. In addition, the company provided all colleagues with an additional day's leave in the form of a wellbeing day providing them with an opportunity to spend time with family and friends, or to focus on themselves.

The company provides holistic wellbeing support to colleagues, encouraging them to make use of the great range of benefits, tools and resources that are available. Some examples are shown below.

Physical wellbeing	• Our Virtual GP service enables colleagues and immediate family to get advice from a GP quickly and conveniently • We have extended the support we offer in relation to the perimenopause and menopause. All colleagues now have access to a menopause support app which provides personalised expert content, and to a programme of training and education to support colleagues whether they are personally affected by the menopause or they know someone who is • All colleagues can access discounted gym memberships and active discounts on sportswear and equipment at locations convenient to them across the North West • All colleagues have been able to claim back the cost of a flu vaccination • Members of our colleague healthcare scheme can claim back the cost of everyday healthcare items including support for hearing loss • Our ability network has links with local disability charities and uses a company to ensure we provide reasonable adjustments for anyone with ability needs • We delivered a number of wellbeing roadshows, ensuring colleagues across our five counties know what wellbeing support is available to them and how to access it
Mental wellbeing	• All colleagues have access to our employee assistance programme • We have a network of mental health first aiders providing support across the company • Our senior leadership and executive teams are engaged with our wellbeing calendar and we have appointed our first mental health sponsor across the business. • We have partnered with the Hub of Hope for our colleagues and customers to be able to easily access mental health support services which are local and timely when it comes to gaining wellbeing support. • We have developed a partnership with Andy's Man Club, a charity providing mental health and suicide prevention support across the UK
Financial wellbeing	• Money management tips and tools from a range of trusted financial wellbeing providers help colleagues manage their money better, including the option to borrow responsibly in appropriate circumstances, alongside financial planning courses to suit colleagues at different stages of their careers • Our discounts platform helps colleagues save money on everyday living costs

The committee is always mindful of the alignment of executive pay arrangements with those of the wider workforce and, as is demonstrated in the table on page 165, there is a high level of alignment and consistency of approach.

When reviewing salaries and assessing incentive outcomes for the executives, the committee takes account of how those elements of remuneration have been (or will be) applied across the wider workforce in respect of the same periods. At each of its meetings, the committee receives an update on notable matters affecting pay and benefits among the wider workforce since its previous meeting, and at least annually the committee formally reviews and discusses a report detailing all elements of the pay and benefits framework that applies to the workforce.

The committee has mechanisms through which it hears from and engages with the workforce on executive pay. As a member of the committee, insights related to remuneration that arise via Alison Goligher in her role as designated non-executive director for workforce engagement can be quickly and appropriately considered, and a formal report is presented to the committee at least annually. In the last year, Alison has hosted three sessions with the Colleague Voice panel, providing valuable opportunities for open discussions and feedback on a variety of topics including remuneration. See page 115 for further details. During the year, on invitation from Alison, the head of reward engages with the panel to provide an overview of relevant corporate governance and reporting requirements, summarise our executive remuneration approach and the role of the committee in setting executive remuneration, and discuss the alignment of our executive pay approach with the arrangements that apply across the wider workforce.

Cascade of remuneration through the organisation

Consistent with best practice, the remuneration committee spends considerable time on matters relating to remuneration arrangements in the wider organisation. Details of pay trends for the wider colleague base provide important context when making decisions regarding remuneration for the executive directors as well as ensuring that consistent approaches are being adopted across the organisation.

The table below summarises how remuneration compares across the different groups of colleagues throughout the company.

Colleague group (number of colleagues currently covered)	Element of pay	Policy	Implementation
Colleagues at all levels (around 6,600)	Salary	We want to attract and retain colleagues of the experience and quality required to deliver the company's strategy. Salaries are reviewed annually, with executive directors normally receiving a salary increase no greater than the increase awarded to the general workforce.	In 2024, the base salary increase for colleagues was 5.5 per cent. As a real Living Wage accredited employer, all our colleagues (except those on a training scheme such as apprentices) receive at least the voluntary real Living Wage rate.
	Health and wellbeing benefits	We want to create an environment that promotes healthy behaviours and ensures that colleagues have access to early and effective treatment, advice and information to improve their health and wellbeing.	Colleagues at all levels are eligible for company-funded healthcare and an enhanced company sick-pay scheme, and a Virtual GP service is available for all colleagues and their families. All colleagues have free 24/7 access to our employee assistance programme, which provides counselling and support to them and their households. All colleagues can access discounted gym membership and a menopause support app. We have around 400 trained mental health first aiders who can listen to, and signpost colleagues to, relevant support services, and a similar number of wellbeing champions who help promote our wellbeing campaigns. Financial wellbeing is a key focus, with financial education tools and awareness courses available for all colleagues covering a broad range of money management topics such as financial planning, managing debt and pensions.
	Flexible benefits	All colleagues have access to a variety of additional voluntary benefits to suit their lifestyle, including environmental benefits such as our electric car scheme and the opportunity to buy or sell annual leave. Colleagues can choose from a range of deals and discounts all year round, and can donate to their chosen charities directly from their pay if they want to.	Around half of the workforce take up at least one of our flexible benefit options.
	Pension	Almost all colleagues participate in our company pension arrangements, which have received the 'Pension Quality Mark Plus' accreditation in recognition of their high quality.	The company doubles any personal pension contributions made, up to a maximum of 14 per cent of salary. As part of the pension scheme, colleagues receive company-funded life assurance and income protection.
	ShareBuy	Any colleague can become a shareholder in our company and share in our success by participating in our ShareBuy scheme. For every five shares purchased under the scheme, the company gives another one free.	Around half of the workforce participate in our ShareBuy scheme.
	Annual bonus – cash	Our bonus scheme provides a strong alignment to strategy throughout the organisation, with the same bonus scorecard applying at all levels.	Colleagues at all levels participate in the annual bonus scheme, receiving financial rewards based on the performance of the company and/or their personal contribution. Specific weightings and awards vary by level.
CEO, CFO and executives (12)	Annual bonus – deferred shares	Deferral of part of bonus into shares aligns the interests of executives and shareholders.	Each of the executive directors and executives is required to defer a proportion of their bonus into shares for three years.
CEO, CFO, executives and other senior leaders (around 70)	Long Term Plan (LTP)	To incentivise long-term value creation and alignment with the long-term interests of shareholders, customers, and other stakeholders.	Executives and other senior leaders may be invited to participate in the LTP. Performance conditions are the same for all participants but award sizes vary.
CEO, CFO and executives (12)	Shareholding	The committee believes that it is important for each executive to build and maintain a significant investment in shares of the company to provide alignment with shareholder interests.	All executives are subject to shareholding guidelines, aligning their interests with those of shareholders.

Annual report on remuneration

CEO pay ratios

The table below sets out the ratio of the CEO's pay to that of the 25th percentile (P25), median (P50) and 75th percentile (P75) full- time equivalent colleagues. The ratios have been calculated in accordance with option A as set out in the regulations. This is considered to be the most accurate methodology and uses the same calculation basis as required for the CEO's total remuneration as shown in the single figure table on page 160.

- We identified all colleagues who received base salary during the year and who were still employed on 31 March 2025.
- The calculations were carried out using their total pay and benefits received in respect of the year ended 31 March 2025, including bonuses earned by reference to performance in the financial year and paid in June following the end of the financial year.
- 'Base salary' includes standby pay, shift pay, overtime and on-call allowances.
- For colleagues who were employed on a part-time basis, or who were not employed for the full year, their remuneration has been annualised to reflect the full-time equivalent.
- No other estimates or adjustments have been used in the calculations and no other remuneration items have been omitted.

	Financial year					
	2024/25	2023/24	2022/23	2021/22	2020/21	2019/20
Methodology used	A	A	A	A	A	A
CEO	Louise Beardmore	Louise Beardmore	Steve Mogford	Steve Mogford	Steve Mogford	Steve Mogford
Average number of colleagues	6,400	6,169	6,171	5,866	5,570	5,461
Ratio of CEO single figure total remuneration:[1]						
– To colleague at the 25th percentile	41:1	36:1	63:1	95:1	98:1	87:1
– To colleague at the 50th percentile	30:1	27:1	47:1	71:1	73:1	66:1
– To colleague at the 75th percentile	24:1	22:1	38:1	56:1	58:1	53:1
Ratio of CEO base salary plus annual bonus:						
– To colleague at the 25th percentile	35:1	32:1	38:1	44:1	52:1	47:1
– To colleague at the 50th percentile	23:1	26:1	28:1	37:1	38:1	37:1
– To colleague at the 75th percentile	19:1	20:1	23:1	30:1	30:1	31:1
Ratio of CEO base salary:						
– To colleague at the 25th percentile	23:1	21:1	26:1	24:1	26:1	26:1
– To colleague at the 50th percentile	15:1	17:1	18:1	20:1	19:1	20:1
– To colleague at the 75th percentile	12:1	13:1	15:1	17:1	15:1	17:1
Additional details						
CEO total single figure (£'000)	1,671	1,415	2,316	3,276	3,381	2,925
CEO base salary plus annual bonus (£'000)	1,133	1,110	1,216	1,511	1,560	1,476
CEO base salary (£'000)	716	690	791	784	736	769
Colleagues total pay and benefits (£'000)						
– at the 25th percentile	41	39	37	35	34	33
– at the 50th percentile	55	53	49	46	46	44
– at the 75th percentile	69	66	61	59	58	56
Colleagues base salary plus annual bonus (£'000)						
– at the 25th percentile	32	34	32	34	30	32
– at the 50th percentile	49	43	44	41	42	40
– at the 75th percentile	61	55	53	51	52	48
Colleagues base salary (£'000)						
– at the 25th percentile	31	33	31	32	29	30
– at the 50th percentile	48	41	43	39	39	38
– at the 75th percentile	57	53	52	47	50	44

(1) The figures for 2023/24 have been restated to reflect the final vesting outcome, additional dividend equivalents and updated share price for Louise Beardmore's 2021 LTP. The figures for 2022/23 have also been restated to reflect additional dividend equivalents for Steve Mogford's 2020 LTP using the average share price over the three-month period from 1 January 2025 to 31 March 2025.

Along with the ratios comparing total remuneration, the committee keeps under review the ratios for salary and salary plus annual bonus, and tracks how these change over time. With a significant proportion of the remuneration of the CEO linked to company performance and share price movements over the longer term, it is expected that the headline ratios will depend primarily on the Long Term Plan (LTP) outcome, and, accordingly, may fluctuate from year to year. Participation in the LTP is currently limited to around 70 executives and senior leaders, with none of the individuals identified as P25, P50 and P75 in this group. On the other hand, colleagues at all levels participate in the annual bonus scheme, and so the committee considers this ratio as well as the ratio comparing only salary, to provide helpful additional context.

It is noted that when comparing this year to last year the ratios using the single figure total remuneration have increased but the ratios using base salary plus bonus and base salary only have remained broadly similar. This is explained by the fact that last year the CEO's total remuneration included a legacy LTP outcome that was granted before her appointment to the board and so was of a lower value whereas this year it includes an award granted when she was on the board as CEO Designate (but not CEO). That the other ratios have not materially changed demonstrates the alignment of our pay policies and approach across all levels of the company as shown on page 165. The committee is content that overall the ratios are appropriate and will continue to consider the pay ratios in the context of other important metrics such as the gender pay gap and colleague engagement levels. The committee will continue to consider the pay ratios in the context of other important metrics such as the gender pay gap and colleague engagement levels.

Relative importance of spend on pay

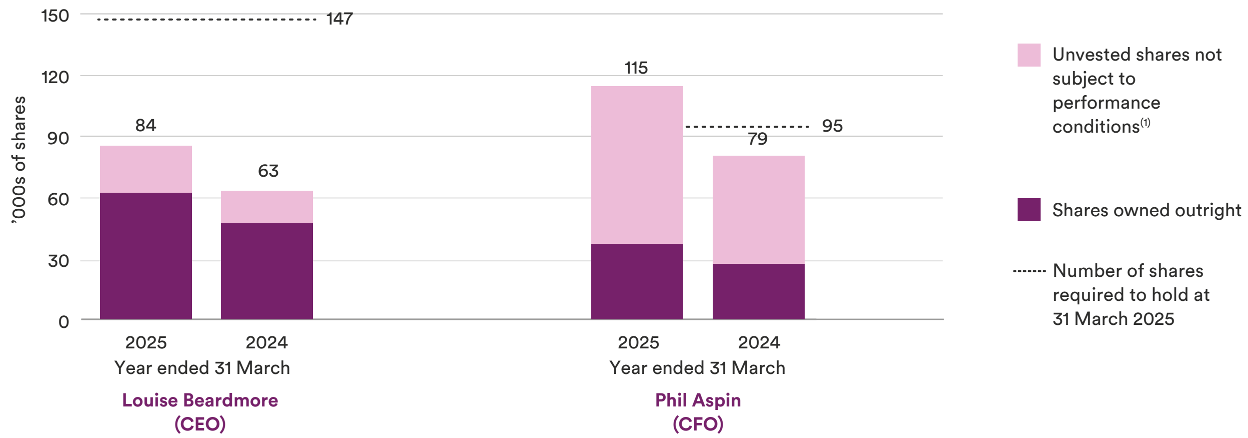
The table below shows the relative importance of spend on pay compared to distributions to shareholders.

	2024/25 £m	2023/24 £m	% change
Dividends paid to shareholders	344	320	7.5%
Colleague costs[1]	410	370	10.9%

(1) Colleague costs includes wages and salaries, social security costs, and post-employment benefits.

Executive directors' shareholding (audited information)

Details of beneficial interests in the company's ordinary shares as at 31 March 2025 held by each of the executive directors and their connected persons are set out in the charts below along with progress against the target shareholding requirement level. Louise Beardmore is expected to reach the minimum guideline of 200 per cent of salary by 1 April 2028 (within five years of her appointment as CEO). Phil Aspin is expected to reach the minimum guideline by 24 July 2025 (within five years of his appointment as CFO).



Further details of the executive directors' shareholdings and share plan interests are given in the table below and in appendix 1 on page 172.

Director	Shareholding requirement (% of salary)	Number of shares required to meet shareholding requirement[1]	Number of shares owned outright (including connected persons) 2025	Number of shares owned outright (including connected persons) 2024	Unvested shares not subject to performance conditions[2] 2025	Unvested shares not subject to performance conditions[2] 2024	Total shares counting towards shareholding requirements[3] 2025	Total shares counting towards shareholding requirements[3] 2024	Shareholding as % of base salary at 31 March 2025[1]	Shareholding requirement met at 31 March 2025	Unvested shares subject to performance conditions[4] 2025	Unvested shares subject to performance conditions[4] 2024
Louise Beardmore[5]	200%	146,957	61,679	47,073	42,759	29,355	84,358	62,648	115%	No	240,104	159,445
Phil Aspin[5]	200%	94,787	36,979	26,591	146,988	99,236	114,899	79,203	242%	Yes	172,976	165,479

(1) Share price used is the average share price over the three months from 1 January 2025 to 31 March 2025 (986.0 pence per share).

(2) Unvested shares subject to no further performance conditions such as matching shares under the ShareBuy scheme. Includes shares subject only to withholding provisions such as Deferred Bonus Plan shares in the three-year deferral period and Long Term Plan shares in the applicable holding period.

(3) Includes unvested shares not subject to performance conditions (net of tax and National Insurance), plus the number of shares owned outright.

(4) Includes unvested shares under the Long Term Plan.

(5) In the period 1 April 2025 to 13 May 2025, additional shares were acquired by Louise Beardmore (28 shares) and Phil Aspin (28 shares) in respect of their monthly contributions to the all-employee ShareBuy scheme. Matching shares vest one year after grant provided the colleague remains employed.

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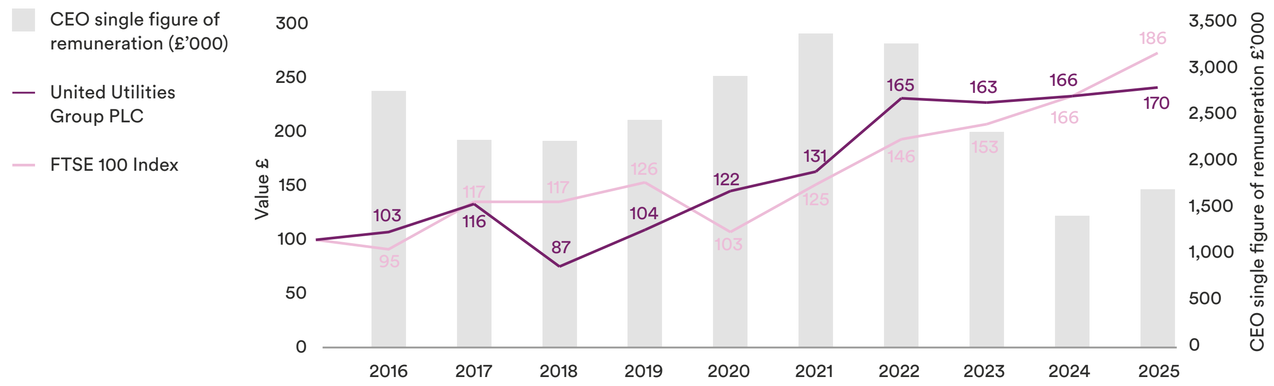
Company performance and CEO remuneration comparison

The total shareholder return (TSR) chart below illustrates the company's performance against the FTSE 100 over the past ten years.

The FTSE 100 is an appropriate comparator as the company is a member of the FTSE 100 and it is a widely published benchmark for this purpose. The chart shows the growth in the value of a hypothetical £100 holding invested in the company over the ten-year period.

The chart also shows the CEO's single total figure remuneration over the ten years ended 31 March 2025 for comparison. The table below the TSR chart shows the remuneration data for the CEO over the same period.



Year ended 31 March	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
CEO				Steve Mogford					Louise Beardmore	
CEO single figure of remuneration (£'000)	2,760[1]	2,233	2,221	2,448	2,925	3,381	3,276	2,316[2]	1,415[3]	1,671
Annual bonus payment (% of maximum)	54.5	83.7	74.9	79.0	70.7	81.8	71.3	41.4	46.8	44.8[5]
LTP vesting (% of maximum)[4]	33.6	54.5	55.4	64.4	87.3	97.9	100	68.8	79.1	73.1[5]

(1) This includes the payout from the 2013 Long Term Plan (LTP) as well as £1.028 million in respect of Steve Mogford's one-off Matched Share Investment Scheme that ended on 5 January 2016 (vested at 100 per cent).

(2) The payout from the 2020 LTP, which will vest on 30 November 2025 after the end of a two-year holding period, has been updated to reflect the additional dividends accruing on this award and the average share price of the three-month period from 1 January 2025 to 31 March 2025 of 986.0 pence per share.

(3) The payout and vesting percentage for the 2021 LTP have been restated to reflect the additional dividend equivalents accruing on the award and updated share price. See page 160 for further details.

(4) For performance periods ended on 31 March, unless otherwise stated.

(5) The 2024/25 annual bonus and 2022 Long Term Plan vesting outcomes are estimated. See pages 160 and 161 for details.

Exit payments and payments to former directors made in the year (audited information)

There have been no exit payments or payments to former directors in respect of their roles as directors during the year ended 31 March 2025 other than the vesting of legacy share awards (see page 172).

External appointments

Phil Aspin was a board member of the UK Endorsement Board and chair of the organisation's Rate-regulated Activities Advisory Group during the year ended 31 March 2025, for which he received and retained an annual fee of around £20,000.

Non-executive directors

Single total figure of remuneration for non-executive directors (audited information)

Year ended 31 March	Salary/fees £'000 2025	Salary/fees £'000 2024	Taxable benefits £'000 2025[1]	Taxable benefits £'000 2024	Total £'000 2025	Total £'000 2024
Sir David Higgins	337	321	–	–	337	321
Liam Butterworth[2]	87	73	–	1	87	74
Kath Cates	91	87	–	1	91	88
Alison Goligher	97	91	12	–	109	91
Clare Hayward[3]	74	n/a	9	n/a	83	n/a
Michael Lewis[4]	77	67	6	–	83	67
Paulette Rowe[5]	27	86	–	–	27	86
Doug Webb	94	90	–	1	94	91

(1) Following a change this year to how we report travel expenses to board meetings, the benefit figures for some non-executive directors appear greater than in prior years.

(2) Liam Butterworth was appointed chair of the ESG committee with effect from 19 July 2024 and received the applicable additional fees from that date.

(3) Clare Hayward joined the board on 16 April 2024.

(4) Michael Lewis joined the board on 1 May 2023.

(5) Paulette Rowe stepped down from the board on 19 July 2024.

Fees

Non-executive director base fees were reviewed and increased with effect from 1 July 2024 as shown below. Base fees were increased by 5.0 per cent, which was less than the 5.5 per cent increase applying to the general workforce in 2024. Additional fees for the senior independent non-executive director and the chairs of committees were not increased.

Role	Fees £'000 2024	Fees £'000 2023
Base fee: Chair[1]	341.0	324.7
Base fee: other non-executive directors[2]	77.6	73.9
Senior independent non-executive director[2]	14.3	14.3
Chair of audit and treasury committees[2]	17.0	17.0
Chair of remuneration committee[2]	14.3	14.3
Chair of ESG committee[2]	14.3	14.3
Chair of compliance committee[2]	6.0	6.0

(1) Approved by the remuneration committee.

(2) Approved by a separate committee of the board.

Non-executive directors' shareholdings (audited information)

Details of beneficial interests in the company's ordinary shares as at 31 March 2025 held by each of the non-executive directors and their connected persons are set out in the table below.

Non-executive directors	Date first appointed to the board	Number of shares owned outright (including connected persons) at 31 March 2025[1]
Sir David Higgins	13.05.19	3,000
Liam Butterworth	01.01.22	3,000
Kath Cates	01.09.20	2,135
Alison Goligher	01.08.16	6,000
Clare Hayward	16.04.24	3,000
Michael Lewis	01.05.23	3,000
Doug Webb	01.09.20	10,200

(1) From 1 April 2025 to 14 May 2025 there have been no movements in the shareholdings of the non-executive directors.

Change in board member and colleague remuneration[1]

Year ended 31 March	Salary/total fees % 2025 versus 2024	2024 versus 2023	2023 versus 2022	2022 versus 2021	2021 versus 2020	Benefits % 2025 versus 2024	2024 versus 2023	2023 versus 2022	2022 versus 2021	2021 versus 2020	Bonus % 2025 versus 2024	2024 versus 2023	2023 versus 2022	2022 versus 2021	2021 versus 2020
Executive directors															
Louise Beardmore	3.8	62.4	n/a	n/a	n/a	18.7	34.9	n/a	n/a	n/a	(0.7)	83.5	n/a	n/a	n/a
Phil Aspin	5.5	4.4	3.6	1.2	n/a	8.9	3.7	(6.3)	67.3	n/a	1.0	18.0	(50.1)	6.4	n/a
Non-executive directors[2]															
Sir David Higgins	5.0	3.0	2.6	6.5	111.1	9.0	(37.9)	(55.6)	1,555.9	(96.6)	n/a	n/a	n/a	n/a	n/a
Liam Butterworth[3]	18.8	3.0	2.6	n/a	n/a	(55.5)	66.2	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Kath Cates	4.4	8.3	16.5	6.5	n/a	(57.0)	66.2	(59.4)	1,555.9	n/a	n/a	n/a	n/a	n/a	n/a
Alison Goligher	7.0[4]	7.2	2.5	11.5	9.4	n/a	0	(100.0)	708.6	(81.0)	n/a	n/a	n/a	n/a	n/a
Clare Hayward[5]	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Michael Lewis	5.1	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Paulette Rowe[6]	5.2	9.0	15.0	6.5	(4.2)	n/a	(100)	(23.7)	782.1	(95.2)	n/a	n/a	n/a	n/a	n/a
Doug Webb	4.3	3.1	8.8[10]	23.6	n/a	(100)	66.2	(55.7)	1,418.0	n/a	n/a	n/a	n/a	n/a	n/a
All colleagues	7.5	9.4	6.6	3.7	4.1	35.8[7]	12.0	4.1	5.0	6.9	(2.7)	11.4	(27.3)	11.6	13.6

(1) For details about changes in prior years see the respective directors' remuneration reports.

(2) Calculated using actual fees and taxable benefits.

(3) The fee increase for 2025 versus 2024 reflects his appointment as ESG committee chair with the associated fee effective from 19 July 2024.

(4) The year-on-year fee change for Alison Goligher reflect her appointment as compliance committee chair with the associated fee during the prior year.

(5) Clare Hayward was appointed to the board on 16 April 2024 and so no year-on-year comparison is possible.

(6) Paulette Rowe stepped down from the board on 19 July 2024. To enable a meaningful year-on-year comparison for 2025 versus 2024 her fees reflect hypothetical full-year earnings in 2024/25.

(7) The year-on-year benefit change for all colleagues relates mainly to a significant increase in the cost of company-funded healthcare.

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The remuneration committee

Composition of the remuneration committee during the year ended 31 March 2025

Member	Member since
Kath Cates (chair since 22.07.22)	01.09.20
Alison Goligher	01.08.16
Doug Webb	23.07.21

The committee's members have no personal financial interest in the company other than as shareholders and the fees paid to them as non-executive directors.

Activities of the remuneration committee over the past year

The committee met five times in the year ended 31 March 2025 and carried out a number of key activities:

- Approved the 2023/24 directors' remuneration report;
- Consulted with shareholders and other stakeholders on potential changes to the directors' remuneration policy;
- Wrote to major shareholders following the publication of the company's 2024 annual report and reviewed the feedback received;
- Reviewed the pay comparator group;
- Determined the remuneration arrangements for new executives falling under the remit of the committee;
- Reviewed the base salaries of executive directors and other members of the executive team;
- Reviewed the base fee for the Chair;
- Assessed the achievement of targets for the 2023/24 annual bonus scheme, set the targets for the 2024/25 annual bonus scheme and reviewed progress against the targets;
- Assessed the achievement of targets for the Long Term Plan (LTP) awards made in 2021, reviewed progress against the targets for the 2022 and 2023 LTP awards, and set the measures and targets for the 2024 LTP awards;
- Reviewed and approved awards made under the annual bonus, Deferred Bonus Plan (DBP) and LTP;
- Monitored progress against shareholding guidelines for executive directors and other members of the executive team;
- Reviewed the committee's performance during the period;
- Considered the remuneration arrangements of the wider workforce and their alignment with those of the executives, alongside feedback received from the workforce via Alison Goligher in her role as the non-executive director for workforce engagement;
- Reviewed the executive remuneration-related parts of the company's business plan submission to the regulator;
- Considered governance developments and market trends in executive remuneration, including the specific changes in the water sector (the Water (Special Measures) Act 2025 and related Ofwat guidance and consultation on executive remuneration; and
- Noted progress on the company's gender pay gap reporting.

Support to the remuneration committee

By invitation of the committee, meetings are attended by the Chair, the CEO, the company secretary (who acts as secretary to the committee), the people director, and the head of reward who are consulted on matters discussed by the committee, unless those matters relate to their own remuneration. Advice or information is also sought from other colleagues where the committee feels that such additional contributions will assist the decision-making process.

The committee is authorised to take such internal and external advice as it considers appropriate in connection with carrying out its duties, including the appointment of its own external remuneration advisers.

During the year ended 31 March 2025, the committee was assisted in its work by independent external remuneration advisers, Ellason, who were appointed by the committee in January 2021. They provided advice to the committee on remuneration matters including analysis of the remuneration policy and regular market and best practice updates. In addition, other services provided to the company included advice and benchmarking on non-executive director and senior leader remuneration, advice on the company's share schemes and assurance work on the directors' remuneration report for the audit committee. Fees on a time/cost basis for the advice provided to the committee during the year were around £92,000 as set out in the terms and conditions in the relevant engagement letter.

Ellason is a signatory to the Remuneration Consultant Group's Code of Conduct, which sets out guidelines to ensure that any advice is independent and free of undue influence (which can be found at **remunerationconsultantsgroup.com**). None of the individual directors have a personal connection with Ellason. The committee is satisfied that the advice it receives is objective and independent and confirms that Ellason does not have any connection with the company that may impair its independence.

In addition, during the year, the law firm Eversheds Sutherland provided advice to the company in relation to the company's share schemes.

Main responsibilities

- Determining and recommending to the board the policy for executive director remuneration, having reviewed and taken into account workforce remuneration and related policies and the alignment of incentives and reward with our purpose, values and culture;
- Setting the individual employment and remuneration terms for executive directors and other senior executives, including: recruitment and severance terms, bonus plans and targets, and the achievement of performance against targets, including consideration and use of discretion as appropriate;
- Approving the general employment and remuneration terms for selected senior colleagues;
- Setting the remuneration of the Chair of the company;
- Proposing all new long-term incentive schemes for approval of the board, and for recommendation by the board to shareholders; and
- Assisting the board in reporting to shareholders and undertaking appropriate discussions as necessary with institutional shareholders on aspects of executive remuneration.

Quick links

The committee's terms of reference were last reviewed in November 2024 and are available on our website: **unitedutilities.com/corporate-governance**

Compliance with the UK Corporate Governance Code

Code principle – remuneration

The following section summarises how our shareholder-approved remuneration policy fulfils the relevant principles and provisions of the 2018 UK Corporate Governance Code.

Clarity

The committee is committed to providing transparent disclosures to all stakeholders about executive remuneration arrangements and, to this end, the directors' remuneration report sets out the remuneration arrangements for the executive directors in a clear and transparent way. At least annually, engagement with the Colleague Voice panel takes place about our executive remuneration approach. Our AGM allows shareholders to ask any questions on the remuneration arrangements, and we welcome any queries on remuneration practices from shareholders throughout the year.

Simplicity

Our remuneration arrangements for executive directors, as well as those throughout the group, are simple in nature and understood by all participants, having been operated in a similar manner for a number of years. Executive directors receive fixed pay (salary, benefits, pension), and participate in a single short-term incentive (the annual bonus) and a single long-term incentive (the LTP).

Proportionality

Payments from variable incentive schemes require strong performance against challenging conditions over the short and longer term. Performance conditions have been selected to support group strategy and consist of both financial and non-financial metrics.

The committee retains discretion to override formulaic outcomes in both schemes to ensure that they are appropriate and reflective of overall performance.

Predictability

Payouts under the annual bonus and Long Term Plan (LTP) schemes are dependent on the performance of the company over the short and long term, and a significant proportion of executive director remuneration is performance related.

These schemes have strict maximum opportunities, with the potential value at threshold, target and maximum performance scenarios provided in the directors' remuneration report.

Risk

The committee has designed incentive arrangements that do not encourage inappropriate risk-taking. The committee retains overarching discretion in both the annual bonus and LTP schemes to adjust payouts where the formulaic outcomes are not considered reflective of underlying business performance and individual contributions. Robust withholding and recovery provisions apply to variable incentives.

Alignment to culture

Performance measures used in our variable incentive schemes are selected to be consistent with the company's purpose, values and strategy, with a strong emphasis on delivering for our customers and encouraging innovation to provide a great and resilient service at the most efficient cost. The use of annual bonus deferral, LTP holding periods and our shareholding requirements promotes integrity and provides a clear link to the ongoing performance of the group and ensures alignment with shareholders, which continues after employment.

2024 AGM: statement of voting

At the last annual general meeting on 19 July 2024, votes on the 2024/25 directors' remuneration report (other than the part containing the directors' remuneration policy) were cast as follows:

Resolution	Votes for	Votes against	Votes withheld (abstentions)	Total votes cast
Approval of the directors' remuneration report (other than the part containing the directors' remuneration policy)	475,939,168 (93.58%)	32,677,647 (6.42%)	172,048	508,618,815

At the annual general meeting on 22 July 2022, votes on the directors' remuneration policy were cast as follows:

Resolution	Votes for	Votes against	Votes withheld (abstentions)	Total votes cast
Approval of the directors' remuneration policy	498,652,274 (99.02%)	4,941,551 (0.98%)	203,755	503,593,825

The directors' remuneration report was approved by the board of directors on 13 May 2025 and signed on its behalf by:

Kath Cates
Chair of the remuneration committee

Appendix 1: Executive directors' share plan interests

1 April 2024 to 31 March 2025 (audited information)

	Award date	Awards held at 1 April 2024	Awards granted in year	Vested in year	Lapsed/ forfeited in year	Notional dividends accrued in year[1]	Awards held at 31 March 2025[1]
Louise Beardmore							
Shares not subject to performance conditions at 31 March 2025							
DBP	16.06.21	8,907	–	8,907	–	–	**0**
DBP	16.06.22	9,473	–	–	–	481	**9,954**
DBP	16.06.23	10,940	–	–	–	556	**11,496**
DBP[2]	17.06.24	–	20,245	–	–	1,029	**21,274**
LTP	30.06.21	22,022[3]	–	17,978	4,751	707	**0**
ShareBuy matching shares[4]	01.04.24 to 31.03.25	35	35	35	–	–	**35**
Subtotal		51,377	20,280	26,920	4,751	2,773	**42,759**
Shares subject to performance conditions at 31 March 2025							
LTP	29.07.22	54,728	–	–	–	2,785	**57,513**
LTP	15.12.23	82,109	–	–	–	4,179	**86,288**
LTP[5]	14.03.25	–	96,303	–	–	–	**96,303**
Subtotal		136,837	96,303	0	0	6,964	**240,104**
Total		188,214	116,583	26,920	4,751	9,737	**282,863**
Phil Aspin							
Shares not subject to performance conditions at 31 March 2025							
DBP	16.06.21	18,417	–	18,417	–	–	**0**
DBP	16.06.22	23,592	–	–	–	1,200	**24,792**
DBP	16.06.23	11,389	–	–	–	578	**11,967**
DBP[2]	17.06.24	–	12,841	–	–	653	**13,494**
LTP	30.11.20	45,803	–	–	–	2,330	**48,133**
LTP	30.06.21	58,427[3]	–	–	12,604	2,744	**48,567**
ShareBuy matching shares[4]	01.04.24 to 31.03.25	35	35	35	–	–	**35**
Subtotal		157,663	12,876	18,452	12,604	7,505	**146,988**
Shares subject to performance conditions at 31 March 2025							
LTP	29.07.22	52,539	–	–	–	2,674	**55,213**
LTP	15.12.23	52,954	–	–	–	2,694	**55,648**
LTP[5]	14.03.25	–	62,115	–	–	–	**62,115**
Subtotal		105,493	62,115	0	0	5,368	**172,976**
Total		263,156	74,991	18,452	12,604	12,873	**319,964**

(1) Note that these are subject to performance conditions where applicable.
(2) See page 162 for further details.
(3) Figures reflect a correction to the number of notional dividends applicable to the awards, prior to vesting.
(4) Under ShareBuy, matching shares vest provided the colleague remains employed by the company one year after grant. During the year, Louise Beardmore purchased 175 partnership shares and was awarded 35 matching shares (at an average share price of 1,030.5 pence per share). Phil Aspin purchased 175 partnership shares and was awarded 35 matching shares (at an average share price of 1,030.5 pence per share).
(5) See page 162 for further details.

Vesting of legacy share awards for former directors

Steve Mogford retired from the board and left the company in March 2023. In line with policy he retained a number of awards under the DBP, and as a 'good leaver', the LTP. On 28 June 2024, 150,623 shares arising from his 2019 LTP vested. On 17 June 2024, 45,332 shares arising from his 2021 DBP vested.

Dilution limits

Awards granted under the company's share plans are satisfied by market-purchased shares bought on behalf of the company by United Utilities Employee Share Trust immediately prior to the vesting of a share plan. The company does not make regular purchases of shares into the Trust nor employ a share purchase hedging strategy.

The rules of the Deferred Bonus Plan do not permit awards to be satisfied by newly issued shares and must be satisfied by market-purchased shares. The rules of the Long Term Plan permit the awards to be satisfied by newly issued shares but the company has decided to satisfy awards by market-purchased shares.

Should the company's method of satisfying share plan vestings change (i.e. issuing new shares) then the company would monitor the number of shares issued and their impact on dilution limits set by the Investment Association in respect of all share plans (ten per cent in any rolling ten-year period) and executive share plans (five per cent in any rolling ten-year period). No treasury shares were held or utilised in the year ended 31 March 2025.

UK tax policies and objectives

Consistent with our wider business objectives, we are committed to acting in a responsible manner in relation to our tax affairs.

Our tax policies and objectives, which are approved by the board on an annual basis, ensure that we:

- only engage in reasonable tax planning aligned with our commercial activities and we always comply with what we believe to be both the letter and the spirit of the law;
- adopt a low risk approach to taxation;
- do not engage in marketed, artificial or abusive tax avoidance;
- do not use tax havens for tax avoidance purposes, including not taking advantage of any related secrecy rules that can apply to tax havens;
- are committed to an open, transparent and professional relationship with HMRC based on mutual trust and collaborative working; and
- maintain a robust governance and risk management framework to ensure that these policies and objectives are fully complied with and applied at all levels.

We expect to fully adhere to the HMRC framework for co-operative compliance.

Our Chief Financial Officer (CFO) has responsibility for tax governance with oversight from the board. The CFO is supported by a specialist team of tax professionals with many years of tax experience within the water sector and led by the head of tax.

The head of tax has day-to-day responsibility for managing the group's tax affairs and engages regularly with key stakeholders from around the group in ensuring that tax risk is proactively managed. Where appropriate, she will also engage with both external advisers and HMRC to provide additional required certainty with the aim of ensuring that any residual risk is typically low. All significant tax issues are reported to the board regularly.

Consistent with the group's general risk management framework, all tax risks are assessed for the likelihood of occurrence and the negative financial or reputational impact on the group and its objectives, should the event occur. In any given period, the key tax risk is likely to be the introduction of unexpected legislative or tax practice changes that lead to increased cash outflow which has not been reflected in the current regulatory settlement. The group is committed to actively engaging with relevant authorities in order to manage any such risk.

In any given year, the group's effective cash tax rate on underlying profits may fluctuate from the standard UK rate mainly due to the available tax deductions on capital investment. These deductions are achieved as a result of utilising tax incentives, which have been explicitly put in place by successive governments precisely to encourage such investment. This reflects responsible corporate behaviour in relation to tax. Under the regulatory framework the group operates within, the majority of any benefit from reduced tax payments will typically not be retained by the group but will pass to customers; reducing their bills.

The group's principal subsidiary, United Utilities Water Limited (UUW), operates solely in the UK and its customers are based here. In addition, all of the group's profits are taxable in the UK.

Every year, the group pays significant contributions to the public finances on its own behalf as well as collecting and paying further amounts for its 6,546 strong workforce. Details of the total payments for 2025 of around £257 million are set out below.

Taxes/contributions to public finances for 2025

Total taxes and contributions to public finances

£257m

£91m	£0m	£34m	£69m	£14m	£49m
Business rates	Corporation tax[1]	Employment taxes: company	Employment taxes: employees	Environmental taxes and other duties	Regulatory services fees (e.g. water extraction charges)

(1) The corporation tax paid for 2022 onwards is £nil due to the introduction of the super deduction, which was subsequently replaced with full expensing (made permanent at Autumn Statement 23).

The above tax policy disclosure meets the group's statutory requirement under Paragraph 16(2) of Schedule 19 of Finance Act 2016 to publish its UK tax strategy for the year ended 31 March 2025.

See our website for our latest separate annual tax report, which includes further details in relation to the following key areas:

- How much tax we pay;
- How we ensure that we pay the right tax at the right time; and
- How we ensure that our tax affairs are transparent for all our stakeholders.

Recognising the group's ongoing commitment to paying its fair share of tax and acting in an open and transparent manner in relation to its tax affairs, we were delighted to have retained the Fair Tax Mark independent certification for a sixth year.