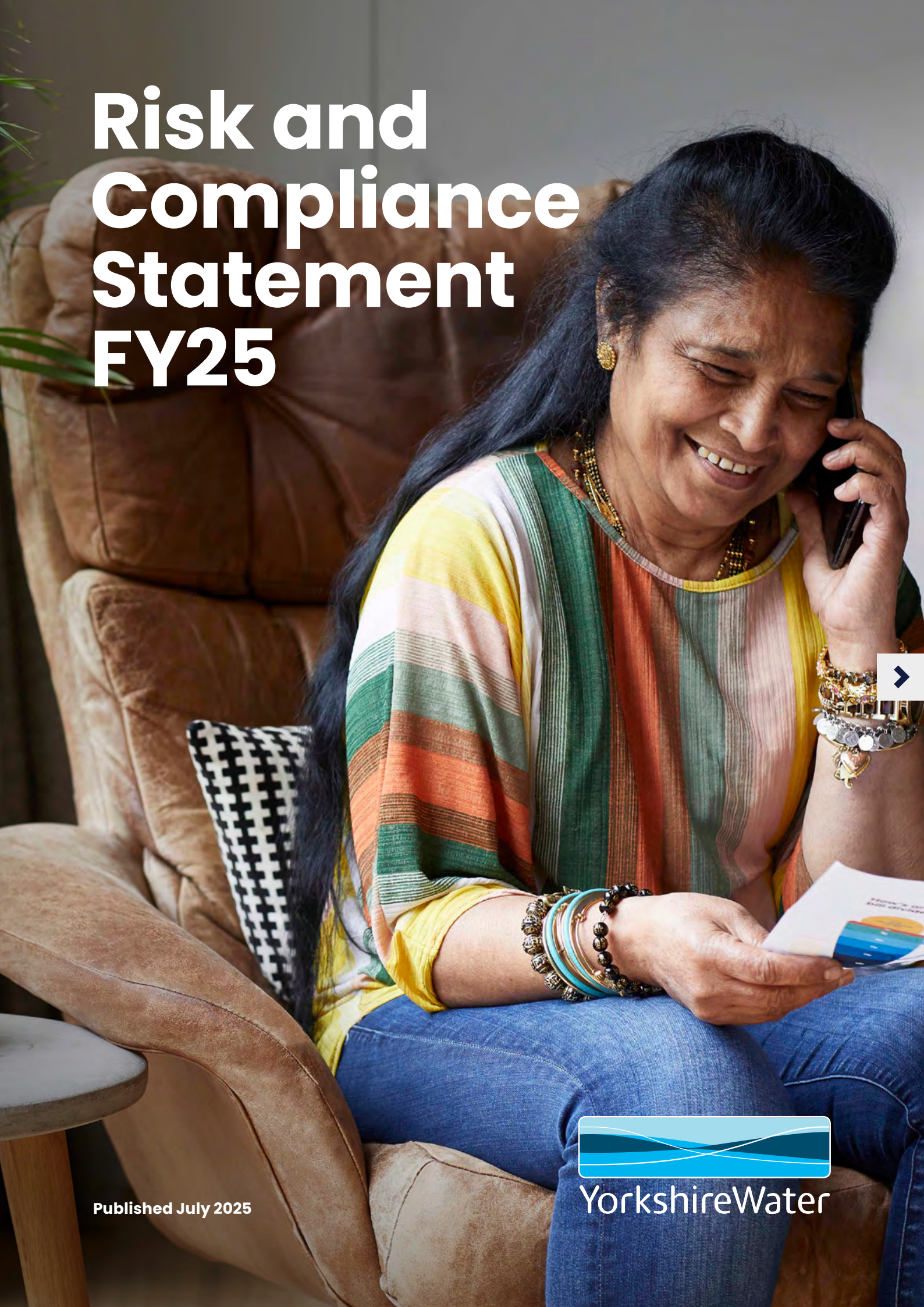


Risk and Compliance Statement FY25



Published July 2025



YorkshireWater

How to view this document

Contents page

Our contents page links to every section within this document. Clicking on a specific section will instantly take you to it.

- 1 Click on the contents button to return to the contents page.
- 2 This button takes you to the previous page.
- 3 This button takes you to the next page.

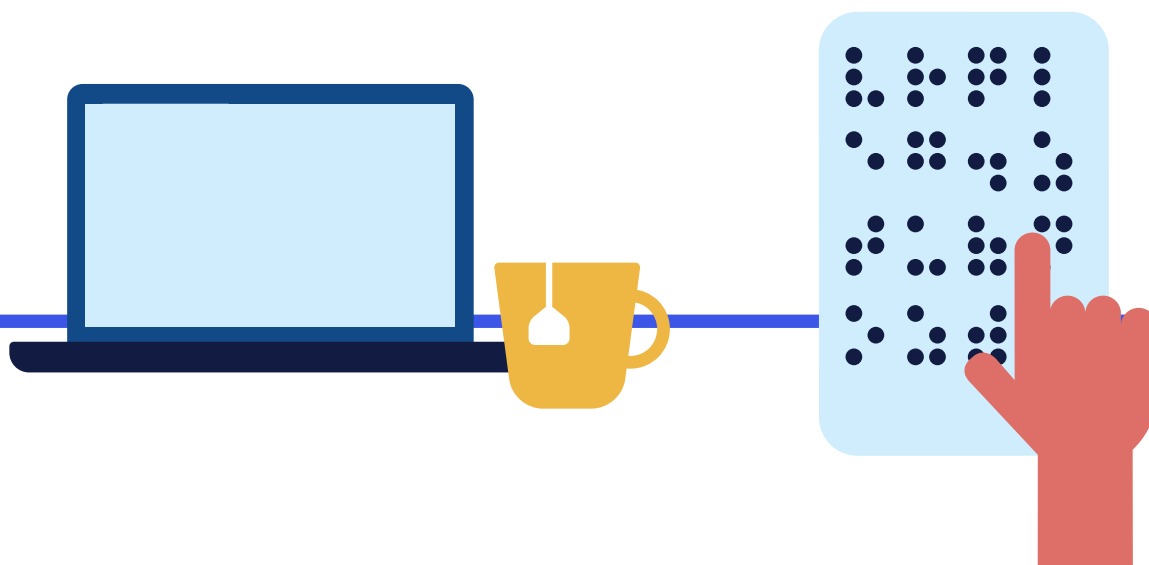
There are also many other clickable links within this document which we've made easy to spot by underlining and **highlighting** them in blue.

Accessibility matters. That's why we want all of our customers to be able to engage, navigate, and understand our Risk and Compliance Statement.

By using assistive technology like screen readers, text-to-text speech programmes and Braille displays, we can provide equal access to anyone with visual, mobility, or cognitive impairments.

We've taken steps to ensure this document supports additional accessibility needs:

- Screen readers will recite content in a logical order, as well as identifying headers and providing alternative text for images.
- Table of contents and bookmarks to aid navigation.
- Easy-to-read text that's structured using headings, clear paragraphs and tables.
- Comfortable colour contrast.



Contents

We've created colour-coded sections to help you to navigate this report easily. Just click on the section you are interested in on the contents page, and it will navigate you to that section.

The report is structured as follows:

1. Board Assurance Statement

05

This confirms the extent of our compliance with our obligations. It is signed by the Yorkshire Water Services Limited Company Secretary on behalf of the Board.

2. Assurance to confirm compliance

09

Outlines the processes and assurance we have in place to achieve compliance and meet our obligations.



We have published our Glossary of Terms separately.
You can view this here: yorkshirewater.com/reports

Introduction

Purpose and scope of the risk and compliance statement.

The uninterrupted supply of sufficient clean, safe drinking water and removal of wastewater is an essential service we provide for our customers.

To make sure we're doing this in a way that's right for all our customers, the environment, and our colleagues' safety and wellbeing, we need to follow a range of legal and regulatory requirements. We know that being open about how well we're meeting these obligations—and how we're going about it—is important for building trust with our customers.

This statement explains how we've worked to meet all our legal duties and the conditions of our Licence (known as our Instrument of Appointment), along with other performance requirements set by our regulator, Ofwat. It shows that we're taking responsibility and gives Ofwat a clear picture of our compliance performance.

The statement covers the reporting period from 1 April 2024 to 31 March 2025. Environmental compliance and water quality cover the calendar year from 1 January 2024 to 31 December 2024.

The statement is in two sections:

Section 1: The Board assurance statement confirms the extent of our compliance with our obligations. It is signed by the Yorkshire Water Services Limited Company Secretary on behalf of the Board.

Section 2: Outlines the processes and assurance we have in place to achieve compliance and meet our obligations.

1. Board assurance statement



Board Assurance

As the Board of Yorkshire Water Services, we've reviewed our obligations in respect of Licence Condition P, in its widest context.

As part of the review, the Board is mindful of the Section 19 undertakings agreed with Ofwat in March 2025 (as reflected in Table 1) and the requirements within those, to secure compliance in the future. Our work in accordance with these undertakings is ongoing and subject to this, we are satisfied that we have sufficient processes, systems of internal control and assurance in place to allow us to confirm that:

- We have and continue to ensure that we have, a clear understanding of all our statutory, regulatory and Licence obligations.
- We have and are further developing in accordance with the undertakings, appropriate systems and processes in place to allow us to identify, manage and review our risks to achieving compliance.
- Our risk management process identifies and escalates risk to be managed to the level reported.
- We have a Compliance Framework and systems of control to manage the risk of not achieving our obligations and where improvement is needed, we create SMART (Specific, Measurable, Achievable, Relevant and Time-Bound) roadmaps in order to deliver changes.
- Subject to the exceptions noted in [Table 1](#), we are meeting our obligations in all material regards.
- We have taken adequate steps to understand the range of expectations of our diverse customer base. We have sought to provide a service that best meets those expectations taking into account the requirements of other stakeholders, the sustainability of the Company and the level of water bills our customers are willing and able to pay.

We confirm that we've:

- Provided Ofwat with assurance that we have sufficient financial and management resources to enable us to carry out our regulated activities (Licence condition P).
- Considered the financial impact of a range of severe but plausible risk scenarios materialising to enable us to provide reasonable assurance that the Company will be able to continue operating and meet its liabilities as they fall due over the next seven years, to 31 March 2032, as set out in our long-term viability statement which can be found in our Annual Report and Financial Statements.
- Sufficient rights and assets available to enable a special administrator to run the Company if such an order was to be made (licence condition P).
- Made sure that any new trade with associate companies in the past year has been at arm's length (licence condition P).
- Maintained the investment grade credit rating Baa2 (licence condition P).
- Explained how we link Directors' pay to standards of performance which can be found in our Annual Report and Financial Statements and Section 6 Board, Leadership, Transparency and Governance of our Annual Performance Report (as required by section 35A Water Industry Act 1991).
- Reported in [Table 1](#) of this risk and compliance statement where we have not achieved the level of performance agreed in our AMP7 final determination.

We confirm that we achieve Ofwat's ambitions for transparency by:

- Providing information to customers in line with Ofwat's information principles.
- Involving customers and their representatives in improving our approach to providing information.

Exceptions

The following material exceptions to achieving our obligations are detailed in Table 1.

Table 1

Obligation	Yorkshire Water position	Action being taken to improve
Regulation 4 – Urban Wastewater Treatment Regulations 1994 Section 94 – Water Industry Act 1991 Licence Condition P	In March 2022 Ofwat opened an enforcement investigation into Yorkshire Water to investigate whether it was managing its wastewater treatment works and networks appropriately. We have agreed Section 19 undertakings which require us to provide plans demonstrating systems and processes to ensure compliance with these requirements.	In accordance with the undertakings, we will provide our plans to Ofwat by 1 October 2025. We will also be providing regular updates to our customers in relation to our progress against these undertakings
Water Industry Act: maintain maps of their sewers, clause 199, subject to subsections (6) to (8), it shall be the duty of every sewerage undertaker to keep records of the location and other relevant particulars.	The Water Industry Act places an obligation on wastewater companies to maintain maps of their sewers. In common with all other wastewater companies in England and Wales not all our sewers are mapped.	We continue to improve our maps as we perform work on our wastewater networks.
The Environmental Permitting (England and Wales) Regulations 2016	The Environmental Permitting Regulations apply to the vast majority of our clean and wastewater sites. Permits granted under the Regulations govern the way in which we are obliged to operate our assets. Any instances of non-compliance with permits and/or the Regulations are reported to the Environment Agency. Such instances and any resulting enforcement action are a matter of public record. We continue to improve and enhance our compliance in this area with continued focus on any issues that arise.	We have roadmaps in place to improve our performance in this area. The undertakings plan will also deliver an improvement across this area.
Pollution Prevention and Control	Our Pollution Performance is reported in section 3 of our Annual Performance Report. We acknowledge that our pollution performance this year has not met the standards we aspire to. We are committed to obtaining the necessary permits and adhering to the directive's requirements to minimise pollution.	In FY25 we have established a serious pollutions review panel, undertaken a full review of our descriptive treatment works. We have started a programme of investment to ensure that we have assets in place as required by each and every one of our 588 waste water treatment works permits. We have published our Pollution Incident Reduction Plan (PIRP) for the next 5 years, More information on the PIRP can be found via the Yorkshire Water website – PIRP 2025 – 2029

Obligation	Yorkshire Water position	Action being taken to improve
Performance commitment. For FY2025 we have met or exceeded 19 of our performance commitments.	For FY25 we have not met the target for the following 24 performance commitments. Water quality compliance (CRI), Water supply interruptions, Per capita consumption, Unplanned outage, Drinking water contacts, Significant water supply interruptions, Repairing or replacing customer pipes, Internal sewer flooding, Pollution incidents, Treatment works compliance, Length of river improved, Operational carbon, Water recycling, External sewer flooding, Bathing water quality, Living with water scheme, Customer Services Measure of Experience (C-MeX), Developer Services Measure of Experience (D-MeX), Risk of severe restrictions in a drought, Integrated catchment management, Biosecurity implementation, Affordability of bills, Priority services awareness, Priority services satisfaction, WINEP Delivery.	The targets for each of the five years during AMP7, were set during PR19, which Ofwat have acknowledged as being too stretching in some cases. However, despite that, we have worked hard to make improvements over the AMP, and can see there is an upwards trend on performance for most of the performance commitments, just not to the ambitious target levels set by Ofwat. Where we have fallen short we have compensated customers via the Operational Delivery Incentive (ODI). You can read more about this within our ODI report found here: yorkshirewater.com/reports You can also read more about our performance and any actions we are taking in section 3 of our Annual Performance Report. yorkshirewater.com/reports

The Board confirms that, over the period covered by this statement, it has complied in all material respects with its relevant statutory, licence and regulatory obligations that have not been confirmed by other processes, and that it is taking appropriate steps to manage the risks it faces.

Principles of corporate governance

The Board is committed to achieving the highest standards of corporate governance in accordance with the requirements of company law, current best practice, the 2018 UK Corporate Governance Code (the Code), where applicable to private companies, and Ofwat's Board Leadership, Transparency and Governance Principles.

The Board has reported in detail on our compliance with the Code and the Ofwat Principles in Section 6. Board, leadership, transparency and governance of the Annual Performance Report.

Additional detail is also provided within the Annual Report and Financial Statements. Both reports can be viewed on our reports webpage: yorkshirewater.com/reports

Board signatures

The Board confirms that, over the period covered by this statement, it has complied in all material respects with its relevant statutory, licence and regulatory obligations that have not been confirmed by other processes, and that it is taking appropriate steps to manage the risks it faces.

Signed by the Yorkshire Water Services Limited Company Secretary on behalf of the Board of Directors.



Kathy Smith
Company Secretary

This statement was approved by the Yorkshire Water Board on 09 July 2025 and signed off on its behalf by Kathy Smith, Company Secretary.

2. Assurance to confirm compliance



Assurance to confirm compliance

We understand our regulatory and legislative obligations

Our operations are regulated by a variety of legislation, our licence requirements, regulations established by various stakeholders, and performance commitments to our customers. It is crucial that we comprehend all these obligations in detail and respond proactively to any changes.

To assist us in understanding and fulfilling our obligations, we continued to embed and enhance our Compliance Framework, which we introduced in the last financial year (see Fig. 1). This framework consists of seven steps designed to map out all our obligations to our regulators, establish clear accountability for meeting them, provide timely training for those responsible, implement, monitor, and assure compliance controls, and learn from instances of non-compliance or near misses.

Each obligation has an assigned Director, Senior Leader, and a Compliance Lead accountable for it. We have built a community of over 40 Compliance Leads supported by Subject Matter Experts (SMEs) across the business who help manage our obligations. This community ensures that appropriate controls are in place to achieve compliance and identify new or amended obligations, applying the framework locally. The central Compliance Team oversees the health of the framework and provides timely reporting and assurance to senior leaders.

Our specialist teams, including Legal Services, Regulation, Company Secretariat, Financial Services, Health & Safety, Environmental Services, Commercial Services, Information Security, and Human Resources, support us in understanding our obligations. When necessary, these teams engage external specialists to ensure that any changes to our obligations are applied appropriately.

Figure 1: Yorkshire Water compliance framework



RACI stands for Responsible, Accountable, Consulted, and Informed. Each letter in the acronym represents the level of ownership each person involved in the obligations will have on an individual deliverable.

Central compliance and assurance

The Audit and Risk Committee oversees the effectiveness and operation of Yorkshire Water's internal control system on behalf of the Board. Our controls are designed to ensure compliance with obligations and manage the risk of failing to achieve the business objectives agreed upon with our customers and regulators. The operational policies and procedures that establish these controls also meet international quality standards for Environmental Management ISO14001, Quality Management ISO9001, Occupational Health and Safety ISO45001, and Asset Management ISO55001, and are accessible to all colleagues through the Integrated Management System (IMS).

The Central Compliance and Assurance team provides assurance over these control systems through a structured programme, identifying and addressing issues and improvement opportunities with SMART action plans. Where we identify incidents of non-compliance a roadmap to compliance is requested to put in place timebound actions that aim to reach compliance. These roadmaps are sponsored and owned by our senior leaders with oversight and monitoring from the Central Compliance and Assurance team.

Our Internal audit team, along with independent external audits, provides further assurance.

We have appropriate systems and processes in place to allow us to identify, manage and review our risks. Our risk management process identifies and reports risks to the appropriate level of the business.

Effective risk management is fundamental to our vision of 'A Thriving Yorkshire. Right for Customers, Right for the Environment'. It ensures we can fulfill customer needs and safeguard the environment while prioritising the safety and well-being of our colleagues. Risk management is integrated into our operational systems and organisational culture, with oversight provided by the Audit and Risk Committee. The framework offers a standardised approach to guarantee timely identification, escalation, and appropriate management of risks, including potential non-compliance with our obligations.

Our risk assessment matrix facilitates consistent measurement of both the impact and likelihood across various risk categories, incorporating compliance as one of six impacts considered in all corporate risk evaluations. Details of our risk management framework and principal risks, which are the aggregated top risks from the corporate risk register posing a threat to our objectives, are outlined in the 'Managing Risk and Uncertainties' section of our Annual Report and Financial Statements.

We know how important it is to meet those obligations.

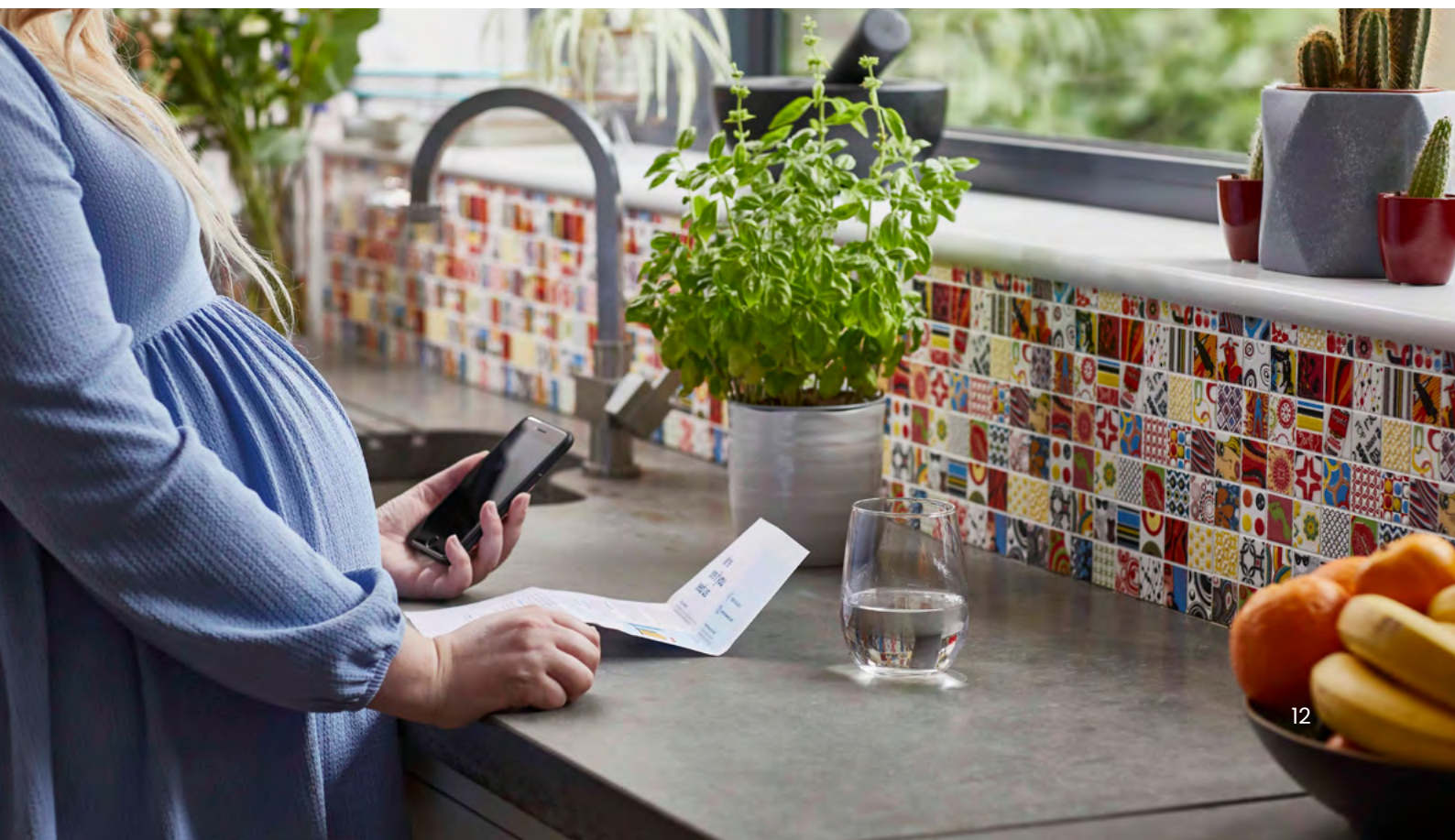
Our Compliance Leads evaluate the compliance status of our obligations within the Compliance Database, and this compliance oversight is regularly shared with the Executive Team and Board. The Central Compliance and Assurance Team conduct Compliance Reviews with Senior Leaders to provide an update on the current compliance status across their areas of responsibility, including any open actions raised to mitigate non-compliance risks.

Improvement actions related to compliance are monitored by the Executive Team and the Board. We maintain insights into the assurance provisions for our obligations mapped in the Compliance Database, which are included in our Compliance reporting suite. The Central Compliance and Assurance Team delivers a second-line assurance programme to test adherence to policies and procedures designed to achieve compliance. In FY25-26, the team plan to enhance our Assurance Delivery Plan to increase the level of assurance over our compliance obligations.

Additionally, the Central Compliance and Assurance Team leads the Evaluation of Compliance (EoC) process, an annual attestation that requires senior leaders across the business to self-attest to relevant obligations within their area. They receive a questionnaire and links to the Compliance Database, which documents relevant controls in place to manage compliance, aiding their assessment.

If senior leaders identify any areas of concern or need for improvement, they are required to take action to address these issues. 30 improvement actions were raised in 2024/2025. These actions are also recorded in a company-wide integrated action tracker monitored by the Executive Team. For 2024/2025, senior leaders assessed compliance with key legal and regulatory requirements, reporting 95% compliance, a 1% decline from the previous year. This reduction is mainly due to the conclusion of Ofwat's investigation into management of sewage treatment works and sewerage networks, and the decision to accept section 19 undertakings from Yorkshire Water. The EoC is a self-assessment, and when cross-referenced with insights from the Compliance Database, it indicates the ongoing efforts required to improve our compliance position, ensuring we meet environmental standards and customer expectations.

A table of exceptions is provided above ([Table 1](#)).



We keep the conversation going with our customers and stakeholders to stay on top of their changing needs. This helps us adjust our services to better meet their expectations.

Each year, we conduct extensive engagement initiatives with our customers to understand their needs, preferences, and expectations regarding our water and wastewater services. Through surveys, focus groups, online forums, and one-to-one interviews with customers in vulnerable circumstances, we gather valuable insights related to our service offerings. This ongoing engagement is a vital component of our operations and extends beyond business planning and AMP cycles.

Over the past year, our primary focus has been on securing a plan that aligns with customer expectations and secures their support. Following our draft determination, we consulted with customers on the draft plan by proposed by Ofwat. Customers supported our decision to challenge Ofwat on certain aspects of the draft plan, particularly the inclusion of enhancement funding for areas such as the environment. This included advocating for increased funding for storm overflows and other improvements impacting environmental water quality, along with reinstating funding for net zero initiatives removed by Ofwat in their draft determination.

Customers endorsed our Draft Determination Representation, acknowledging potential challenges with bill increases. Our assistance program, benefiting 535,000 households through various types of support – including over £375 million allocated for bill reductions and debt support payments (an increase from £115 million in AMP7) – was a crucial factor in gaining their backing. The plan was largely accepted by Ofwat in their Final Determination.

In addition to consulting with customers, we continue collaborative efforts with The Yorkshire Forum for Water Customers, our independent Customer Challenge Group, to ensure alignment with customer and societal views and interests. Their support and guidance have been crucial to Yorkshire Water, especially concerning the fairness of applying bill reductions, and we extend our gratitude for their commitment to the customers of Yorkshire Water.

Despite the positive Final Determination from Ofwat, the past year has been challenging due to heightened media scrutiny and significant bill increases for our customers. We are confident that our plan provides the necessary investment to make desired improvements, and we remain committed to meeting customer expectations with care.

As we move forward into the upcoming year, we will affirm our dedication to our “Right for Customers, Right for the Environment” strategy through the execution of our comprehensive year one plans. We will continue active engagement with our customers, utilising their feedback to enhance our services, strategies, and initiatives.

Regulatory obligations at risk

In November 2024, we published a service commitment plan. This identified a number of our performance commitments where we were not meeting target. The action plan was published to reassure customers and stakeholders that we understand the areas where we are underperforming and that we have plans in place to improve performance. We continue to meet with Ofwat quarterly to provide them with an update on our progress. Our service commitment plan can be found here: yorkshirewater.com/reports

Assuring our performance

We always want to provide our customers and stakeholders with information that they can trust.

We understand that when we don't get this right, we risk losing their trust and confidence.

To achieve confidence in the accuracy of our information we work to a risk-based assurance plan. This means we carry out a risk assessment to identify the processes that have a higher chance of deviating from the process and lowering confidence in our data. We check all data, but this best practice approach means that we gain more assurance in those areas with a higher risk of error associated with the information or with the publication.

As well as the probability and impact of any errors, our risk assessment also takes into consideration wider impacts. This includes engagement with our customers, wider stakeholders and conducting horizon scanning activities to understand how our customers' needs and regulatory requirements might change.

We apply 'three levels of assurance' to our data and processes. This allows us to have checks over all elements of our processes by different people who bring different expertise to their checks. In addition to the routine assurance over our operational processes and systems of internal control, we have two assurance processes to confirm the accuracy, consistency and transparency of our annual reporting:

- A data assurance process is in place to make sure that the data supporting the information we publish is accurate.
- A wider assurance process ensures that the overall publication meets any guidance and that the publication is accessible and easy to understand.

You can read about our assurance process for reporting information in the Assurance Plan here: yorkshirewater.com/reports

Thank you for reading



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