

Section 172(1) statement

In 2018 the Companies (Miscellaneous Reporting) Regulations introduced a requirement for large companies to publish a statement describing how the directors have had regard to the matters set out in section 172(1)(a) to (f) of the Companies Act 2006. The statement here relates predominantly to Yorkshire Water, as the largest subsidiary within the group. As such, the Yorkshire Water Board conducts the majority of the group's engagement with key stakeholders as detailed below, with reports made to the Kelda Finance (No.1) Limited Board to enable decision-making as detailed later in this section.

Most of our colleagues are also customers and they live surrounded by other customers, the communities we serve, the environment in which we operate, and the local suppliers that we support. When Yorkshire Water impacts stakeholders in Yorkshire, this is felt across our organisation. That is why our Board does more than take a 'regard' to stakeholders, as required by section 172 of the Companies Act 2006 – it actively considers how the company affects them, now and in the future.

Trust in the sector continues to be low and it is more important than ever for the Board to build trust amongst our stakeholders, through open, honest and constructive relationships so we can understand what matters most to them.

The following pages set out some more detail on stakeholder interactions during the year.

Stakeholder – customers

Customers are at the heart of our corporate strategy for 'a thriving Yorkshire, right for customers and right for the environment'. We want to continually improve our customer experience and to do that we have to understand what our customers expect from us.

How has Yorkshire Water engaged? Yorkshire Water has a Customer Insight team who run surveys and focus groups throughout the year to understand the sentiment of our customers and the issues that are important to them. Some Yorkshire Water Board members attend the focus groups as observers so that they can hear first-hand from customers.

The Yorkshire Water Board also hears updates on customer-related matters at every Board meeting, from our Director of Customer, Distribution and Collection, and receives customer satisfaction metrics every month regardless of whether there is a Board meeting or not.

During the year the Yorkshire Water Board welcomed Jo Causon, CEO of the Institute of Customer Service, to a Board meeting to hear directly about trends in customer service, best practice across different sectors, and ways in which Yorkshire Water could improve the experience of its customers.

The Yorkshire Water Board also visited our Customer Management Centre during the year, listening to some customer calls, and spending time talking to colleagues who speak directly to customers every day.

Our CEO, Nicola Shaw, also spent time working as part of our contact centre team during the drought, taking calls from customers, as did a number of other members of our Executive team,

which enabled them to hear first-hand some of the queries and concerns that customers were raising at that time.

What has the engagement told us? We know that the main priorities for our customers are:

- Having a continuous supply of safe drinking water;
- Keeping bills affordable for all; and
- Preventing sewage from entering homes and businesses.

How has this impacted on Board decision-making? During the year the Yorkshire Water Board approved the restructure of the operational part of the business to bring all of our customer-facing colleagues into one team, so that the oversight of delivery for customers and insight into customer experience is all in one place. This is to enable us to better understand how we can improve customer experience and to focus on the things that really matter to our customers.

The Yorkshire Water Board also requested that a Performance Review Committee be set up in the year to enable them to receive deep dives into key performance metrics, including the Customer Experience Measure (C-MeX). Through this Committee and through Board discussions, they received regular updates on the steps being taken to try to improve our customer experience during the year.

During the year, Ofwat published a new Consumer Involvement Rule and the Yorkshire Water Board has reviewed the requirements of this and approved the approach that it will take. This includes updates being provided at each Board meeting on feedback from consumer surveys and qualitative research, receiving a deep dive on consumer engagement at least annually, and meeting with independent consumer experts on an ad-hoc basis.

Stakeholder – environment

The environment is key to all that we do at Yorkshire Water. We are reliant on it for our water resources, now and in the future, and we treat and return wastewater to it and must do that responsibly. The environment impacts on the quality of our raw water and we own a significant amount of land that provides an outdoor environment for the communities we serve to enjoy.

How have we engaged? As a business, we engage with multiple organisations that work to protect and enhance the environment, such as the National Trust, the Yorkshire Wildlife Trust and The Rivers Trust. This engagement is reported to the Yorkshire Water Public Value Committee and Yorkshire Water Board through updates on specific partnerships, environmental initiatives and through business cases for investment.

In March 2026 the Yorkshire Water Board met with Mark Lloyd, the CEO of The Rivers Trust to hear directly from him on how Yorkshire Water might better engage with The Rivers Trust to work in partnership for the good of the environment.

We also seek to work closely with our environmental regulator, the Environment Agency, at both a regional and national level. Yorkshire Water's Safety, Health and Environment Committee has met with the Regional Director during the year to hear directly how we might improve in our approach to the environment, and our Chair and CEO both meet regularly with their counterparts from the Environment Agency to understand their expectations and the areas where we can improve.

What has our engagement told us? We know that the most important environmental matters relate to:

- Reducing our storm overflow discharges;
- Working with partners to protect the environment from the effects of climate change; and
- Protecting our water resources, including through reducing leakage.

How has this impacted on Board decision-making? As noted above, the Yorkshire Water Board requested that a Performance Review Committee be set-up in the year to provide more opportunity for deep dives into key performance metrics, which includes those directly relevant to the environment. The Yorkshire Water Board has heard detailed updates on leakage, sewer flooding, wastewater permit compliance, mains replacements, and pollution incidents, and has approved the plans to improve performance in these areas.

The Yorkshire Water Board has also received detailed information in the year on the work underway to protect water resources and to increase drought resilience, and has approved the plans in this area.

The Yorkshire Water Board also approved a restructure on the operational side of the business during the year, which created a new asset management function. This new function focuses specifically on asset planning and ensuring that our assets are working in the right way to protect the environment and deliver great service to customers, both in the short-term and into the future. The Yorkshire Water Board now hears regular updates from the asset management function at each meeting.

Stakeholder – colleagues

Our colleagues are core to us being able to deliver a great service and understanding their thoughts and feelings is key to us improving our business performance, as well as the Board ensuring that the desired culture is embedded across the business.

How has Yorkshire Water engaged? Yorkshire Water Board members engage directly with colleagues in a number of ways. The decision was taken during the year for Board members to periodically attend colleague listening groups, which are held several times a year across the business. Two Board members attended these in February 2026, feeding back what they had heard at the Board meeting in March.

The Yorkshire Water Board also engages with colleagues on site visits, which are done both collectively and individually. This year the Board visited our Customer Management Centre and engaged directly with colleagues who receive customer calls.

We run a Yorkshire Voice survey twice a year which seeks to understand how our colleagues are feeling, and the feedback from this is shared with the business, with the Executive team and Yorkshire Water Board receiving detailed information on the views expressed through the survey.

The Yorkshire Water Board had informal dinners with the senior leaders from the business and with the Executive team during the year, to provide an opportunity for open discussion and feedback to the Board.

The Yorkshire Water Board has also met with Trade Union representatives during the year to hear the views of Trade Union members directly from their convenors, and received an update on equality, diversity and inclusion within Yorkshire Water to understand the ongoing work in this area and the progress against our diversity targets.

The Yorkshire Water Board receives updates on health and safety performance every month, regardless of whether a Board meeting is held. These are discussed at each Board meeting and there are deep dives into incidents, risks and any specific areas of concern at the Yorkshire Water Safety, Health and Environment Committee.

During the year the business appointed a registered mental health nurse, who attended the Yorkshire Water Safety, Health and Environment Committee, to speak directly to Board members regarding the provision of mental health support across the business.

What has our engagement told us? We know that colleagues are most concerned about:

- The external reputation of the business and the negative media received;
- Workload; and
- Recognition.

How has this impacted on Board decision-making? The Yorkshire Water Board has engaged with multiple advisors in the year on media sentiment and has regularly discussed how to ensure performance improvements and the investments being made are effectively communicated to stakeholders. The Board has approved the approach to communications and areas for further consideration. Board members have also sought to directly engage with certain key stakeholders to ensure they have the opportunity to hear directly from the business.

The Yorkshire Water Board also approved the recruitment plan to bring over 1,100 new colleagues into the business during the year, to drive the delivery of our business plan across the AMP. The Board has received regular updates on the recruitment progress, and has sought assurance over the training provided to new colleagues, and the support being provided to all colleagues during a period of considerable change.

During the year the Yorkshire Water Board approved the relocation of much of the office-based business from Bradford to Leeds, to enable colleagues to be based in one building, to help create stronger connections across the business, build better ways of working, and better support delivery for customers.

This is a significant change for the business having been based in Bradford for over 25 years, and the Board had to consider the impact on colleagues, customers, communities, and the environment, in its decision-making.

Stakeholder – communities

As an anchor institution within Yorkshire, we believe Yorkshire Water can play a significant role in helping and supporting the communities that we serve.

How have we engaged? As a business we engage with our customers regularly which also gives us insight into the communities that we serve.

During the year the Yorkshire Water Board and Public Value Committee has received feedback from local stakeholders which reflects the views and needs of our local communities.

We have schemes in place across the business which allow our colleagues to volunteer and support local community initiatives, whether that be through sharing expertise or by providing practical support to help improve community buildings or gardens.

We also work in communities, raising awareness of the financial support we can provide to customers, as well as engaging with children in schools to teach them both about water use and safety around water.

What has our engagement told us? We know that the matters most important to the communities around us are:

- Clean drinking water
- Keeping sewage in our pipes; and
- Access to our green spaces.

How has this impacted on Board decision-making? The Yorkshire Water Board has received regular updates on operational performance that directly impacts upon the communities we serve.

The Yorkshire Water Board also approved the capital spend in the year which directly impacts upon local communities; for example an £18m upgrade at Dewsbury Wastewater Treatment Works which will help improve water quality in the River Calder, a £5m programme to replace six kilometres of water mains in Rotherham to help reduce leaks by replacing older pipes, and a project to drill new test boreholes at East Ness Water Treatment Works to increase water available for supply as part of our long-term water resource management plan.

Stakeholder – investors

As at 31 March 2026, Yorkshire Water had four investors, who owned shares in our ultimate holding company, Kelda Holdings Limited.

We announced in February 2026 that two of our investors had agreed to sell their shareholdings, and in June 2026 the transaction was completed, bringing a new investor into our business.

How have we engaged? All of our investors have a representative on the Board. Our investors are therefore directly involved at a Board level, which means we are able to ensure they are all treated fairly and their views are represented in Board-level decisions.

What has our engagement told us? The matters of key concern to our investors are:

- The investability of the sector;
- Improving our customer service and operational performance; and
- Demonstrating the highest standards of business conduct.

How has this impacted on Board decision-making? As directors on the Board, our investors are able to input to all Board discussions and decision-making. They do this with their legal duties as directors first and foremost in their minds, which ensures that they have regard to other stakeholders and not just the investors that they represent.

Stakeholder – suppliers

Our supply chain is an essential part of our business and we are keen to understand the thoughts and priorities of our suppliers, many of whom are local to Yorkshire.

How have we engaged? We engage with our suppliers in multiple different ways, depending on the extent of the services provided by the supplier. We classify each supplier as gold, silver or bronze and have identified some as 'strategic suppliers', with different levels of engagement and contract management depending on the classification of the supplier.

The Yorkshire Water Board receives updates on supplier performance at regular intervals throughout the year and has met with key suppliers during the year through the Yorkshire Water Safety, Health and Environment Committee, where partners are specifically asked to provide feedback on their experience of working with Yorkshire Water.

What has our engagement told us? The things that matter most to our suppliers include:

- Trust and transparency;
- The local economy in Yorkshire; and
- Behaving ethically and responsibly.

How has this impacted on Board decision-making? The Yorkshire Water Board approves all of our supplier framework agreements and reviews the procurement decisions being made as part of these agreements, and the rationale behind the suppliers being proposed.

The Yorkshire Water Safety, Health and Environment Committee has heard directly from capital partners during the year and has fed the feedback from these meetings directly into discussions and actions raised at the Committee, to seek to further enhance our safety performance.

Stakeholder – regulators

The water sector is a highly regulated sector and our regulators are therefore amongst our key stakeholders. We seek to build good relationships with each regulator to better understand their expectations and how we can best align to these.

How have we engaged? We have multiple interactions with our regulators at all different levels of our organisation.

Yorkshire Water Board members have had meetings with representatives from Ofwat, the Environment Agency and the Drinking Water Inspectorate during the year and have fed back to the Board what they have heard in each meeting.

The Yorkshire Water Board also receives updates at each Board meeting on the ongoing relationships with each regulator any feedback received. There is a standing agenda item at each Board meeting for the discussion of regulatory reform and stakeholder relationships, to ensure the Board is aware of the latest feedback and can feed this into decision making.

What has our engagement told us? We know that our regulators are most focused on:

- Regulatory compliance which delivers for customers and the environment;
- Financial resilience; and
- Strong, demonstrable governance in relation to the oversight of the Board.

How has this impacted on Board decision-making? During the year the Yorkshire Water Board was closely involved in the response from Yorkshire Water to the consultation on regulatory reform, and approved the submission that was made. The Board drew on its engagement with multiple stakeholders to ensure that the content of the submission was aligned to as many stakeholder interests as possible.

The Yorkshire Water Board also approved the submission to Ofwat in response to the Wastewater Network Investigation undertakings, reviewing the proposed response in detail to satisfy themselves that it both met the requirements from Ofwat and was the right approach for the environment.

The Board has continued to consider financial resilience during the year and has approved an updated version of the Kelda Group Model in the year, which is a 30+-year financial model to ensure the financial resilience of the business over the longer-term. The Board has also set a Liquidity Policy which requires a minimum of 15 months of liquidity at any given time, and monitors performance in relation to this.

Stakeholder – politicians

There are over 55 Members of Parliament in the area served by Yorkshire Water, and four regional mayors. We know that they all want to champion the causes that are important to their constituents.

How have we engaged? We engage regularly with local politicians, through email updates, meetings and visits, to help them understand the work that we are doing to improve our services.

Our CEO, Nicola, and Yorkshire Water's Chair, Vanda Murray, have also met directly with local politicians during the year, and fed back the discussions at those meetings to the rest of the Board.

During the year the Yorkshire Water Board welcomed Emma Hardy, the Water Minister, to a meeting to hear her views on the sector and on Yorkshire Water directly.

We also maintain links to local councils, which is particularly important when severe weather incidents or significant operational incidents occur and we are then able to work together to mitigate the impact on customers and communities.

What has our engagement told us? We know that our local politicians are interested in:

- Reducing the risk of flooding;
- Coordinating with other utilities when planning to dig up roads;
- Support for vulnerable customers; and
- Reducing storm overflow discharges.

How has this impacted on Board decision-making? During the year, Yorkshire Water received criticism from politicians and other stakeholders for not historically disclosing details of executive remuneration that had been paid from the parent company of the group, Kelda Holdings Limited. The Board listened to this criticism and took the decision to go beyond the statutory requirements in the future, by including remuneration paid from other group companies in the Remuneration Report each year.

The Yorkshire Water Board has continued to monitor the investment in reducing storm overflow discharges in the year, with £1.5 billion to be invested over the five years to 2030. The Board receives

regular updates on the progress of the Storm Overflow Alliance and approved the programme of work for the Alliance during the year.

The long-term

As well as considering our stakeholders, the Yorkshire Water Board has to also consider the long-term in its decision-making. Our ambition is for a thriving Yorkshire, and we consider the long-term implications for Yorkshire, for our customers and for the environment, in all our decision making. The Board has a 30-year financial model which is updated for all key decisions to show the long-term financial impact of any decision made. This has been updated and approved by the Board during the year.

In addition, the Yorkshire Water Board has considered the long-term regularly throughout the year in its monitoring of work on water resource management and the plans to improve drought resilience in the future.

The Board also considers future risks and opportunities through regular horizon scans, papers and presentations from subject matter experts on future considerations, as well as through the work undertaken by the Yorkshire Water Audit and Risk Committee on the long-term viability scenarios, which is covered further in the Going concern and long-term viability section of Yorkshire Water's ARFS, available at yorkshirewater.com/reports.

A reputation for high standards of business conduct

The Board is very aware that trust in the water sector has decreased over recent years for a variety of reasons. As a group we are seeking to address this through greater transparency and clearer explanations of what we do as a business and how we are performing.

The Yorkshire Water Board accepted the criticism received during the year in relation to the lack of disclosure of executive remuneration paid by the parent company of the group, Kelda Holdings Limited, and has committed to be fully transparent on this in the future to help rebuild trust.

We seek to maintain high standards of business conduct in all that we do and we have a Code of Ethics, which we expect all colleagues and partners to follow. This sets out the ethical standards we expect from all those working on behalf of Yorkshire Water.

Our Board is given assurance on the information it receives through various means, including internal audit reports, external assurance reports or from the Yorkshire Water Board Committees, which have the capacity to scrutinise information more closely before it is discussed.