

Regulatory Reporting and Assurance Approach

31st March 2023

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1. Introduction



I am delighted to share Hafren Dyfrdwy's Regulatory Reporting and Assurance Approach. This document explains how we ensure we provide high quality services to 108,000 households and businesses by operating to the highest standards of transparency and reliability.

At Hafren Dyfrdwy we are first and foremost driven by our purpose – 'Taking care of one of life's essentials' – we believe our clear social **Purpose** helps drive the right strategic decisions for our business, our stakeholders, and the environment we depend on. It is underpinned by our strong **Values** and borne out in our culture which governs how we think and behave, from fostering a diverse and inclusive working environment to rewarding all our people fairly.

Our 'Get River Positive' commitment demonstrates our clear social Purpose illustrating we have listened to our customers, local communities, and campaign groups. We want everyone in our regions to hold us to account, we will publish clear measurements for success, and we will be reporting back on progress regularly. Get River Positive is underpinned by five key pledges that pave the way for the restoration and revitalisation of the region's rivers. We are transparent with our data and are upper quartile on our performance across our five river pledges and so far, have been working faster than the regulator's expectations.

We know how important it is to our customers and stakeholders that our reporting contains reliable data and information. Our compliance, assurance and governance processes are designed for openness and transparency with customers and stakeholders throughout the production of each publication, ensuring an appropriate level of confidence that our submissions have been well prepared and are consistent with our internal processes.

We have an established, rigorous, and robust assurance and performance reporting framework. The assurance approach builds on best practice from external organisations. It ensures that managers, leaders, and Directors are responsible and accountable for delivering high quality data through robust processes and methodology. Our established framework is underpinned by four main principles - Robust Assurance, Ownership and Accountability, Effective Governance, Transparency and Public Accountability – which provide consistency and clarity for our people, and allows flexibility for our assurance processes to build and evolve with our Company and the environment we operate in.

As we continue to deliver positive outcomes in the third year of our Asset Management Plan and our five-year (AMP7) business plan running from April 2020 – March 2025, we are pleased to share, through this document, our approach to assurance, what we publish, the assurance plan we follow and the level of assurance we apply.

We always welcome feedback on how we are focusing our assurance to best meet our customers' needs. If you would like to share your views on this plan, you can contact us via email or in writing at: compliance.assurance@severntrent.co.uk or at Group Compliance Team, Group Compliance and Assurance, General Counsel, Severn Trent Centre, 2 St John's Street, Coventry, CV1 2LZ.

2. About this document

We want to ensure that customers and wider stakeholders can trust the information that we publish.

Here are the key publications you can expect from us over this AMP (2020 – 2025).

PR24 – September 23

Annual Performance Report - July (annually)

Annual Report and accounts - June (annually)

Get River Positive Annual report – March (annually)

EDM data – submission February, published March 23

Drinking Water Inspectorate Regulatory Returns (annually)

Environmental Agency Regulatory Returns – Annual Data Returns

Our publications provides customers and stakeholders with a transparent and credible insight into our performance. With that in mind, the robust assurance process we apply to the information and data we publish is vital to ensuring it can be trusted by all.

The document is structured as follows:

Section 3 – presents an introduction to Hafren Dyfrdwy.

Section 4 – outlines how we take account of customers’ and stakeholders’ views in shaping and planning our Assurance approach.

Sections 5 – provide detail on our established governance processes and robust Assurance framework, which we apply to our regulatory reporting.

Section 6 – covers the internal and external assessments we undertake, such as our Licence to Operate and ERM processes, horizon scanning, identification of industry wide trends and engagement with stakeholders, to understand areas of risk that could affect our reporting, and which are used to inform our Assurance approach.

Section 7 – presents our proposed Assurance Plan for AMP7 based on our internal risk assessment using our Licence to Operate and Enterprise Risk Management systems and in accordance with regulatory guidance and sector best practice.

Section 8 – details the AMP7 publications of our Assurance Plan in key areas where further oversight is needed.

After publication of this document, should there be any material adjustments to our Assurance Plan, we will republish the Plan.

We are focused on driving long-term sustainable performance for the benefit of our customers, shareholders, and wider stakeholders. We recognise the importance to continuously improve engagement, build trust around performance reporting by being open and transparent about our performance and our plans.

In this document, we explain how we approach and undertake our assurance at Hafren Dyfrdwy for the remainder of the AMP7. The data included in our

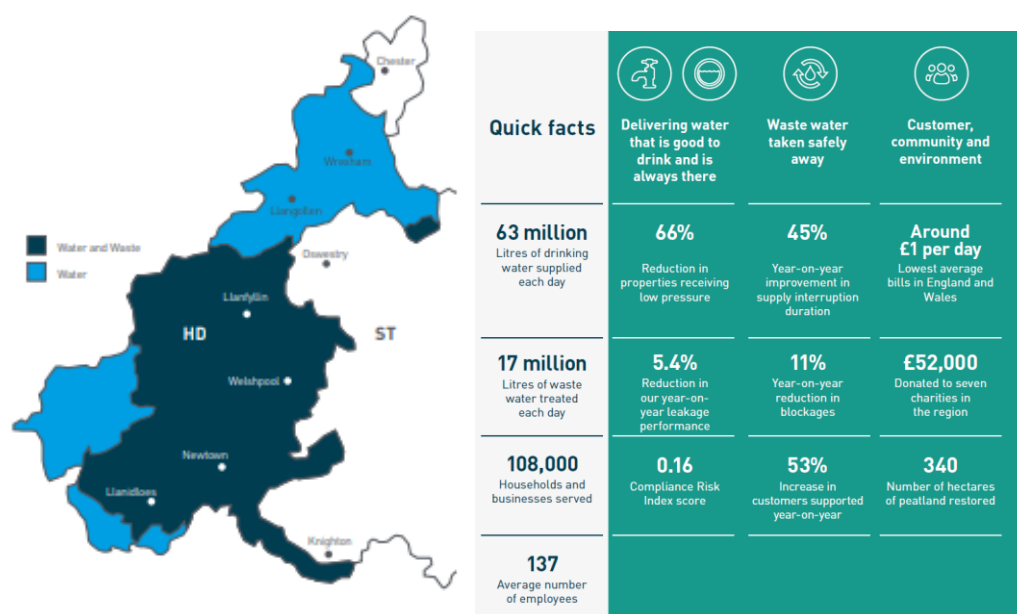
3. About Us

As one of the 11 regulated water and waste water companies in England and Wales, Hafren Dyfrdwy provides Mid and North-East Wales with high-quality water services.

When **Hafren Dyfrdwy** was launched in 2018, we knew our enduring focus would be on Wales and on delivering for Welsh customers, both now and for generations to come. This thinking was behind our chosen name – Hafren Dyfrdwy means ‘Severn Dee,’ representing the two major rivers in our region.

We are regulated by Ofwat, the economic regulator of the water sector in England and Wales, and every five years we work with our customers to develop a new Asset Management Plan ('AMP') which is then assessed by and agreed with Ofwat.

Hafren Dyfrdwy Cyfyngedig is a subsidiary of Severn Trent Draycote Limited and Severn Trent Plc is its ultimate parent company. Severn Trent Plc is listed on the London Stock Exchange. The full ownership structure of Hafren Dyfrdwy within the Severn Trent Group can be found on the Severn Trent Plc website.



3.1 Culture, Purpose and Values

At Hafren Dyfrdwy, our **Purpose** and **Values** set the cultural tone of our organisation, guide our behaviours, and express the intent behind what we do. We believe our clear social **Purpose** helps drive the right strategic decisions for our business, our stakeholders, and the environment we depend on. It is underpinned by our strong **Values** and borne out in our culture which governs how we think and behave, from fostering a diverse and inclusive working environment to rewarding all our people fairly.

We know that when we are united by our clear social **Purpose**, we can drive positive change and deliver positive outcomes for all our stakeholders –our customers, our colleagues, our investors, the society we live in and the environment we depend on. We are pleased to have made strong progress across several important areas this year.

Our Purpose ‘taking care of one of life’s essentials’ is underpinned by our Values of **Having Courage**, **Embracing Curiosity**, **Showing Care** and **Taking Pride** which is more important than ever.

Our governance is underpinned by a culture of integrity and openness, where inclusion and diversity are valued. The Board and Executive Committee recognise the importance of their roles in setting the tone for the Company’s culture and that is why they complete an e-learning course on our Code of Conduct, Doing the Right Thing, every year, together with all our employees.

Our Purpose reflects why we do what we do	Taking care of one of life’s essentials
Our strategy provides us with what we do	The Board considers progress against the Company’s strategy at every meeting, taking into consideration our Purpose and the potential impact on a wide range of stakeholders.
Our Values determine how we deliver our Purpose and strategy – they are the principles that guide our behaviour and they are what makes us Hafren Dyfrdwy	
Our Purpose and Values set the cultural tone of the Company – this is what makes us Hafren Dyfrdwy	Doing the right thing

4. How engagement with our stakeholders has influenced our plan

To understand which areas, matter most to our customers and stakeholders, we used our established stakeholder engagement approach to inform this plan.

Our business model means we have significant impacts on a variety of stakeholders. Our business partnering activities help us identify stakeholders to engage with, based on the likelihood and consequence of our activities to have a positive or negative impact on them.

Our regular stakeholder engagement activities allow us to understand these impacts and their views on our Company. This process is part of our corporate governance. We aim to report clearly on how we have taken the views of our stakeholders into account, the impact of our decisions on them and any actions we have taken as a result. **You can read more on our overall stakeholder engagement plan in our Annual Report and Accounts publication.**

We maintain continual contact with our stakeholders and, where relevant, engage with them on major business decisions to discuss future, taking their needs into account and to understand what is important to them. Key themes identified throughout our AMP6, and AMP7 business plan engagement remain relevant and will be included in our AMP7 assurance plan.

Table 1: Listening to customers and stakeholders as we shape our Reporting and Assurance

Stakeholder	How have we engaged with them	How has this shaped our plan
Customers	<p>To meet our customers' needs, we ensure that they can contact us 24/7 through multiple channels when operational issues occur. We also undertake quarterly tracking of customer perceptions against key indicators including trust and satisfaction.</p> <p>Our latest plan PR19, involved extensive customer engagement and we keep customers informed on the progress of our AMP7 business plan via key publications such as the Annual Performance Report (APR).</p> <p>We continue to engage with Wrexham and Powys Citizen's Advice, Powys County Council, and Wrexham County Borough Council to identify customers that may need our support especially with the current cost of living crisis. For household customers we undertake telephone surveys conducted by Beaufort Research based in Cardiff. There are four field work waves per year – 200 interviews per wave, so 800 per year. The survey gathers data on KPIs such as customer satisfaction, trustworthiness, likelihood to recommend, familiarity, affordability, and value for money (a reputational Outcome Delivery Incentives (ODIs). It also asks customers what they would like us to do better or differently and for perceptions of our image and their awareness of our financial assistance schemes and priority services register.</p>	<p>We know from our research that customers want their water company to be trustworthy, completely transparent and to act with integrity. They want to be able to find the information and data they want easily. They want us to report regularly against all our targets and ambitions. We want to be open about the research we have done and will be launching a page on our website to share our projects and findings in full later this year.</p> <p>We ensure our APR, which provides data on our performance and focus areas on an annual basis is a key part of our assurance focus.</p> <p>Our assurance plan puts specific focus on the themes that our customers have told us matter most to them.</p>

Stakeholder	How have we engaged with them	How has this shaped our plan
	<p>We also gather customer sentiment and issues of importance indirectly through media monitoring and social-media tracking. The key themes that matter most to customers were:</p> <ul style="list-style-type: none"> • Affordability and value for money • Customer service and performance • Leakage and supply reliability • Assistance in times of need • Responsible investment <p>In addition, we also undertake a non-household survey whereby 250 NHH interviews are conducted by telephone every six months - 500 per year (DJS Research).</p>	
Regulators	<p>The policy framework for the water sector in Wales is set by the Welsh Government. We seek to engage constructively and proportionately to achieve the best outcomes for customers and the environment. Below the policy framework, our industry is regulated by Ofwat and others.</p> <p>We work closely with our regulators to shape our industry to help ensure the right outcomes for customers and the environment.</p> <p>We also engage regularly through meetings, email, calls and consultation responses with the regulator, Government officials and elected representatives on water and environment-related issues.</p> <p>This includes the review of wider industry requirements and developments through our horizon scanning activities.</p> <p>For PR24, Ofwat is adopting a collaborative approach for water companies in Wales. Central to this collaborative approach is the PR24 Forum, which brings together the key stakeholders in Wales – Ofwat, DWI, NRW, Welsh Government, Dŵr Cymru and Hafren Dyfrdwy.</p>	<p>Ofwat - Our plans reflect the feedback we receive through ongoing engagement with Ofwat, and direction as outlined within the in-period determination. This has reinforced the need to provide confirmation on the adherence to AMP7 reporting guidelines. Prior to the cessation of the Company Monitoring Framework (CMF) assessments by Ofwat, we received feedback for areas of focus and improvement. We have incorporated this feedback into our reporting process.</p> <p>NRW/DWI – As a socially responsible company we operate a strong focus on transparent reporting of environmental performance and drinking water performance data. We have a dedicated site which presents data on our river pledges. Where relevant this data is assured as per our assurance framework. Similarly, we have focussed assurance on all submissions linked with Water Quality and Compliance Risk Index.</p> <p>PR24 Forum – the forum meets monthly, typically in-person in Cardiff. We actively participate in these meetings, presenting PR24 materials as needed using the feedback, builds and insights from the stakeholders to refine our approach/ thinking as we develop our PR24 Business Plan.</p>
CCW	<p>Regular meetings are held with The Consumer Council for Water (CCWater) at management level. CCW also attend Board meetings where appropriate.</p> <p>We meet with CCW regularly to discuss topics such as complaints, performance outcomes and service improvements.</p>	<p>We take account of feedback from CCW to ensure our performance is transparent and easily accessible for customers.</p> <p>On charges, CCW recognises the steps we take to mitigate bill increases for customers. We are reviewing the steps we can take to publicise the support we offer customers who struggle to pay,</p>

Stakeholder	How have we engaged with them	How has this shaped our plan
	<p>Quarterly meetings are held with CCW to discuss the outputs from the two surveys and the findings from other customer research projects. Our plans for future research projects are also shared with CCW.</p> <p>Where required prior to publishing material we consult with CCW. For example: publication of our interim and final scheme of charges, which outline our charges for the forthcoming year.</p>	<p>Learning from best practice where we can.</p>
Colleagues	<p>We place emphasis on direct employee engagement through our Managing Director including employee roadshows, leadership events and employee communications.</p> <p>Our annual employee engagement survey gathers employee perceptions and management place a strong emphasis on responding to, and acting on, the outputs of the survey.</p> <p>We introduced additional questions on diversity and inclusion in 2020 to allow us to better understand views in this area.</p> <p>Employees are also invited to attend the 'Ask Our Board' events.</p>	<p>Doing the Right Thing, our Code of Conduct, helps us put our socially purposeful values into practice. Our Values and Code of Conduct embody the principles by which we operate and provide a consistent framework for responsible business.</p> <p>Our colleagues are responsible for producing business plans (Annual Performance Report, Periodic Review '24 and Annual Report and Accounts), Water Resources Management Plan (WMRP), Drought Management Plan, Drainage and Waste Management Plans (DWMP) and other such documents.</p> <p>To support colleagues as they produce plans, for input into the Licence to Operate and assurance process (first and second line), a mix of workshops, e-learning tools and guidance material are used. Should they need to, our workforce can raise concerns through their line manager, senior management and through our confidential and independent whistleblowing helpline, 'Safecall'. All investigations are carried out independently with findings being reported directly to the Board.</p>

5. Effective governance led by our Board

At Hafren Dyfrdwy, we have a well-established governance framework, which is led by our Board. The Board welcomed Ofwat's revision of its principles for Board leadership, transparency, and governance framework (the 'Framework'), which came into effect in April 2019 and reinforced the important role of effective corporate governance and strong board leadership in driving high standards and securing the proper.

Our Board is fully committed to Ofwat's principles for Board leadership, transparency, and governance with its emphasis on the importance of strong leadership and the special responsibilities attached to regulated monopoly companies, who provide an essential public service. The Board is satisfied that all objectives under the Framework have been met during 2022/23. The Board will also review the objectives under the Framework for 2023/4 – 2024/2025.



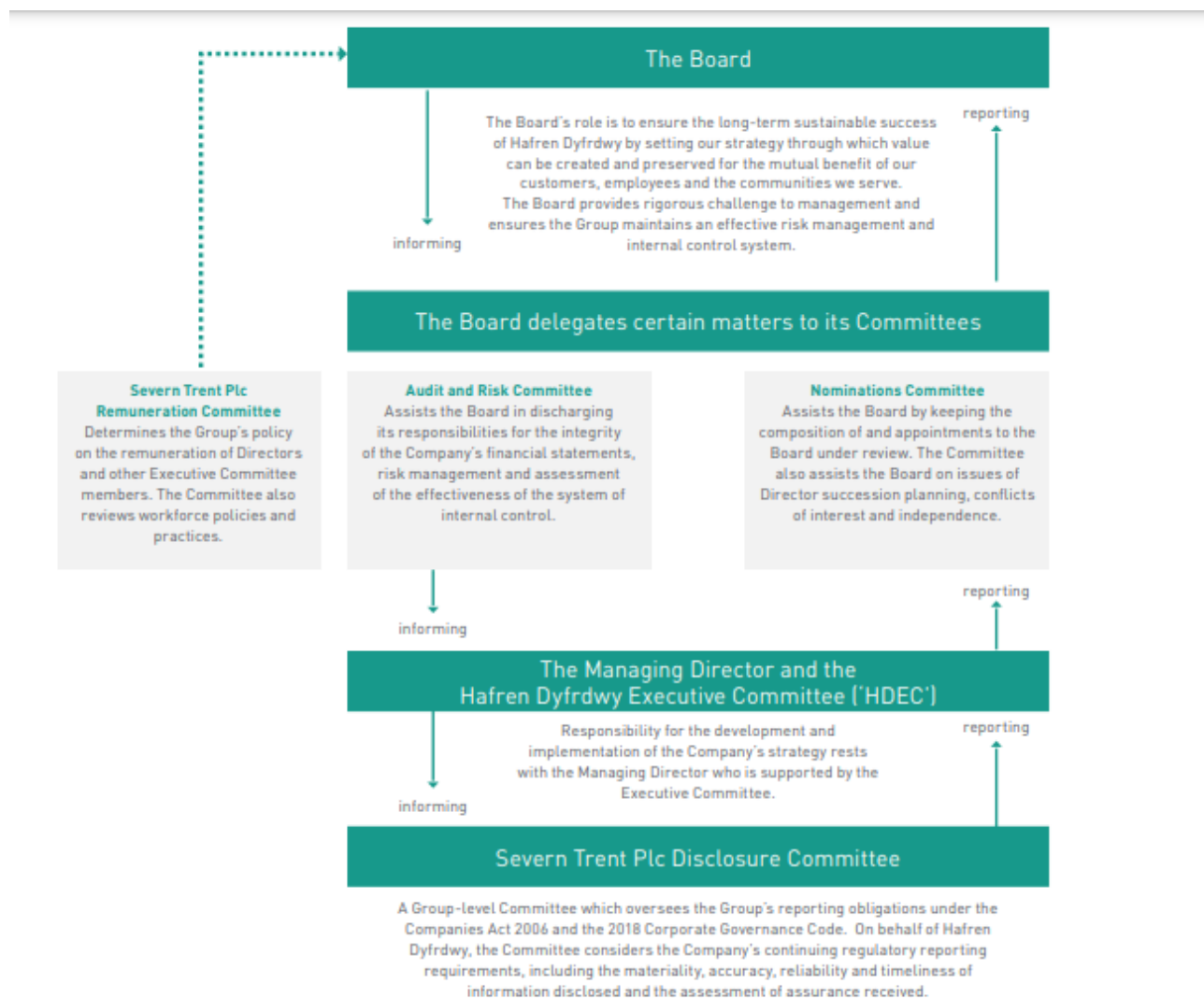
We have a strong history of good governance and internal controls to meet our statutory requirements under the Companies Act 2006. Hafren Dyfrdwy has chosen to apply the principles of the 2018 UK Corporate Governance Code (the '2018 Code') to its governance arrangements where appropriate and reasonably practicable to do so.

The Governance Framework comprises the Board, the Executive Committee, and their respective Committees. In line with the 2018 Code, the Board delegates certain roles and responsibilities to its various Committees. The Committees assist the Board by fulfilling their roles and responsibilities, focusing on their specific activities, reporting to the Board on decisions and actions taken, and making any necessary recommendations to the Board in line with their respective written Terms of Reference. The Board regularly reviews the Terms of Reference of each Committee. The Governance Framework is also subject to periodic review to ensure that it remains appropriate.

More specifically on reporting, the Severn Trent Plc Disclosure Committee oversees the reporting obligations of the Group, considering the materiality, accuracy, reliability, and timeliness of information disclosed, and reviews the level of assurance received. A key part of our Audit and Risk Committee's role is to assist the Board by establishing, reviewing, and monitoring the Company's internal control framework, including the internal and external audit and assurance processes and outputs.

To support the Board, and to verify the statements it is required to make directly against assurance evidence provided to it, the Group Compliance and Assurance Team provides a forward plan of regulatory submissions in advance with any required Board assurance statements. With each statement, we note the evidence that will be provided, so that the Board can satisfy itself that the statement can be endorsed. This approach enables the Audit and Risk Committee to scrutinise the approach and intended assurance with sufficient time to adjust the approach if needed.

Governance Framework



We provide a more detailed overview of our Governance Framework, the Committees that report to our Board and the reviews that are undertaken in our Board, governance, and compliance chapter in our Annual Performance Report (APR) and the Annual Report and Accounts (ARA). These documents are published on our website.

6. Our Assurance framework for regulatory reporting

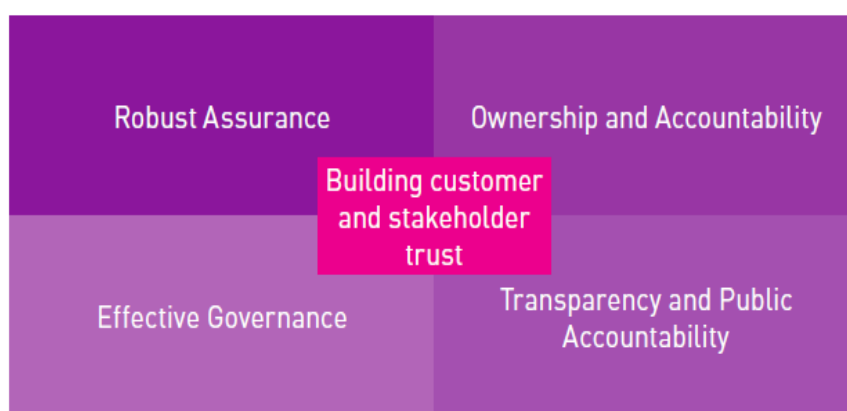
To support our Governance Framework, we have an established, rigorous, robust assurance and reporting framework. The assurance approach builds on best practice from external organisations and ensures that managers, senior managers, and directors are responsible for delivering high quality data through robust processes and methodology. Our Assurance Plan for AMP7, builds on the high standard processes we have developed and implemented in previous years to provide accurate data.

We recognise the importance of systems, approach to risk management, and internal controls and processes in place to develop the data and information to enable effective and appropriate. As such we continually seek to bolster our internal controls, we continually review best practise and provide our teams with further support as needed, this includes tools such as: -

1. Automated check routines on large data sets enabling focussed manual checks on high-risk areas.
2. Standard checklists for all 1st and 2nd lines checks.
3. Quarterly reviews with the Executive Committee on the assurance provisions and findings.
4. Resource training via the Severn Trent academy or external providers based on specialist need for example training on excel spreadsheet controls, training on understanding and interpreting monitoring data.

Our established framework is underpinned by four main principles, which provides consistency and clarity for our people, and allows flexibility for our assurance processes to build and evolve with our Company and the environment we operate in.

Our assurance principles



- **Robust Assurance** – we operate a three lines of assurance model, targeted at areas of greatest risk.
- **Ownership and Accountability** – we have clear lines of ownership for both the delivery of performance, and the accuracy of the data provided.
- **Effective Governance** – provided by our Board, Audit and Risk Committee, Executive Disclosure Committee and Executive Committee.
- **Transparency and Public Accountability** – we publicly report on our performance and hold ourselves to account where we do not meet our commitments.

6.1 Robust Assurance

We operate a three lines of assurance model. Using a risk-based approach provides an effective programme of assurance which considers areas that we know are of prime importance to our

customers and regulators; or may have a significant financial value, alongside the likelihood of reporting issues or regulatory change. Areas that are higher risk receive the three lines of assurance while other areas, where the risk is lower, are targeted with first or second line assurance. This approach ensures we can continually reassess our assurance activity as risk is reduced in certain areas, where mature and stable process exist, and increased where new risks are emerging, resulting in a proportionate and appropriate assurance spend.

Our three lines of assurance

First line activities are embedded within the teams that are responsible for reporting the data so that colleagues, with the right expertise are conducting in depth quality checks at the time the data is produced.

Second line activities are performed by a separate team to ensure a level of independent checking is conducted.

Third line activities are carried out by internal or external providers depending on the specialisation required. The expertise can be divided into the following categories:

Business operations	Internal second line assurance	Independent challenge
Purpose Responsible for performance reporting and 1st line assurance	Purpose 2nd line of assurance ensuring that 1st line has undertaken its duties	Purpose Provide independent challenge of levels of assurance provided by 1st and 2nd line
Activities Provision of source information and reporting Monitoring and improving performance where required Defining and documenting methodologies and processes In depth quality checks and reviews Assist with production of required documentation	Activities Ensure adequate 1st line undertaken Quality checks and reviews of systems and controls Coordination of assurance activities between 1st and 3rd	Activities Review application of methodologies, processes and the ultimate integrity of the data Review of 1st and 2nd line assurance activities Ensure that reported data is consistent with base data in the Company's systems Provide customer and stakeholder challenge

- **Engineering/Technical** - where assurance requires an expert engineering / water industry technical background.
- **Regulatory** - where challenge is required around the methodology used and assumptions against our regulatory requirements.
- **Data integrity and consistency** - understanding the flow of data from source through to our final publications ensuring no data transposition errors are made.
- **Financial** - used for areas requiring specific financial expertise, such as pensions and tax.
- **Model integrity** - where a complex financial model is used and requires specialist external expertise to test and challenge.

The majority of our third line assurance is provided by the following:

- **Jacobs** - typically review non-financial operational performance processes and data. Also responsible for cost allocation activities and financial reporting processes.
- **Deloitte** - our financial auditors who mainly examine our statutory accounts.
- **Internal Audit** - used for financial data, process, and other ad-hoc assurance.

6.2 Controls and risk assessments

We seek to ensure that proof points, controls and risk assessment activities have been completed and validated through our robust assurance processes. We continuously strive to make improvements over these activities to effectively manage risk through regular discussions with management across business areas.

6.3 Ownership and accountability

We have clear lines of ownership for both the delivery of performance, and the accuracy of the data provided through our Licence to Operate process (described in detail in section 7). Each year throughout AMP7, our regulatory, statutory, and legal obligations in our appointed business are assigned to managers, senior leaders, and Directors. These managers are responsible for ensuring compliance with our regulatory duties and raising potential risks or issues of non-compliance.

Overall accountability for the preparation and production of the APR (which includes reporting of performance against Performance Commitments and associated Outcome Delivery Incentives - ODIs) rests with the Chief Financial Officer. The outcome of the assurance undertaken is reviewed by the Audit and Risk Committee on behalf of the Severn Trent Plc Board.

6.4 Transparency and public accountability

As a public service, we want to be transparent about how we balance the needs of our customers and other stakeholders, our strategic plans as a business, and the provision of a fair return for our investors.

We evolve and update our reporting to make sure that it not only complies with our regulatory obligations but also responds to our customers' and stakeholders' feedback. We outline our performance each year within our APR and hold ourselves to account where we do not meet our commitments. We also include details on Executive pay and how Severn Trent Plc makes decisions in relation to dividend payments in the Severn Trent Plc ARA.

7. Our internal assessment to understand our risks

As well as ensuring we account for our customers' and stakeholders' views, we use the wealth of expertise within the business to assess all our statutory and regulatory obligations relating to the provision of water and wastewater. This covers use of self-assessment through our Licence to Operate process and effectively managing risk via our Enterprise Risk Management system. These assessments allow us to comprehensively review risk, ensuring assurance is targeted appropriately as per our Assurance Framework.

7.1 Licence to Operate Year-end risk assessment

Our Licence to Operate process is an internal control system and a key part of our Governance Framework designed to ensure compliance against all our regulatory obligations and duties. We monitor over 90 obligations underpinned by over 2,000 reporting lines. Each duty and obligation within our licence condition is mapped to a business area in our assurance map, to provide oversight of the compliance risk score. Responsible managers and strategic leaders are invited to complete a self-assessment twice a year. Our total risk exposure is then assessed based on the combined score of the likelihood of a non-compliance and the impact of a non-compliance. This creates a simple way to compare one risk factor to another. Our highest areas of risk receive targeted focus in our Assurance Plan. Where we have noted departures (as disclosed in our APR), we have additional focus on assurance.

Licence to Operate is a two-stage process that operates through the mid and year end of the annual regulatory cycle,

In May each year, we ask our responsible managers to complete a risk assessment of their regulatory and statutory obligations. This involves assessing the following five categories as either low, medium low, medium high or high risk, which we use to indicate likelihood:

- **Purpose** – Does the responsible manager understand the purpose of the duty and what their obligations are?
- **Process** – Has the responsible manager ensured that there is an adequate process in place to comply with our obligation and is this documented?
- **RACI** – Is it clear which employees are responsible for which part of the process?
- **Competency** – Are employees suitably trained and is there a clear skill matrix defined?
- **Controls** – Are there measures in place to monitor performance and is regular quality checking undertaken?

Once this assessment is complete, the Compliance Team assess the impact of non-compliance in each area using six factors:

- **Customer service impact** – What would be the impact on customers of non-compliance?
- **Competition compliance** – Does the duty or obligation interact with competition law?
- **Impact on the environment** – What would be the impact on the environment of non-compliance?
- **Health and Safety** – Could someone be hurt or made unwell because of non-compliance?

- **Regulatory impact** – Is this a measure of prime importance to our regulators? Is it a key industry measure?
- **Financial impact** – Could non-compliance result in financial fines? Would investors lose confidence in the business?

By combining the likelihood assessment with the impact assessment, we can understand the areas of compliance risk that require either management action or our Assurance Plan needs to target additional focus. This allows us the opportunity to put action plans in place prior to our year-end reporting of performance. For further verification, we also review these risks against our ERM register to ensure there has been a consistent assessment of risk across the two processes.

7.2 Year-end declarations enable transparency

Prior to publication of our annual regulatory reports, we ask our responsible managers to declare whether they have been compliant or non-compliant with their obligations including efficacy of data published. If they have been non-compliant, we ask them to complete a 'departures' form, which details what issue has occurred during the reporting year and what action will be taken to prevent it in future.

As part of the mid-year and year-end declarations, we also ask all responsible and senior managers to make a conflict of interest declaration in line with our RAG5 obligations, to ensure that they are transparent about any potential conflicts across their areas of responsibility. This also gives us the ability to create role-specific training and guidance where required.

All departures are then reviewed by the accountable senior manager and Director who assess the level of materiality. Departures assessed as material are included in our annual Compliance Statement, which is published in July each year in our APR. This document is reviewed and scrutinised by Executive Disclosure Committee and Audit and Risk Committee, before it is endorsed by our Board, prior to publication ensuring that all levels of the business are made aware of any significant risks or issues.

All departure assessments are tracked on the departures form to ensure that we maintain a visible audit trail of all areas of potential non-compliance.

7.3 Enterprise Risk Management (ERM)

Risk is all about uncertainty and our goal is to identify risk, minimise the threats and maximise the opportunities for the benefit of our customers, environment, shareholders, employees, and supply partners.

We use an established ERM process to assess and manage our significant risks. The process is controlled by the Central ERM Team and underpinned by a standardised methodology to ensure consistency. Criteria are used to consider the likelihood of occurrence and potential financial and reputational impacts. ERM champions and co-ordinators operate throughout the business, with support and challenge from the ERM team, continually identifying and assessing risks in their business units and reporting on a quarterly basis. We also have an established Strategic Risk Forum, independent from the ERM Team, to help provide a strategic lens when reviewing our existing and emerging risks.

7.4 Emerging risks

We continually identify and monitor emerging risks through our network of ERM co-ordinators, ERM champions and risk owners and through cross-functional workshops at all levels of the organisation using tools such as horizon scanning and PESTLE analysis. We define emerging risks as upcoming events, which present uncertainty but are difficult to assess at the present time. Emerging risk management ensures such risks are identified and helps us ascertain whether we are adequately prepared for the potential opportunities and threats they pose.

7.5 High profile industry issues

Industry wide issues are an emerging landscape and can often receive significant media coverage. We also take into consideration challenges that other water companies like us have faced or continue to face to understand what we can learn and improve on. These issues will often be at the forefront of customers' and stakeholders' minds, so it's important we are transparent with our performance in these areas of growing interest. We also seek to learn from companies outside the sector as well and find that this can provide us with valuable insight on both, risks, and future opportunities.

8. Our assurance plan for AMP7

Customer and stakeholder engagement, internal assessments including Licence to Operate, ERM and emerging risks and trends across the sector help to determine where we need to focus the assurance we apply to our regulatory reporting.

Our internal Group Compliance and Assurance Team also provides further oversight of our Assurance Plan to ensure that we also include areas that may not necessarily score high on our internal risk assessment at present, but that we know are subject to, or could be subject to, regulatory change or emphasis by virtue of a Board Assurance Statement being required by our regulators, customers, or other stakeholders.

Overall, in accordance with our Assurance Framework, we consider areas or components of areas, which should be categorised as either high or medium high risk and therefore should be subject to a greater level of assurance.

For AMP7 the following publications are the key areas currently within our assurance plan. Should there be a new data request from our customers or the regulator we will update the plan accordingly.

Area	Regulator	Publication date
Annual Performance Report ('APR')	OFWAT	Annually - July
Annual Reports and Accounts ('ARA')	GOV	Annually - July
Wholesale Charges	OFWAT	Annually - January
New Connection Charges	OFWAT	Annually - February
Bio-resources Market Information	OFWAT	Annually - July
Drinking Water Inspectorate ('DWI') Reporting	DWI	As Required
Natural Resources Wales ('NRW') Reporting	NRW	As Required
Water Resource Management Plan ('WRMP')	NRW	Autumn - 23
Drainage Wastewater Plan ('DWMP')	DEFRA / NRW / OFWAT	March - 23
EDM Annual Return	NRW	Annually – February
PR19 Submission	OFWAT	Published
PR24 Submission	OFWAT	September – 23
Consumer Council for Water ('CCW') reporting	CCW	As Required