Annual Small Company Reporting

RISK AND COMPLIANCE STATEMENT 2025/26

As a statutory water company and having taken a proportionate approach to regulatory compliance within the water industry, Albion Eco has a full understanding of, and is meeting, its regulatory obligations and, through its presence on site and its regular communication with customers, understands and aims to meet its customers' expectations. Albion Eco's Board has satisfied itself that it has adequate control processes and internal systems in place to meet or exceed its obligations, including the accuracy and completeness of its data and information submissions[1]. These systems and processes enable Albion Eco to identify, manage and review existing and potential future risks, and are themselves reviewed periodically.

The Directors confirm that the company was in compliance with Licence conditions F6.1 & F6.2 of the Instrument of Appointment of the company as a water undertaker as granted by the Secretary of State for the Environment under the Water Industry Act 1991, in particular:

1. the Company provides water services to non-household customers in Wales
2. the Company will have available to it sufficient financial resources and facilities to enable it to carry out, at least until 31 March 2027, the Regulated Activities (including the investment programme necessary to fulfil the Appointee's obligations under the Appointment); and
3. the Company will, at least until 31 March 2027, have available to it management resources which are sufficient to enable it to carry out those functions; and
4. the Company has sufficient rights and assets available to enable a Special Administrator to run the business[2]
5. all contracts entered into with any associated or related company are at arm's length, and include all necessary provisions and requirements concerning the standard of service to be supplied to the Company, to ensure that it is able to meet all its obligations as a water undertaker.
6. annual third party assurance is secured for the statutory accounts, upon which our regulatory reporting is based
7. there are no links between Directors' pay and standards of performance
8. the Company has adopted a policy of returning profits to the Parent Company by way of annual dividends at the rate of 30% of net profits.

For and on Behalf of the Board
David Knaggs
Managing Director

[1] See Appendix 1 for Accuracy and Completeness Statement
[2] See Appendix 2 for Ring-fencing Statement

Appendix 1

Accuracy and Completeness of Data and Information Statement

This Statement is made in accordance with Ofwat's published Regulatory Reporting Requirements, in particular:

- The data and information submitted to Ofwat for the Reporting Year is accurate and complete with no exceptions
- To make this Statement the Board has engaged and challenged on the assurance approaches undertaken and have reviewed and addressed any identified weaknesses or exceptions
- The Board is satisfied that any risk to the provision of accurate and complete data and information has been addressed through routine corporate governance, including regular operational and managerial liaison meetings led by individual directors
- The values included in our annual reports to Ofwat are based on audited accounts filed by the company at Companies House and approved by the board of directors under their Companies Act responsibilities
- No third-party assurance has been undertaken in relation to this Statement

Statement checked and approved by:

David Knaggs
Managing Director
July 2026

Appendix 2

Ring-fencing Statement

In relation to our Risk and Compliance Statement, above, Albion Eco complies fully with Condition P (11) of our company licence, that is:

> The Appointee must ensure that, as far as reasonably practicable, it has available to it sufficient rights and resources other than financial resources so that if, at any time, a special administration order were to be made in relation to it, the special administrator would be able to manage the affairs, business and property of the Appointee in accordance with the purposes of the special administration order.

This conclusion was reached by the Board of the Appointee having received confirmation from its parent company that all relevant rights, resources and finances were available to meet the ongoing requirements of its appointed activities and having received the Ring-fencing undertaking for 2026/27 set out in the Annual Performance Report.

Statement checked and approved by:

David Knaggs
Managing Director
July 2026